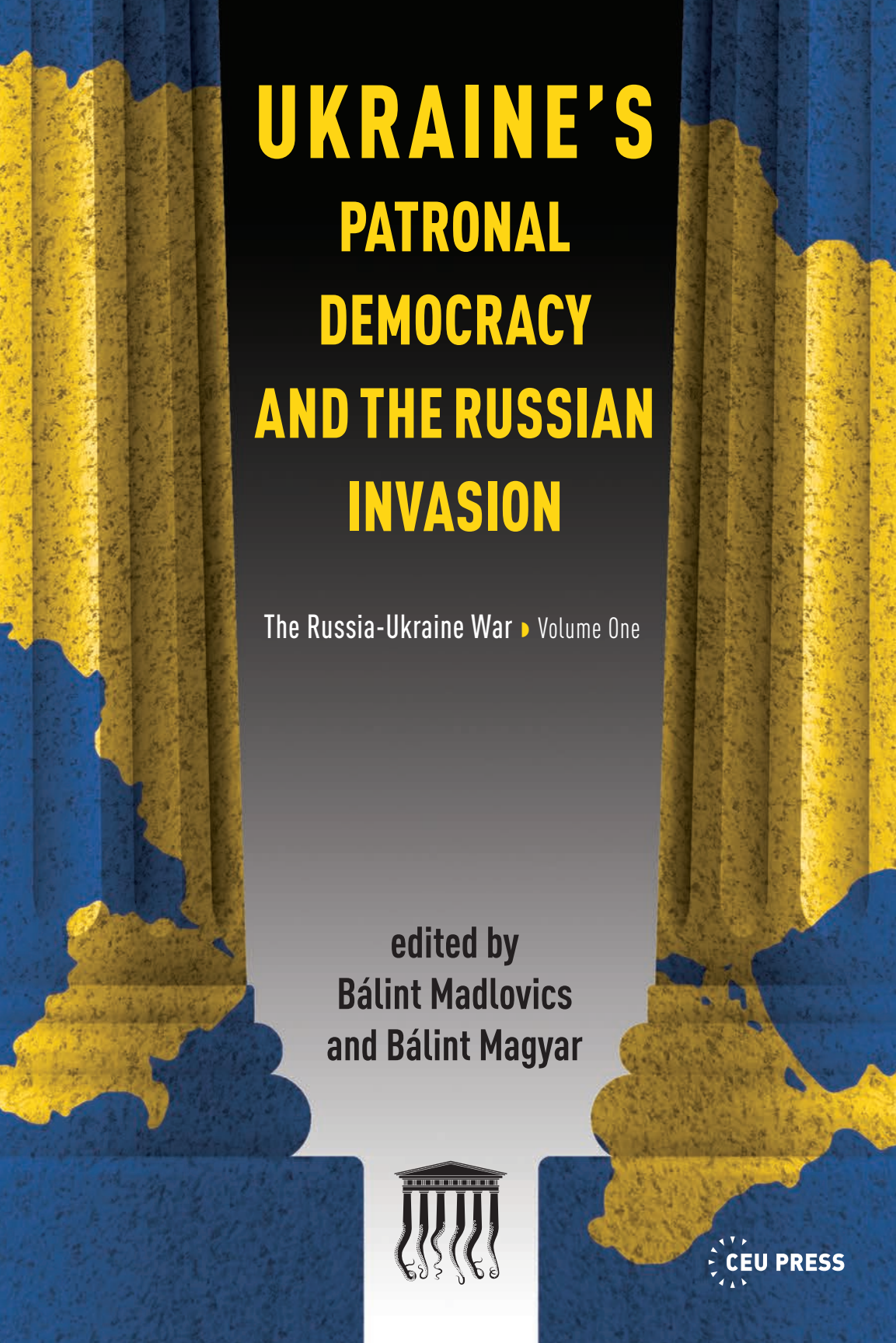
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The Russia-Ukraine War ◗ Volume One
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Chronology of Modern Ukraine (1922–2022)

- ***December 30, 1922*:** The Soviet Union is created. One of the four founding republics is the Ukrainian Soviet Socialist Republic (UkSSR).
- ***May–July 1928*:** The so-called Shakhty trial takes place. Fifty-three engineers and technicians working in Donbas are accused of sabotage. Eleven of them are sentenced to death. Five of them are executed.
- ***October 1, 1928*:** The first five-year plan officially begins. Some 78% of investment is directed to heavy industry. Collectivization is planned to take place slowly (17.5% of arable land is to be organized into collective farms), but in practice the opposite occurs.
- ***December 27, 1929*:** Stalin announces the complete collectivization of agriculture and the abolition of the *kulak* class.
- ***1932–1933*:** An unprecedented drought, forced collectivization, and unmeasured harvesting lead to a severe famine. During the *Holodomor*, an estimated 7–7.5 million people in the Soviet Union die of starvation. Of these, 3.5–4 million lived in the territory of the Ukrainian republic.
- ***1941–1945*:** During World War II, Germany and its allies occupy the entire territory of Ukraine. The war results in the deaths of more than five million people in Ukraine, and the deportation of some two million people to Germany for forced labor.
- ***October 24, 1945*:** The Ukrainian Soviet Socialist Republic, along with the Soviet Union, and the Belarusian Soviet Socialist Republic, becomes a voting member of the newly formed United Nations.
- ***February 19, 1954*:** Crimea, formerly part of the Russian republic, is annexed to Ukraine by a decision of the Presidium of the Supreme Soviet of the USSR.
- ***April 26, 1986*:** A major nuclear accident occurs at the Chernobyl nuclear power plant in northern Ukraine.
- ***August 24, 1991*:** Following an unsuccessful coup attempt against Gorbachev, the Supreme Soviet of the Ukrainian Soviet Socialist Republic declares the independence of Ukraine. The decision is confirmed by a referendum held on December 1, 1991. In the referendum, which is held with an 84% turnout, Ukraine's independence is supported by more than 90% of the voters. This percentage is almost 84% in both Donetsk and Luhansk oblasts. Even in Crimea, the population of which is two-thirds Russian, 54% of the referendum voters are in favor, while in Sevastopol the percentage is 57%.

- ***December 1, 1991*:** Leonid Kravchuk is elected the first President of Ukraine.
- ***December 8, 1991*:** In Belovezhskaya Pushcha, the leaders of three Soviet republics—Russia, Ukraine, and Belarus—sign a document declaring the dissolution of the Soviet Union, the fifth point of which states that the contracting parties will respect the borders, territorial integrity, and sovereignty of their countries. The Ukrainian parliament ratifies the agreement two days later.
- ***December 5, 1994*:** The Presidents of Ukraine, Russia, the United States, and the Prime Minister of Great Britain sign the *Budapest Memorandum*. In return for Kyiv's renunciation of its nuclear weapons, the signatory powers guarantee the inviolability of Ukraine's borders, its territorial integrity, and its sovereignty. This is the second international agreement in which Moscow guarantees respect for Ukraine's borders.
- ***July 10, 1994*:** Leonid Kuchma is elected as the new President of Ukraine. He rules for two terms, until the end of 2004.
- ***May 28, 1997*:** Three agreements on the Black Sea Fleet are signed in Moscow by the Russian and Ukrainian heads of state. The agreements settle the division of the former Soviet fleet, the conditions of the Russian forces' stay in the Sevastopol naval port, and the length of the lease, which is then set at 20 years.
- ***May 31, 1997*:** The Treaty of Friendship, Cooperation, and Partnership between Russia and Ukraine is signed. Clause 2 of the Treaty reiterates that the Parties shall respect each other's borders, territorial integrity, and sovereignty. This is Russia's third such guarantee.
- ***January 28, 2003*:** Ukraine and Russia conclude a delimitation treaty on their common borders. This is the fourth Russian guarantee of respect for Ukraine's borders.
- ***October 31, 2004*:** Presidential elections are held. The first round is won by the pro-Western candidate, Viktor Yushchenko, over the Moscow-backed Viktor Yanukovych by just under half a percentage point. With neither candidate winning more than 50% of the vote, another round is held three weeks later.
- ***November 21, 2004*:** The second round of the presidential election is won by Viktor Yanukovych by a margin of almost three percent, but there are serious concerns about the fairness of the election. Widespread and proven fraud triggers a political crisis, with tens of thousands taking to the streets demanding a second round. Thus begins the *Orange Revolution*.
- ***December 26, 2004*:** A political compromise results in a rerun of the botched second round of the November presidential election. This time Viktor Yushchenko wins with almost 52% of the vote. His opponent gets just over 44% of the vote.
- ***January 1, 2006*:** Gazprom stops gas supplies to Europe via Ukraine for a day and a half. The decision is triggered by an unresolved conflict between the two

countries, but is also motivated by fears among the Russian leadership that Ukraine will take a definitive turn to the West and distance itself from Moscow. Russia tries to scare Kyiv by suspending gas supplies, but it causes most concern in the countries of the European Union.

- ***January 4, 2009*:** Gazprom stops gas supplies to Europe again. This time, no gas arrives from Ukraine for almost three weeks.
- ***January 17, 2010*:** Presidential elections are held. President Viktor Yushchenko fails to reach the second round, receiving only 5% of the vote. Viktor Yanukovych, who lost the 2004 elections, is the most supported candidate, with Yulia Tymoshenko coming second. The gap between them is almost 10%, which Tymoshenko manages to narrow to 3% in the second round, but fails to reverse the result. Ukraine's new president is Viktor Yanukovych.
- ***April 21, 2010*:** Ukrainian President Viktor Yanukovych and Russian President Dmitry Medvedev sign the *Kharkiv agreement*, extending the use of the port of Sevastopol by the Russian navy in the Black Sea for another 25 years. The previous agreement granted the lease until 2017, while the new deal extends Russia's use of the port until 2042.
- ***November 21, 2013*:** Ukrainian Prime Minister Nikolai Azarov announces that Ukraine will not sign the *Association Agreement* with the European Union, which has been ready for more than a year. The announcement comes just eight days before the *Eastern Partnership* summit in Vilnius, where the Association Agreement was originally scheduled to be signed. The postponement of the signing immediately triggers mass protests in central Kyiv. After the use of force by internal security forces against students who appeared peaceful in the heart of the city, the protests turn into months of demonstrations that mobilize hundreds of thousands of people. Thus begins the *Euromaidan revolution* or, as the Ukrainians call it, the *Revolution of Dignity*.
- ***January 22, 2014*:** The Ukrainian parliament removes Yanukovych from his post as president, who flees Kyiv for eastern Ukraine.
- ***February 26, 2014*:** For the first time, unmarked Russian army troops appear in Crimea. They occupy the peninsula and prepare for the referendum on Crimea's independence, which takes place two weeks later (March 16, 2014).
- ***Second week of April, 2014*:** In three provinces of eastern Ukraine—Kharkiv, Luhansk, and Donetsk—as in Crimea, the Russian army's unmarked soldiers appear and, with the help of some of the local population, begin to rebel in the region. They are not successful in Kharkiv oblast, but they manage to control 30% of the other two oblasts by the beginning of 2015.
- ***May 2, 2014*:** A serious incident in Odessa between forces supporting and opposing the new Kyiv leadership takes place, resulting in the death of dozens of people. Pro-government protesters fear that the pro-Russian demonstrators

are trying to force a turnaround in Odessa, as they did in eastern Ukraine a few weeks earlier. An impartial investigation into the incident has not been carried out to this day.

- ***July 17, 2014*:** A passenger plane flying from the Netherlands to Malaysia is shot down by a BUK anti-aircraft missile over separatist-controlled areas of eastern Ukraine.
- ***September 19, 2014*:** The first Minsk agreement is signed.
- ***August 2014 – February 2015*:** Protracted heavy fighting in eastern and south-eastern Ukraine. Russian regular forces are occasionally involved in the fighting, but Moscow denies this.
- ***February 12, 2015*:** The second Minsk agreement is signed between representatives of the Ukrainian central authorities and the separatists in eastern Ukraine. The German Chancellor and the French President accept that Russia is not part of the conflict and is as much a guarantor of the agreement as Germany and France. The agreement is aimed at halting months of fighting and providing a framework for a solution to resolve the status of the breakaway territories in eastern Ukraine.
- ***Autumn 2021*:** After autumn 2021, Russia starts massing a significant military force, estimated at 150-170 thousand troops, on the northern and eastern borders of Ukraine.
- ***December 15, 2021*:** The Russian Foreign Ministry hands over a draft treaty to the US and the NATO representatives. In it, Russia expects a halt to further NATO expansion, the withdrawal of NATO infrastructure to its pre-July 1997 state, and a moratorium on the deployment of strike weapons capable of reaching Russian territory. Both the military organization and the United States reject Moscow's first two demands as groundless, while on the third they indicate their willingness to negotiate.
- ***February 21, 2022*:** Russia recognizes the Donetsk and Luhansk People's Republics as sovereign states.
- ***February 24, 2022:*** Russia attacks Ukraine.

Compiled by Zoltán Sz. Bíró.

Preface

Henry E. Hale

On February 24, 2022, Russia launched its full-scale invasion of Ukraine, setting in motion a bloody chain of events that would kill, wound, or displace millions of Ukrainians. Ukraine's successful resistance constituted a major surprise for many observers, with some Western experts and policymakers predicting Kyiv would likely fall within three days. As I have argued elsewhere together with Olga Onuch, this surprise was rooted in a variety of misunderstandings of Ukraine and Ukrainian politics.[1] While those concerning Ukrainian identity and national feeling have received more attention since February 2022, one of the most important was a misunderstanding of phenomena rooted in what this volume refers to as *patronal politics*. Typically interpreted as "corruption" that constitutes a "deviation" from "democracy," these phenomena were sometimes taken to mean two things: first, that Ukraine was a hopelessly corrupt country full of mercenary elites who could easily sell out their national sovereignty; and second, that its political system was so decayed it was likely to be unable to defend itself effectively even if it tried. Clearly, something in this interpretation was off.

In fact, this reflects not simply a problem of lacking information about Ukraine, a problem that more data might have fixed. Instead, it is part of a much bigger problem for global (especially Western) scholarship and practical expertise: The conceptual frameworks through which we typically interpret politics in Ukraine and many other countries do not fit. As this book argues in the opening chapter, conventional thinking looks at political regimes along a spectrum from democracy to dictatorship, with theory most developed with respect to the former pole while countries more distant from this pole are studied primarily in terms of their deviation from it. By describing the latter mainly in terms of what they lack (how they fall short on measures of democracy), and—perhaps more insidiously—by describing them using vocabulary tailored to such exercises, we have failed to fully appreciate the elaborate political-economic-social systems at work there. While some new scholarship has come to flesh out a better understanding of dictatorship as a political logic in its own right,[2] the countries that appear to be somewhere in between remain a particular puzzle. And this has led us to be regularly surprised by major events, ranging from the outbreak of revolution, the sudden collapse of dictatorships, and, in the case of Ukraine, mass mobilization in the face of the Kremlin's military assault.

This volume argues that a patronal politics framework can go a long way toward overcoming these problems, helping us better understand how politics actually works in many countries of the world and hence helping explain and anticipate developments there. In essence, the term *patronal politics* captures systems in which people primarily work through networks of actual personal acquaintance to achieve their political and economic ends, including through the meting out of individualized rewards and punishments. More generally, countries are high in patronalism when, as Bálint Magyar and Bálint Madlovics have argued, their political, economic, and communal "spheres of social action" are not separated in the way they are assumed to be in the conventional wisdom.[3] One consequence is that the primary actors in politics tend to be roughly hierarchically organized informal networks rather than (as is usually assumed) formal institutions like "political parties" or "parliament" or even individual politicians. Typically, these networks seamlessly integrate business and politics, with *oligarchs* heading networks with a formal basis in the business world and *poligarchs* heading those in which someone with a primarily political formal office or career also manages an extensive (and often illicit) economic empire. Entities with seemingly familiar names like "parties" are thus not what they seem, often being vehicles for a country's major power networks, which frequently seek to install their representatives not only in parliament, but also in parties of different (even diametrically opposed) ideological stripes, judicial institutions, "civil society" organizations, and, of course, major mass media, which they traditionally seek to control.

At the same time, these actors cannot be simply reduced to wholly cynical "kleptocrats." They have values like everyone else, and the system is sustained less because the people involved support it than because they come to believe that "this is just the way things are done here." In fact, many people engaged in patronalistic methods are actually seeking to serve the interests of others, sometimes even those of their communities or country—they just believe that this is the most effective means to get something done, perhaps the least bad among even worse alternatives. So to simply observe "corruption" and think that people are therefore willing to sell out something so valuable to them as their country is a colossal misinterpretation, even though it might appear from the outside (even from other highly patronalistic polities) that people can be bought off very easily. Vladimir Putin himself seems to have been caught up in this conceptual trap: He did not realize that there is a big difference between buying the domestic political "goods and services" patronal politicians typically peddle and attempting to buy their support for the murderous foreign policy of a domineering neighbor. One thing that has united almost all of Ukraine's oligarchs with its citizenry (with a few exceptions discussed in this volume) is the desire not to be ruled in dictatorial fashion by Moscow, and not to thereby risk being disenfranchised by the Kremlin's own (far more powerful) oligarchs and poligarchs.

One of the major arguments of this volume is that Ukraine for most of its post-Soviet history has been, in fact, a *patronal democracy*. At root, this reflects a situation in which a country's primary political networks maintain their independence from one another and from any one single patron, such as the country's president, and traditionally compete for power and wealth (an enduring "competing pyramid" situation).[4] It is a democracy because even though the competition might be characterized as a contest among rival political machines, the competition is real, its outcomes are uncertain, and voters wind up ultimately having a decisive say in which side wins, so the machines compete for public support through mass media, spending, and other means at their disposal. Voting outcomes are typically not fabricated since each side is strong enough to prevent the others from successfully pulling off wholesale fraud. Helping anchor this system in Ukraine and many other countries, I have argued, has been a constitution that promotes a division of state power between two separate executive posts, usually a president and a prime minister.[5] Thus when one side has made progress in bringing other major networks under its control in Ukraine, the others have so far managed to thwart it—though usually only with a crucial assist from public opinion and organized mass mobilization. With illicit activity at its core, patronal democracy is far from the ideals of liberal democracy, but it is a form of democracy nonetheless.

As it happens, while my own research reveals that these patterns hold very broadly across a large share of the world's countries, Ukrainian scholars have been among the pioneers in the study of these phenomena. Some of the most important work here has been done by Oleksandr Fisun, who works in the related theoretical tradition of "neopatrimonialism" and whose research on neopatrimonial democracy in Ukraine has served as an important foundation for much subsequent work.[6] It is a great credit to this volume that he, along with a rising star in this field, Uliana Movchan, contributes a chapter here that (in addition to its substantive argument) also usefully clarifies the relationship between the notions of patronalism, as de-veloped in this volume, and neopatrimonialism, a concept that has its own widespread following in the Weberian tradition. In fact, what makes this volume extraordinarily interesting is that it features the work of so many leading Ukrainian thinkers (Vladimir Dubrovskiy, Evgenii Golovakha, Oksana Huss, and others) working on related topics. The result is a unique volume that sheds unprecedented light on the workings of Ukrainian politics, both prior to and during the ongoing war with Russia, helping explain the social resilience Ukraine is exhibiting today while at the same time indicating how this resilience may help the country overcome its patronalistic legacy.

Indeed, one theme running through the volume is forward-looking: What can the theoretical approaches on display here tell us about the chances that Ukraine will be able to shed the negative elements of patronalism, transitioning to a reliable

rule of law and a more liberal democracy? Different chapters here highlight important "anti-patronalizing" (my words) roles for patronal democracy itself, Ukraine's remarkably successful decentralization initiative that began in 2014, Ukrainian civil society, and, of course, the impulse to civic activism given by the war, and especially Russia's February 2022 full-scale invasion. The chapters are duly cautious, however, and also engage various challenges and potential pitfalls that even a victorious Ukraine will likely need to address. For example, several chapters address the potential for anti-patronal reforms to result in a reduction of patronalism but with a rise in dictatorship, while most chapters discuss conditions under which future reforms could succeed or fail.

Overall, the reader of this volume will come away not only with a deeply enriched understanding of Ukraine and its possible futures. Indeed, they will also gain new insight into the workings of patronalism generally, a phenomenon relevant to many countries worldwide. The chapters here demonstrate the power of an alternative approach that sheds "Procrustean" frameworks developed to understand certain Western countries and instead takes seriously how local actors in post-communist countries understand their own politics, supplying a vocabulary for this to be more broadly understood. This arguably pertains (increasingly) even to contexts like Hungary and the United States, which have not frequently been discussed in these terms. In this way, this book should prompt us all to reflect anew upon our own societies as well as upon Ukraine.

Notes

1 Olga Onuch and Henry E. Hale, *The Zelensky Effect* (Oxford, New York: Oxford University Press, 2023).

2 E.g., Milan W. Svolik, *The Politics of Authoritarian Rule* (New York: Cambridge University Press, 2012).

3 Bálint Magyar and Bálint Madlovics, *The Anatomy of Post-Communist Regimes: A Conceptual Framework* (Budapest: Central European University Press, 2020).

4 Henry E. Hale, *Patronal Politics: Eurasian Regime Dynamics in Comparative Perspective* (New York, NY: Cambridge University Press, 2015).

5 Henry E. Hale, "Regime Cycles: Democracy, Autocracy, and Revolution in Post-Soviet Eurasia," *World Politics* 58, no. 1 (October 2005): 133–65.

6 Oleksandr A. Fisun, *Демократия, неопатримониализм и глобальные трансформации* [Democracy, neopatrimonialism and global transformations] (Kharkiv: Konstant, 2007); Oleksandr Fisun, "Rethinking Post-Soviet Politics from a Neopatrimonial Perspective," *Demokratizatsiya: The Journal of Post-Soviet Democratization* 20, no. 2 (Spring 2012): 87–96.

I.

Ukraine's Patronal Democracy: Actors, Processes, and Social Roots

Ukrainian Regime Cycles and the Russian Invasion

Bálint Madlovics and Bálint Magyar

1. Western illusions and the war: the need for a more authentic analytical framework

Since the collapse of the Soviet empire, **Western observers have repeatedly had their illusions shattered by reality in the post-communist region.** The first was the illusion of democratization: that the change of the political regimes in 1989–1991 would be followed by linear progress towards liberal democracy, and that any regime can be built on any kind of ruins of communist dictatorships.[1] In the case of Russia, Vladimir Putin was heralded as a consolidator of Russian democracy, described by Bill Clinton in 2000 as a leader "fully capable of building a prosperous, strong Russia, while preserving freedom and pluralism and the rule of law."[2] Most recently, there was a widespread illusion in public discourse that war cannot happen: that the invasion of Ukraine, a European country, is unimaginable, especially as it is against the best interests of Putin's Russia as well.[3]

What actually happened was that post-communist regimes which were seen as mere "transitional stations" between dictatorship and democracy turned out to be terminal ones. Putin did not consolidate democracy but eliminated existing pluralism in Russia, instituting a single-pyramid hierarchy of patron-client relations with himself as chief patron, ruling over politics, economy, and society alike. Finally, on February 24, 2022, **the full-scale invasion of Ukraine** was launched by the Russian Federation, starting war on a scale that had not been seen in Europe since World War II.

The constant emergence of new illusions about the post-communist region underlines that this is **not a case of occasional misunderstandings, but that the mainstream observers' assumptions about the region are wrong.** Both post-communist institutions and the actors who operate them are different, and act in different dimensions of rationality and calculations of costs and benefits, from what Western observers implicitly assume based on their Western democratic experiences. Historical, civilizational, and cultural factors shape the trajectories of these countries, with the interplay of stubborn structures and reform attempts giving rise to various patterns of path dependence and path creation. Trying to understand

these processes from Western assumptions has resulted in a fundamental misunderstanding of the past and present of post-communist countries—and this questions the possibility of understanding their future as well.

This book, which is the first of two volumes of studies,[4] focuses on the future of the country currently under attack, Ukraine. While the present (at the moment of submitting the manuscript) is about the ongoing war, destruction, and heroic defense of the Ukrainian people, the country's leadership and those following the events as scholars or politicians abroad have to start thinking about what happens next. **What are the chances of Ukraine at a Western-type development?** Can any form of liberal democracy and market economy consolidate there? **How has Ukraine developed in the past, and what are the existing and forming structural conditions that will frame the efforts of rebuilding?** What should we look at, and what should be the focus of the decision makers? More generally: What are the appropriate concepts and language for interpreting actors, institutions, and dynamics in Ukraine?

Before the war, an attempt to answer the last question was made in two of our previous books, *The Anatomy of Post-Communist Regimes* (2020) and *A Concise Field Guide to Post-Communist Regimes* (2022).[5] The conceptual framework presented there was a challenge to the mainstream comparative paradigm, which has tried to apply the concepts of political science, sociology, and economics that were developed for the analysis of Western-type polities to post-communist countries. The "Procrustean bed of democracy theory"[6] meant that local political systems have been described by concepts such as "illiberal democracy" and "defective democracy,"[7] while there has been an attempt to shoehorn the economic systems into the "varieties of capitalism" paradigm.[8] On the quantitative side, databases compiled for competitiveness reports (World Economic Forum), corruption (Transparency International), and democratic functioning (Freedom House, Polity) assess whether post-communist countries create a favorable business environment for entrepreneurs, combat corruption effectively, and provide basic rights and liberties to their citizens, respectively. These data are readily available for scholars who wish to carry out comparative analyses of large groups of countries,[9] but they also constrain scholars whose focus is inevitably limited to that selection of economic and political factors that have been predetermined for the data collection. *Sui generis* structures or institutions that only exist locally but define the workings of post-communist political-economic systems are immediately excluded. Their effects, like low competitiveness and corruption, are noticed, but they appear only as deviances from the ideal state of affairs and not as system-defining characteristics stemming from deep sociological structures.

This chapter explains the basic concepts for understanding post-communist regimes, presented in a comparative way, and tries to draw the key typological dividing

lines between local phenomena and their Western counterparts. **Outlining the basic concepts of the framework,** the chapter also attempts to expand the framework developed before the war **for war conditions and the possibilities of the Ukrainian regime after the war.** The next sections develop systematically, building on each other towards a unified analytical construct: first, we dissolve three basic axioms that hold in Western-type (liberal) systems but not in post-communist (patronal) ones, leading to fundamental typological differences in actors and institutions; second, we use the thus identified elements to define the Ukrainian regime (patronal democracy), presented in a comparative manner with two "neighboring" regime types, liberal democracy (represented by Estonia) and patronal autocracy (represented by Russia). Next, we analyze patronal democracy more closely, particularly its cyclical character, which is a key feature of the dynamics of the pre-war Ukrainian system.

After the Euromaidan Revolution (2013) and the Russian occupation of Crimea (2014), Ukraine abandoned its habitual "two-vector policy" (towards the West and Russia) in favor of a fundamental shifting to the West. Beyond a geopolitical turn, this also involved a strong, people-driven[10] attempt to break free of patronalism and regime cycles—and this attempt deepened as the Russian aggression intensified. Just as Russia's previous efforts at forced integration or coercive prevention of its former colonies to turn to the West were, to a large extent, counterproductive,[11] the 2022 full-scale invasion may constitute the final push for Ukraine from East to West. Current tendencies (as they can be observed now, one and a half years after the start of the invasion) point in the direction of anti-patronal transformation in post-war Ukraine. However, this process is far from obvious or short-term: it will take a series of reforms on the elite and the societal level, and domestic and international supporters of the Ukrainian regime will have an important role in incentivizing its transformation towards liberal democracy—a role they may fulfill only on the basis of proper understanding of the reality of post-communism, Ukrainian regime cycles, and the risks and opportunities the country will face after the war.

2. Outlines of a framework for analyzing patronal regimes: dissolving three axioms

In our previous works, we proposed a **systematic renewal of the language,** vocabulary, and grammar **of the analysis of post-communist regimes**, with a shift from the Western-centered perspectives to context-rich conceptualizations.[12] In practice, this starts by **dissolving three basic axioms** of the mainstream comparative paradigm:

1. the separation of spheres of social action (political, economic, and communal) is complete, and the connections between the spheres are formal, regulated, and transparent;

2. the *de jure* position of persons and institutions coincide with their *de facto* position;
3. the state is an actor pursuing the common good, and public policy mistakes or corruption cases are not system-constituting elements but simple deviances.

These axioms are hidden: they are implicit presumptions in the region's analyses, not unlike the wrongful assumptions on which the above-mentioned illusions were based. A renewal of language is needed because the categories used by mainstream democracy theory already contain these axioms; and as the axioms are rarely questioned or even realized, the applicability of the categories to post-communist regimes remains limited. When Western observers speak about "governments," "parties," "politicians," "checks and balances," or "entrepreneurs," they use concepts that were developed for the analysis of liberal democracies, where the three axioms hold. When Putin is called a politician, he is immediately put in the same group with the likes of Joe Biden and Emmanuel Macron. *De jure*, or by their position designated in their country's constitution (i.e., president), this may be legitimate; but the actual, *de facto* situation is that they are completely different kinds of actors who fulfill different positions in their regimes, and exercise different powers over a different scope of actors and institutions.

2.1. Instead of the separation of spheres of social action—informal patronalism

The indiscriminate use of the language of liberal democracies brings in the implicit axioms that need to be dissolved to create a new language. We may start with the first axiom concerning the separation of spheres of social action. German sociologist Claus Offe distinguishes **three spheres: political, economic, and communal,** each defined by its autonomous logic of operation with a distinctive set of goals. As Offe writes,

> political action is embedded in a state structure and framed within features such as the acquisition and use of legitimate authority [and] rule-bound power for giving orders and extracting resources. Its intrinsic standard of goodness is *legality*. Market action is recognized by the contract–based pursuit of acquisitive interests [...]. Its standard of goodness is success or *profitability*. Finally, communal action is defined by a sense of reciprocal obligation among persons who share significant markers of identity and cultural belonging [...]. The standard of goodness of communal action is *shared values and shared notions of virtue*.[13] (emphasis in the original)

The separation of spheres means that the actors' informal understanding of their roles, actions, and motives are confined to certain spheres. For example, in a liberal

democracy, there exists a distinction between a politician's obligation to the state and obligation to the family.[14] This kind of separation is reinforced on the level of institutions with various control mechanisms: specific regulations and a series of guarantees excluding conflicts of interests regulate the manner in which the spheres interact and diverge. Similarly, if the separation of spheres is complete, economic logic is separate from the political, and it refers to the specific rationale of entrepreneurs, who may cooperate with politicians through regulated and normative channels. In other words, the separation of spheres does not mean that politicians and entrepreneurs are isolated from each other; on the contrary, the phenomenon of lobbying (or rent-seeking) is well-known in liberal democracies.[15] But in such a relation, the politician seeks political benefits (campaign contributions to win more votes etc.) and the entrepreneur seeks economic benefits (getting favorable regulations etc.). They want to strengthen their positions at the top of the hierarchy of their own sphere of social action: they have separate political and economic objectives, and the benefits they attain also serve to reinforce their formal positions in their own, separated sphere.[16] The politician does not become an entrepreneur, and the entrepreneur does not become a politician.[17]

When the mainstream democracy theory narrows its focus to political institutions (multi-party systems, elections, checks and balances, etc.), it implicitly presumes that the center of a regime is, as in Western societies, a political sphere with its own, autonomous logic. However, the separation of spheres of social action is **guaranteed only if the actors of the different spheres mutually respect each other's autonomy.** If the relations between the actors remain voluntary, then neither of them is made to serve the will of the other, and therefore they can follow their separate rationales. In the formalized lobbying relation, the politician and the entrepreneur enter into a "business deal" with each other on a voluntary basis, as autonomous parties. They come together and form a horizontal relation for mutual benefit (free entry), and each party can exit the relation freely if they see a more beneficial offer (free exit). In addition, the formal nature of the relations in a democratic regime also entails the separation of spheres, with the mechanisms of institutional control correcting deviations of political, economic, and communal actors so that they do not achieve a critical mass, i.e., do not pose a threat to the system.

The situation changes when **formal relations are replaced by informal ones,** and the people operating the institutions act by certain unwritten norms and interests rather than the expectations of the formal, constitutional order; and **horizontal relationships are replaced by vertical, patron-client relations,** and therefore one party (the client) loses, in part or completely, its autonomy to the other party (their patron). This is the typical situation in post-communist **patronal regimes**, which can be distinguished from Western-type non-patronal regimes by four analytical dimensions (Table 1).

Table 1. Contrasting relations in non-patronal and patronal regimes.

	NON-PATRONAL	PATRONAL
Institutions	formal	informal
Regulations	normative	discretional
Authorization	collective (authorization)	personal (authorization)
Command	bureaucratic / institutional chains	clientelist / personal chains

By saying above that the people operating formal institutions act by "certain" unwritten norms, we meant that, in the post-communist context, they act by the norms and interests of **an informal patronal network.** Such networks exist not by virtue of bureaucratic, legally defined dependence but by the *de facto* power a patron disposes over and can use to extort their client. This is made possible by the second feature listed in Table 1, namely **the discretional nature of regulations.** While non-patronal relations involve normative rules and impersonally provided benefits or punishments to certain groups, patrons in informal patronal networks **select between actors on a personal and discretional basis.** Rewards as well as punishments are meted out with the exclusive, personal authorization of the patron and by targeting the client, a person or an organization, directly.

Third, patronal systems place decision-making power into the hands of a single actor, the patron, and therefore **authorization held or given in these systems is personal.** This is in contrast to Western-type liberal democracies, which are characterized by collective authorization and decision-making (i.e., bodies decide instead of particular people) precisely to uphold impersonality and avoid arbitrary decision-making. Finally, in liberal democracies private or public organizations develop through bureaucratic, institutional chains with several levels of formally defined actors and corresponding procedures. In patronal regimes, the organizations characterized by informal patronal relations depend on **clientelist, personal chains.** Unlike the formal networks of horizontal, lobbying-type relations, an informal patronal network is **a pyramid-like, centralized hierarchy** of several layers of patrons and clients with clearly (though informally) defined competences and prerogatives.[18]

Informal patronalism contradicts the separation of spheres of social action, as it allows actors who are formally confined to one (e.g. the political) sphere to act beyond their formal competences, and exercise power in another (e.g. the economic) sphere where their clients are located. **This situation is prevalent in most of the post-communist region,** particularly the post-Soviet countries outside the gravitational pull of the EU and the West in general. While the communist power structure collapsed in 1991, **the regime change** was not followed in the European post-Soviet republics by the consistent development of liberal democratic institutions but rather

a presidential system that gave only limited rein to democratic institutions.[19] Even the development of such presidentialism was in some instances preempted—or accompanied during various crises—by the weakening of stateness and the appearance of a sort of oligarchic anarchy in the wake of massive privatization.[20] Rather than importing Western non-patronal values along with Western institutions, the reality was that local forces, conditioned by civilizational attachments and the communist past,[21] occupied and populated the newly created political institutions. The result was **systemic duality:** on the level of impersonal institutions, presidential republics with separated powers and competitive multi-party elections emerged **(democratic transformation);** while on the level of personal networks, informal patronalism prevailed as the main factor of political regime dynamics **(no anti-patronal transformation)**.

Post-communist informal patronal networks are often called "clans" in the literature,[22] while they can also be called **adopted political families.** The clans of pre-modern society were, just like dynastic houses in feudal times, organized on the basis of bloodlines, but they also took in outsiders as they expanded on a personal, family basis. In adopted political families, kinship relations are supplemented by quasi-kinship relations as the network (or its core of founders) itself is continuously complemented by families not connected to other members by blood. The adopted political family is a largely informal phenomenon, meaning not only that its effective hierarchy is situated outside (or above) the formal institutions of the state, but also that the adopted political family has no legal form. It is a conglomerate of political actors (party leaders, members of parliament, governors, judges, general prosecutors, leaders of the tax office, etc.), economic actors (oligarchs with key firms, banks, media, private and corporate philanthropic organizations, etc.), and communal actors (church leaders etc.), all of which are tied together by an informal hierarchy based on unconditional personal loyalty to the head of the network, the **chief patron.**

The systemic duality of patronal regimes with multi-party systems means this: **what looks like party competition is indeed the competition of informal patronal networks;** instead of political organizations engaging in political action for political goals (the acquisition and retention of power), it is the adopted political families who compete, driven by the twin motives of power concentration and wealth accumulation at the expense of the state and society. The networks use the parties, particularly the major players in the arena, as transmission belts: their function is to channel the informal agenda of political-economic motives into the realm of formal, legitimate institutions of political governance.

2.2. Instead of the coincidence of de jure and de facto positions—oligarchs and poligarchs

The coincidence of *de jure* and *de facto* can be understood as **the coincidence of legal standing and sociological reality.** In a liberal democracy, the separation of spheres of social action also means that the role of the politician and the entrepreneur is separated, and this is expressed in the corresponding terms as well. The words "president" and "prime minister" used for political actors carry the implicit presumption that they can be described by their legal titles, or that the powers they have and the functions they fulfill in the regime are those assigned to their *de jure* formal positions in the constitution. Similarly, concepts such as "entrepreneur" or "capitalist" imply they can actually use their capital, or exercise their *de jure* property rights, defined and constrained by legal institutions, by their own volition.

In patronal regimes, **legal standing and sociological reality are detached** by informal patronalism. As a result, the key actors of the economic and the political sphere become the **oligarch** and the **poligarch,** respectively. We can define the two as mirror images of each other: the oligarch is an actor with formal economic power and informal political power; while the poligarch is an actor with formal political power complemented by informal economic power.

When political actors become patrons in informal patronal networks, their rationale is no longer separated political logic but the political-economic rationale of power concentration and personal-wealth accumulation. To paraphrase Max Weber, they handle their authority as economic opportunities they appropriated in their private interest.[23] Although their personal wealth is secured from their political position and decisions, **the poligarch's** illegitimate financial advantages far overstep the limits of privileged allowances that could be related to their formal position and revenues from classical corruption. In a liberal democracy, a politician may be bribed and involved in various types of corrupt acts. Typically, such cases are initiated by private actors like (major) entrepreneurs in a bottom-up fashion, where the entrepreneur gets favorable treatment from the state and a bribe is given to the politician. The entrepreneur does not become a politician and the politician does not become an entrepreneur; they simply become corrupt.

In an informal patronal network, it is not the bribe that connects corrupt actors to each other. First, the poligarch **does not receive bribe money to carry out corrupt acts but extorts protection money from the subordinated clients.** They, in turn, may not receive any extra payment for carrying out the patron's decisions but simply avoid discretional punishments. Second, a powerful poligarch can engage in predation, taking over companies from disloyal or outsider actors and giving them to the loyal clients.[24] The benefit of the poligarch in the case of predation is the company itself, which becomes their *de facto* property in the sphere of market

action via the clients they dispose over. The poligarch receives money not as a bribe but as a dividend, a legalized rent obtained through the application of illegal means.

De jure, the poligarch appears as a high-ranking politician, confined to the political sphere; *de facto*, the poligarch enters the economic sphere and also establishes land leases, real estate possessions, pseudo-civil organizations or foundations sourced from public funds, and **a network of companies through economic front men** who legally stand for their illegally acquired property and authority.

Regarding **oligarchs,** the term itself is also used for major entrepreneurs who practice lobbying in liberal democracies, and parallels have been drawn between the oligarchs emerging in the oligarchic anarchy of the 1990s and the "robber barons" of the 19th century United States as well.[25] However, the ideal types of oligarchs and major entrepreneurs can be distinguished by **three analytical dimensions:**

- **the nature of political connections,** where a major entrepreneur has formal relations dominantly influencing his economic activity (lobbying) and the relationship is a voluntary deal (both parties retain their autonomy), whereas an oligarch has informal relations dominantly influencing his economic activity (embedded in the ruling elite) and has patron-client relations with a patronal network;
- **the nature of political favors,** where the major entrepreneur enjoys normative regulations and non-excludable favors (applicable to everyone in the industry), whereas an oligarch enjoys discretional regulations and excludable favors (targeted to certain people or companies);
- **the nature of success,** where the major entrepreneur (1) becomes "major" through technical/organizational innovation, and (2) remaining "major" depends on continued market success (can remain profitable without political favors), whereas the oligarch (1) becomes an oligarch irrespective of market innovation (securing monopoly grants with state or patronal support), and (2) remaining an oligarch depends on continued patronal success (managing to have discretional privileges maintained).

The relations of oligarchs and poligarchs to each other and the actors around them are generally determined by their power and by how much they can break the autonomy of the other (or, conversely, to resist attempts at domination). Accordingly, the basic type of action of the oligarch is **state capture,** where corruption vertically reaches the higher levels of the public sphere and permanently subordinates political actors (and through them, state powers) to the oligarchs; while the basic type of action of the poligarch is **oligarch capture,** when the poligarch (using the power of the state) breaks the relative autonomy of the oligarchs and aims to integrate them into his own chain of command. The former constitutes bottom-up

corruption, reaching from the economic to the political sphere, while the latter belongs to the category of top-down corruption, where the economic sphere is captured by the political one.

The question that has regime-differentiating significance is **who is "the boss": who is dependent on whom,** who gives the orders and who executes them. Do the oligarchs capture certain segments of the state, or does the leading poligarch of the patronal network in power, the chief patron, have the power to discipline and domesticate the oligarchs? Of course, some oligarchs do not need to be captured because they are part of the adopted political family (inner-circle oligarchs); some others are captured by default because they have been created by the network and are therefore completely dependent on it (patron-bred oligarchs). What needs to be addressed is the situation of **autonomous oligarchs** who do not commit themselves permanently to any political force. Such oligarchs often had a significant wealth to begin with, and secured their capital from positions weaving through politics. Unlike crime bosses, they seek to secure illegal support for otherwise legal economic activities by the means of corruption.[26] They may become founders of their own networks after a while (and therefore become inner-circle oligarchs) but they generally engage in state capture, "buying up" elite-level political actors (decision-makers, parties) and non-elite level ones (bureaucrats) for the purposes of accumulating and protecting wealth.[27] At the same time, they maintain equally good relations with the major adopted political families: instead of patronal subordination to a chief patron, they try to keep their integrity and form horizontal, "client-client" relations with the competing networks.[28] This makes it possible for them to "keep equal distance," or more precisely, to **maintain their option of free exit.** While the political actors captured by them are in patronal subordination to them (no free exit), the autonomous oligarchs themselves are not subordinated, and are able to change teams when elections or other political events shift the balance of power between the adopted political families.

The freedom of maneuver of autonomous oligarchs becomes sharply limited if a political venture manages to monopolize all the political power. In **the Ukrainian regime** characterized by a **multi-pyramid patronal network** no patronal network or poligarch has complete control over the state. As a result, the oligarchs have more options and means to exercise control over political actors. In contrast, **the Russian regime has a single-pyramid patronal network.** In that system, it is no longer an open question as to who the leader is: the chief patron, Putin, is evidently "the boss." Instead of elite accountability from the side of the (subjugated) oligarchs, their power and position depends on their closeness to, and the whims of, the chief patron.[29] This is the situation of oligarch capture, where patronal relations also change the sociological character of political and economic actors: the *de jure* ownership

of the oligarchs' property is *de facto* exercised, at least partially, by the chief patron, who therefore enters the economic sphere and becomes a *de facto* property owner (even if he holds no property rights in the legal sense). On the other hand, **a multi-pyramid system is characterized by the numerous competing networks and autonomous oligarchs** who, through **partial state captures,** become *de facto* political decision-makers through their network of clients (even if they hold no state position in the legal sense).

2.3. Instead of the state pursuing the common good—corruption as a state function

The third and final axiom holds that the state is an actor pursuing the common good. When mainstream democracy theory speaks about "right-wing" or "left-wing" actors, it implicitly presumes that they are ideology-driven, and aim at carrying out a social vision by the instruments of public authority. At the same time, **corruption is treated as a deviance:** defined as "the abuse of entrusted power for private gain,"[30] it means the circumvention of state-created legal rules, and governments are presumed to fight it accordingly in pursuit of effective and more rational governmentality.[31] This understanding of corruption implicitly assumes the supremacy of the formal over the informal, that is, that public officials act and think primarily in accordance with their legal position, and illegal abuses of power may happen only secondarily. The state is understood by its formal identity: as dominantly an institution of the public good, with some subordinates who deviate from that purpose and abuse their position by requesting or accepting bribes and appointing "cronies" without a legitimate basis. Accordingly, private influence over the content of laws and rules (in our terms, state capture) and the influence over their implementation (in our terms, free-market corruption) are the two regarded forms of abuse.[32]

In order to understand post-communist regimes, we need to abandon this axiom of the state persecuting corruption, and consider **cases where the public interest is not incidentally but permanently subordinated to private goals,** determining political decisions fundamentally, in a systematic way. This case and the case when corruption is a pure deviance are the two endpoints of a scale of the relationship of the ruling elite and corruption. This scale can be used to develop a typology of states running, to different degrees and in different forms, on private rather than public interest (Table 2).

Table 2. A typology of states by the relationship of the ruling elite and corruption.

	Interpretive layers of the category	*Regulator's intention*	*Intention of the dominant institution (form)*	*Discretional treatment resulting from corruption meets the intention of…*
State	Monopoly of taxation (tax, rent, etc.) for maintaining public functions	normative	normative (formal state laws)	neither the regulator, nor the dominant institution (non-structural deviation)
Corrupt state	1st feature + the abuse of entrusted power for private gain (occasional, non-patronal relations)	normative	normative (formal state laws)	neither the regulator, nor the dominant institution (non-structural deviation)
Captured state	1st + 2nd features + patronal relations with a permanent character	discretional	normative (formal state laws)	the regulator, but not the dominant institution (structural deviation)
Criminal state	1st + 2nd + 3rd features + subordinated to and monopolized by a political enterprise (governance led as a criminal organization)	discretional	discretional (informal patronal decisions)	both the regulator and the dominant institution (norm / constitutive element)

In a **corrupt state**, there is a conflict of interest between the ruling elite and the state apparatus, where the latter attempts to enforce its private interests against the former. Corruption is endemic, rather than systemic: it is an informal norm of the bureaucracy to request and accept bribes, but there is no organizing and regulating action of a central will. This results in a large number of occasional transactions between various people. In a **captured state,** the actors' cooperation becomes more complex and permanent given the corrupting actors from the economic sphere are the oligarchs who establish informal patronal relations in certain segments of the state machinery. The similarity of the corrupt and captured state is in their **bottom-up nature:** corruption demand is situated in the economic sphere, while the corrupt service is supplied by state actors. On the other hand, in a corrupt state the frequent but still occasional cases of low-level corruption meet the intention of neither the regulator (the one who makes the to-be-corrupted laws) nor the dominant institution (which, in this case, is the formal, legal institution that provides the actual framework of political action). Thus, corruption is

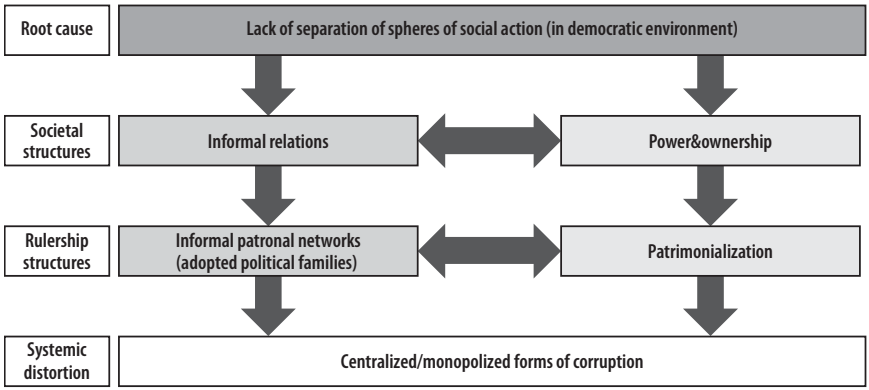
a **non-structural deviation,** as opposed to the captured state where it becomes **structural deviation.** The state as a whole does not run on private interest, but as a result of state capture, the intention of the regulator becomes to facilitate corruption.

A state exposed to bottom-up forms of corruption is necessarily **a weak state.** While the state apparatus gets orders from the ruling elite (i.e., laws are created which the apparatus should enforce) it does not comply with these orders. Rather, the members of the bureaucracy either make the enforcement of laws dependent on the payment of bribes, or they start using state power for the predation of private assets (see below). Under a weak state, which could be observed in Ukraine as well as Russia in the 1990s, it is typical for members of the public administration to become independent from central government, and to abuse their public positions for private gain. They do so in a disorganized, highly competitive manner, and they can do it either for themselves or for certain oligarchs who hire them.[33] This is a typical phenomenon of developing states during periods of oligarchic anarchy,[34] when the rulers are unable to exercise control either over the market for legitimate violence outside the state or over their own (corrupt) bureaucracy inside it.

A strong state appears in the post-communist region when state power is not shared between various competing patronal networks (top-down) and autonomous oligarchs (bottom-up). When power is exercised by a single-pyramid patronal network, aiming at the twin motives of power concentration and wealth accumulation, **corruption becomes a constitutive element of the regime** and governance is led as a criminal organization. Instead of being a deviance, corruption meets the intention of both the regulator and the dominant institution (which, in this case, is the informal patronal network), turning it into **a centralized and monopolized state function.** Corruption that is still persecuted in such a regime is the so-called unauthorized illegality, when a corrupt act is committed by someone who (a) is not a member of the patronal network or (b) is a member but "steals too much for their rank," that is, beyond their authorization for corruption.[35]

To sum this section up, dissolving the three mainstream axioms—about spheres, positions, and the state—reveals the basic structure of post-communist patronal regimes (Figure 1). For after the regime change engrained social norms of the lack of separation of spheres were respected over the culturally rootless framework of liberal democracy, formal institutions were systemically circumvented, and occasionally transformed, in line with the informal social context. The supremacy of informal institutions manifested itself, on the level of ordinary people, in widespread corruption,[36] informal relations, and a lack of trust in formal institutions (which often could not even develop to a degree that people could have started to trust them);[37] and on the level of the elites, in the presence of **informal networks** and the fact that formal administrative (state or party) positions became secondary to informal positions in defining real power.[38]

Figure 1. Schematic depiction of the basic structure of patronal regimes. Dark grey represents the root cause, medium grey represents the consequences for personal relations, light grey represents institutional consequences, and the lightest grey represents the systemic distortion following the two lines of consequences.



At the same time, patronalism, which had been exercised through formally imposed relations, feudal and bureaucratic subjugation, could extend far beyond any single formal institution in the post-regime change democratic settings. Informal networks have not just taken over formal institutions, and used them as façades, but they have also been organized into pyramid-like, hierarchical chains of command, that is, **informal patronal networks (adopted political families).**

As Hale explains, patronalism embodies "the personalized exchange of concrete rewards and punishments through chains of actual acquaintance," as opposed to "abstract, impersonal principles such as ideological belief or categorization like economic class."[39] Adopted political families typically cross class lines, and their norms, as Collins points out, "demand strong loyalty [and] can conflict with the identity of a modern bureaucratic state. Clans turn to the state as a source of patronage and resources [...]. Clan members with access to state institutions patronize their kin by doling out jobs on the basis of clan ties, not merit. Clan elites steal state assets and direct them to their network. [...] The politics of clans is insular, exclusionary, and nontransparent."[40]

By directly merging authority over the circumstances of both political and economic activity, the adopted political families establish conditions in which political and economic power are heavily reliant on one another. There is no economic power without political power (or at least a stake in the political hinterland)[41] and political power cannot be without economic power.[42] Russian analysts use the expression **power&ownership** *(vlast&sobstvenost)* to describe this interwoven state of affairs as an independent category.[43]

The informal capture of formal institutions by the adopted political families and the oligarchs means that they increasingly treat public institutions as private

domain, a feature termed **patrimonialism** by Weber and his followers.[44] When a corollary of state capture by the oligarchs, patrimonialization is partial, and the state is not under the control of a single oligarch; if a poligarch has the monopoly of political power and controls the whole state, patrimonialization becomes complete, and **centralized and monopolized forms of corruption** emerge. As informal patronal networks dominate the political landscape, patronal regimes may see anti-corruption campaigns of one informal network against another (as had been typical in Ukraine before the war),[45] but no campaign that is indeed against corruption as a deviation from the norms of the system as such.

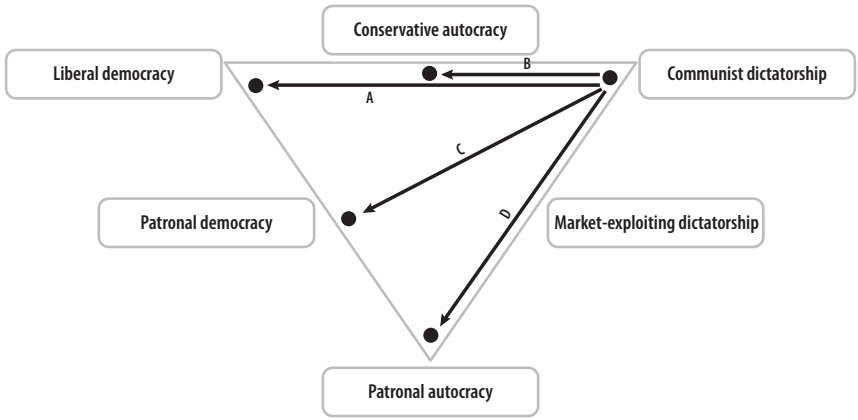
3. Patronal democracy: an intermediate type between liberal democracy and patronal autocracy

After the collapse of the Soviet empire, the independent countries all started from the same 'Square One'—communist dictatorship. There were different models of communism before the regime change, including the more rigid, autarchic classical model with a low level of bureaucratic professionalism and no access to the West (USSR, Albania, Bulgaria, Romania, etc.) and the more flexible and open models adhering to a kind of formal-rational functioning (Hungary, Poland, Yugoslavia, etc.).[46] But each model shared two regime-constituting features: the one-party system and the monopoly of state ownership in the economy. In our terminology, this means that **communist dictatorship was a single-pyramid bureaucratic patronal regime.** Unlike informal patronal networks that have no legal organization, and are based on personal, clientelist ties and personal loyalty to the (chief) patron, the communist single-pyramid ruling elite, the nomenklatura, was a formalized entity based on bureaucratic ties and institutional loyalty to the party.[47] Nevertheless, it can still be described as a type of (bureaucratic) patronalism as it represented subordination in vertical relations and the allocation of resources accordingly.[48]

Starting from this position, post-communist countries followed different regime trajectories (Figure 2). Analytically, the characteristics of the original system could change in two ways: the single-pyramid system could be transformed into a multi-pyramid system or the single-pyramid system could be rebuilt over time; while bureaucratic patronalism could be replaced by non-patronal or informal patronal systems. Logically, therefore, the following four options were the possible regime destinations **from the single-pyramid bureaucratic patronal system:**

A. **multi-pyramid** non-patronal system **(liberal democracy);**
B. **single-pyramid** non-patronal system **(conservative autocracy);**
C. **multi-pyramid** informal patronal system **(patronal democracy);**
D. **single-pyramid** informal patronal system **(patronal autocracy).**

Figure 2: Ideal typical post-communist regime trajectories. A, B, C, and D correspond with the listing of possible regime destinations above.



In total, we speak in the post-communist context about two multi-pyramid systems with pluralism of power networks (democracies) and two single-pyramid systems with one dominant network that has subjugated, eliminated, or marginalized its competitors (autocracies).[49] However, this dimension of analysis—the presence or lack of pluralism—still does not reflect on the *sui generis* feature of post-communist regimes—the presence or lack of informal patronalism. Adding this dimension to our analysis, the four regime types in question appear as **two non-patronal regimes (liberal democracy and conservative autocracy)** and **two patronal regimes (patronal democracy and patronal autocracy).**[50]

No conservative autocracy has developed in the region, although two notable cases approaching that regime type should be mentioned. These are Poland after 2015 (where Jarosław Kaczyński has conducted an autocratic attempt from liberal democracy, but created no informal network or patron-bred oligarchs)[51] and Georgia after 2003 (where Mikheil Saakashvili's efforts to eliminate informal patronalism were accompanied by autocratic tendencies and a disregard for the rule of law).[52] On the other hand, **there are numerous examples for the three other regime types** among post-communist countries. For example, Estonia became a liberal democracy after gaining independence in 1991; Russia went through a period of oligarchic anarchy in the 1990s, followed by Putin's rule which consolidated a patronal autocracy; and Ukraine before the war showed clear tendencies of patronal democracy. In the following, we use these three countries to illustrate the functioning of the three regime types, as well as to underline the differences between them in terms of their actors and institutions.

3.1. Liberal democracy: the case of Estonia

Constitutionalism provides the framework from which the institutions of liberal democracy can be derived. It starts from the notion of human dignity, and deduces (1) the universal protection of human rights and (2) the people's equal right to have a say in how their life is governed. From (1) it follows that **the scope of political power must be limited**; the state is, by definition, the monopolist of the legitimate use of violence,[53] but this power must not be used to carry out rights violations. On the contrary, the *raison d'être* of a constitutional state in a liberal democracy is to prevent rights violations, and although it can be democratically enabled to fulfill other (public policy) functions, even the people—typically the majority—are prohibited from initiating centrally-led infringements of the basic rights and liberties of others—typically the minority.[54] On the other hand, from (2) it follows that **the people must have an effective influence on lawmaking**. Be this influence direct (like in the case of referenda) or indirect (like in the case of electing representatives as lawmakers) it is a fundamental right of every citizen to have some kind of control over the laws that will regulate them and their life in the polity.

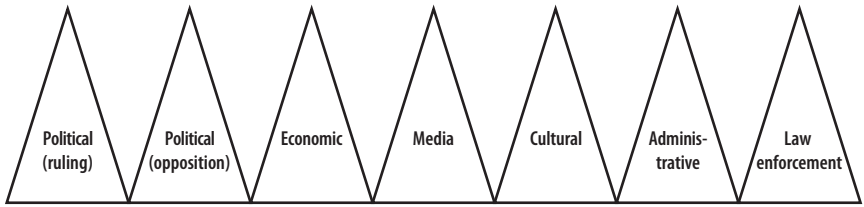
The sociological guarantee of these principles is **the plural and non-patronal nature of the ruling elite.** This means that **numerous factions and autonomous elite groups** exist by virtue of the separation of branches of power (inside the state) and the plurality of political and economic resources (outside the state, but also among the central and local governments). In other words, there is **open access** to political and economic resources, to use the expression of North and his colleagues from *Violence and Social Orders*. As they write, in regimes like liberal democracy,

> political parties vie for control in competitive elections. The success of party competition in policing those in power depends on open access that fosters a competitive economy and the civil society, both providing a dense set of organizations that represent a range of interests and mobilize widely dispersed constituencies in the event that an incumbent [...] attempts to solidify its position through rent-creation, limiting access, or coercion.[55]

The elite structure of an ideal typical liberal democracy is presented in Figure 3. The leading political elite in this regime respects the autonomy of other elites, even within the public sphere, while the separation of social actions as well as the division of powers within the political sphere results in a society in which no elite is dominant. The political elite sets the legal framework and therefore defines the range of options for the actions of the other elites, but it does not interfere with the executive decisions of any members or groups of members. Political opposition is legal and can operate unhampered in the process of **public deliberation:** the people can evaluate the performance of the current government and the various

alternatives to it (discussing phase, with an open sphere of communication); have the alternatives to the government manifested in demonstrations and political parties (associating phase, with the free exercise of the right of association without state interference); choose an alternative in a race where the decisive factor is who they prefer, not who can illegally access campaign funds or manipulate the electoral system (electing phase, with fair elections); have the type of policy they voted for embodied in laws (lawmaking phase, with decision-maker legislature); and have the laws created by their representatives enforced, so their life is indeed governed in the way they have chosen (enforcing phase, with equality after the law).[56]

Figure 3. Autonomous elites in the ideal typical liberal democracy.



Estonia is probably the closest country in the post-communist region to the ideal type of liberal democracy. Regaining independence after the collapse of the Soviet Union, a new constitution was approved in 1992, and suffrage was extended to people registered as citizens in a referendum.[57] In the early years, this also meant the exclusion of a major segment of the Russian minority from suffrage.[58] However, since 1996 the country has gained the highest country rating for political freedom in Freedom House reports,[59] and it has done similarly well by the Liberal Democracy Index of the V-Dem project.[60] According to Hale, Estonia is among the less patronalistic countries of the post-communist region, and even existing patronal tendencies have been limited by a parliamentarist (rather than presidentialist) constitution.[61]

The Estonian transition has been described as elitist and even "tutelary," characterized by "the dominance of political elites in making decisions and steering society in a direction that the elites see as necessary for the development of society and the good of the people."[62] Yet this has resulted neither in a dominant-party system[63] nor in systemic corruption and the prevalence of oligarchs and poligarchs devoted to power monopolization and personal-wealth accumulation.[64] According to a recent Freedom House report, Estonian media are legally protected and largely free of overt political influence, whereas media ownership is predominantly private and subordinated to business interests rather than political interests (FH notes "increased commercialization and undeclared advertising" as problems).[65] The

economy has been dominated by entrepreneurs, and not oligarchs, in competitive markets, and consecutive governments have adhered to a conservative-liberal economic program since the regime change.[66]

Naturally, separated spheres and the autonomy of the elites do not mean there is no connection between these elites. Lobbying is ideal typical in liberal democracies, and its reform has long been a topic in Estonian politics.[67] There have also been corruption scandals; the most serious ones being those of former Minister of the Environment Villu Reiljan who was convicted by Estonian courts for seeking a bribe of approx. €100,000, and favoring a long-time supporter of his party in a land swap case.[68] The magnitude of such cases, of course, pales in comparison to the stream of corrupt monies and assets in post-communist patronal regimes.[69]

Estonian politics has not annexed the economy, and there are no informal patronal networks either. Opposition parties have also been strong, law enforcement is normative, and due to the proportionate electoral system, Estonian governments have usually been coalitional, with numerous changes of government.[70] Adding to these features the internal dynamics stemming mainly from ethnic conflicts,[71] as well as the emergence of identity politics and right-wing populism,[72] we can say that Estonia is generally not unlike Western liberal democracies ridden with similar tendencies.[73]

3.2. Patronal autocracy: the case of Russia

In post-communist countries, the process of sub-elites becoming relatively autonomous began during the early regime-change process. However, the alignment of individual autonomous elites into rival political-economic patronal networks followed soon after, despite conditions that would have been typical for liberal democracies. In those post-communist regimes where the rotation of rival political forces persisted over time, there was a better chance for autonomous economic, cultural, media, and other elites to take a hold of, or at least attach themselves to, competing patronal networks that were unable to secure power exclusively, finding subsistence under their wings. **In the regimes where a single-pyramid patronal network was established,** in contrast, parallel to the removal of the balance and autonomy of political institutions, the autonomy of economic organizations and social institutions was also eliminated.

A patronal autocracy is the polar opposite of a liberal democracy: instead of a multi-pyramid non-patronal system, it is a single-pyramid informal patronal system. In contrast to the fixed and formalized system of positions of the communist nomenklatura, the adopted political family is a formation composed of an aggregate of formal and informal positions ordered into a patronal network. Of course, the key positions of political power belong to it, meaning that the chief

patron (typically the head of executive power) forcibly subjugates the legislative and enforcement branches to its authority, and joins the formal positions of the political elite with positions in the economic elite and other legally undefined, informal positions through the appropriation of the state in the service of private interests.

However, in order to extend their informal network beyond the formal medium of state and party, the chief patron needs the monopoly of political power and a functioning state. The latter was a particularly important issue in countries like **Russia,** where the state became weak and even, in some respects, failed in the 1990s after the collapse of the Soviet Union. In a period of **oligarchic anarchy,** the Russian state lost its monopoly of the legitimate use of violence as competitors emerged, in large part from the organized underworld, who were treated as legitimate providers of information, security, enforcement, and dispute settlement by economic actors.[74] According to contemporary sources, even in 1998 twenty-five hundred banks and seventy-two thousand commercial organizations had their own security services in Russia.[75] At the same time, both the state and the newly formed private economy was surrounded and captured by a disorganized, multi-pyramid setting of regional and nationwide oligarchic networks.[76]

The first turning point of patronal politics in post-communist Russia occurred in 1996. As Hale explains, it was then when President Boris Yeltsin

> deployed his arsenal of sticks and opened his cornucopia of carrots to mobilize regional political machines and major financial-industrial groups into a nationwide pyramid of patronal networks capable of defeating a major political opponent in the presidential race of that year. [...] The 1996 contest proved to all that Yeltsin's presidential pyramid was superior.[77]

Yeltsin becoming a nation-level chief patron was a clear step from oligarchic anarchy towards patronal autocracy. But he still lacked the monopoly of political power and the strong state. Accordingly, Yeltsin's period saw more state capture than oligarch capture. In other words, he ruled in the shadow of oligarchs like Vladimir Gusinsky and Boris Berezovsky, who owned substantial media empires, and Mikhail Khodorkovsky, who was the country's richest man and controlled much of Russia's natural resources as CEO of oil company Yukos.[78]

Putin, who was named by Yeltsin as his successor in 1999, reformed the state so it regained its strength,[79] and consolidated his power in the sphere of political action with a landslide victory of his United Russia party in 2003.[80] This victory enabled him to perform what journalist Ben Judah describes as "the great turn." As he writes, it "closed the era where he ruled like Yeltsin's heir. It was the moment when Russia lurched decisively into an authoritarian regime."[81] Reportedly, Putin

gathered 21 oligarchs for a meeting, informing them that they would be loyal to him and not interfere in politics on their own.[82] He also demonstrated what disobedience would mean: Gusinsky and Berezovksy were forced into exile, giving up their media empires to Putin's patronal network, whereas Khodorkovsky was jailed and his companies were taken over.[83] Khodorkovsky's fate had a significant chilling effect on the remaining oligarchs, who reportedly had to give a significant portion of their property to Putin's *de facto* ownership.[84]

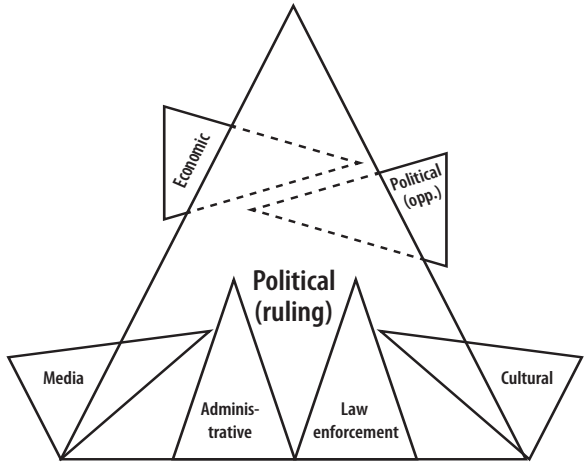
Sociologically, what the 2003 meeting with the oligarchs meant was **a reversal of patron-client roles.** While earlier the patrons had been the oligarchs, and political actors, their clients, Putin turned that upside down, replacing state capture with oligarch capture. The resultant elite structure, existing to this day in spite of numerous crises,[85] is a **single pyramid with patronalized elites, which are not all *de jure* incorporated but *de facto* subjugated.** More precisely, three types of elite position can be distinguished in a patronal autocracy (Figure 4):

- **annexed,** which means that the patrons of the single-pyramid network are the primary decision-makers, and the annexed elite has no autonomy in exercising its *de jure* powers (in Russia, this is the case with the state-based elites, both administrative and law enforcement,[86] as well as the top members of the economic elite, the oligarchs, whose property has a *de facto* conditional character);[87]

- **merged,** which means that (1) the leading political elite is also part of the leading economic elite, meaning the chief patron and his immediate and regional sub-patrons are both political and economic actors (i.e., poligarchs, such as the local governors in Russia's federal subjects),[88] and (2) the ruling and the opposition political elites are merged, with the real opposition being marginalized or liquidated and the allowed opposition being domesticated or fake ("created") parties that serve the interests of the regime;[89]

- **constrained autonomy,** which means that some segments of certain elites at lower levels (certainly in no position to shape the regime) may remain outside the chain of command of the single-pyramid system, either because they manage to hide and escape the network (some experts estimate that the so-called shadow economy accounts for at least half of the gross national product of Russia)[90] or they can offer such low benefits or mean so little political risk if left alone that the adopted political family regards them as irrelevant (such as critical cultural or media actors who are "ghettoized," limited in outreach, and trapped in small circles where those who are already staunch opponents of the Russian regime merely converse amongst themselves).[91]

Figure 4. Patronalized elites in the ideal typical patronal autocracy.



Legend: Every triangle represents an elite group and the tops of the triangles, the tops of each elite group. Overlap represents annexation and dashed lines, merger.

3.3. Patronal democracy: the case of Ukraine

Patronal democracy is an intermediate system between liberal democracy and patronal autocracy. On the one hand, it is a multi-pyramid system, like liberal democracy, since there are multiple potent power networks competing for power and there is no one dominant network to upset the balance of power between the actors. On the other hand, informal patronalism prevails, and party competition is essentially the façade appearance of the competition of adopted political families. There may be democratic parties on the fringes, but the main field of competition is populated by **patron's parties,** where the chief patron of each network is typically either the party leader or its top candidate. While in liberal democracies it is common for party leaderships to resign after an electoral defeat, this rarely happens in a patronal democracy with patron's parties. In cases of such parties, it is the head of the party, the chief patron, who actually defines the party, and not the other way around.

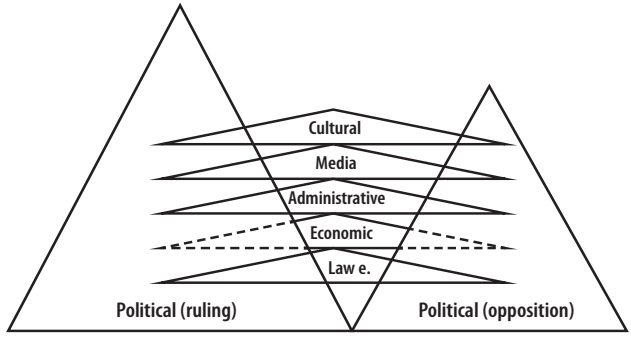
In liberal democracies, autocratic tendencies or the emergence of a patronal challenger is an anomaly (like Donald Trump in the US).[92] In patronal democracies, patronal challenge is the norm. Each network aims at breaking down the democratic system and establishing a single-pyramid patronal network. The key to survival of patronal democracies is **the dynamic equilibrium of competing patronal networks.** This may be understood as the patronal version of the maxim of American Founding Father James Madison: "Ambition must be made to counteract ambition."[93] In other words, there are always attempts by patronal networks to

break down the system ("dynamic") but the competing networks are too strong, and no patronal network has enough political and economic resources to achieve a dominant, monopolistic position ("equilibrium"). This balance also depends on the formal institutional setting. In a purely presidentialist system, the presidency centralizes executive power in the hands of a single actor, and there are no similarly strong positions in the regime in terms of political power. In contrast, in divided-executive systems, where the president and the prime minister both have executive powers and they are elected in different elections, cohabitation is possible: the two executive positions can be filled by patrons from different patronal networks.[94]

As an ideal type, each **partially patronalized elite** of a patronal democracy is divided into three parts: one part patronalized by the patronal network in power; one, by the patronal network(s) in opposition; and an autonomous part, the members of which maintain equal distance from the networks, steering clear of the patronal domination of any side (Figure 5). In other words, the pluralism of power (or rather the lack of monopoly of power in the hands of a single pyramid) allows the system to retain some democratic features:

- **there is still a separation of branches of power**, as the ruling patronal network does not have the monopoly of political power to eliminate it (i.e., to carry out an autocratic breakthrough);
- **there is still public deliberation**, as the competing patronal networks use parties and the more-or-less balanced media in campaigns and competitive elections, trying to convince the people to vote for their rule;
- **civil society still has some autonomy**, meaning the autonomy of four civil groups with resources (entrepreneurs, media, NGOs, and the citizens, which comprise the sociological basis of an effective opposition) is not eliminated or neutralized but still exists, allowing these civil groups the ability to shape the dynamics of the regime.

Figure 5. Partially patronalized elites in an ideal typical patronal democracy.



Legend: Every triangle represents an elite group and the tops of the triangles, the tops of each elite group. Overlap represents annexation and dashed lines, merger. The opposition pyramid is ideal typically smaller than the ruling one. (Note: in actual cases, there may be more than one opposition pyramid.)

Patronal democracies are numerous in the post-communist region, including countries like Bulgaria, Romania, North Macedonia, and Moldova. These countries are among those that carried the most patronalistic legacies of the communist rule,[95] but institutional factors (divided executives and/or proportionate electoral systems), socio-political cleavages (ethnic, identity, etc.), and the general dispersion of political and economic resources among the informal patronal networks prevented the breakdown of the pluralism of the forming multi-party systems by any one dominant network.[96] It is in this group that we find the key country of this volume, **Ukraine**, which became one of the most prominent cases of patronal democracy after the collapse of the Soviet Union.

Already before the regime change, Ukraine showed elements of patronal politics within the state party. According to Minakov, three regional groups—from Kharkiv, Stalino/Donetsk, and Dnepropetrovsk—represented the three largest party units and industrial clusters, providing factional competition and alternately occupying the position of First Secretary of Central Committee of Ukrainian Communist Party and Chairperson of the Council of Ministers.[97] The multi-pyramid system of competing patronal networks grew out of these roots after the country became independent in 1991. Minakov lists the positions that have been controlled by the Ukrainian informal patronal networks, in particular the Dnipropetrovsk and the Donetsk regional groups, both of which cover large portfolios of the elite groups showed in Figure 5:

- In the Dnipropetrovsk group, the informal patronal network of **the Privat Group** has controlled separate members of parliament (MPs), parliamentary parties and factions (from 1998), deputy heads of the National Bank, and managers and board members of state-owned gas and oil companies; while **the Kuchma-Pinchuk clan** has been a low-profile clan since 2005, with control over separate MPs, deputy-ministers, and vice-general prosecutors.
- The Donetsk regional group is comprised of **"old" clans** that have controlled **the Party of Regions,** vice prime ministers, governors, MPs, separate ministers and deputy ministers, the Tax Administration, etc.; **"new" clans** that have controlled governors and mayors of Donetsk (1996–2014), positions in the Party of Regions, the Opposition Bloc, separate MPs, parliamentary factions (from 1998), general prosecutors, separate ministers, etc.; and some smaller and newer clans that have controlled judiciary/separate courts, the Central Electoral Commission, separate ministers, and state-owned companies.[98]

Amidst intense patronal competition, **Ukrainian oligarchs** before the war had considerably more autonomy than Russian ones, and the empowered oligarch-controlled parliament guaranteed that poligarchs could be kept in check.[99] According to the Ukrainian Society Survey of 2015, oligarchs were considered

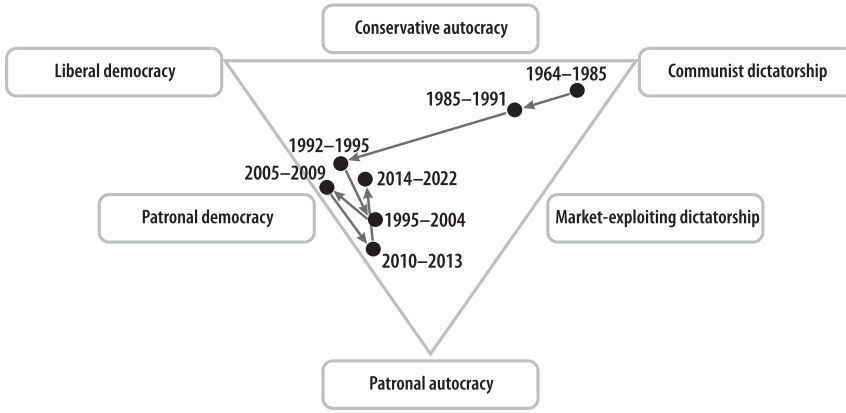
the most influential actors in Ukraine, with 44.6% of respondents choosing them, while state officials were chosen by only 21.8%.[100]

There were several attempts to break down this competition and establish a single-pyramid network in Ukraine. First, **Leonid Kuchma** in his first presidential term managed to essentially coerce the parliament into changing the constitution into a fully presidential one, and formed a pact with the emerging oligarchs that allowed him to concentrate economic power as well as media control.[101] While this autocratic attempt proved successful in ensuring re-election in 1999, Kuchma's model change towards patronal autocracy was reversed by **the Orange Revolution of 2004,** leading the country back to a democratic setting.[102] A new divided-executive constitution was approved after the revolution, which provided the institutional underpinning of the return of the regime's competitive nature.[103] But the period of 2005-2010 under President Viktor Yushchenko was still patronal with strong presidential power. As Dubrovskiy and his colleagues point out, Yushchenko "kept control over the secret service (endowed with the authority of investigating economic crimes and corruption) and law enforcement represented by the Prosecutor General's Office (PGO), which was empowered to perform all investigations of officials [...]. On top of this, a President had enormous control over judges. With these tools in his hands, he or she could potentially blackmail any elite member, so full (informal) control was only a matter of his/her willingness, skills, and impunity."[104]

After Yushchenko was replaced, **Viktor Yanukovych** changed the constitution unilaterally back to the initial, even stronger presidential arrangement, and made a strong attempt at creating a single-pyramid patronal network.[105] However, civil society in Ukraine was even stronger: the presence of deeply embedded patronal networks on the one hand, and important socioeconomic changes that had given rise to a so-called "creative middle class" on the other,[106] resulted in a resistance that culminated in the **Euromaidan Revolution of 2014**. This "Revolution of Dignity" brought about not only the removal of Yanukovych, but later also an election that was probably the fairest one the country had seen.[107] While anti-patronal elements (as discussed by several authors in this volume) were stronger after the Revolution of Dignity, the presidency of **Petro Poroshenko** still marked a return of the balance of power of patronal networks, rather than the emergence of a liberal democratic order.[108] (The anti-patronal attempt of the next and current president, Volodymyr Zelensky, will be discussed in the next section.)

The pre-war trajectory of the Ukrainian regime clearly exhibits the kind of dynamic equilibrium that is typical of patronal democracies. Figure 6 shows the trajectory, modeled in the six-regime triangle shown above. Each point in the trajectory represents the Ukrainian regime in one time period, and its position is defined by eleven dimensions such as plurality of power networks, formality of institutions, patronalism, and the limited nature of rule.[109]

Figure 6. Modelled trajectory of the Ukrainian regime before the war (1964–2022).



The case of Ukraine also **highlights the differences between a patronal democracy, a liberal democracy (like Estonia), and a patronal autocracy (like Russia).** These differences are summarized in Table 3, containing the basic characteristics of all three systems comparatively. First, the general difference in the elite structure of these regimes lies **in pluralism and patronalism.** In a liberal democracy, the party system is composed of non-patronal entities in horizontal and formal lobbying relations with the economic sphere; in a patronal democracy, a number of patron's parties, with informal networks of relatively equal size, compete; finally, in a patronal autocracy, the party system features a dominant patron party with opposition parties being either fake or confined to a competitive fringe.

Table 3. Comparative summary of the ideal-type liberal democracy, patronal democracy, and patronal autocracy.

	Liberal democracy	Patronal democracy	Patronal autocracy
RULING ELITE	multi-pyramid non-patronal system	multi-pyramid informal patronal system	single-pyramid informal patronal system
	politicians autonomous MPs	politicians/poligarchs partially patronalized MPs	poligarchs patronalized MPs
	autonomous major entrepreneurs	autonomous oligarchs	dependent oligarchs
	autonomous elites democratic political elite	partially patronalized elites competing patronal political elites	patronalized elites monopolistic patronal political elite

	Liberal democracy	Patronal democracy	Patronal autocracy
STATE-BUSINESS RELATIONS	lobbying	state capture	oligarch capture
	corruption as non-structural deviation	corruption as structural deviation	corruption as system-constituting element
	free-market capitalism	patronal capitalism	mafia capitalism
SOCIAL DYNAMICS	free civil society	free civil society	subjugated civil society
	legitimacy challenger is an anomaly	legitimacy challenger is a norm	accomplished legitimacy challenge
	stable equilibrium of competing political parties (democratic consolidation)	dynamic equilibrium of competing patronal networks (regime cycles)	stable equilibrium of a single-pyramid patronal network (autocratic consolidation)

The level of autonomy of political actors is the highest in a liberal democracy, where MPs are not simple executors of the will of their (formal) party leaders or any (informal) patrons like oligarchs but can shape, or at least have an effect on, policy decisions. In patronal democracies, MPs are partially patronalized by adopted political families (top-down) and autonomous oligarchs (bottom-up), but there is no total control over the legislature and executive power by one party. On the contrary, there is more of a "free market" of corruption: as a report claims, parliamentary seats in pre-war Ukraine could be bought at around USD 3 million, which was shared between party financing and the party leaders.[110] Such "anarchic" corruption is eliminated in a patronal autocracy, where governing MPs are predominantly political front men of the chief patron and his close circles of decision-makers (the patron's court), and the legislature is only required to "keep the books" on decisions taken elsewhere, in the realm of informal institutions. What matters is the extent of the majority of the adopted political family's parliamentary faction. The main difference between patronal democracies and autocracies stems from this fact: the ruling adopted political family in a patronal democracy does not have supermajority, or the power to change constitutional rules one-sidedly.

Finally, the interplay of internal components in each regime produces a **self-sustaining equilibrium: the essence of each system is protected by effective defensive mechanisms.** In a liberal democracy, this essence of the regime is the universal protection of human rights and the people's equal right to have a say in how their life is governed. These are embodied in limited political power and public deliberation, respectively. In a patronal democracy, the essence of the regime is the

competition of patronal networks: the plurality of informal power pyramids existing in a dynamic equilibrium, with each network always trying to become dominant but unable to do so. Finally, defensive mechanisms in a patronal autocracy do not maintain pluralism but prevent it, protecting the unconstrained, monopolistic rule of the chief patron. This is achieved mainly by neutralizing the four autonomies of civil society (the autonomy of entrepreneurs, media, NGOs, and the citizens) that guarantee the possibility of changes of government in democratic settings.

4. Regime cycles: color revolutions and the Ukrainian pendulum

4.1. The role of color revolutions in patronal democracies

As an ideal type, **patronal democracy is characterized by inherent disharmony** between the institutional system and the character of major political actors. A liberal democracy is harmonic because its non-patronal institutions are matched with non-patronal political actors. Disharmony is introduced when an autocratic challenger shows up. A patronal autocracy is also harmonic but in an inverse way: patronal institutions are matched by patronal political actors who have successfully built, as part of a single pyramid, autocratic rule in their regime. In a patronal democracy, **patronal political actors operate in a non-patronal institutional system.** There is a lack of separation of the spheres of social action, not in a monopolistic way but in the form of competing informal patronal networks, whereas the institutional system is formally democratic and it nominally presumes the democratic nature of political actors. We could also express the disharmony as follows: the limitations on the leaders' power and public deliberation have already been eliminated *within* the competing patron's parties, but on a national level both of these mechanisms still exist. This means a constant gravitation toward eliminating the nation-level defensive mechanisms as well, to be able to elevate the network's elite interest on the level of national policy. Indeed, the aim of informal patronal networks is none other than harmony—not toward liberal democracy but toward patronal autocracy.

In Ukraine, autocratic attempts have been thwarted by the so-called **color revolutions.** These were unlike the classical revolutions that took place in the 18th and 19th centuries in Western countries. There, the revolutions were against feudal systems, where monarchs relied on numinous legitimacy ("by God") and the revolutions set out to change this pattern of legitimation to another one, the pattern of civil legitimacy ("by the people").[111] The "lawful revolutions"[112] of the regime changes in Central Europe in 1989 achieved, peacefully, the replacement of the substantive-rational legitimacy of the party state with the legal-rational legitimacy of a democratic system.

In contrast, color revolutions do not aim at switching from one coherent legitimacy pattern to another but try to defend the initial, coherent legitimacy pattern of democracy by overthrowing a corrupt autocrat. **In 2004, the Orange Revolution** in Ukraine saw over 1.5 million people demonstrating at Maidan Square in the center of Kyiv, protesting the close but apparently fraudulent victory of Yanukovych, who was Kuchma's presidential candidate. The peaceful revolution succeeded when the Supreme Court ruled that new elections would be held, which were won by Yushchenko, who was inaugurated in early 2005.[113] The **Euromaidan Revolution of 2014** was different, as it did not follow electoral fraud but another kind of attempt to solidify the chief patron's rule. Four years after Yanukovych had become president (in 2010) and moved Ukraine closer to patronal autocracy than ever, legitimacy-questioning protests were trigged by his refusal to sign an Association Agreement with the EU, which meant an open rejection of the EU's sphere of influence for that of Russia—that is, the rejection of democratization requirements for a larger room to maneuver for stabilizing patronal autocracy. At the turn of 2013-14, large and eventually violent demonstrations broke out on Maidan Square; the police killed over a hundred people and more than a thousand were injured. Deadly political violence led to the defection of key supporters of Yanukovych, who fled the country for Russia. Key political figures of the revolution occupied leading state positions: Vitaliy Klichko became mayor of Kyiv and Petro Poroshenko was elected president.[114]

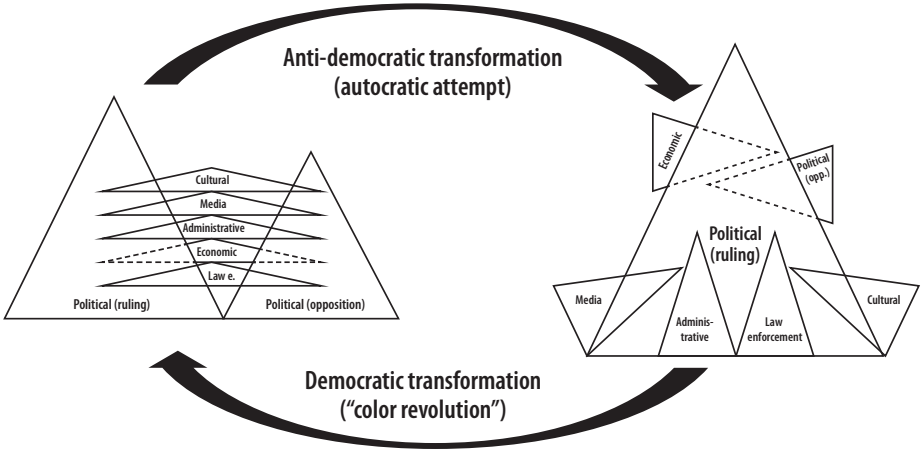
The color revolutions raised considerable optimism in Western circles. Placing events on a democracy-dictatorship axis, a popular revolt replacing a repressive system meant for them a step towards the democratic pole, i.e., Western-type liberal democracy. However, color revolutions would rarely bring the expected results; rather, they usually meant a fall back to the ordinary affairs of patronal democracy.[115] Indeed, **color revolutions are a defensive mechanism:** a non-institutionalized "last line of defense" to break autocratic attempts and push the regime back to the dynamic equilibrium of competing patronal networks. While the Revolution of Dignity was followed by stronger anti-patronal elements than the Orange Revolution, including reform attempts and anti-corruption efforts of civil society (both discussed in more detail in other chapters of this volume),[116] we can say with respect to the regime that the revolutions **did not bring anti-patronal transformation.** Although revolutionary movements march under the slogans of democracy, transparency, and anti-corruption, behind the democratic endeavor of the masses one can find the discontent of the to-be-suppressed patronal networks as well. It is true that, without popular discontent stemming from a breakdown of public deliberation, patronal networks are less able to counter autocratic tendencies. But the opposite is also true: without the resources of the competing patronal networks, popular discontent has little chance to stop the ruling autocrat from breaking "fair," democratic (patronal) competition.

4.2. The cyclical character of patronal democracy

Ukraine's pendulum-like movement between patronal democracy and autocracy leads us to the concept of **regime cycles,** a term coined by Hale.[117] These cycles typically involve back-and-forth changes on the level of impersonal institutions (i.e., an anti-democratic transformation followed by a democratic one) while the level of personal networks does not fundamentally change (i.e., there is no anti-patronal transformation). Because of the structural factors mentioned above, **autocratic attempts are numerous but none can achieve an autocratic breakthrough;** at the same time, **the reversal of patronal monopolization attempts do not remove the patronal networks,** nor the stubborn structures of the lack of separation of spheres of social action that gave rise to them in the first place.[118]

The cyclical character of patronal democracies manifests itself, most generally, in the changing structure of elites (Figure 7). The multi-pyramid and single-pyramid patterns, presented in the previous section, represent the endpoints of a scale of elite pluralism in patronal regimes. In patronal democracies, **neither pattern can consolidate:** the multi-pyramid is inherently in a dynamic equilibrium, whereas the single-pyramid is never fully established. In other words, both structures are challenged: the democratic one, by an autocratic challenger (the patronal network in power, bringing about anti-democratic transformation and typically the extension of presidential power at the expense of the parliament) and the autocratic one, by democratic challengers (the people and the informal networks and oligarchs who find themselves on the losing end of the autocratic change, bringing about democratic transformation and typically the extension of parliamentary power at the expense of the president).

Figure 7. The cycles of elite structures in patronal democracy.



The ebb and flow of autocratic change and democratic backlash can be tracked by political institutional indicators that show symptoms on the level of impersonal institutions, such as the erosion of the rule of law, the independence of the branches of power, and media autonomy.[119] In the dimension of personal networks, one effect of the regime cycles that can be detected is the **predation trajectory** of the regime in the economic space. In a liberal democracy, property rights are not privileges: they are upheld impersonally, and actors do not need to participate in politics to ensure their survival from expropriation.[120] In post-communist patronal regimes, the phenomenon of predation, that is, the illegal and coercive takeover of productive assets (like firms and companies) for private gain is so common that it has its Russian name: "reiderstvo," derived from the English "raiding."[121] The estimated number of successful reiderstvo attacks in 2005-2011 proceeded at a yearly pace of more than 10,000 firms in Russia, and 1,300 firms in Ukraine.[122]

During regime cycles, the sociological character of **reiderstvo changes parallel to the change of power concentration by the ruling network.** To put it in terms of a typology of reiderstvo (Table 4), "black raiding" is not typical in patronal democracies. Indeed, it involves the direct threat or use of physical violence, initiated by members of the organized underworld, and it is more typical of the transitory period of oligarchic anarchy. The typical forms during regime cycles are **grey raiding—**when the executors of predation are no longer criminal groups but members of the lower, local levels of organs of public authority—and **white raiding—**where instead of the legal environment being misused, it is adapted and tailored to individuals and single companies in a targeted manner. The main difference between these two types is the required **amplitude of arbitrariness:** The amplitude of arbitrariness is defined by the range of state institutions controlled by the predator(s), which determines their ability to command actors from formally independent and autonomous branches of power (prosecution, police, parliament, competition office, tax office, etc.). Simply put, the amplitude of arbitrariness is the size of the "arsenal" of raiding "weapons," and the ability to make state institutions work in unison as cogs in a predatory machinery of discretional targeting and takeover of private companies.[123]

Table 4. The cycles of predation in patronal democracy.

Strength of the state	*"Legitimacy" of raiding*	*The initiator or client of the corporate raiding*			
		Organized upperworld (chief patron)	Low or middle level public authority	Rival entrepreneurs or oligarchs	Organized underworld (criminal groups)
Strong state ↕ Weak state	White raiding / Grey raiding / Black raiding	Anti-democratic transformation (autocratic attempt) → Unconsolidated single-pyramid system → Unconsolidated multi-pyramid system → Democratic transformation ("color revolution")			
Institutional environment and features of the raiding action		Criminal state	Corrupt/Captured state		Failed state
		Single-pyramid	Multi-pyramid		
		Monopolized	Oligarchic		Competitive
		Oligarch capture	State capture		n.a.

The more power is concentrated in the hands of a poligarch, the wider their amplitude of arbitrariness is; and the wider their amplitude is, the more instruments of public authority they can mobilize, and thus shift from lower to higher "evolutionary forms" of reiderstvo. **In the multi-pyramid phase of the regime cycle, disorganized state threats to ownership rights** are prevalent: a large number of occasional, uncoordinated predatory acts of independent actors, mainly oligarchs and informal networks, using various corrupted/captured segments of the state.[124] **In the single-pyramid phase, centrally-led corporate raiding** becomes the dominant form of reiderstvo, initiated by the head of executive authority, the chief patron, who can combine white and grey raiding techniques against the prey owners.

In Ukraine, these phases were observed most clearly before, during, and after the Yanukovych period. As a tax official put it, ministries under Yanukovych became "weapons of the Presidential Administration against any business,"[125] routinely taking over companies and moving them to the ownership orbit of Yanukovych's adopted political family (also termed the "Family" by Ukrainians, composed of people with kinship relations—like Yanukovych's son, Oleksandr—and quasi-kinship relations—adopted and close associates). With the democratic transformation brought about by the Revolution of Dignity, the level of power concentration decreased, and predation also regressed in the regime to the previous dominance of grey raiding by local and lower-level actors.[126]

The cyclical nature of the political and economic dimensions, the relations between the actors involved, and the solidity of autonomous positions can be summarized in **the changing patterns of political capitalism.** A Weberian term also prominently used by Randall G. Holcombe,[127] political capitalism is an umbrella term for capitalist economic systems which are characterized by collusive corruption of governmental actors and major economic actors to a degree high enough to influence the workings of the national economy (Table 5).

Table 5. The cycles of political capitalism and the relations of political and economic actors in patronal democracy.

Type of political capitalism	*Initiating actors*	*Types of capture(s)*	*Type of state*	*Corruption market*
Crony capitalism	Cronies	Market capture	Rent-seeking state ↓ Kleptocratic state ↓ Predatory state	Free competition (free entry / free exit) ↓ Monopoly (adoption / casting out)
Patronal capitalism → Democratic transformation → Anti-democratic transformation → Mafia capitalism → Patronal capitalism	Oligarchs + poligarchs (multi-pyramid network)	Market + state capture		
	Chief patron (single-pyramid network)	Market + state + oligarch capture		

First, the type of political capitalism observable in patronal regimes needs to be distinguished from "crony capitalism"—a catchword for corrupt systems like the post-communist ones.[128] The term "crony" or friend can express the informal and personal nature of the relationships, but it also assumes, in the context of corrupt transactions, parties or partners of equal rank (even if acting in different roles) and implies voluntary transactions that can be terminated or continued by either party at their convenience. The actors retain their autonomy, and cooperate to capture markets: they close open markets by creating artificial monopolies to reap rents, i.e., profit stemming from the lack of competition.[129]

On the one hand, the difference between cronyism and patronalism is the vertical nature of relations. There is no free entry to the patronal network, only adoption, being given access, or forced surrender; and no free exit either, only exclusion. On the other hand, patronalism has variants based on the dimension of pluralism. **The key question of regime cycles is this: whether mafia culture can rise to the rank of central politics** and break autonomous positions in the state (branches of power), the economy (oligarchs), and society (civil society); or whether the capture of markets—as described above—will be accompanied by only partial state captures by oligarchs and multiple patronal pyramids, which may be able to tap illegally into current revenues of the state (kleptocratic state) but cannot carry out centrally-led corporate raiding (no predatory state). In the former case, we speak about **mafia capitalism,** the attempts at which could be observed in the Kuchma and Yanukovych periods; in the latter case, we speak about **patronal capitalism,** which is the more competitive landscape that is restored in the regime cycles by democratic transformations. However, even in the anti-democratic, mafiotic phase of the cycle, the single pyramid cannot fully consolidate: oligarch capture, which is the element of full-fledged mafia capitalisms in patronal autocracies (like Russia and Hungary),[130] is never achieved, and the power of the autonomy of the to-be-subjugated economic and social groups repels domination attempts—only to start the cycle over again.

5. The war and its effects: the possibility to break out of the regime cycle

5.1. Systemic consequences of the war in Russia and Ukraine

On February 24, 2022, **a patronal autocracy launched a full-scale attack against a patronal democracy.** On the military front, this already indicates differences in the social patterns of the Russian and Ukrainian armed forces, reflecting the characteristics of their respective regimes, as discussed in a chapter in the next volume.[131] However, the war also brought systemic consequences regarding informal

patronalism in both regimes. Over a year after the start of the war, what we can see is that **the war has unleashed forces that have pushed both regimes out of their previous equilibria.**

In Russia, Putin already achieved an autocratic breakthrough in 2003, and put an end to the anarchic pluralism of the 1990s. In the following years, the regime started the long process of autocratic consolidation, which meant the elimination of autonomous positions in the society in order to prevent the emergence of an effective opposition.[132] The Russian regime, despite the dominance of informality, relies heavily on the expansion of state power and open state ownership, through which a significant proportion of the adopted political family has been placed in state positions with exceptionally high remuneration (several times higher than Western salaries).[133] This meant not only that in the decade before the war there had been an effort to eliminate "private banditry" at the middle and lower levels by pushing the object of competition among informal actors (strictly at levels below the chief patron) from corruption opportunities to better positions in the bureaucracy,[134] but also that the leadership was confident in its own unaccountability: it did not feel the need to keep its wealth and influence in (private) positions that would not change hands in the case of a change in government. The Putin regime's confidence in itself was also underpinned by its ability to deploy a wide range of repression, including outright violence, in the face of challenges to its consolidated state (such as the 2012 series of protests[135] and the fate of major opposition leaders like Boris Nemtsov and Alexei Navalny).[136]

As Russia's imperial expansionist instinct awakened with a perceived weakening of the West,[137] the invasion of Ukraine moved Russia **from autocracy closer to dictatorship.** The war has brought formal organizations and chains of command (e.g. military, secret services, and state bureaucracy) to the fore, parallel to increased political repression[138] and the devaluation and increasing vulnerability of oligarchic elements. Just a few hours after the invasion started, Putin repeated his 2003 meeting with the oligarchs when he summoned 37 of them to the Kremlin.[139] Only this time the meeting was not about the reversal of patron-client roles but delivering a threat in a war situation to curb possible critical instincts. Just as in 2003, Putin's words were accompanied by deeds: retribution against critical oligarchs like Oleg Tinkov (forced to sell his bank at 3 percent of its value)[140] and disciplinary measures within the patronal network (e.g., a new decree allowing the confiscation of the savings of officials exceeding their income for three years)[141] indicate the elimination of even the limited bargaining capacity of informal power-holders.

The Ukrainian regime has also moved out of its equilibrium, although in the opposite direction. The drive to break the logic of patronal democracy has been a policy-shaping force since the Revolution of Dignity, but in 2019 it has risen to the level of political leadership with the landslide victory of **Volodymyr Zelensky.**

The new president came to power not only as someone who was not a chief patron and had no patronal network of his own, but also as someone with **a distinctly anti-patronal agenda.** This includes measures such as the anti-oligarch law of 2021, the register of oligarchs it created, and a number of related reform efforts (the prohibition on the financing of political parties and the purchase of large-scale privatization objects, e-declarations, increased taxes, etc.), which have also led to episodes of conflicts with the oligarchs.[142]

The 2022 invasion, beyond the terrible human and material damage, has shaken the Ukrainian political-economic system to its foundations. Particularly, it **has pushed the four key players of the regime all in the direction of anti-patronal transformation:**

- **the oligarchs,** who have suffered heavy losses in the war, losing not simply a significant part of their wealth and assets but also their markets (as later studies in this volume will show);[143]
- **the state,** because (1) the power of the leadership and its legitimacy in the eyes of society have both heavily increased during the war (compared to 2021, the positive image of the state has grown from 5% to 53%; the perceived effectiveness of the state has grown from 45% to 93%; and trust in the President has grown from 2.1% to 53.1%),[144] (2) Zelensky is trying to exploit the situation for his anti-patronal purposes, and even to take on oligarchs like Igor Kolomoisky, who supported him in the presidential race,[145] and (3) the Ukrainian state at war cannot afford corruption, which causes large losses to the budget[146] and generally undermines the effectiveness of the bureaucratic war machinery,[147] whereas maximizing the resources that can be involved in war (in the context of an unequal fight with Russia) is possible precisely through unleashing the power of volunteerism and autonomy, and through civil society being active and "taking ownership" of the issue—i.e., the very opposite of patronalism;
- **the Ukrainian society,** which is increasingly shedding its post-Soviet identity in favor of a national-civic identity (as detailed in another chapter in this volume),[148] and which is clearly committed in its geopolitical orientation to the Western alliance system (positive attitudes towards Ukraine joining the EU have grown from 48.5% in 2021 to 86% in 2022, while the same numbers for NATO accession were 41.5% and 76%, respectively);[149]
- **Western external actors,** as Ukraine seeks to join their system of alliance based on and composed of liberal democratic regimes, and whose conditionality criteria require reforms in the rule of law and anti-corruption.[150]

The nexus between these actors further strengthens the chances of anti-patronal transformation. **The issue of trust** is particularly important here. According to

a poll conducted in January 2023, 96% of the Ukrainian people trusted or fully trusted the Armed Forces of Ukraine; 86%, President Zelensky; and 70%, the National Security and Defense Council.[151] This is a necessity: a patriotic war can only be built on the trust that the state must maintain towards civil society and the population, as well as towards foreign donors. All these actors must be ensured that their efforts will not ultimately serve corrupt, oligarchic ends. Without social trust, there is no sacrifice, voluntarism, and creativity; and without the support of Western public opinion, Western governments cannot support Ukraine, and credibility would be undermined if it were revealed that funds were being dissipated through corrupt channels. This is yet another sense in which the Ukrainian regime cannot afford corruption, and this also explains (alongside Zelensky's initial anti-patronal ambitions) the regime's anti-corruption moves such as the dismissal of Kyrylo Tymoshenko, Deputy Head of the President's Office, after a corruption scandal in January 2023;[152] the February 10, 2023 search by the State Investigation Bureau and the SBU of the premises used by the State Customs Service in Kyiv, Lviv, Ternopil, Chernivtsi and Odessa; and the dismissal the following day of Ruslan Dziuba, deputy commander of the National Guard in charge of the logistics division.[153]

The fate of the Ukrainian regime cannot be predicted at this point, as it depends largely on the outcome of the war. But **the observable trends point to an unprecedented anti-patronal transformation.** Assuming that Ukraine can maintain its independence, **reconstruction can begin on these anti-patronal foundations,** and thus there is a significant change for the regime to permanently break the dynamic equilibrium of competing patronal networks.

5.2. Possibilities and dangers: the threat of autocracy and the long road to anti-patronal norms in the society

The possibility of anti-patronal transformation should not be mistaken for direct movement toward liberal democracy. The development of a Western-type, "free and fair" regime of political competition with separated spheres of social action is but one possibility that can emerge in the wake of de-oligarchization. Another possibility is development toward **conservative autocracy: a non-patronal but also non-democratic regime.** In other words, while the regime cycles showed that democratic transformation is not necessarily accompanied by anti-patronal transformation, the opposite is also true: anti-patronal transformation may not be accompanied by democratic transformation, or the return to pluralistic competition, after the war.

We may call this "**the Saakashvili scenario,**" referring to the former president of Georgia who rose to power as a result of the 2003 Rose Revolution. Like Zelensky, Saakashvili (as a victor of the revolution) had immense popular legitimacy, which

was embodied in winning a striking 97% of the votes in the 2004 presidential election at 88% turnout.[154] The Saakashvili government also had clear anti-patronal ambitions (although from an ideology-driven, libertarian drive),[155] and a genuine reduction of patronalism in Georgia could be observed in the following years. By shrinking the scope and extent of the state,[156] Saakashvili's program reduced the system of power&ownership by significantly weakening the power component: state capture was reduced by leaving little for informal networks to capture. In addition, the authorities followed a *de facto* zero-tolerance policy with crime and corruption, with harsh sentences and a growth of the prison population.[157] The chilling effect of these changes contributed to the reduction of grand as well as petty corruption, particularly in dealings with state bureaucracy, the education system, healthcare, law enforcement, and the judiciary.[158]

On the other hand, the crackdown on patronalism was made possible by disregarding critical components of the rule of law, such as the separation of executive and judicial power. In the initial phase, Saakashvili's judicial reforms resulted in such centralization that the President personally presided over the council of judges;[159] and what started as a response to the local reality of massive organized crime ultimately became the source of an abuse of power. As Mizsei reminds us:

> Media pluralism suffered after the 2007 Imedi case, where the police used force to disperse a demonstration, then the government ordered the closure of the Imedi television stations and police damaged equipment in their central studio. The media situation suffered a further blow after the war with Russia in the summer of 2008. The government did not tolerate dissent and became increasingly paranoid, seeing the hand of Russia everywhere. [...]
>
> At the beginning of the Saakashvili period, businesspeople associated with the previous regime were often put in jail and released after a pledge to pay. At that point, it was purely informal and could even be justified by the urgent financial needs of the new, revolutionary state. This arbitrariness, however, never really ended. At first, it was an understandable deviation from the rule-of-law which was considered to be temporary; later, the Saakashvili team thought they could take shortcuts to reforming the state.[160]

The Ukrainian case also carries the risk of such a scenario. Already after Zelensky's victory in 2019, concerns about the erosion of the rule of law were raised.[161] In the pre-war years, the Zelensky administration passed hundreds of laws, and sought to increase presidential power at the expense of parliamentary power. A paradoxical situation arose: reforms such as higher party control over the MPs or decreasing their immunity are understandable from the point of view of preventing state capture by oligarchs and introducing real accountability. However, they also implied a significant concentration of power, meaning in practice increased

control over central posts of the executive, legislature, and security organizations by Zelensky and his circle.[162]

The war almost inevitably accelerated this process, as **the centralization of power goes hand in hand with the state's transition to war mode.** In the wake of the full-scale invasion, elections were suspended, protests were banned, and martial law was introduced. The latter allowed for anti-patronal measures such as the nationalization of five large oligarch-owned industrial companies in November 2022.[163] At the same time, **the government was also empowered to violate various autonomies of civil society,** citing the war and the prevention of Russia's hybrid influence. In the media field, a law was adopted on December 29, 2022 under which the National Television and Radio Broadcasting Council (NRADA, the members of which are appointed by parliament and the president) is able to temporarily ban the work of online mass media without a court hearing, issue binding orders to editorial offices, regulate the work of cable and online television operators, and cancel the registration of print media.[164] For similar, war-related reasons, the Ukrainian Orthodox Church (Moscow Patriarchate), which is seen by many as a Russian agent, has become an essentially persecuted church, with its activities banned in a number of cities, several of its priests stripped of their citizenship, and a presidential decree restricting its religious activities adopted in December 2022.[165]

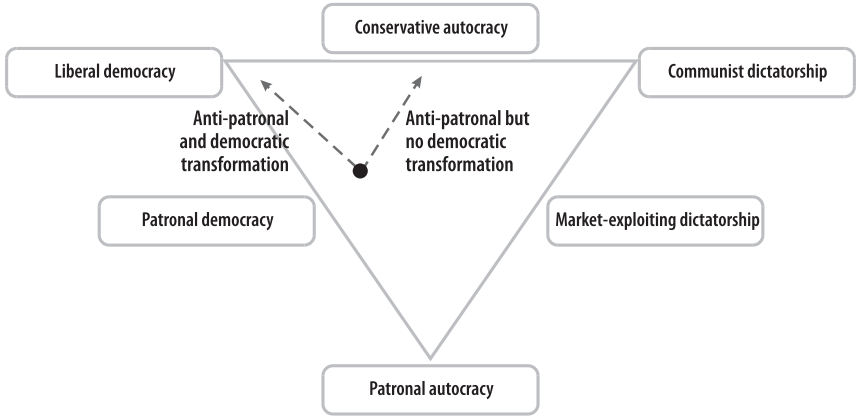
In addition to such cases, it is worth noting some **parallels between Zelensky's centrally led anti-patronal practices and the logic of an autocratic chief patron's governance** of a patronal regime. First, a chief patron aims at creating a single-pyramid patronal network. Zelensky himself is building his own pyramid of power, which is not an informal patronal network (as it is not based on wealth-accumulation and the discretional distribution of rewards and punishments) but has strong elements of personalism and personal loyalty to the leader.[166] Second, the chief patron, as part of the oligarch capture, gives autonomous oligarchs a choice: either they can enter the single-pyramid network (adopted/surrendered oligarch), they can become its adversaries (rival/liquidated oligarch), or they can try to remain neutral, and not to impede the chief patron's interests (fellow-traveler oligarch). The Ukrainian adopted political families under Zelensky were presented a similar choice, and they could choose between political loyalty (e.g. Privat Group), animosity (e.g. the Poroshenko, Akhmetov, and Medvedchuk clans), and neutrality (e.g. the Boyko and Grigorishin clans, and the remaining parts of the Industrial Union of Donbas).[167]

Finally, and paradoxically, a similarity can also be observed with regard to Zelensky's anti-oligarch law. A chief patron, while eliminating the separation of powers at the national level, takes care to separate resources of power within the adopted political family. This means that in the hands of a client (e.g. a subordinate oligarch or poligarch), there can be no combination of "branches of power"

that would enable the formation of an alternative center of patronal influence. Such "branches" include executive power, party power (party background), and economic and media power at the national level.[168] When the Ukrainian anti-oligarch law defines oligarchs as having three of four characteristics (participation in political life, significant influence on the media, owner of a monopoly, owner of assets worth more than 1 million times the Ukrainian living wage), it is in fact following the same logic: it is trying to prevent the concentration of political and economic resources outside the state that could be used by an alternative power center for patronal influence.

Of course, it can be argued that in a patronal autocracy these characteristics protect autocratic power, while in the regime of a democratic leader they are intended to prevent and remedy the patronal degeneration of democracy. Also, martial law-related measures are introduced as temporary measures, which represent a provisional suspension of the logic of democratic competition in times of war. However, in Georgia in the Saakashvili era it could be seen that temporary measures can indeed become permanent; and there are many historical examples in Western democracies as well of measures introduced in response to emergencies not being phased out once the danger has passed, but becoming part of the "new normal."[169] **The danger of not letting go of power,** even if not for corrupt or self-interested reasons, **raises the possibility that instead of liberal democracy, the Ukrainian regime will eventually move towards conservative autocracy** (Figure 8).

Figure 8. Possible trajectories of the Ukrainian regime after the war.



However, **three factors point against this scenario.** The first is that with the revision of the electoral code coming into effect in January 2020, the mixed-member majoritarian electoral system of Ukraine was replaced by an open-list type of proportional representation.[170] This goes against the typical practice of

post-communist autocracies, where changes to the electoral law (as in the Russian, Hungarian, or Moldovan cases) have always been made in the direction of a majoritarian system, i.e., to make it easier for the incumbent chief patron to retain a constitutional majority. Second, autocratic rule is not what the society demands. On the contrary: in January 2023, a national average of 94% of Ukrainians said that it was important for them that Ukraine becomes a fully functioning democracy (as opposed to 76% in December 2021), and by this the three most important things they meant were freedom of speech, equal justice for all, and free and fair elections.[171] Third, Ukraine is urgently seeking to join the EU and NATO, which again prevents the regime from choosing an autocratic path of progress.

The democratizing effect of Western alliances is well documented in the literature, especially in the pre-membership period, when countries are actively trying to meet the criteria for entry.[172] Demanding such criteria from Ukraine (instead of a fast-track procedure) should have a similar effect in helping avoid the Saakashvili scenario. At the same time, it is worth drawing attention to a problem, which concerns not the level of impersonal institutions (as the risk of autocratization does), but the level of personal networks. That is, **anti-patronal transformation is not a one-step or short-term process:** "de-oligarchization" **on the level of the elites** does not mean the end of the stubborn norms of patronalism **on the level of society**, which can only be the result of long-term reforms. The exportability of liberal democracy, notions of its "Drang nach Osten" ("Drive to the East"), proved to be illusory, too, around the 1989-1991 regime changes in the post-communist region. It was presumed that after the collapse of communist power, the political institutional system of liberal democracy could be raised over its ruins, and irrespective of the prevalent value structures, such an undertaking would be merely a question of a propitious historical moment and political will. However, the autonomously shifting "tectonic plates" of historically predetermined value structures do not support just any odd political construction one might want to establish.

In the case of the post-war Ukrainian regime, it is also inadvisable to demand imposing the Western (i.e., EU) institutional and regulatory system on the country as soon as possible. Regimes are operated by their actors—and institutions can function only as far as they are respected by the actors who need to operate them. If the informal norms of the actors predominantly reflect the same separation of spheres of social action as the formal institutions of the regime, the regime is sustainable. Otherwise, actors will operate the institutions according to their own informal understandings, as has been the case in the post-communist patronal regimes.

Patronalism, selective punishment, and the acceptance of bribes in exchange for immunity from punishment are traditions that are widespread in all post-communist countries. Such norms are particularly strong in Ukraine, which spent, unlike most

of the other previously occupied countries, not decades but three centuries under the Russian Empire. Despite its democratic traditions and weaker historical roots of patronalism than Russia itself,[173] Ukrainian society, officials, and bureaucrats cherish informal norms that are at odds with Western-type bureaucracy and its practice of impersonal enforcement of written laws. In other words, the extensive regulatory powers that are treated as normal in European welfare states would offer many possibilities of abuses if they were adopted without taking into account the respective social context.[174] Just as understanding post-communist regimes requires a specific language and the abandonment of the axioms of the descriptive categories developed for Western political-economic systems, reforming a post-communist country such as Ukraine also requires a careful, necessarily multi-step plan based on an authentic understanding of local conditions.

6. Conclusion: civilization shifting and the Russia-Ukraine war

The history of post-Maidan Ukraine is the history of an attempt at **civilization shifting.** Although our notion rests on a modern, pluralist interpretation of civilization,[175] a useful starting point for analysis is provided by Huntington and the three conditions he lists for successful redefinition of civilizational identity:

> First, the political and economic elite of the country has to be generally supportive of and enthusiastic about this move. Second, the public has to be at least willing to acquiesce in the redefinition of identity. Third, the dominant elements in the host civilization, in most cases the West, have to be willing to embrace the convert.[176]

Among the "three historical regions" of the former Soviet empire, Ukraine has historically belonged to the historical region of **Eastern Orthodoxy.**[177] In contrasting patronal regimes with non-patronal orders, we have contrasted the predominant political-economic pattern in the countries of that civilization (and in Islamic Central Asia) with the liberal democratic order predominant in Western countries. While there is observable variation between countries in both groups, a fundamental dividing line between them is the separation of spheres of social action and the two other axioms we dissolved at the beginning of this chapter for the post-communist region. **The fight against patronalism, together with Ukraine's reorientation towards the West,** is thus not only about a rapprochement with the Western system of alliances, but also **an expression of the demand to belong to the Western civilization.**

The three Huntingtonian conditions for civilization shifting are essentially being met in Ukraine. Since the Revolution of Dignity and the election of Zelensky as president, the leading part of the political elite has been interested in anti-patronal

transformation (even if some parts of the judicial elite and some economic actors do not support it);[178] there is clear support in society, especially since the start of the full-scale invasion, for Western orientation; and Ukraine is enthusiastically welcomed by Western countries, as indicated by its newly received EU candidate status (together with Moldova), in addition to continued verbal, material, and arms support. However, there is a fourth factor that Huntington did not take into account: the fact that the core country of the respective civilization may not be in favor of the secession, and may even use military force to try to preserve the unity of its civilization. **For Russia, attacking Ukraine is not only a question of imperialism, but also of maintaining its weight as a civilizational core state.**

At the same time, Putin is taking a huge risk with the invasion. Rather than expanding his country's imperial role, the aggression may even shake its former indirect imperial influence in the West. As a civilizational core state, its role vis-à-vis other civilizations can be devalued as well: the unipolar world order is becoming not a tripolar but a bipolar one, with the US and China, and without Russia.[179] In terms of domestic regime stability, the accumulation and eruption of civil discontent is, at the moment, blocked by repression and the lack of the autonomies of civil society. But as mass legitimacy-questioning and internal frustration of clients toward the chief patron appear, they may turn Putin into a "lame duck," and undermine even an otherwise consolidated patronal autocracy.[180]

The full-scale Russian invasion puts Ukraine's independence and chances at a Western type of development at risk. However, the heroic stance of the Ukrainian people, together with anti-patronal changes and a solidifying civic-national identity, makes domestic foundations for a Western turn stronger than ever. **Rebuilding the country involves the chance of breaking free of the three-decade trap of regime cycles,** particularly if it is done by laying strong foundations of democracy where the liberal components of the rule of law, civil rights, and strong institutional controls against corruption and informal practices are present. Beyond mitigating immediate problems, reforms of anti-patronal transformation are needed on the level of elites and the society in order to free Ukraine from its post-communist legacy and to create the basis of a more stable democratic development as part of the West.

Notes

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Patronalism and Limited Access Social Order: The Case of Ukraine

Vladimir Dubrovskiy

1. Introduction

Patronalism is one of the forms of a limited access social order (LAO) or natural state. An LAO is defined by North et al. as a social order that "solve[s] the problem of violence by granting political elites privileged control over parts of the economy, each getting some share of the rents," as opposed to an open access order (OAO) that "control[s] the problem of violence through open access and competition."[1] In terms of the regime classification offered by Magyar and Madlovics,[2] liberal democracy corresponds to an OAO, while all the other kinds of regimes, patronal or not, are versions of an LAO. For instance, a communist dictatorship is an extreme form of what North et al. dubbed a "basic" LAO[3] where no organizations can exist outside of the state. Under such a dictatorship, political and business entrepreneurship is illegal and subject to criminal prosecution, and all major kinds of incomes can be qualified as rents since no market competition exists and incomes are normatively stipulated by the state. In North et al.'s taxonomy, the remaining types of post-communist political regimes considered by Magyar and Madlovics fall into the category of "mature LAOs," in which a variety of different organizations exists outside of the state but whose opportunities for growth above a certain level are restricted. Three of these categories of regimes are patronal: patronal autocracy, patronal democracy, and oligarchic anarchy.

This chapter analyzes the dynamics and sources of stability (or meta-stability) of these three kinds of regimes from the LAO perspective taking Ukraine as an example. Although for most of its modern history Ukraine has been a patronal democracy, it started as an oligarchic anarchy immediately followed by the autocratic attempts of Pavlo Lazarenko and then Leonid Kuchma. The latter was quite successful in building a power vertical, although the concentration of power due to a number of reasons discussed below never reached the level characteristic of a patronal autocracy. Had Ukraine indeed been similar to Russia and Belarus, this attempt could have succeeded with either Kuchma (or even Lazarenko) becoming another Lukashenko or, maybe, Kuchma's appointed successor, Victor Yanukovych, could have turned into a full-fledged criminal ruler of a mafia state. However,

Lazarenko's bold authoritarian attempt elicited overwhelming resistance; then the more cautious Kuchma failed to consolidate an autocracy; and an attempt to install Yanukovych as his successor spurred the Orange revolution which brought democracy back to Ukraine.

What were the main political-economic driving forces behind these developments? What kind of economic consequences did they have? How did it happen that the most fundamental economic reforms of those times, particularly the "Washington consensus" trinity of liberalization-privatization-stabilization, occurred under Kuchma's patently patronal, rent-seeking, and semi-authoritarian regime? These questions, along with some others related to the USSR's meltdown and subsequent events, were addressed by the Ukraine country study within the 2003–2004 Global Research Project of "Understanding Reforms" carried out by the Global Research Network (GDN).[4] This chapter is largely based on the insights that the author of this chapter along with a multidisciplinary team of scholars discovered in the course of that project. These insights deserve to be placed in the context of modern political and institutional economics and amended according to further developments, which is what this chapter will attempt to do.

Broadly speaking, an LAO and an OAO comprise different systems, thus a transition between them is systemic in nature. A system is, by definition, a composition of certain elements linked with positive and negative feedbacks forming self-supporting and self-propelling loops ("vicious" or "virtuous" circles) that make it sustainable in the long run and resilient to shocks. As North et al. explain, an LAO and an OAO are based on opposite principles: artificial restraints on competition vs. predominantly open competition; interpersonal relations vs. impersonal ones; and so on. This means that the transition from one to the other cannot be smooth and fully evolutionary. At some point, the main systemic feedbacks should change their signs, turning vicious circles into virtuous ones, and this becomes a point of singularity: at this moment, quantity turns into quality in a revolutionary way. Indeed, no country–with the possible exception of Switzerland–has made this transition without at least one revolution or period of occupation.[5] Thus, the study of systemic feedbacks and the loops created by them is key to understanding the internal stability of both kinds of social orders, and the driving forces of transition between them.

2. Rent-seeking and zero-sum thinking: the arbiter-clients model

2.1. The difference between profit and rent

In political economy, *value-destroying rent* (or, more precisely, non-value-adding rent) can be defined as a gain from activities (rent-seeking) unrelated to the creation of wealth.[6] The most obvious example is looting, but any kind of income received through the explicit or implicit use of coercion also belongs here (in particular, all kinds of government transfers and privileges), as well as any other kind of involuntary appropriation (monopoly rent, theft, fraud, monetary emission, etc.). Not all kinds of rents are necessarily illegitimate: for instance, social assistance is considered justified in all modern societies. But when a person or a firm strives for such an income, and invests their resources in seeking rent, no new value is created. Social wealth does not increase, and in many cases (such as with robbery or a monopoly) actually decreases. In other words, this is a zero- or negative-sum game.

In contrast, *profit* (or, more precisely, economic profit) is generated through value-adding activities based on voluntary transactions in a competitive market. Market exchange is a positive-sum game, it creates value. Thus, such activities are positive-sum as well, although certain types of them—such as financial speculation—can be loosely related to any material value creation. In some cases, the distinction between profit-seeking activities and rent-seeking can be blurred, especially when it comes to information asymmetry (which can be natural or artificial) or speculations with real estate, securities, and other assets. Such activities can be value-creating when used for risk management, but they can become rent-seeking and create market bubbles when fueled by excessive credit emission.

An important implication of this distinction is that, by its very definition, profit-seeking increases social wealth, while rent-seeking does not, or even decreases it. Thus, an economic system that encourages profit seeking is superior to one encouraging rent-seeking. Moreover, such a society is interested in incentivizing of the former and punishing the latter. But in order to do so, it should be able to distinguish between the two. This is not always easy for objective reasons, but it can become utterly impossible when people are endowed with zero-sum thinking[7]—the misbelief that denies the very existence of win-win positive-sum games.

Zero-sum thinking, also known as "the perception of the limited good" in anthropology,[8] is innate to the archaic consciousness of the hunter-gatherer and, to a lesser extent, agrarian societies. Indeed, it was justified back then, as hunter-gatherers in most cases did not create value but gathered or hunted some preexisting goods; and even in agrarian societies based on natural economy, value creation was associated only with "simple labor." But even though as of now this belief has lost its rationale and has become a poor prejudice, it remains widely shared.

The persistence of the zero-sum misbelief is understandable given that humankind existed as hunter-gatherers for millions of years, and then as predominantly agrarian societies for tens of thousands of years more, while the market economy started dominating only a few hundred years ago.[9] But the real reason for its persistence is that, when the people en masse treat market transactions as zero-sum games, any kind of business (along with the wealth generated by entrepreneurship) remains equally illegitimate: "wealth is theft," regardless of its source.

In a zero-sum thinking society (a) there cannot be universally protected property rights because such a society does not demand it (on the contrary, it demands redistribution of any above-average wealth not related to simple labor—thus *reiderstvo*[10] becomes widespread because its victims cannot appeal to public support); and (b) the choice between rent-seeking and profit-seeking activities is made on purely economic grounds, without any moral or legal incentives for value-creating activities, thus rent-seeking often prevails. As a result, rent-seeking activity (hence, a zero-sum game) does indeed dominate, and the vicious triangle of "zero-sum thinking—weak property rights—rent-seeking" emerges. Hence, misbelief becomes self-fulfilling.

2.2. The tragedy of the commons: enter the authoritarian arbiter

Unlike a positive-sum game, a zero-sum game can never be cooperative. In particular, it means that the players of such a game cannot cooperate in developing commonly accepted rules. Thus, they are likely to overappropriate rents (also known as "the tragedy of the commons") and/or dissipate them through infighting, which eventually leads to a crisis. In both cases, social wealth further decreases, sometimes dramatically. Monopoly rent is a notable exception to this rule: when it is "overappropriated," social wealth increases. However, people endowed with zero-sum thinking fail to distinguish these cases because for them "the more entrepreneurs, the more competition, the more wealth for all" sounds counterintuitive. Their rational fear of the tragedy of the commons brought about by unconstrained competition for vital natural resources translates into the fear of competition as such, and this immediately leads to support for an LAO based on artificial constraints on competition.

The tragedy of the commons can be prevented in three ways:

- *Privatization* or the pristine emergence of private property rights is the first-best solution in most of cases, as noted by Demsetz.[11] Private property internalizes the externalities created by uncoordinated rent-seeking and creates an interest in at least the preservation of the rent source or even the further investment in its development. The efficiency of the allocation of rent

in this case depends mostly on the process of privatization. If the process is competitive, then the buyer pays full market price corresponding to the net present value of the future rents, which is the optimal case; otherwise, the buyer receives a one-shot rent, which is sub-optimal—but in any case the source is protected. However, not all kinds of rent sources can be privatized (for instance, the state budget). What is more, private property needs the protection that should be provided in some way, otherwise the liquidation of assets and the consumption of revenues becomes the best strategy; zero-sum thinking, however, de-legitimizes property rights. In addition, there could be strong vested interests opposed to privatization, with further support from society, if zero-sum thinking prevails.

- For essentially common resources, such as underground waters or fish in the sea, the first-best solution is *common management*, as noted by Ostrom.[12] This also solves the problem of the optimal allocation of rent. Cooperation becomes possible because a zero-sum competition for rent in the long run leads to the tragedy of the commons, that is, a negative-sum outcome. However, as follows from Ostrom's description, this approach is both cumbersome and time consuming. It also requires a remarkably stable pool of players possessing an indefinite time horizon.

- When neither of the above two approaches work, a second-best solution to the problem is *an authoritarian arbiter* which imposes its will over the players, allocates the quotas for rent appropriation, and coerces the players to respect these quotas. Such an arbiter can extract the entire rent by auctioning the quotas, but normally does not go this far and leaves some of the rent to the players in exchange for their loyalty, thus making them its clients. This becomes especially important if a competing arbiter is in the vicinity. Arbiter-clients arrangements can effectively prevent the tragedy of the commons as well as other prisoner's' dilemma-type problems. However, besides a suboptimal allocation of rents, these types of arrangements have a number of other shortcomings described in more detail below. Nevertheless, different forms of them can be traced throughout human history, just like LAOs.

An authoritarian arbiter acts almost as if it were the owner of a rent source, even though there are good reasons why the latter cannot be turned into full-fledged private property—for instance, because of the lack of exclusivity. The arbiter also acts in the interests of the players, which may be falsely interpreted as if the arbiter has been "captured" by them, whereas in fact the situation is the opposite: they can motivate the arbiter only with a "carrot," while it has a "stick." Moreover, the clients are many, while the arbiter is a single entity, which gives it market power over the

players—although only to the extent that there are no other competing arbiters around. Naturally, the arbiter is interested in suppressing competing alternatives for solving the problem of the commons, thus it will try to obfuscate the players' property rights (especially their cash flow rights), while also preventing them from cooperating with each other, hence, suppressing their social capital.

In North et al.'s terms, this arbiter is a "violence specialist."[13] It can come from the outside as a conqueror (as with the British in India), be invited through the collective action of all or the most important players (as with Muhammad in Medina, or Eduard Shevarnadze in Georgia in 1995), or be brought to the game by one of the players who seeks total domination (as with Kuchma and Lazarenko described below). In the latter case, this player falsely hopes that he or she can control the violence specialist by using money. Such control can indeed work in the long run and in a symmetrical situation in which both the rent-seeker and the violence specialist have equal market power. But as soon as a violence specialist sees an opportunity to become an arbiter of plural rent-seekers, it seizes this opportunity as more favorable to it: in such a position it gains market power and can extract the entire rent, which is a superior position compared to the tête-à-tête bargaining with a single rent-seeker. And its initial ally cannot prevent this because in the short run the power of violence prevails. Naturally, an arbiter strives to preserve its market power and, thus, limit any political competition—this is why natural states were and are predominantly autocratic, with some notable exceptions discussed below. In this way, the limitation of access to lucrative economic opportunities begets the limitation of access to political opportunities and vice versa, exactly the opposite to the logics of an OAO.

2.3. The rise and fall of authoritarian arbiters

Having once appeared, an arbiter does not limit its power to the rent-seeking sector, where its rule is a second-best solution leading to an increase in social wealth compared to unconstrained competition. It does not care about social wealth, however, and expands its power over the competitive sector as well, turning the latter into monopolies or cartels, and maintaining monopoly rent—now to the detriment of social wealth. The people could prevent the arbiter from doing so only if they understood the difference between these cases, which is however prevented by zero-sum thinking as described above. Thus, the limitation of competition (and, conversely, access to economic opportunities) spreads over nearly the whole economy.[14]

This expansion has certain limits, however, because a rational authoritarian arbiter faces the problem of optimization. Control and coordination of the rent-seeking sector under its power is costly, and not all kinds of potential rent sources

justify the cost of controlling and coordinating them. Therefore, similar to Ronald Coase's theory of the firm,[15] an authoritarian arbiter expands its power over the most easily controllable sectors of the economy, those which bring in sufficient rents to justify the costs—up to the margin at which the gains from controlling additional sectors become equal to their cost. This leaves some part of the economy competitive.

This situation can be interpreted as a mix of an LAO and an OAO, with two corresponding sectors co-existing in a certain balance determined by the cost of control and coordination on the one hand and the prospective rents on the other. The cost, in its turn, depends on social factors like discipline, power distance, and so forth. Other things being equal, in more patrimonial and collectivist countries with traditionally stronger discipline and greater power distance, the LAO's share should be larger than in more individualistic ones. The gains from rents are related to factors such as the sophistication of the economy, the availability of natural rent sources and their plurality, and, probably, some others as well. In particular, the availability of vast natural resources can shift this balance towards an LAO—a phenomenon known as the "natural resource curse."[16]

With time, the cost of control and coordination tends to increase, while the rents tend to decrease (although neither process is monotonous). A rational arbiter should adjust its LAO domain accordingly, which means the gradual opening of access, in line with the gradual proliferation of OAO elements under the control of an LAO.[17] But at a certain moment, quantity transforms into quality: an arbiter realizes that further adjustment will jeopardize its power, because the OAO sector, which does not require an arbiter at all, will begin to dominate. From this moment, an arbiter begins to resist the changes, but it cannot stop them. As a result, a growing part of the economy appears in a "grey zone" out of the arbiter's control, but not yet properly governed by market institutions—this may be called a "gap of control."[18]

A natural state can prolong its existence by turning into a totalitarian one where an arbiter maximizes not rent but power. It tries to extend its control as far as possible and only stops where it lacks resources (generated by rent) to cover the cost of additional acquisitions. Such a regime can withstand the pressure of progress for a lengthy period of time and accommodate quite sophisticated technologies. Even under a totalitarian regime, a residual competitive sector often still exists, although a legal one is, at best, marginal. However, it need not be legal: when a regime lacks resources for control, but refuses to adjust its domain, a gap of control emerges, as happened to the communist regimes, especially in the 1980s. This gap is increasingly filled with informal institutions and organizations, such as *blat*[19] and mafia, which allow a grey sector to function but which are rarely able to prevent consecutive crises of overappropriation. They are transitional by nature yet still persistent due to their internal consistency and societal roots.

Each crisis forces an arbiter (authoritarian or totalitarian) to succumb to the inevitable and, hence, restrain rent-seeking and expand the OAO sector. The only alternative to this is to halt technical and societal progress. This approach has also been used historically, but it has always ended up in military failure, most notably with Japan and China in the 19th century. Thus, in any case, sooner or later, the regime is further weakened while the share of the OAO and the grey sector grows—and a revolution (or a series of such) occurs which "shackles the Leviathan"[20] by removing the arbiter altogether, replacing it with an institutional structure more conducive to further evolutionary developments towards an OAO. This structure can take the form of political competition, or at least constitute a restraint on the arbiter's power, thus making the latter accountable to the broader public or to mid-level actors.

In sophisticated societal organizations, such as proto-states and natural states, such a model works at each level of the hierarchy, with lower-level arbiters as clients of higher-level ones along with the rent-seeking players of the corresponding level. In particular, under a patronal system, there are oligarchs at different levels—local, regional, and national, and at each level they are managed by arbiters comprising a patronal "vertical of power."

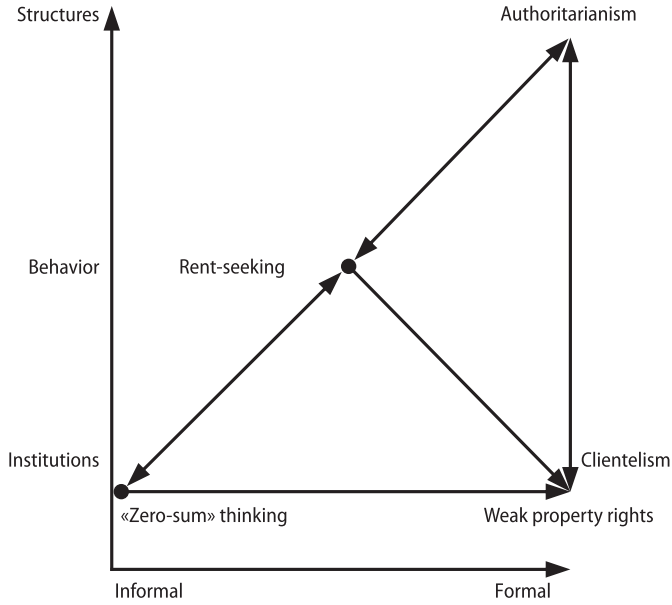
2.4. Zero-sum thinking, rent-seeking, and authoritarianism: the LAO triangle

But why do people tolerate these obviously unproductive extractive institutions[21] even under a democracy? Apart from the problem of collective action,[22] people also have misleading incentives caused by zero-sum thinking. When they rebel or vote, they strive for the redistribution of wealth, which makes them simply additional rent-seeking players endowed with some *de facto* or *de jure* political force,[23] situating them fully within the logics of an LAO. Thus, even if they overcome the problem of collective action or establish a democracy, at best they get some sops, as noted by Acemoglu and Robinson,[24] and the entire conflict is reduced to the reallocation of rents within an LAO framework. As a result, the society may become more equal, but usually at the expense of a further decrease in productivity.

Moreover, as long as zero-sum thinking prevails, and the people strive for re-distribution instead of opportunities, this fighting is endless simply because the natural income distribution is a Pareto one (precisely speaking—a log-normal one), which implies that the minority holds a disproportionally large share of assets and receives a corresponding share of incomes. Of course, this wealthy minority (not only the rent-seekers, but also entrepreneurs in the competitive market, and the middle class) is afraid of such expropriation, and can support authoritarianism as a second-best option. At the same time, an arbiter becomes a sort of patron for the lowest classes because it restrains the rent-seeking of the middle-level actors in order

to prevent overappropriation ("good tsar, bad boyars"). A second vicious triangle of "rent-seeking—authoritarianism—weak property rights" then emerges and complements the first one of "zero-sum thinking—rent-seeking—weak property rights" (Figure 1). Rent-seeking begets authoritarianism, and under the prevalence of zero-sum thinking it is upheld by the property owners. Ironically, lower-class people can also support this as the only countervailing alternative to the greedy mid-level players who otherwise have plentiful opportunities to abuse their monopoly and monopsony power for exploitation, monopoly pricing, and property rights violations. Thus, zero-sum thinking is a key misbelief—one which, along with the notion of innate inequality, comprises a fundamental element of an LAO.

Figure 1. Interconnections between the main components of a LAO.



This can also at least partly explain the ambiguity in empirical assessments of the economic effect of social capital which does not necessarily appear as positive as could be expected.[25] If the people overcome the collective action problem in order to win more opportunities, prevent the tragedy of the commons without involving an arbiter, solve disputes, control the authorities, and play other win-win positive sum games, then public wealth and the rate of its creation will increase. When the people use the very same kind of social capital for engaging in Mancur Olson's "distributional coalitions,"[26] taking part in rent-seeking zero- or negative-sum games,

such as squeezing out money transfers, lobbying for privileges, cartelization (including trade unions), and the like, wealth ends up re-distributed, but its rate of growth will decrease at best, with deadweight losses in public wealth usually following.

In a society where zero-sum thinking prevails, an OAO can hardly be sustainable even if it should mysteriously emerge. North et al. explain the logics of an OAO as "a double balance: open access and entry to organizations in the economy support open access in politics, and open access and entry in politics support open access in the economy,"[27] while "[o]pen access in the economic system prevents the political system from manipulating economic interests and ensures that if a political group abuses its control of the military it loses office."[28] However, in a democracy, the political force protecting competition and free entrepreneurship should be supported by at least a relative majority of the voters in order to stay in power. This requires that the voters realize their interest in open access to economic opportunities, even when they do not immediately seize such opportunities themselves (since only a small percentage of the population can become successful entrepreneurs) but others do. Otherwise, the voters would prefer demagogic redistributive parties that restrict competition or engage in some other policies (such as monetary emission, subsidization, tax privileges, etc.) in favor of the oligarchs, while loudly sharing a small part of the oligarchs' rents with the poor. Such policies effectively restore an LAO in the economic sphere, and undermine the economy, which eventually results in the return of authoritarianism in the political sphere.

Even if the people posing a threat to the regime's stability do not strive for opportunities, a rational arbiter may decide to provide them with some limited opportunities; subsistence entrepreneurship may be less costly for the arbiter and the dominant coalition as a whole than redistribution through transfers or privileges. A totalitarian arbiter may, in the same way, lack the resources for pacifying such groups. Solutions of this kind are optimal or inevitable in the short run, but in the long run, they undermine the LAO's fundamentals, because even subsistence micro-entrepreneurship is still an island of an OAO operating as its nucleus, as a center of crystallization, and as an example vividly falsifying zero-sum thinking.

3. Patronal democracy as a multi-arbiter regime

3.1. The model and its evolution

The arbiter-clients model described above seems to be the most common way of solving the problem of the commons through most of human history, as the considerations provided above are rather universal for all kinds of LAO based on

rent-seeking. It can take different forms depending on cultural and institutional traditions, geography, and historical peculiarities. Its degree of centralization can vary widely from nearly absent under oligarchic anarchy to full subordination of the clients under an ideal-typical dictatorship or patronal autocracy. Where Ukraine is concerned, we are most interested in the patronal-democratic form, which has certain peculiarities, the most significant being that it is a multi-arbiter model.

As follows from the arbiter-clients model's logics, an arbiter should jealously suppress any possible competitors, just as it does with respect to alternative ways of solving the tragedy of the commons. Should a competing center or power emerge, an arbiter immediately loses its monopoly on coercion, along with the possibility of extracting rent from the players thereof. The dominant coalition of an LAO is a sort of cartel of such arbiters or would-be arbiters, which is normally organized hierarchically so that the chief arbiter (a king, sultan, emperor, or other kind of authoritarian ruler) faces no institutional competition. Public consciousness also vests state power in a single person. Of course, challengers appear from time to time, but they either fight for the top position or split off into their own domains where they are uncontested chief arbiters. The examples of more or less stable triumvirates or "duumvirates" are extremely scarce across history. What happens when a second center of power emerges in an LAO is described in Alexandre Dumas's historical novel *The Three Musketeers*: such a regime becomes ineffective and inherently unstable, although diversification of power can partly hedge the risk of a situation when an incapable person assumes the chief arbiter's position, which often happens in hereditary monarchies.

But what if the public consciousness does not support autocracy and/or there are some important third parties (like foreign powers or international financial institutions) that also demand respect for formal democratic institutions? In such situations, the rent-seeking clients would gladly welcome some political competition because it allows them to trade their loyalty between two or more competing chief arbiters, and, as a result, preserve most of their rents without falling into full dependence. Although they still fear a democracy of economic demagogues (based on zero-sum thinking) that can expropriate and redistribute their assets, at least some of them may then lean on that part of the lower and middle class that tends to oppose authoritarianism and in this way obtain leverage for regime change, i.e., revolution.

However, involvement of the broader population makes the rent-seeking clients politically accountable, and this can fundamentally—and often permanently—change the system of power, since once the people have tasted their power and freedom they are normally reluctant to lose them, especially if their loathing of authoritarianism was the cause for revolution in the first place. Even if democracy retreats later on, a new authoritarian regime will most likely need to take immediate care about its popularity, which largely limits its policy choices, including the

affordable level of greed and exploitation, and thus the "oligarchic class" of LAO beneficiaries, together with the arbiters, ultimately loses. For this reason, appealing to the populace in the intra-elite quarrels is considered taboo in such regimes. But some part of the elites may nevertheless break this taboo as a second-best option, especially if it is oppressed or fears oppression, because for such a group the calculus of future costs and benefits of involvement of the populace becomes positive.

The chances for this should be greater if the rent sources are plural and generally scarce, on the one hand, and if the culture is not conducive to building a single-pyramid vertical, such as an adopted political family, on the other. Both factors increase the costs of control and coordination, while the scarcity of rents also reduces the benefits, thereby limiting the incumbent chief arbiter's natural domain and leaving more room for the competitive sector which constitutes a natural ally for the rebelling players. In contrast, an abundance of easily extractable natural resources supports authoritarianism,[29] especially if such resources were discovered before a liberal democracy has established itself and acquired deep roots.

The establishment of a democracy as such does not, however, immediately turn an LAO into an OAO because it does not affect the vicious triangle of "zero-sum thinking – weak property rights – rent-seeking." The triangle of "rent-seeking – authoritarianism – weak property rights" in Figure 1 is split into several similar ones through the introduction of political competition, but other things being equal this affects only the distribution of power and rents between an arbiter and mid-level players. For instance, the medieval Italian city-states and even the huge Polish-Lithuanian Commonwealth of the 15th–18th centuries were competitive, although aristocratic, republics, while still remaining as LAOs because political competition was restricted to the hereditary elites, and (formal) patron-client relationships dominated. Moreover, an economically demagogic "redistributive" democracy can sometimes be even more detrimental to property rights and conducive to rent-seeking than authoritarianism and can often result in economic crises with subsequent democratic reversals. In patronal regimes, a multi-arbiter model constitutes the metastable intermediate equilibrium of a patronal democracy: elections are regularly held, contested, and for the most part fair, but the main competitors themselves are neither democratic nor meritocratic ideology-based political parties but rather political clans.

Nevertheless, this presents a qualitative change in the regime's nature which—under certain circumstances deserving further inquiry—may open the way for an evolutionary process eventually resulting in an OAO.

- The first immediate effect is *the strengthening of the mid-level players* (the oligarchs under informal patronalism or the barons under a formal feudalistic system). Although this can result in them becoming more oppressive for their

subjects and increases the risks of "overappropriation" and a return of the tragedy of the commons, competition in the political and economic spheres emerges. In patronal politics in particular, as Hale describes it, the case of two separate centers of power allows for the development of a pluralist "multi-pyramid" polity because the lower-level actors can substantially increase their bargaining power through alliances with some of the main pyramids, and may even retain independence by capitalizing on the competition between the latter.[30] A similar mechanism works in the economy as well: when oligarchs and non-oligarchic entrepreneurs are attacked by one of the centers of power, they can appeal to the competing one. In terms of North et al., this corresponds to a mature LAO, which may (but need not) evolve into an OAO.

- The next effect is the *permanent breaking of interpersonal ties within the dominant coalition*, which is discussed in more detail in my other chapter in this volume.[31] The disruption of networks due to regular personal changes inherent in a democracy increases transaction costs and forces actors of all kinds to seek alternative ways for securing predictability and mitigating risks, and thus increases the demand for formal institutions as opposed to patronalism and other forms of interpersonal relations among the elites. Nevertheless, there is no teleology in the process of transformation of a basic LAO into an OAO via a mature LAO.[32] A country can remain as a mature LAO for long time, can backslide into a basic or even fragile LAO (one on the brink of a civil war), or evolve further into an OAO depending on yet unidentified circumstances. Germany of the 1930s and the Russian Federation of the last twenty years are, perhaps, the most tragic examples of reversals which have resulted in terrible wars, but similar although less dramatic episodes have also happened in Hungary after Viktor Orbán's victory, and in some other countries as well.

- At the same time, unless a basic LAO in the form of an authoritarian regime returns, *progressive changes in the public consciousness* should slowly but steadily erode the LAO's fundamentals. A growing competitive sector provides more and more examples of positive-sum games that refute zero-sum thinking, so that the left-down vicious triangle in Figure 1 eventually turns into a virtuous one. The emancipative values delineated by Welzel,[33] such as freedom of choice and equality of opportunities, are further conducive to making democracy work, while the examples of working and thriving liberal democracies in neighboring countries or around the globe make authoritarianism and patronalism increasingly less attractive to the local populace. The issue of the separation of spheres of activities deserves further research, but even here some slow but steady progress is possible due to the positive role models provided by the developed countries.

These background processes are slow and uneven, and not necessarily uniform, which makes them hard to trace using quantitative empirical methods. However, in comparing the dominant ideas in societies across the centuries one can see evident progress along these axes. In economics, for instance, three hundred years ago mercantilism based on zero-sum thinking was the mainstream. Now such views are marginal. The same can be observed in the realms of human rights and freedoms; the treatment of education, innovation, competition, and entrepreneurship; the principles and goals of upbringing, etc. Collusion in the spheres of social action which was considered normal a few centuries ago is now increasingly perceived as corruption. Thus, although the work of history is slow, the changes it causes are tectonic and reveal themselves abruptly at some critical junctures.

3.2. The political economy of informal patronalism in the case of Ukraine

Unlike in the medieval Europe, oriental empires, or communism, few modern countries have LAO extractive institutions at the formal level. Particularly in Ukraine, an uninformed casual observer studying only formal institutions may believe that they are dealing with an OAO—a liberal democracy with a competitive market economy, rule of law, and entrenched property rights. When faced with the actual facts, this same observer will usually, and falsely, attribute the "deviations" to corruption and arrive at the equally false conclusion that they can be overcome through the criminal prosecution of corrupt officials. Such shortcut solutions do not work, however, because the reality is much more complex.

This difference between formal institutions and the underlying reality was emphasized by North when he received his Nobel Prize back in 1993 for demonstrating that, among other things "economies that adopt the formal rules of another economy will have very different performance characteristics than the first economy because of different informal norms and enforcement."[34] Moreover, as he (with co-authors) wrote in 2009,

> Natural states may appear to be corrupt according to the norms and values of open access orders, but that corruption is an inherent part of the operation of the social order. Failure to understand how the much more visible and direct connections among political, economic, religious, and military privileges are integral to the social order is a major impediment to a better development policy and better social science history.[35]

The sorts of LAO institutions that dominate the formal institutions in Ukraine are called "patronal," and their most essential feature is that they operate at the informal level. As Magyar and Madlovics[36] rightly observe, under patronalism the authoritarian rulers of different tiers operate through personal discretion, clientelist chains of command, and informal norms—as opposed to formal laws

and the rational bureaucracy in charge of their implementation. Discretion sits at the core of patronalism, just as rent-seeking sits at the core of an LAO. Discretion is also organically connected to rent-seeking, simply because it is used for corrupt purposes which are in themselves a kind of rent-seeking activity, and oligarchs of different magnitudes use it when seeking privileges. Hence, another vicious triangle emerges—that of "rent-seeking – authoritarianism – discretion."

In the Russian Empire's legal tradition, which Ukraine has inherited, formal institutions are in many cases deliberately designed in a way conducive for discretion: norms are either discretional in themselves or vague, internally or mutually inconsistent, or simply impracticable—being overly cumbersome, burdensome, or contradictory to common practices. The saying "the severity of the Russian law is alleviated only by the optionality of its enforcement" has become almost a proverb so it is hard to trace its original source. Kirill Rogov[37] has dubbed this phenomenon "a regime of soft legal constraints,"[38] and it is similar in many ways to the "soft budget constraints" described by Janos Kornai[39] with respect to the "socialist enterprises" of those times.

Vadim Volkov[40] traces this tradition to the Petrine authoritarian-modernization attempt when formal rules having no local roots were imposed on the patrimonial Grand Duchy of Moscow. These rules contradicted long-established practices, thereby making nearly everyone a lawbreaker A law, however, can only be properly enforced only if it is breached by a small minority—5–7% of the populace, otherwise the situation becomes uncontrollable or rather, it falls within the personal discretion of those officials empowered with the implementation or enforcement of such a law. In this way, these officials retain a vaguely limited personal discretionary power *(vlast)* which they wield in a patrimonial state. Notably, in both Russian and Ukrainian such officials (public servants) are called *nachalniks* (bosses).

Conversely, another telling Russian saying is that "laws are written for fools"—because in real life it is not the law that matters, but rather the *nachalnik*'s ad hoc discretion which is only partially dependent on the spirit of a law but mostly depends on other circumstances such as the *nachalnik*'s personal interests, his relations with relevant stakeholders, orders from higher-level *nachalniks*, and so on. Most often, *nachalniks* try to stay formally within the law, exploiting vague statutes and provisions or selectively enforcing impracticable ones. They do so for the overt breaking of the law is risky and costly if only because it makes them more vulnerable to selective enforcement and blackmail on the part of others. But when it comes to some especially critical things the law is simply ignored. There is a telling story about Soviet leader Nikita Khrushchev who became irate about some illegal entrepreneurs who had been caught in Moscow having made several million in rubles (private entrepreneurship was illegal in the USSR). He demanded capital punishment for them, but such punishment had been abolished in the USSR at

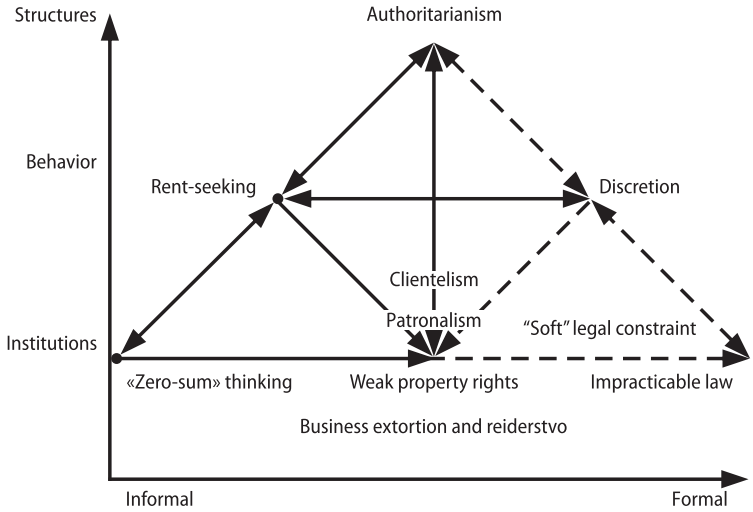
the time—on Khrushchev's own initiative. Khrushchev, however, yelled: "Who's the boss? Us or the law?" and ordered capital punishment restored for such crimes retroactively, so that the entrepreneurs could be executed.

Nachalniks use their power in two main ways. Firstly, they abuse it for personal enrichment by means of corruption (relying chiefly on economic extortion and *reiderstvo*—both of which target property rights) and for political purposes as part of a patronal vertical (on orders of their patrons). Secondly, they invest money and influence on the source of this power—the impracticable law. They do this through loyal or bribed MPs or high-ranking officials (with respect to legislation), lobbying, media structures, pseudo-NGOs, and sometimes even through foreign parties, such as the IMF or foreign advisors. With the respect to the latter, persuasion is applied through false but plausible-sounding arguments which exploit the *nachalniks'* formal positions and the outsiders' ignorance of the real situation in the country (and of modern scholarly literature properly describing the reality). The victims of extortion and *reiderstvo*, in turn, nevertheless prefer discretion as the only remaining shelter from the possible due implementation of impracticable laws whose effects may incur even more serious losses. At the same time, their pressure for legislative improvements remains subdued because in most practical cases a modest bribe can solve the problem without the necessity of organizing collective action and investing in lobbying.

Therefore, as with zero-sum thinking at the level of informal institutions, formal institutions are also subject to a self-supporting vicious triangle of "(impracticable) legislation – discretion – corruption." It should be noted that both the top patrons of the various pyramids and their arbiters require discretion to perform their roles within the patronal system. Moreover, discretion is also the main instrument in the abuse of property rights, particularly in the case of *reiderstvo*, while rent-seeking brings in the arbiter-client arrangements based on arbiter's discretion, thus contributing to the inner triangle of "discretion – weak property rights – rent-seeking." The rhombus of "authoritarianism – rent-seeking – weak property rights – discretion" represents the political-economic essence of patronalism. On the informal side it is supported by zero-sum thinking (in addition to collusion in the spheres of social action in the societal dimension), and on the formal side—by impracticable legislation.

Together these mutually self-supporting phenomena form the "house of cards" style construction depicted in Figure 2. The figure completes Figure 1 for the specific case of a patronal LAO endowed with the tradition of soft legal constraints as the main source and instrument of discretion.

Figure 2. Interconnections in the patronal form of an LAO based on the Russian Empire's tradition of exercising informal power through the selective enforcement of impracticable legislation (particularly, in Ukraine).



3.3. Ukraine as an LAO

A few further peculiarities characterize Ukraine's specific model of an LAO. First of all, there is the informal, mostly reputation-based network of *blat*[41] penetrating the entire elite, if not the whole of society. At the horizontal level, it provides a certain minimal level of trust necessary to reduce the transaction costs of informal (and often illegal) deals, such as corruption. As the people involved in the bribe-intensive business usually say, "one should deserve the right to pay a bribe." This further restricts access to economic and political opportunities for all kinds of outsiders and increases the barriers to entry because a person from outside these networks has to invest not only in their business or political project, but also in cultivating the necessary "connections." And these investments are not reducible to more or less transparent and predictable bribes but require deep personal involvement such as small favors, joint entertainment, a certain "initiation period," and a steady increase in the scale of transactions.

The rent-seeking players—the "clients" in the arbiter-clients model—are typically the oligarchs with their own clans based on kinship and reputation. The connections within these clans do not necessarily follow the same arbiter-clients pattern; rather, they are "adopted [political or economic] families" whose members do not compete with one another—just like within normal business firms. In fact,

some of them can indeed comprise business firms or holdings which differ little from family-owned or other non-public companies in market economies. The simple fact is that under a weak rule of law, a business firm has no choice but to rely on informal mechanisms of enforcement in order to prevent asset shedding and to maintain discipline. If, however, this business is essentially oligarchic, then at least some part of it—usually the most important one—needs to be organized along patronal patterns in order to provide an interface with the patronal system of state power, while the remaining part can be of a different nature.

An arbiter can be effective only if it stays above these oligarchic networks. Even if the arbiter originates from among some of them, it will have to break away from them along with their sub-networks and avoid engaging in rent-seeking itself, otherwise its role will be devalued which may result in a crisis of overappropriation—as happened with Yanukovych, as described below. But in order to attain full control over the levers of power the arbiter has to have its own adopted political family, preferably one strong enough to fill key positions in the hierarchy. Therefore, the arbiter should simultaneously be the chief patron of its own political clan. In particular, a chief arbiter (president) should secure the central executive (especially the law enforcement agencies and the secret service), and at least a major part of the regional vertical of arbiters down to the district level. Failure to fill these positions with personally loyal subordinates may result in weaknesses in control and coordination, which could trigger the tragedy of the commons. At the same time, this could allow an opening for some market and political competition as a result of a weak arbiter failing to exert its control over large parts of the competitive sector. This may also enhance the demand for non-patronal institutions as a second-best option for the oligarchs and the first-best option for non-oligarchic businesses, as explained in my other chapter in this volume.[42]

Secondly, whether or not a chief arbiter will manage to also become the chief patron of a more encompassing single pyramid network embracing the networks of subdued oligarchs as well depends on many subtle cultural and historical peculiarities which are country-specific and deserve more thorough study. Unlike in the everyday functioning of arbiter-client relations, voters' inclinations play an important role here because within the framework of patronal politics an arbiter's legitimacy should ultimately rest on popular support. Of course, elections can be manipulated by technical means, and the public through the use of propaganda. However, both have their costs and limitations. In particular, propaganda championing a "strong hand" has never been as successful in Ukraine as it has been in Russia, Belarus, and most of the other post-Soviet countries—perhaps because of the nation's historical traditions, the primary fact being that, unlike most other countries in the region, Ukraine has never had a successful authoritarian ruler so there is no positive example of autocracy in the popular memory.

Yet another reason for the observed weakness of state governance in some countries is to be found in long-standing, fundamental elements of their construction. Brian Levy divides all "developing" countries into two clusters: (a) those with checks and balances dominating a centralized bureaucracy, and (b) those with a centralized bureaucracy dominating the checks and balances.[43] He argues that the best-governed developed countries have both, failed states have neither, and for the countries in the mid-range quality of governance, the balance between these two traditions is what matters most.

Although Levy's research did not cover Ukraine, the country clearly falls into the "checks and balances" category. Indirect evidence for this is that Moldova, which was included in the sample and whose formal and informal institutions are quite similar to Ukraine's, belongs to this cluster. At the same time, the Russian and Soviet tradition stems from the Golden Horde's extreme centralization, and denies all checks and balances completely. Thus, the formal state institutions and tradition of state building in Ukraine were inherited from an aberrant source and contradict the country's fundamentals. In order to become effective, the structure of state governance needs to be re-built along new lines of checks and balances—but the inherited tradition meanwhile requires a strengthening of the "vertical of power" instead.

4. The evolution of Ukraine through three models of LAO (1991–2022)

4.1. From oligarchic anarchy to Kuchma's single-arbiter model

The starting point for Ukraine was the basic Soviet LAO, in which the Communist party played the role of the arbiters' political clan. It was crushed (mainly by itself) in 1991 for reasons widely discussed in the literature,[44] and was followed by a short period of unconstrained rent-seeking which Magyar and Madlovics call "oligarchic anarchy." Precisely speaking, the main actors in this period were the "red directors" whose roles in patronal networks corresponded to the oligarchs in a later period, although their origins were different.

As with the other post-Soviet states, Ukraine did not inherit any independent or effective decision-making structures, nor did it inherit a strong civil society capable of replacing them with alternative cadres and organizations. This institutionally weak state was completely captured by the red directors' vested interests, especially since the politicians sincerely believed that "what is good for the domestic industrial giants is good for Ukraine." Nevertheless, the major structural change caused by the USSR's meltdown along with the end of the Cold War and the overall inefficiency of Soviet industries led to millions of people previously employed at

these industrial giants being laid off. The government could not and did not want to secure any decent wages or unemployment benefits for them; instead, after some hesitation, it allowed them to make money privately, a move assisted by the fact that opportunities in the emerging market economy were abundant. At the same time, the still Soviet-minded law enforcement and police refused to protect the rights of entrepreneurs and so racketeering flourished. This underworld, however, was in fact part of the same *nomenklatura* of patronal networks and thus fit perfectly within the existing LAO.

Poor coordination among these rent-seeking actors led to a large-scale crisis featuring hyperinflation. This, in turn, eventually resulted in the snap elections of 1994 that brought Leonid Kuchma to power, supported by Pavlo Lazarenko, the strongest Ukrainian oligarch at that time.[45] It should be noted that this was the first time in the post-Soviet space that the opposition had successfully won (for that time, relatively free and fair) elections and had assumed power peacefully. A year before, a political crisis in Russia had led to an attempted coup-d'état which had to be resolved by brute force.

The arbiter-clients model described above was most applicable to Ukraine during Kuchma's subsequent two terms as president when the country for a while came relatively close to a patronal autocracy. One of the reasons for this was the fact that this epoch appeared to be relatively more successful compared to the oligarchic anarchy of 1992–94. A strong arbiter, Kuchma had admittedly placed rent-seeking under control and in particular had curbed the almost unlimited flow of credit in favor of the "red directors" and the newborn oligarchs which had been the main cause of the hyperinflation. Although public support for Kuchma was low, the fear of unconstrained rent-seeking and its consequences motivated the elites and the then emerging middle class to tolerate his regime as a second-best option. In any case, no viable political alternative crystallized before Yushchenko's short but highly successful tenure as prime minister in 1999–2001 described below. Until 2002, the communists (both the Communist party and its successor Socialist party) remained the main opposition force. Another major political figure was Yulia Tymoshenko, once a close associate of Lazarenko's and still perceived as his political heir at that time. A few other factions also existed simply as political wings of some oligarchic groups.

Kuchma was fairly successful in building the specific institutions required for the control and coordination of his clients. He strengthened the Ministry of Internal Affairs and the SBU, and created within these government bodies special secret task forces for the informal extra-legal persecution of his political enemies (and, allegedly, for performing other "delicate" duties as well). In addition, he overhauled the State Tax Administration—with the extensive support of foreign donors—and turned it into an effective tool of discretional control over Ukrainian business

by making it report to him personally. This was achieved by appointing Nikolai Azarov, known as a tough and absolutely loyal manager (although completely ignorant of tax issues), as its chairman and endowing it with all possible authority, from the development of tax legislation and direct legal initiatives to armed tax police. Foreign donors also helped in the development of highly discretional but "European-like" tax legislation that became vastly abused from the very first moment. Notably, the bonuses for inspectors were set at 30% of collected fines and penalties, with planned targets not only in the collection of taxes (which is a bad practice in itself) but also in the revenues from fines. As a corollary, Kuchma legitimized the pyramid of arbiters as heads of the state administrations of the *oblast* (regional), city, and *rayon* (district) levels.

Still, even this semi-authoritarian and highly patronal regime appeared relatively successful in terms of market-oriented reforms. These reforms were necessary to overcome the consecutive crises of over-appropriation occasioned by the gap of control that emerged after the crash of the Communist party which had operated as a "collective totalitarian arbiter" in the Soviet system. As an arbiter, Kuchma had to adjust the size of the sector under his control to the real cost-benefit balance, as described above. It was also in his best interests to provide the residual with at least some market institutions so that it could successfully function and generate value which could be appropriated and re-distributed by the rent-seekers.[46] This logic led him as far as the establishment of a simplified taxation regime for micro businesses which effectively eliminated the previously abundant discretional opportunities of the tax authorities with respect to this category of taxpayers. This ultimately released a few million subsistence and small entrepreneurs from the patronal system, and made them into a real middle class which later played a decisive role in turning the 2004 political campaign project into the real (although ultimately inconsequential) Orange revolution, in addition to making the successful Tax Maidan in 2010, and contributing extensively to the Revolution of Dignity in 2013–14.

4.2. Yushchenko's premiership and the Orange Revolution: avoiding the Russian path

Beyond the emergence of a real middle class, another move paving the way for the emergence of an alternative arbiter was the appointment of Victor Yushchenko as prime minister in 1999. At that time, Kuchma had won the presidential elections (though in a doubtful way, through the active involvement of the "administrative resource" and the alleged assassination of his most promising pro-Western rival, Vyacheslav Chornovil) and had to cope with the consequences of the 1998 fiscal and currency crisis. This required the imposition of significant constraints on rent-seeking, chiefly in the energy sector and the fiscal sphere, hence economic reforms.

Misled by the clichéd phrase "unpopular reforms," Kuchma tried to kill two birds with one stone by appointing the already quite popular (and thus potential political competitor) head of the central bank, Yushchenko, as prime minister, and his overt political enemy, Yulia Tymoshenko, as a deputy prime minister in charge of the energy sector.

But contrary to Kuchma's expectations, and unlike his own anti-rent-seeking reforms of 1995-96, these ones appeared to be highly popular because they had immediate positive welfare effects: the wage and pension arrears were eliminated, the electricity supply was stabilized, and economic growth began. A number of ambitious second-tier oligarchs who had previously felt constrained began supporting Yushchenko and Tymoshenko as new and highly promising leaders. During the 2002 parliamentary elections, their parties seriously challenged the regime, outperforming the Communists and the Socialists, and had the elections been proportional they could have won a relative majority. However, the electoral system at that time was half-proportional and half-majoritarian, and the single-member district MPs, mostly representing the party in power, outnumbered the opposition in the final distribution of mandates. the alliance of Yushchenko and Tymoshenko eventually won two years later, but it took a multimillion popular uprising known as the Orange Revolution to defend the true election results. Nevertheless, in 2002, Ukraine had already acquired a strong non-communist political opposition which meant a possible alternative to the arbiter had appeared.

It should be noted that at this very same time Russia went in the opposite direction: Vladimir Putin was elected and started consolidating his patronal autocracy. The sources of this dramatic difference can be preliminarily summarized as follows:[47]

1. *Political culture*. By and large, Ukrainians have a deep tradition of plurality and no tradition of one-person rule.[48] The opposing traditions of the Russian Empire and later the USSR were considered rather alien. Although people more often than not perceive state power as vested in the president rather than in the parliament or cabinet, before the full-fledged Russian invasion in 2022 no Ukrainian president ever enjoyed overwhelming popularity. From their second year in office, the popularity of Ukraine's presidents has never exceeded 25%, with a net rating deep in the red. Kuchma, Yushchenko, and Poroshenko spent most of their terms with ratings well below 10%, this despite the spectacular economic booms during Kuchma's second term and Yushchenko's first few years. Only Yanukovych was a bit luckier due to his core electorate in the Donbas—though even he became so wildly disliked in the rest of the country that he was the first president to be ousted by a popular uprising. Remarkably, Ukrainians have never acquired their own inherent tradition of absolute power, even though they lived under such during both

the Russian and Soviet occupation. Conversely, they have no positive examples of a successful authoritarianism of the past in their historical memory.

2. *Relatively weak state*. Against the background of strong, informal vertical structures, state institutions in Ukraine have remained rather weak and incapable of exercising tight control—a situation which Lucan Way describes as "pluralism by default."[49] For example, even Leonid Kuchma's "single pyramid," which existed for more than eight, years failed (or, as we mention below, perhaps did not even try) to achieve the degree of control that the contemporaneously elected Lukashenko established within a couple of years. It should also be noted that all attempts at restoring price controls in Ukraine in 1992-94 failed miserably, further proving the weakness of state institutions. According to the 2015 Ukrainian Society Survey, oligarchs were considered the most influential actors in Ukraine, with 44.6% of respondents choosing them compared to the 21.8% who chose state officials.[50]

3. *Sources of rents are plural and of comparable size*. Although the highly concentrated industries that the country inherited from Soviet times are prone to monopolization, and as such are also prone to oligarchic rule, they are still plural in nature. Unlike in Russia where drillable hydrocarbons strongly dominate the economy over all other rent sources, in Ukraine rents of mutually comparable magnitudes can be found in many different sectors, including but not limited to power generation and distribution, natural gas drilling and trading, ferrous ore mining and processing, agriculture (which itself is diverse), and more. In addition, of course, there are common rent sources in the fiscal (e.g. government subsidies) and financial spheres, as well as natural monopolies, state-owned enterprises, and procurement, not to mention large scale organized tax evasion. All of these gave rise to numerous patronal pyramids, and no one has ever managed to make any of them more dominant than all of the rest. Instead, these pyramids have appeared, disappeared, and oscillated in degree of influence.

4. *The East-West identity divide* is another component of pluralism by default. For most of the time since Ukraine's independence, the East-West divide has remained strong enough to prevent any single leader from being sufficiently popular in both parts of the country. However, the growth of a relatively unified Ukrainian civic identity has eventually blurred this division, helping Volodymyr Zelensky and his party to win in virtually the whole Ukraine.

5. *Geopolitical factors.* Ukraine's independence and sovereignty has been questioned by the Russian political class from the very beginning. The West has been the only counterbalance to this permanent pressure, as a result of which every Ukrainian president, including even the overtly pro-Russian Yanukovych, has

had to play a complex "two-vector" game between the global and local poles of power. Authoritarian regimes, like that of Lukashenko's or the ones in Central Asia, however, cannot count on any strong and consequent support from the democratic West, and are doomed to fall into the Russian orbit unless they have strong ethnic-based allies not sensitive to democracy and possess vast hydrocarbon deposits (like Azerbaijan) or can at least partly rely on China (like the Central Asian autocracies). Even Kuchma's relatively modest (compared to other post-Soviet authoritarian regimes) attempts at persecuting the political opposition and independent journalists severely damaged his relations with the West, and made him much more susceptible to Russian pressure. He clearly realized that carrying out a crackdown on the opposition like Lukashenko would render him fully dependent on Russia, which was certainly not in his best interest. Besides, he was able to realize that at least a substantial and very much active part of the Ukrainian population would never accept this.

This list may be incomplete, and more rigorous research is needed to fully understand the reasons why political competition emerges and persists in some countries but not in others.[51]

4.3. From decentralized to centralized reiderstvo: Yanukovych's failed LAO attempt as a poligarch arbiter

The Orange Revolution seemingly established political competition once and for all, in part with the constitutional amendments making the prime minister a competing center of power with the president. As could have been predicted, the Orange era featured an increase in both political and economic competition: the share of firms operating in monopolized markets dropped from 10.5% in 2004 to 6.7% in 2007, while in the previous three years, from 2001 to 2004, it had decreased only 1.3 percentage points.[52]

However, *reiderstvo* paradoxically increased too—although, unlike in patronal autocracies, it was de-centralized. The reason for this was that Kuchma cared about the title property rights acquired through privatization because he was the one who had made this important reform, and in many cases the property rights in question had been allocated at his discretion. Nevertheless, some oligarchs, especially the Donetsk clan led by Yanukovych and Akhmetov were active in raiding, especially after Yanukovych was appointed prime minister in 2002. But when Yulia Tymoshenko assumed power as the first Orange prime minister, she immediately put forward the demagogic slogan of "re-privatization" as a way to "restore fairness." She appealed, however, not only to the sense of fairness per se but mostly to zero-sum thinking by the promises to allocate additional revenues to the poor.

As a result, there was only one real case of revision with respect to Kuchma's privatization—the Kryvorizhstal steel works which was initially privatized in 2003 to a consortium led by steel magnate Rinat Akhmetov and Kuchma's son-in-law Viktor Pinchuk for the equivalent of about 800 million USD, only to be resold three years later to Arcelor Mittall at an open auction for about 6 billion USD. However, the very call for such revision, which was once considered taboo under Kuchma, opened a Pandora's box, inspiring oligarchs and poligarchs of various sizes (including the *siloviki*) to engage in extensive raiding across the country. As Alexander Paskhaver, a former Kuchma advisor in charge of economic reforms (primarily privatization) and subsequently an advisor to Yushchenko put it, "every district-level nachalnik would have his own Kryvorizhstal'."[53]

The magnitude of *reiderstvo* during the Orange era should be compared, however, to Yanukovych's autocratic attempt which followed it.[54] His attempt to establish a patronal autocracy included a large-scale campaign of centralized *reiderstvo* that has no parallel to any other period in Ukrainian history. His regime also deliberately restricted competition in key sectors through the so-called "slicing" *(narezka)* of industries between the oligarchs. At the same time, Yanukovych failed to become an impartial arbiter of the oligarchs due to his extreme greed and close ties to Akhmetov. Instead, he strongly prioritized his Donetsk clan mates over all other oligarchs, and also heavily engaged in rent-seeking himself—nominally through his son Alexander, his economic front man Sergey Kurchenko, and a few other persons known as "The Family."

Notably, unlike other oligarchs, Yanukovych did not even try to build any real business. His main sources of rents were (1) the centralization of the tax evasion "industry" with a certain share of the "commission" for evading taxes going directly into his pocket; (2) smuggling; (3) kickbacks from state procurement; and (4) an impudent yet "smart" kind of *reiderstvo*. Usually his son, his friends, or the other Donetsk clan members made an "unrefusable offer" to the owners of a successful business in order to purchase a minor but significant share at some symbolic price. Then they installed their *smotryashchiy*—a person tasked with overseeing all financial transactions and ensuring that the patrons received their fair share of all reported and unreported cash flows.

At the same time, the affected firms received a package of privileges, including government and SOE procurements, low-interest loans from state-owned banks, informal exemptions from the customs and tax control, clearing markets of competitors, and the like—so that as a result the original owners did not lose too much, and could even become better off. In this way, "The Family" avoided the destruction of successful business firms (successful owners remained in charge and retained incentives to develop their businesses), minimized resistance, and expanded their fortune without bothering themselves with actual involvement in

business affairs and the taking of attendant risks. So did the other Donetsk clan members. The scale of this kind of *reiderstvo* was so great that the banks nearly suspended all non-insider business crediting because they were rightfully afraid that a successful borrower could be raided by the adopted political family, and then never pay back the loan, while being immune from the judiciary and law enforcement. Conversely, insider crediting became the only way of getting access to financing for non-privileged entrepreneurs.

Being simultaneously an arbiter and one of the major players in the arbiter-clients model is a hard task, at the very least because the arbiter should restrain itself from overappropriation. Moreover, even if the arbiter does not directly cut into another player's piece of the pie, any constraints the arbiter places on another player may be perceived as unfair and thus raise suspicions that it is being done for the arbiter's personal benefit. As a result, such a poligarch arbiter runs a high risk of failing to prevent over-appropriation, while creating mounting tensions with its clients.

Kuchma was wise enough to refrain from privileging his son-in-law Pinchuk too much—Yanukovych was not. As a result, economic growth in Ukraine had already stalled in 2012. In 2011, it was artificially spurred by extensive external borrowing for large-scale infrastructure projects related to the UEFA football championship of 2012 which also became a vast channel for rent-seeking. By the end of 2013, a fiscal crisis was looming, and Yanukovych was desperately seeking an additional 15-20 billion USD in loans that would help his regime to survive at least until the elections of 2015. He hoped to receive them from the EU, but the conditionality clauses—democratization and economic reforms—appeared unacceptable to him. Then he made a geopolitical U-turn and turned to Russia, which caused the Euro-maidan protest. The subsequent chain of events of the Revolution of Dignity ousted Yanukovych, and restored political competition. The attempted restoration of a basic LAO had failed miserably.

4.4. From a weak to a constrained "arbiter": the presidencies of Poroshenko and Zelensky in a patronal democracy

Although Petro Poroshenko was elected president in the first round of the snap elections that followed the revolution, he had to contend with Prime Minister Arseniy Yatseniuk, mostly because during the parliamentary elections Ukrainian voters made an unexpected last-minute decision to back Yatseniuk's People's Front instead of the Bloc of Petro Poroshenko—likely in order to avoid an excessive concentration of power. Poroshenko was an oligarch himself, and thus he also had the above-described conflicts of interests. However, he was far from being as foolishly and impudently greedy as his predecessor was, not to mention that he

faced dramatically different circumstances. At the moment of his inauguration, the Maidan barricades in downtown Kyiv were still in place, and had Poroshenko tried to usurp power he would have immediately followed his predecessor. He was elected with a strong mandate to fulfill the aspirations of the Revolution of Dignity—to quickly push the Russians and their proxies from out of the Donbas, and to build a new, modernized Ukraine as his motto "live in a new way" suggested. As for his business interests, he pledged to give them up according to the constitutional provision of avoiding conflicts of interest.

Formally, Poroshenko transferred his business to a "blind trust" run by a reputable Western company. But this did not matter much because his business was highly concentrated, and everybody knew its beneficiary. He also established a few close friends as economic front men, the main one being Ihor Kononenko. After two years, Poroshenko masterly turned a scandal around his (or, more precisely, Kononenko's) informal rent-seeking orders into the eventual dismissal of Yatseniuk, and managed to replace the latter with his long-term ally Volodymyr Groysman as prime minister. However, a second, although informal, center of power remained vested in the Minister of Internal Affairs (and also a second-tier oligarch) Arsen Avakov, appointed by the People's Front which remained the second largest parliamentary faction. Moreover, Groysman also got out from under Poroshenko's shadow and eventually started his own *de facto* political project in competition with his former patron. There was little Poroshenko could do about it, because according to the divided-executive constitution he could not dismiss the prime minister; and even if a vote of no confidence were to have been somehow arranged, in the absence of a clear parliamentary majority and on the eve of new elections the chances of appointing a new cabinet were miserable. Hence, Groysman and his cabinet would remain in office until the new elections.

Thus, political competition was restored, and it was likely among the main factors that prevented both Poroshenko and Yatseniuk from pursuing excessive rent-seeking. Equally importantly, by that time new powerful players, namely, civil society and the Western powers, had appeared, which not only restricted rent-seeking opportunities for the arbiter and its clients, but also proactively promoted anti-patronal and anti-rent-seeking reforms as described in my other chapter in this volume.[55] As a result, progress was substantial, especially before 2017.

This does not mean, however, that Poroshenko did not try to eliminate the political competition. He tolerated his pro-Russian competitors and even tacitly cooperated with them (an investigation is still in progress), because they were unable to assume power yet served as ideal sparring partners for him. At the same time, he persecuted any would-be competitors on the pro-European side of political spectrum with smear campaigns and sometimes even criminal prosecutions. This did not make Poroshenko any less unpopular, but his hope was that in 2019 the

voters would have to choose between him and a pro-Russian candidate, thus ensuring he would be re-elected as a "lesser evil." As a result, in 2018, the cumulative rating of all known politicians amounted to only 48%,[56] while the rest constituted a "political vacuum" open for any not overtly pro-Russian newcomer.

This vacuum was handily filled by Volodymyr Zelensky, who also managed to get a one-party parliamentary majority for the first time in Ukrainian history. This effectively neutralized all constitutional checks and balances, and created the preconditions for an unprecedented concentration of power. However, as described in greater detail in my other chapter, Zelensky came to power without having his own adopted political family, and the entire period prior to the full-scale was spent in a continuous struggle to become arbiter of the oligarchs.

It should be noted, however, that unlike in the beginning of the 1990s the weakness of an arbiter this time has not resulted in oligarchic anarchy or a subsequent crisis of over-appropriation. Lobbying on the part of the oligarchs has indeed flourished, and a number of important rent-seeking campaigns have resulted in decisions which benefit some lobbyists at the expense of society as a whole, decreasing public wealth in the process. These include "investment nannies" with tax privileges for large-scale industrial investment projects, tax privileges for industrial parks, the mandatory use of cash registers by micro businesses, state support for certain privileged industries, and protectionism in state procurement. But the most impudent demands of the lobbyists, such as enhanced monetary and credit emission in favor of "domestic producers," were not considered seriously.

Among the possible reasons for this one can mention:

- the relative strength of formal institutions compared to the beginning of the 1990s (the National Bank of Ukraine (NBU), in particular, is now fairly independent and, after the reform of 2015, staffed with well-educated and market-minded economists);
- tight control by foreign actors (international financial institutions, the EU, and bilateral creditors and donors along with legally binding international obligations such as those within the Association Agreement with the EU, the WTO, and so on);
- control by civil society (although imperfect, because many activists are endowed with false beliefs and prejudices which make them susceptible to the arguments of lobbyists);
- perhaps, some more responsible behavior on the part of the oligarchs who had learned the lessons of the previous crises of over-appropriation.

It remains unclear whether Zelensky intended (a) merely to curb the oligarchs and become their arbiter, as his predecessors had; (b) to eliminate their political

influence in exchange for lofty rents and become an autocrat as Putin has done; or (c) to terminate their informal privileges altogether and make them normal, market-based major entrepreneurs in a liberal democratic country. In any case, the full-fledged war has brought about an entirely new reality: the oligarchs have weakened, presidential power has strengthened as never before, and dependence on the West has become overwhelming.[57]

4.5. The possibility of a transition from the LAO to an OAO

After the war, Ukraine will have a good chance to enter the fast track in its transition to an OAO. The key doorstep condition which continues to be the main bottleneck on this track is the rule of law (RoL), which is considered in more detail in my other chapter in this volume.[58] Fortunately, as of now it has become a main focus of Ukraine's international partners.

However, North et al. admit that meeting the doorstep conditions is a necessary but not sufficient condition for a successful transition to an OAO.[59] The above-described theoretical framework suggests that at the political-economic level, the aspiration for opportunities (as opposed to redistribution) by at least an active minority of the populace, supported by the interests of the elites in the opening of access to lucrative political and economic opportunities, is also required. North et al. point out that one of the elite's motives which played an important role in the "first mover" countries was the capitalization of assets and attraction of capital to corporations.[60] In addition, the arbiter-clients model suggests at least two other cases when the rent-seeking elites become economically interested in opening access for others: (a) when the rents collected from a certain sector do not justify the costs of control and coordination of that sector (for an authoritarian regime), or when a (totalitarian) regime lacks the resources for control and coordination; and (b) if opening access for a certain group of people that have some *de facto* political power appears less expensive than sharing the rent with it.

Based on the evidence so far in Ukraine, the motive of capitalization has not been very pronounced because it requires transparency in business. Transparency would (1) contradict the oligarchic nature of some businesses; (2) make them more vulnerable to *reiderstvo* and extortion by tax officials; and (3) narrow the possibilities for tax evasion and avoidance, particularly the ones that involve using of tax havens and the domestic "industry" of tax evasion. On the contrary, owners try to limit outside involvement in their companies by concentrating their shares to the greatest possible extent, going so far as the special law lobbied for by Akhmetov that stipulates the mandatory sale of minor shares to the principal shareholder.

Rather than capitalization, it has been the other two economic motives mentioned above that have been at play and resulted in substantial progress, and they

are likely to continue to do so in the future as well. Western influence, starting from at least the mid-1990s, has also played an important, although not always positive, role. Meanwhile, the aspiration for opportunities on the part of the middle class and non-oligarchic business already constitutes a major factor. These latter two factors will take on an increasingly more pronounced role in the future.[61]

At the policy (operational) level, the transition to an OAO requires a number of measures that necessary complement those institutional reforms which have already been discussed at length, such as implementation of the RoL, increasing transparency, and de-monopolization. These measures include:

1. overcoming zero-sum thinking;
2. eliminating discretional opportunities to the greatest possible extent (through the convergence of law and practice, the elimination of inconsistencies and contradictions in legislation, the narrowing of normative discretion etc.);
3. deepening the separation of the spheres of social action (political, contractual and communal);
4. countering myths and false beliefs about political and economic competition, freedom, and inequality.

It should be noted that three of these four measures refer to shifts in public consciousness; something not normally considered a legitimate subject for development assistance programs. Intervening in a country's culture is both an unpleasant task and one hard to justify. Here, however, all the listed points but arguably the separation of the spheres of social action the most, refer rather to enlightenment than to any sort of "social engineering." And some bad habits or traditions are also worth of overcoming if they make the peoples' lives worse by impeding economic development, affecting morale, creating inequality in rights and opportunities, etc. In any case, the anti-corruption zeal exhibited by Ukrainians testifies to their desire to separate the spheres of social action, and this alone is worthy of being supported by their partners.

This zeal stops, however, when it comes to the real-life problems of dealing with poorly functioning social lifts, extractive institutions, impracticable legislation, and underpaid providers of state-guaranteed services such as healthcare and education. Few Ukrainians feel self-confident enough to confront these problems without the opportunity of using petty bribes or nepotism, which are widespread. But these are exactly the sort of things that can and should be dealt with by the right policies. Such policies should be prioritized even when they contradict some other goals like the—otherwise important—legislative harmonization with the EU. To be sure, most of this legislation is fully in line with anti-patronal reforms, and should be

implemented as soon as possible. But each particular provision should be tested for its conduciveness to discretional use and, more broadly, to the ways it can be abused or misapplied in a patronal environment. Depending on the results of such a test, the implementation of certain norms should be delayed. Importantly, this analysis should be performed by independent experts not affiliated with either the Ukrainian or EU authorities.

Implementation of these four points should erode the fundamentals of the Ukrainian version of the LAO, including its informal patronal and soft legal constraint components. This process is normally slower than that of institutional changes, but it bears fruit in the long run. Its immediate results are more difficult to measure and it will require some years, if not decades, for its effects to translate into visible improvements in freedom and well-being. But without such changes, progress in formal institutions will be unsustainable and, in many cases, false.

5. Discussion, caveats, and conclusions

The theoretical framework set forth above remains essentially hypothetical, but it can be subject to empirical tests at least at the level of an LAO's general foundations. It predicts statistically significant correlations along the two triangles of "extent of zero-sum thinking—extent of rent-seeking—weakness (strength) of property rights" and "extent of rent-seeking—weakness of property rights—authoritarianism (or patronalism)." It should be noted that causality tests in these cases do not make sense, because the phenomena in question are "vicious triangles." Application of a regression analysis is also questionable because of the high degree of endogeneity of all usual control variables, such as GDP per capita, geography, etc.

The main problem, however, is data availability. To the author's best knowledge, *zero-sum thinking* is not measured globally. Różycka-Tran et al.[62] made a promising attempt to measure zero-sum thinking, but their survey sample of students is evidently non-representative; thus the results, although interesting, cannot be used for any definite conclusions.

The extent of rent-seeking as of now has no commonly recognized measurement indicator, which is something that needs to be developed. This is a complex task because of the great variety in the forms of rent and rent-seeking along with important country-specific factors which make the development of a proper proxy problematic. In contrast, *the strength of property rights* can be assessed by the IPRI in the respective index.[63] But this embraces only the title rights, while in many cases the applicable violations address the cash flow rights; moreover, the "smart" kind of *reiderstvo* described above would not even be considered a violation because, formally at least, it looks like a normal investment agreement. Subjective

assessments, meanwhile, are unreliable in cross-country comparisons, especially given that under authoritarian regimes they can be misleading.

Finally, *authoritarianism* can be formally measured by the Polity V dataset,[64] but it is unclear to what extent this definition embraces informal authoritarianism or patronalism. A patronal democracy is considered a competitive democracy according to the formal accounts; meanwhile the subject of competition within it is the position of the arbiter over the patronal clans, and access to this competition remains mostly confined to the chief patrons of such clans which is something not reflected in the Polity V indicators.

If the theory described above is proved right (or assuming that it already is), a new and promising way of fostering the transition from an LAO to an OAO may emerge with important implications for development assistance:

- At the first stage of transition, the donors and creditors should *avoid assisting in the strengthening of control and coordination* at least above a certain level at which the arbiter's domain spreads over the competitive (or potentially competitive) sector of the economy. Of course, failed states should be aided by institutional capacity building programs, but it is even more important to monitor that the inevitable crises of over-appropriation which such states experience are resolved in favor of building market institutions, rather than improvements in control and coordination. The needs of the poor should also be satisfied preferably through the creation of economic opportunities rather than the handing out of transfers and other rents. All this would shift the balance towards an emerging OAO.

- *Capacity-building efforts should be focused on civil society, while conditionality should aim at RoL issues and constraints on rent-seeking.* These two things are already being done, but as of now the elimination of opportunities for discretion remains outside the agenda, despite Robert Klitgaard's famous formula "corruption = monopoly + discretion – accountability" coined back in 1988.[65]

- All of this should be supplemented by *an enhanced long-term enlightenment campaign* involving modern technologies for refuting deep-rooted prejudices, primarily zero-sum thinking. In patronal countries, the vague separation of the spheres of social action can also be addressed. The anti-corruption zeal and broader dissatisfaction with LAO-related phenomena should be turned against the fundamentals of this kind of social order, not its superficial manifestations such as income inequality and the luxurious lifestyles of the elites.

This theoretical framework also suggests a new line of systemic indicators that should be developed for measuring the progress of an LAO-OAO transition based

on estimations of the fundamental balances along the line of Figure 2: (1) zero-sum vs. win-win thinking; (2) rent-seeking vs. profit seeking; (3) personal rule vs. the rule-of-law. The strength of property rights as well as the extent of corruption are also important indicators, although they can hardly be presented in a similar way as balances. Finally, to measure movement from the specific, informal patronal type of LAO (i.e., anti-patronal transformation), systemic indicators along the the four dimensions of patronalism suggested by Magyar and Madlovics[66] should be developed.

At the moment, there are a few systemic sociological indicators that have a good chance to be connected to the transition from an LAO to an OAO, namely:

- the extent of "emancipative values" suggested by Welzel;[67]
- insecurity vs. a sense of confidence/long time horizon (or survival values vs. self-expression) suggested by Inglehart and Welzel;[68]
- identification with a leader vs. an imaginable community—tendency to personify vs. admittance of impersonal principles, phenomena, and institutions, needed for perpetual organizations (one of the three doorstep conditions for the transition proper by North et al.).

By most of these indicators (to the extent they can be estimated) Ukraine seems to be approaching the threshold of transition.[69] De-patronalization would mean achieving the dominance of impersonal relationships within the elites by reaching those doorstep conditions which open the way to further "transition proper."[70] It may happen, however, that this second stage of transition will not take as much time, because substantial islands of a future OAO are already there—in civil society and non-oligarchic business. Besides, there is the hope that with modern knowledge in hand the West, Ukrainian civil society, and, perhaps, even some benevolent political leaders can foster these developments by addressing the four policy directions outlined above. So far, we know too little about this transition to guarantee that it will proceed this way, or happen at all.

Notes

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5 Switzerland is an exception, perhaps because it is populated by people who self-selected themselves by voluntary escaping the LAOs then dominant across Europe in favor of the difficult and risky but free life in the mountains.

6 See, for instance, https://www.investopedia.com/terms/r/rentseeking.asp for a definition.

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57 This is discussed in great detail in Chapter 9.

58 See "The Main Driving Forces for the De-Patronalization of Ukraine" in the next block of chapters.

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Continuity and Change of the Social Contract in Ukraine: The Case of Contested Anti-Corruption Policies

Oksana Huss

1. Anti-corruption in Ukraine: presumptions and reality

The image of widespread corruption has been strongly associated with Ukraine's politics for years.[1] Two revolutions in the country—the Orange Revolution against electoral fraud and the Revolution of Dignity against the authoritarian tendencies under the presidency of Yanukovych—disappointed observers who were expecting immediate change towards integrity in the public sector and the impartial distribution of public resources. Indeed, the so-called "big-bang" approach to overcoming endemic corruption in Ukraine has been a widespread expectation based on two major assumptions. First, the principal-agent conceptualization of corruption implies that the will and capacity to tackle widespread corruption may come with a radical change in political leadership. The cases of successful anti-corruption reforms in Singapore and Georgia were suitable demonstrations of this logic. However, the new leadership in Ukraine after both revolutions disappointed observers with the lack of rigorous anti-corruption actions. Second, the institutions-centered approach implies that changing the constitutional order might trigger improvements. However, this approach also failed to change the corruption-based logic of politics in Ukraine. Thus, I conceptualize corruption not as an institution or individual decision but as a function in a (political) system that aims to reproduce and legitimize itself.

I propose the historical institutionalism approach[2] as an alternative explanation for the incremental structural change towards effective anti-corruption policies in Ukraine. According to this logic, institutions result from power relations between different groups of actors which are established over time. The "big-bang" logic of change is unlikely in this paradigm, because the often slow and incremental change of informal rules results from "new rounds of bargaining" and from a change in the distribution of power and resources.[3] In the case of corruption in Ukraine, my main argument is that anti-corruption policies and institutions are not the cause of change, rather they are the result of an incremental change in the social contract.

This change is not about formal democratic institutions or direct anti-corruption measures but about "deep democratization," defined by Michael Johnston as "the process whereby citizens become able to defend themselves and their interests by political means."[4] After the Revolution of Dignity, non-patronal actors increased their influence on political decision-making, while before this the political system was mainly shaped by oligarchic interests. Thus, non-patronal actors—i.e., civil society representatives, citizens, and international partners—could influence anti-corruption policies and institutions at the stage of their formation. As a result, in 2020, we witnessed the first positive indicators of success in anti-corruption. The full-scale Russian invasion reinforced the power dynamics taking place because it decreased the standing of patronal actors and increased the role of the non-patronal ones. Of course, it does not mean there is no longer any corruption, but it does indicate the qualitatively new logic by which the system functions.

The central assumption of this paper is that anti-corruption policies can serve different interests, depending on the constellation of actors who shape those policies. In addition, the term *corruption*, as an empty signifier,[5] leaves a lot of room for interpreting which forms of corruption anti-corruption actions are supposed to tackle. Relying on Magyar and Madlovics's definitions of various forms of corruption[6] (see Table 1 below), I argue that anti-corruption policies that favor patronal actors tackle primarily petty corruption (free-market corruption, cronyism, and state organization collusion) in order to control the bureaucracy and selectively punish disloyalty. Anti-corruption policies that serve the interest of non-patronal actors will tackle grand corruption (state capture and criminal state patterns of corruption). However, in order to be implemented, there must be both the will and the capacity (sufficient influence, material and organizational resources) to carry out those policies despite the resistance of the patronal actors, who stand to lose because of this change.

Table 1. Main characteristics of six corruption patterns.[7]

	Nature of corruption	*Entry of corrupt parties*	*Distribution of corrupt transactions*	*Direction of corrupt action*	*Economic nature of corruption*	*Regularity and scope of corrupt actions*	*Medium of corrupt exchange*
Free-market corruption	Petty corruption	Voluntary	Non-centralized	Horizontal	Competitive	Occasional and partial	Kickback money
Cronyism		Voluntary	Non-centralized	Horizontal	Competitive	Occasional/ permanent and partial	Kickback money
State organization collusion		Voluntary	Non-centralized	Vertical (top-down)	Oligopolistic /locally monopolistic	Occasional and partial	Kickback money

Bottom-up state capture	Grand corruption	Coercive	Moderately centralized	Vertical (bottom-up)	Oligopolistic /locally monopolistic	Occasional/ permanent and partial	Kickback money
Top-down state capture		Coercive	Partially centralized	Vertical (top-down)	Oligopolistic /locally monopolistic	Permanent and partial (vassal chains)	Protection money
Criminal state pattern		Coercive	Centralized	Vertical (top-down)	Monopolistic	Permanent and general (vassal chains)	Protection money

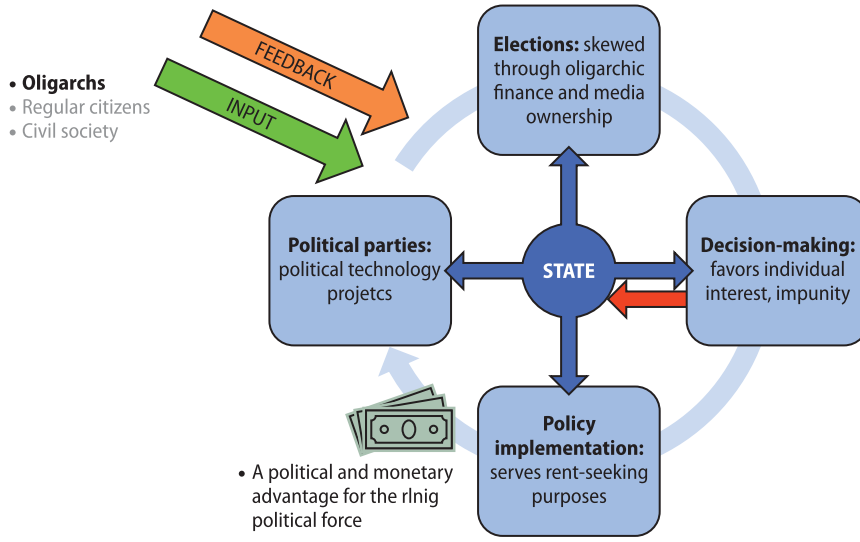
Source: Magyar and Madlovics, The Anatomy of Post-Communist Regimes, 387.

This chapter is organized as follows: In the first section, I introduce how the logic of corruption operates as a system in patronal politics, and highlight those functions which anti-corruption policies fulfil in this context. In the second section, I empirically analyze instrumentalized anti-corruption policies and their functions in both a single patronal pyramid and in a patronal democracy. In the third section, I analyze society-driven anti-corruption policies. I also present new non-patronal actors and the mechanisms of influence they had after the Revolution of Dignity before discussing the progress made in anti-corruption as a result of the changing social contract. The final empirical section explores institutionalized anti-corruption efforts and their outcomes during the war before summarizing the chapter from a comparative perspective and providing an outlook for the future.

2. Corruption and anti-corruption policies in the context of patronal politics

Under post-soviet transformation conditions, the corruption problem in Ukraine became more than the occasional violation of the law by public servants. Corruption manifested itself as an informal institution[8] deeply rooted in society. It became the norm both at the low everyday level and at the high political decision-making level to cross the line between public and private interest in favor of the latter. Under these conditions, politics in Ukraine is best conceptualized as a *system of corruption*.[9] This is a specific type of governance structure that includes the political regime and its formal and informal institutions as well as structures and processes that influence participant behavior and which is characterized by a high degree of informality and patron-client relations.[10]

Figure 1. Pre-Maidan system of corruption in Ukraine.[11]



The system of corruption in Ukraine has manifested itself through four interrelated characteristics. The first characteristic is the close interdependency between politics and so-called **oligarchs**.[12] Politicians and oligarchs are interwoven into informal patronal networks that follow the rules of favoritism.[13] In the mid-1990s, ideological political parties in Ukraine ceased to exist in favor of political technology projects.[14] In other words, **political parties** became the instruments of individual oligarchs to access politics.[15] They served "as business platforms for certain groups or persons rather than as channels for citizen interests."[16] Thus, oligarchs became the leading stakeholder group to shape demand on the input side of the political system, while the demands of citizens and civil society remained underrepresented.

Second, in patronal democracies, such as Ukraine in the **elections** between 1996 and 2014, "party competition is the façade appearance of the competition of patronal networks."[17] In practical terms, this means that although the voters influence the personalities entering politics, those personalities cannot escape the influence of one or another patronal pyramid because their political financing and media presence depend heavily on oligarchs. Thus, even democratically elected politicians end up favoring the individual interests of oligarchs in exchange for political support and access to media resources and neglect the needs of the general public—a typical manifestation of **clientelism in decision-making**.[18]

Third, in addition to clientelism in the decision-making process, the appointments made in the legislative, executive, and judiciary branches of power follow the logic of **patronage** instead of meritocracy. This means that instead of professional

qualifications, the appointments in all positions of power reflect loyalty to a particular patronal pyramid. Corruption is a critical instrument in enforcing this loyalty: It can be used as a reward by providing opportunities for further corruption, and it can be used as an instrument of punishment and selective prosecution if loyalty to the patron is broken. This logic undermines the system of checks and balances. A **system of impunity** is created because political actors are trapped in a vicious circle: They either follow the rules of the system of corruption or are excluded from it.[19]

Fourth, formal institutions, such as the constitution and legislation, do not serve to establish the rule of law. Their ultimate function becomes "to signal who is most likely to be patron-in-chief and to provide other focal points that help structure the way all these networks arrange and rearrange themselves—often in violation of the formal norms the constitution itself contains."[20] In other words, **the formal legislation mirrors who has power**. Thus, on the one hand, the patrons compete for the influence to adopt the formal rules which serve their particular interests, including the **"legalization" of corruption**. On the other hand, **anti-corruption legislation becomes an instrument** to enforce loyalty to the patron through legitimized surveillance and selective punishment in case of disloyalty. This mechanism behind decision-making prevents the supply of political and economic resources to potential "outsiders" of the system. It also incentivizes patrons to strive for the monopolization of political power[21] and thus fosters authoritarian tendencies.

The system approach to corruption has three implications for understanding anti-corruption policy. First, corruption and anti-corruption in patronal regimes are two sides of the same coin. In line with the logic of the system of corruption, a governmental anti-corruption policy is **exploited to reach one-sided political domination**. It provides the tools for legitimate surveillance and the selective prosecution of the opposition and disloyal clients. Second, given these powerful properties, anti-corruption policy becomes a contested space which different political forces aim to dominate. In addition to political power, those who shape anti-corruption policies have discursive hegemony in defining who is corrupt or not—a widespread **populist instrument for manipulating the general public by creating social identities of "corrupt others" and the "non-corrupt self."**[22] Third, no meaningful anti-corruption efforts can be expected from inside the system of corruption. Anti-corruption measures that target high-level politicians mean the self-destruction of the system. Therefore, such measures will be blocked due to the strong resistance of the political elite. If external pressure due to conditionality is correspondingly strong, then anti-corruption legislation will be adopted; however, it will either be toothless or remain dormant. Thus**, anti-corruption policies in patronal regimes are the output of the dominant coalition's corruption system used in an uneven playing field**.

3. Instrumentalized anti-corruption policies and actions before the Maidan revolution

Before the Euromaidan revolution, the corruption system in Ukraine alternated between two different structural patterns, that is, between the centralized and decentralized settings of patronal pyramids, each having different effects on anti-corruption policies. In the centralized setting, along with the authoritarian tendencies during the presidencies of Leonid Kuchma (1994–2005) and Viktor Yanukovych (2010–2014), anti-corruption policies were developed and implemented to legitimize surveillance and to selectively oppress the opposition. In the decentralized setting—patronal democracy under the presidency of Viktor Yushchenko (2005–2010)—it was impossible to implement any anti-corruption policies due to active resistance in the parliament and the government.

3.1. Anti-corruption in a single-pyramid setting: the Kuchma and Yanukovych presidencies

The mid-1990s in Ukraine were characterized by high institutional insecurity, political competition between the legislative and executive branches of power, and competition for economic resources in a poorly regulated market economy. **Anti-corruption policy reflected the formal and informal struggle for influence** as it became a contested field between the Ukrainian parliament and the president, especially when negotiating the new constitutional order for Ukraine between 1994 and 1996. When power was consolidated, anti-corruption policies and institutions became the proper instruments to maintain it.

The parliament of Ukraine adopted the first anti-corruption legislation in Ukraine in 1995.[23] On the one hand, this was an essential and innovative step, as similar laws had not been ratified in other former republics of the USSR, and international anti-corruption regimes were not yet in place. On the other hand, the 1995 Law was harmless, as it targeted middle- and low-rank public officials, leaving high-level politicians and judges aside. The president challenged this law and adopted the "National Program on the Fight against Corruption" in 1997.[24] The program criticized the parliament for poor legislative practices, and criticized the law enforcement agencies and executive bodies for poor implementation. This kind of framing was suitable to present the president as the central authority able to counteract corruption because the other authorities were either corrupt or powerless.

In terms of institutions, the Parliamentary Committee on the Fight against Organized Crime and Corruption initially had broad authority in the early anti-corruption infrastructure. From 1995, however, President Kuchma subsequently

gained complete control over anti-corruption policy and institutions by empowering the Coordination Committee on the Fight against Corruption and Organized Crime under his direction. The Coordination Committee became the central hub of anti-corruption activities, including control over the law enforcement agencies, other state executive bodies, enterprises, etc.[25] Another attempt by the president to control the fight against corruption and organized crime was the National Bureau of Investigations (NBI), created in 1997 to conduct pre-trial investigations in "especially difficult criminal cases."[26] Both institutions were entirely subordinated to the president, who appointed and dismissed their directors and decided their structure and composition. These were people close and loyal to the president.[27] Both the NBI and the Coordination Committee were recognized as violating the Constitution of Ukraine by the Constitutional Court in 1998 and 2004, respectively—with motions filed by the members of the Parliamentary Committee on the Fight against Organized Crime and Corruption in both cases.[28]

By the time of the first Constitutional Court decision, the president had already consolidated his power–both formally and informally. As of 1998, most of the parliament's political parties were captured by the oligarchs, and patron-client relations were established between them and the president, with the former supporting the president with votes in the parliament in exchange for access to material resources and protection by law enforcement.[29] Formally, the law enforcement agencies were directly or indirectly subordinated to the president, so the president was entitled to appoint their heads. Informally, the appointments followed the logic of patronalism: Only proven people from the chief patron's entourage were assigned strategic positions in the state apparatus. The so-called "surveillance triangle" structures, consisting of the Security Service of Ukraine, the Ministry of Interior, and the Tax Administration, were fully loyal to the president.[30] These institutions, along with the regulations for transparency, were used to collect information about clients' engagement in corruption (i.e., *kompromat*) and to selectively punish them in case of disloyalty. In some cases, the authorities supported clients with information about corruption schemes.[31] In other cases, the information was collected on purpose, and it was easy to find kompromat on anyone due to the legal imperfection of the tax system. Finally, law enforcement agencies selectively prosecuted in cases of political disloyalty.

The actions of the president's anti-corruption policy were aimed at increasing executive control over the bureaucrats while reflecting the principal-agent logic of anti-corruption actions. Instead of corruption prevention, the main focus was placed on repressive measures. While counteracting these challenges with transparency, accountability, and law enforcement is natural in order to consolidate democracies with the rule of law, an independent judiciary, and control over civil society, **in patronal regimes, the anti-corruption mechanisms based on the**

principal-agent logic reinforce executive control by selective punishment and legitimize rule *by* law instead of rule *of* law. Such an anti-corruption framework does not foresee control over the corrupt principal. Transparency and accountability were applied to introduce surveillance and executive control mechanisms. Therefore, these measures supported authoritarian tendencies in the patronal setting, since the principal, the chief patron, legitimized the corrupt use of state resources to increase his political domination.

The cases best illustrating the selective prosecution of corruption crimes were those of Lazarenko[32] and the imprisonment of Tymoshenko in 2001.[33] Both had been members of the initially pro-presidential Dnipropetrovsk clan and dared to oppose the president. Importantly, these opponents undermined not only formal rules but informal ones, along with the role of the chief patron. The latter provided the reason for punishment, while the former was only a pretext. Kompromat was also extensively used in elections. For instance, the regulation for transparency of political financing was utilized by the tax police to control and fine companies that were funding the president's opposition.[34] Given the legislative gaps in the taxation system, using them intentionally was selective harassment.

The same structure of anti-corruption institutions and the same mechanisms of selective prosecution for corruption were evident under the presidency of Yanukovych, who not only built a patronal pyramid but also attempted to monopolize political and economic resources in the hands of a very few patronal actors, known as the *Family*. In 2010, on his second day in office, president Yanukovych created the National Anti-Corruption Committee (NAC).[35] The committee was structurally subordinated to the president, meaning it was designed to support the president in executing his authority in the field of anti-corruption. The anti-corruption legislation, namely, the Law "On the Grounds of Corruption Prevention and Counteraction" from 2011, was toothless due to its vague definition of corruption, its unclear administrative procedures for coordinating anti-corruption tasks and responsibilities between institutions, and some of its violations of the Constitution of Ukraine.[36]

The complete formal and informal subordination of law enforcement agencies to Yanukovych allowed selective coercion. The Security Service of Ukraine investigated public activists and opposition members.[37] Already in the first year of Yanukovych's presidency, five incumbents of the former government (including Lutsenko, the Minister of the Interior) were imprisoned. The former Economics Minister fled to the Czech Republic seeking political asylum. A criminal case was initiated against Tymoshenko, the leader of the opposition, on allegations of misuse of political office.[38] At the same time, the government's allies remained untouched, underpinning the argument that the "fight against corruption" under Yanukovych was used in a selective and politically motivated manner.[39]

3.2. Anti-corruption in a multi-pyramid setting: the Yushchenko presidency

Over the course of the Orange Revolution and the constitutional change from a presidential-parliamentary to a parliamentary-presidential republic, Kuchma's single pyramid network fell apart into a decentralized system of corruption with multiple patronal pyramids. Regarding anti-corruption, the multi-pyramid setting means that no leader is powerful enough to counteract corruption.

Corruption was conceptualized as a high-level political problem in Yushchenko's rhetoric and legislation. In 2006, the parliament drafted the new Law "On Grounds of Corruption Prevention and Counteraction,"[40] and president Yushchenko initiated the National Anti-Corruption Strategy "On the Way to Integrity."[41] Both were revolutionary and promising: corruption was not limited to low- or mid-level public servants, rather it was recognized that high-level politicians were just as involved, meaning there was no honest principal to control corrupt agents. Anti-corruption actions were built on three pillars: (1) foreseeing the empowerment of civil society to control politicians; (2) political transparency and access to information; (3) enabling the punishment of high-level politicians, with the abolishment of political immunity placed on the agenda.

However, neither the Law nor the strategy was implemented until 2009. The political conflict between the president and the Cabinet of Ministers due to their belonging to different patronal pyramids made the government ignore its responsibilities regarding the action plans for implementing the anti-corruption strategy. At the same time, the parliament permanently postponed adopting the corresponding legislation that would have potentially increased the vulnerability of corrupt MPs.

The year of 2009 saw the most active implementation of the new anti-corruption policies. The government's newly created office of the Commissioner for Anti-Corruption Policy–tasked with coordinating the implementation of anti-corruption policies, combined with public pressure resulting from the upcoming presidential elections in 2010, encouraged different political forces to demonstrate their active dedication to anti-corruption policy. However, the change in power and the abrupt authoritarian dynamics under the newly elected president Yanukovych quashed all previous endeavors. The newly adopted Law "On Grounds of Corruption Prevention and Counteraction" entered into force on December 21, 2010 and remained effective for only 5 days, as the new president changed the institutional settings for anti-corruption.

The main conclusion from the above is that **if the system of corruption remains consistent,** despite democratic tendencies, **an effective anti-corruption policy that conceptualizes corruption as a system and as a problem of high-level politicians cannot be adopted** because of weak political leadership that is

interested in both the relevant anti-corruption policy as well as the self-protecting mechanisms of the system of corruption.

4. Society-driven anti-corruption after the Maidan revolution

The Euromaidan or so-called Revolution of Dignity in 2013-14 brought about significant structural changes in the power relations in Ukraine, which produced tangible outcomes only in 2020—five years after active post-revolution reforms were initiated. Besides anti-corruption reform, which was the top priority, other successful reforms contributing to further structural change included decentralization reform and the state's digital transformation. In this section, I first analyze the non-patronal actors and mechanisms that brought about change before discussing the outcomes of anti-corruption policy as an indicator of this change.

4.1. Non-patronal actors and mechanisms of influence

Before the revolution, the capture of political parties and, thus, of decision-making by the oligarchs *de facto* closed the political system to citizens' demands. Formally, citizens voted for and elected politicians, but the patronal system meant that politicians acted in the interest of oligarchs who funded political parties and electoral campaigns and systematically bribed decision-makers.[42] Although the patronal actors did not disappear or diminish their influence[43] (after all, the oligarch Petro Poroshenko became president in 2014), non-patronal actors obtained and used opportunities to influence politics and advocate for their demands. The reforms that enabled this change took place under the so-called "sandwich strategy":[44] civil society in Ukraine formulated the demands for and monitoring of reforms, and together with international actors, who used the mechanism of conditionality, they exercised two-sided pressure on the state bodies which were reluctant to the change.

International organizations and **Western partners** influenced anti-corruption reforms in Ukraine in three ways. First, given Ukraine's pro-Western foreign policy agenda since 2005, the EU and the Council of Europe increased their normative power in Ukraine.[45] At about the same time, anti-corruption became a prominent topic on the agendas of international organizations. Ukraine ratified the Council of Europe's Civil Law Convention on Corruption (CLCC) in 2005; it became a member of the Group of States against Corruption (GRECO) and joined its peer-monitoring mechanism in 2006; and it ratified the United Nations Convention against Corruption (UNCAC) in 2009. Second, probably the most powerful mechanism became the conditionality attached to IMF loans, which was an important source of the country's financial stabilization after the economic

crisis of 2008.[46] Third, the anti-corruption commitments were incorporated as a requirement for boosting Ukraine's relations with the EU since the Action plan in 2010[47] and for the implementation of Visa Liberalization in 2017.[48] Thus, the conditionality attached to EU accession became another powerful mechanism of influence, given the great popular support for EU accession. In addition to the formal monitoring and assessment mechanisms of the organizations indicated above, there was informal coordination between the G7 Ambassadors in Ukraine concerning joint public statements in support of or expressing discontent with the actions of public authorities. These were informed by consultations with yet another actor—civil society.[49]

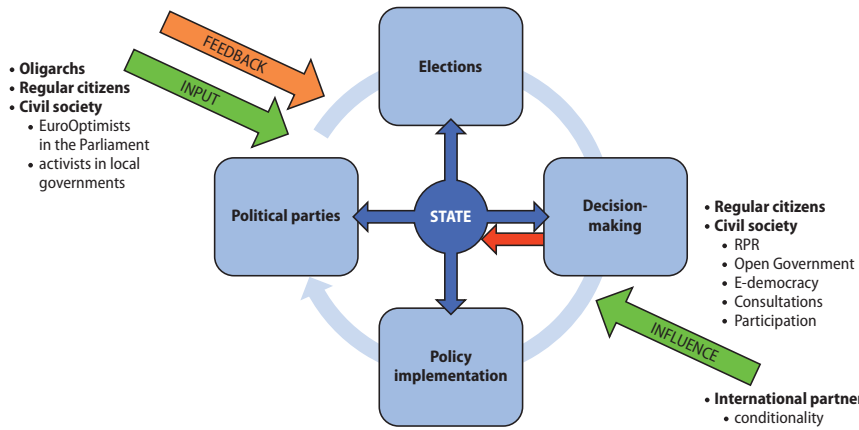
There were **several ways in which international partners assisted specifically with anti-corruption endeavors in Ukraine**. First, the embassies and development projects of individual countries worked with well-known anti-corruption NGOs on the national level; these organizations provided sub-grants and capacity-building support to regional and local anti-corruption NGOs.[50] Second, large anti-corruption programs were established by donors, such as the USAID-funded Support to Anti-Corruption Champion Institutions (SACCI)[51] and the EU-funded EU Anti-Corruption Initiative (EUACI)[52]. The Ukraine – Local Empowerment, Accountability and Development Programme (U-LEAD with Europe) and the Congress of Local and Regional Authorities of the Council of Europe have also had significant components supporting anti-corruption and integrity in local self-governance in Ukraine. Finally, Western partners supported the creation of anti-corruption institutions and state agencies in their actions towards integrity.

The **anti-corruption activism** of civil society evolved well before the Euromaidan and contributed with its awareness-raising actions to the Maidan mobilization. The first wave was driven by investigative journalists. One of the first was Heorhiy Gongadze who founded of the independent newspaper *Ukrainska Pravda* and was subsequently assassinated in 2000. The increasing use of the internet further boosted investigative journalism. In 2010, the website *nashigroshi.org* was created as a model project to investigate and reveal corruption in public procurement. Currently, *Bihus.ifo* is one of the most prominent initiatives in anti-corruption journalism. The second wave saw the creation of organizations of civic anti-corruption activism: the Anti-Corruption Action Centre (2012) became one of the major drivers for anti-corruption reforms; Transparency International Ukraine (1999) became part of the global movement in 2014; the Anti-Corruption Headquarters (2014) has developed and spread anti-corruption technologies; the DEJURE Foundation (2016) works towards integrity reform in the judiciary; and the Institute of Legislative Ideas (2017) analyzes corruption risks emerging from the text of draft laws and legislation at the local and national level. Finally, there are older and newer coalitions driving anti-corruption in different areas:

the all-Ukrainian OPORA civil network (2005) has contributed to the detection and prevention of corruption in elections; the CHESNO movement (2011) monitors political finance and integrity among members of parliament; and the DoZorro community monitors corruption in public procurement.

The vibrant civil society in Ukraine learned many lessons from the failures of the Orange Revolution. After the Euromaidan, **civil society organizations acted more flexibly and strategically**. On the one hand, the Reanimation Package of Reforms (RPR), a civic coalition of public activists, experts, journalists, and researchers, was created to set priorities and develop a package of legislative initiatives to launch the process of reforms.[53] The coalition prepared and presented the so-called Reforms Roadmap—a step-by-step plan for implementing reforms in 18 key areas, with each step supported by a relevant draft law. On the eve of the election, on October 17, 2014, the RPR gathered the leaders of the major political parties running in the elections, who signed a memorandum supporting the Reforms Roadmap in the new parliament. On the other hand, 25 civil society activists became members of the Parliament and created an interfactional union called the Euro Optimists.[54] They ran for elections with different political parties (given the still patronal logic of politics, there was no chance to create a political party independent of oligarchic influence at that time). Strategically, their function was to push for reforms within the parliament and to ensure that the political parties followed the Reform Roadmap memorandum they had signed. Although both activists' initiatives became fragmented over time,[55] at the critical moment in 2014–15, when the window of opportunity was open due to the revolutionary momentum, they managed to push for revolutionary laws on public broadcasting, restoring trust in the judiciary, combating corruption, and others.

Figure 2. Post-Maidan social contract in Ukraine.



While national-level CSOs in Ukraine were often criticized for being detached from the grassroots,[56] decentralization reform in Ukraine created structural and institutional opportunities for **regular citizens and local-level activists** to engage in decision-making and push for anti-corruption agendas in their own communities, as the chapter by Oleksandra Keudel in this volume shows. Local governments obtained more political influence in education, healthcare, and social services, while their financial resources for providing these services increased due to fiscal decentralization.[57] As at the national level, many reformers who had previously distanced themselves from politics joined local councils with aspirations for change. At the same time, due to Open Government initiatives,[58] participation practices, such as citizen consultations, petitions, and participatory budgeting, were institutionalized across the country.[59] The widespread use of digital technologies and the booming civic tech sector in Ukraine actively developed digital solutions for coordinating citizen participation and making decision-making processes transparent both on paper and in practice.[60] Thus, **ordinary citizens were brought closer to political decision-making through the increased competencies of local governments and obtained mechanisms and tools to exercise influence** on the distribution of public resources, which moved significantly from the central to the local level. These contextual conditions boosted the anti-corruption movement at the local level in Ukraine. Most NGOs and grassroots initiatives engaging in anti-corruption were founded after 2015,[61] and have contributed significantly in placing anti-corruption on the agenda of their respective municipalities.[62]

It should be noted that patronal actors have remained highly influential and have resisted the increasing influence of non-patronal actors. For example, an oppressing regulation entered into force in 2018 making e-declarations compulsory for anti-corruption activists. It was only after significant international pressure that this regulation was canceled after one year in place. There were also several assassinations of investigative journalists across the country, with Katia Handziuk, murdered in 2018, among the most prominent victims. In a qualitative survey of anti-corruption activists, numerous interlocutors reported experiencing pressure and sometimes even threats in their activities, especially in those cities with single-pyramid patronal structures.[63] Institutionally, this resistance challenged the leadership of the newly established anti-corruption agencies and culminated in a constitutional crisis in 2020 in response to the first achievements of the politically independent institutions.[64]

4.2. Progress in anti-corruption as an outcome of a changing social contract

(Anti-corruption legislation) In 2014, the Parliament of Ukraine adopted a **comprehensive package of anti-corruption legislation.** The new Law on Corruption Prevention and the Anti-Corruption Strategy for 2014–17 provided the conceptual foundation for various institutional and procedural reforms. The laws were revolutionary because they introduced criminal liability for corruption, including that of high-level public officials. In contrast to administrative penalties, criminal liability increases the costs of corruption. In contrast to the attempts to instrumentalize anti-corruption in patronal politics by excluding the political leadership from liability, the selective approach to anti-corruption became institutionally disrupted with the law in 2014. In addition, it became compulsory for high-level public officials and judges, including their family members, to publish their asset declarations. In combination with another law on open beneficiary ownership and transparent registers of real estate and land, this unprecedented level of transparency and open data in Ukraine became the main instrument for civil society to monitor and detect corruption.[65] The fact that the Anti-Corruption Strategy has the status of law significantly upgraded the document's standing in terms of implementation. The Strategy was developed in close cooperation with civil society and relied on public consultation procedures. The integrated indicators measuring its success enabled an independent assessment of its implementation. Thus, according to a 2015 OECD assessment, "Ukraine has finally aligned its criminal law on corruption with applicable international standards,"[66] including the crime of illicit enrichment, which remained non-criminalized in many Western democracies.[67]

Some of these conceptual approaches to anti-corruption were included in the anti-corruption strategy and legislation developed under the presidency of Yushchenko, but the resistance to their enforcement was too strong at the time. For example, the implementation of the concept paper "On the Way to Integrity" had the status of a presidential decree, but the government refused to follow it up with any action plan for its implementation. A widely-held proposition is that the high fragmentation of power made Yushchenko unable to introduce any significant changes; however, the formal and informal landscape of power was likewise fragmented after Euromaidan. The difference was that non-patronal actors had barely any influence over the political process after the Orange Revolution, something which changed significantly after Euromaidan. Public participation in decision-making in 2014 "was not formalised through any procedures or mechanisms," but it was "very effective."[68]

(Anti-corruption institutions) Two other laws in the 2014 legislative package regulated the **creation of independent agencies for corruption prevention and investigation.** These agencies were critical to implementing the conceptual approach set forth in the Law on Corruption Prevention. Given the vicious circle

in law enforcement and the judiciary in patronal politics, the main challenge was ensuring the independence of the anti-corruption agencies.[69] The newly-created National Anti-Corruption Bureau of Ukraine (NABU) for the investigation of major corruption cases, the National Agency for the Prevention of Corruption (NAPC), and procedures for selecting the leadership of the agencies were the arenas where the main struggle for influence between patronal and non-patronal actors took place. These challenges applied even more to the Special Anti-Corruption Prosecutor's Office (SAPO) and the High Anti-Corruption Court (HACC). There were numerous attempts to hijack the independence of the agencies from the political and judicial sides in Ukraine.

The mechanism of civil society engagement in collaboration with international partners has been applied successfully in this struggle as well. The special anti-corruption authorities, whose leadership has been selected in a rigorous process with the engagement of civil society, have proven themselves to be effective and independent in the fight against corruption. The most prominent example is the creation of the High Anti-Corruption Court (HACC) in 2019, in which civil society and the Public Council of International Experts played a critical role in the selection process of the judges.[70] Since 2020, the HACC has had the highest effectiveness assessment among the anti-corruption bodies in civil society.[71] The HACC serves as a model for the implementation of reforms throughout the entire judicial system with reliance on the Public Council of Integrity and the Public Council of International Experts. Another example is the NAPC, which was heavily criticized in the first years of its work for ineffectiveness and political dependency. After a reboot, international experts received three out of six votes for selecting the leadership, and the qualifications for the public council at the NAPC increased. Since 2019, the body has started performing effectively in such critical tasks as monitoring public asset declarations and party financing. The same principle works for the NABU, where the Council of Public Oversight has significant influence over leadership selection.[72]

(Anti-corruption practices) The legislative and institutional framework of 2014 provided for much more than just top-down anti-corruption actions. Combined with other reforms and related legislation, opportunities emerged to extensively develop and use **technologies for anti-corruption** and to boost bottom-up anti-corruption activism. In particular, the Law on Access to Public Information was significantly amended in 2015 and provided for open data (public data in a machine-readable format, open by default). Following the legislation, the government developed an open data portal and an open budget portal that allows connecting through API to all public information, including the budgets, incomes and expenses, and public procurement transactions of all public bodies. Together with publicly accessible asset declarations of authorities and beneficiary ownership information, this open data has provided the ground for civil society organizations

to develop numerous digital tools to empower citizens and activists using this data. For example, *Bihus.info* (an organization of investigative journalists and tech activists) has developed "The Ring" project for searching through public databases; *OpenDataBot.ua* provides access for and processes the requests of various groups of stakeholders seeking government data; and *007.org.ua* and *YouControl.com* have projects for analyzing and visualizing data on counterparties, tenders, transactions, contracts, and so on. Thus, in 2021, open data and public registers were the most helpful tools for anti-corruption activists, according to a survey of anti-corruption NGOs and initiatives across Ukraine.[73] At the same time, monitoring conflicts of interest and asset declarations of public officials was the most widespread form of anti-corruption activism, as almost 90% of respondents reported conducting monitoring, while 60% stated they did it often.[74]

One example of the most effective anti-corruption technology is *ProZorro*—an online public procurement platform that ensures open access to public procurement in Ukraine. It was created by civil society activists and IT developers and provided the state with the possibility of moving all its public procurement operations to the platform in 2016. Transparency International Ukraine does oversight of its functioning. Even more important, however, is that transparency on its own does not eliminate corruption. For this reason, *DoZorro* artificial intelligence (AI) and community were built to provide for public oversight of procurement based on the data from *ProZorro*. This is a globally pioneering example of how a machine-learning algorithm interacts with the community of activists trained across Ukraine to detect and report corruption.[75] Thus, in 2021, 60% of surveyed anti-corruption activists were engaged in *DoZorro*, while 27% of respondents indicated that AI was crucial for their anti-corruption activities.[76] Both systems—*ProZorro* open data and *DoZorro* machine-learning-based data analytics—became the basis for over a dozen other digital tools and projects for counteracting corruption in public procurement, which is otherwise one of the most corruption-prone state activities.

The Maidan revolution sentiment, in combination with the boom in anti-corruption tools and practices and the increasing role of local governments during decentralization, gave a significant boost to **grassroots anti-corruption activism.** A qualitative research study of anti-corruption activism at the local level in Ukraine, involving 242 interviews in 57 communities, showed that there is a broad spectrum of NGO activities and initiatives to counteract corruption.[77] Most activists engage in awareness raising, as they either investigate corruption and publish their findings or use data and information generated by others to bring corruption cases to public attention. Many organizations engage in monitoring activities to detect conflicts of interest or corruption risks in the decision-making at the local level of self-governance. Almost 20% of surveyed activists engage in advocacy efforts for more transparency and integrity. Some of them developed an entire set of anti-corruption regulations that were adopted by their city council.

This spark of local anti-corruption activism has contributed to the active institutionalization **of anti-corruption policies at the local level of governance**. Although with large variations, there are cities where the public has acknowledged the political will of the local authorities to counteract corruption. One of these cities is Lviv—an example elaborated in the chapter by Oleksandra Keudel in this volume. Anti-corruption policies introduced in these cities have targeted both grand and petty administrative corruption. For example, Ivano-Frankivsk, Lviv, Chernivtsi, and Vinnytsia have introduced public auctions for the lease or sale of municipal property (both land and real estate)—often via *Prozorro.Sale*; Chernivtsi and Lviv have also implemented procedural rules for their councils, with maximum public access to drafts, decisions, and live proceedings; and multiple cities have introduced geo-information systems (GIS) to visualize open data on municipal property and its lease/sale and on procured services, such as street cleaning, while others have adopted ethics codes for executives and elected deputies. Most of them have adopted dedicated anti-corruption strategies or integrity plans as well.[78]

Finally, the country's digital transformation since 2019 has revolutionized administrative and public services. Most of the regular contact between the citizen and the state for permits, admissions, and subsidies has become obsolete, as most of the paperwork has become manageable via a smartphone through the *Diia* App. Naturally, this has also decreased the risks for petty corruption. Recent survey indicates that digitalization of public services is perceived among citizens among most effective anti-corruption measures, along with punitive measures.[79]

To summarize, Ukraine made significant advances in its anti-corruption efforts before the full-scale invasion. The country "showed an impressive growth" towards the leading ranks in transparency (from 17th place to 6th) compared to other European countries, as the EU Open Data Maturity report acknowledged.[80] In combination with e-governance and numerous civic tech tools, this has had a positive effect on low-level, everyday corruption[81] and has empowered civil society to monitor and detect high-level corruption. In addition, "Ukraine has made an unprecedented leap in tackling high-level corruption through the work of the dedicated independent investigative, prosecutorial and judicial institutions," according to the latest assessment of the OECD.[82] However, despite the increasing number of convictions in high-level corruption cases concluded by the HACC, the concern prevailed that "high-level corruption remains widespread and the effectiveness of combatting it is being continually undermined in various ways."[83] In particular, the successful attempts to hijack the independent anti-corruption system by the Constitutional Court of Ukraine in 2020, just when the HACC had demonstrated the capacity to sentence the first cases of grand corruption, revealed criminal state patterns in the judiciary system.[84]

5. Institutionalized anti-corruption during the full-scale war

Due to the full-scale Russian invasion on February 24, 2022, martial law was introduced in Ukraine. Multiple limitations on democratic procedures set constraints, especially on the role of society in anti-corruption. There are no elections and protests are prohibited, but most importantly transparency as the foundation for society-driven anti-corruption has been restricted. Due to severe Russian cyber-attacks, a significant share of open data and public access to state registers, including the register of asset declarations, has been closed. Public procurement data and procedures were adjusted accordingly due to the need for emergency responses, as the regular procedures were lengthy.[85] Although the security measures are well substantiated, they significantly undermine the societal accountability of the government and increase the risks of corruption at all levels.

In theory, reduced transparency makes the state of emergency nourish both patronal and authoritarian tendencies.[86] In Ukraine, however, these concerns have not been confirmed one year after the introduction of martial law. On the contrary, all anti-corruption authorities have demonstrated unprecedented *efficiency*, despite logistical and technical constraints.[87] For example, among other challenges, the NAPC had to arrange an autonomous electricity supply to ensure the agency's functioning despite electricity cuts; nevertheless, in the last year, the agency introduced an innovative methodology for management and new IT solutions to increase its efficiency. Although NAPC halted the control of asset declarations due to limited transparency regulations, the agency actively engages in investigations of collaborators and persons falling under sanctions.[88] Another example of resilience is that almost half of the SAPO prosecutors joined the military, meaning the workload per prosecutor has increased by up to 75% (instead of 8 cases pending with the court, each prosecutor now has 14); nevertheless, in the second half of 2022, the performance statistics for this body were at a historic high. SAPO pressed charges against 149 persons and submitted 56 criminal cases to the court. NABU demonstrated in its investigations the fight against systemic, high-level corruption, especially in the case of state capture by an organized crime group in Odesa[89] and in the case of alleged large-scale embezzlement by the then-Deputy Minister of Regional Development and Infrastructure.[90] In total, the agency gave the Armed Forces of Ukraine about EUR 50 million (UAH 1.9 billion) of confiscated corrupt funds. The HACC passed more sentences in 2022 than in 2021 (34 and 27, respectively), and these numbers increased in addition to the HACC's new jurisdiction in civil confiscation cases and sanctions. An additional EUR 30 million (UAH 1.2 billion) was given to the military due to HACC sentences.

Two institutional milestones towards the sustainability of an *effective* anti-corruption policy in Ukraine were even more important than the quantitative efficiency indicators. First, in June 2022, the Parliament adopted the belated Anti-

Corruption Strategy 2021–2025. For the first time, the special anti-corruption agency, the NACP, would be responsible for developing strategy—not the Ministry of Justice. The Anti-Corruption Program for 2023-25 provides a detailed strategy implementation roadmap. It is "a step-by-step plan on how to reform 15 socially important areas with the highest level of corruption," including justice, urban planning, land relations, custom and taxation, defense, healthcare, and social protection policy areas.[9192] This plan has been developed in a highly collaborative manner, with the engagement of 128 bodies and institutions. Eleven public discussions were held "with maximum involvement of experts, public organisations and all interested bodies."[93] The OECD assessment states that the Strategy "is evidence-based and targets significant corruption risk areas. Its development has benefited from extensive public consultations."[94] Thus, the sustainability of anti-corruption reforms is increasing, not only because they are entrenched in legislation and the government is devoting the necessary resources to realize them, but also because of the dedicated institution that is responsible for the anti-corruption strategy and monitoring its implementation. Importantly, this step also indicates the crucial role of EU conditionality, as the Strategy has been adopted as a requirement for EU candidate status.

The second milestone, complementary to the preventative measures towards de-oligarchization discussed by Mikhail Minakov in this volume, concerns the law initiated and drafted by the NAPC, which provides the legal mechanism for confiscating assets of those persons under sanctions. In other words, in addition to the legal mechanisms for monitoring and detecting undue influence (through the register of oligarchs, for example) and the effective institutions for investigating and punishing this influence (NABU, SAPO, HACC), there is now a legal mechanism for seizing assets in cases of corruption.[95] This law finally enabled the lawful and constitutional confiscation of the assets of former President Yanukovych nine years after he fled to Russia following the Euromaidan revolution.[96] This kind of court decision is important, as they increase the public credibility of anti-corruption. A recent citizen survey indicates that the highest number of respondents (79%) consider confiscating corrupt assets as an effective anti-corruption measure.[97] Moreover, this legislation provides the basis for tackling cross-border corruption and could become a precedent for other EU countries.

The positive trend towards genuine anti-corruption measures tackling high-level political corruption was already in place before the full-scale Russian invasion. Two conditions were critical to accelerating this trend during the war. First, the dependency of the political leadership on patronal actors is weaker than ever before. On the one hand, the oligarchs have lost significant assets in the war,[98] while on the other hand, given Zelensky's popularity, the president has no need to rely on the oligarchic media, which was a major instrument for ensuring the

dependency of politicians in Ukraine. Thus, he can act independently, and boost specific steps towards de-oligarchization. Second, the protracted crises caused by the war are so major that the government must collaborate with both its citizens and its international partners for the nation to survive. Trust is the basis for this collaboration: with the large wave of political dismissals associated with reputational damages of the authorities, the country's leadership is attempting to demonstrate a "zero tolerance for corruption" attitude in order to persuade partners, Ukrainian society, and international donors into further collaboration. Thus, the nature of accountability is shifting from monitoring-based towards partnership-based accountability fora.

6. Comparative analysis and outlook

This chapter aimed to explain the successful outcomes of anti-corruption policies grounded in the logic of historical institutionalism. It contextualizes the sustainability of independent anti-corruption institutions and their increasing effectiveness in a long process of changing the social contract, in which non-patronal actors have become increasingly powerful, while the wartime conditions have decreased the media-, economic-, and political influence of patronal actors (particularly the oligarchs).

Empirical analysis of anti-corruption policies in Ukraine reveals that anti-corruption was a critical and contested policy field in the early 1990's, even before the international anti-corruption regimes were in place. However, the conceptualization of corruption was narrowed down to its material dimension, and anti-corruption actions targeted low- and mid-level public officials, excluding high-level political leadership from liability. Thus, there was the will and capacity for tackling only petty free-market corruption and, occasionally, cronyism. It was done, however, in a selective way. In the single-pyramid setting of Kuchma and Yanukovych, anti-corruption policy became a powerful instrument to increase and maintain the chief patron's dominance. At this time, anti-corruption institutions were entirely subordinated to the president, and they legitimized surveillance and selective punishment for disloyalty. In other words, anti-corruption was effective but counterproductive. Under conditions of fragmentation in a patronal democracy after the Orange Revolution, there was the will to tackle high-level corruption, including its social forms like clientelism, but the capacity to implement this endeavor was too weak, and the resistance of patronal actors was too strong.

Due to the increasing influence of non-patronal actors after the Revolution of Dignity, the society-driven anti-corruption policies targeted not only petty but also grand corruption. The anti-corruption strategy and legislation were conceptualized

in a way that foresaw not only administrative but also criminal liability for all public officials of low and high ranks. Institutional instruments were developed to implement these policies as well. However, the patronal actors were still too powerful, and their resistance blocked the counteraction to state capture and local patterns of criminal-state functioning. The solid legislative and institutional structure of anti-corruption policies proved useful under the conditions of the full-scale war (Table 2). The state became fully dependent on societal support within the country and on assistance from Western partners. Building trust in order to manage the crisis jointly became the ultimate priority of the country's leadership. At the same time, the president's popularity decreased his dependence on the media of the oligarchs, who also lost much of their economic and subsequently political influence due to significant asset destruction in the war. This constellation opened the window of opportunity to institutionally detect, investigate, and punish grand corruption.

Table 2. Targeting, institutionalization, and effect of anti-corruption policies in Ukraine.

Type of corruption	Anti-corruption policies in…		
	pre-Maidan (before 2013)	post-Maidan (2014-2022)	war (2022-)
Free-market corruption	++	+++	+++
Cronyism	+	++	+++
State organization collusion	–	++	+++
Bottom-up state capture	–	++	+++
Top-down state capture	–	++	+++
Criminal state pattern	–	+	++

Note: "–" means no targeting, "+" means targeting, "++" means targeting with institutionalization, "+++" means targeting with institutionalization and effect. "Effect" means the evidence of enforcement (e.g. independent investigations and HACC decisions) and does NOT refer to the measurements or assessments of corruption levels. "+" in grey indicates the nominal extent with some gaps and challenges.

Despite the change of the social contract resulting in significant improvements of anti-corruption policies, this process is still ongoing and "deep democratization" is anything but accomplished. There are several risks to consider in the long term. To prevent criminal state patterns, anti-corruption institutions are insufficient to hold political elites accountable, as without external oversight, anti-corruption policies and institutions can easily become subject to undue influence. As long as elections, protests and many transparency mechanisms are suspended, accountability in Ukraine is compensated by vivid collaborative practices between government and citizens, which have evolved since Maidan. Collaborative governance produces

alternative forms of accountability based on trust-building instead of formal control and audit.[99] These forms of accountability require further research that can provide unprecedented empirical evidence about the role of indirect anti-corruption measures.

Another risk is when the efficiency of direct anti-corruption measures, such as monitoring, control and enforcement, becomes the main indicator of credibility and the key to accessing significant reconstruction resources. While efficient anti-corruption programs are worth striving for, exaggerated focus on quick, quantitatively measurable outcomes can produce unintended impacts (e.g., decreasing social cohesion, increasing perception of corruption etc.). The increasing body of literature suggests setting the goals along the question "What is opposite to corruption," instead of desperate attempts to eradicate corruption. This perspective contextualizes anti-corruption policies not as a goal but as a mechanism to generate public value. This perspective also implies legitimacy and deliberation in policymaking because the opposite of corruption needs to be defined and measured depending on the problems and expectations in a certain context. Moreover, it opens policy design for indirect anti-corruption measures, like education, support to SMEs, or citizen participation practices, which can produce results in the long term.

Given the deeply integrated functions of corruption in politics and society in Ukraine, the anti-corruption policy is a highly contested space, reflecting the core of the social contract. This contestation has an institutional dimension when designing and implementing anti-corruption strategies and programs. It also has a discursive dimension when defining corruption and the expectations towards the opposite of corruption. This contestation materialized in two revolutions, triggered by electoral fraud in 2004 and criminal state patterns in 2013. Many non-patronal actors challenges the oligarchs domination and defined citizens' influence on policymaking and distribution of public resources as the opposite of corruption. They created and used mechanisms to defend their interests by political means—the process known as "deep democratization." This process shifted power relations in society, resulting in effective anti-corruption policies and institutions. The costs of corruption and the demands for justice have significantly increased since the full-scale Russian invasion, making anti-corruption policy even more important.[100] It requires quite a sensitivity and an effort to keep deliberating what the opposite of corruption is and to not to confuse the goal with anti-corruption measures as the way towards it.

Notes

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[7] For a detailed discussion, see Magyar and Madlovics, *The Anatomy of Post-Communist Regimes* (Budapest–New York: Central European University Press, 2020), 371–401.

[8] Helmke and Levitsky, "Informal Institutions and Comparative Politics."

[9] Oksana Huss, *How Corruption and Anti-Corruption Policies Sustain Hybrid Regimes: Strategies of Political Domination under Ukraine's Presidents in 1994–2014*, Soviet and Post-Soviet Politics and Society (Stuttgart: ibidem, 2020). The concept of a system of corruption should be differentiated from the phenomenon of systemic corruption: While systemic corruption aims at describing permanently repeating corrupt practices and processes that follow certain patterns, independently of the scale of corruption, the concept of a system of corruption focuses on structures and forms of formal and informal institutions which govern by means of corruption and aims to analyze the role of grand political corruption in all its forms within the political system.

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Regime Cycles and Neopatrimonialism in Ukraine

Oleksandr Fisun and Uliana Movchan

1. Patronal democracy and neopatrimonialism

1.1. Patrimonialism and neopatrimonialism: treating the state as private domain

In the modern world, when a democracy backslides or regimes are established which are neither democratic nor authoritarian, researchers try to identify them and give them a name by making reference to theories from the early twentieth century. Thus, Max Weber described a system where authority is based on family ties, patron-client networks, and personal loyalty, alongside the existence of formal rules and regulations. He named this system "patrimonialism." Patrimonialism can be found all over the world, has existed throughout history, and is not limited to non-Western countries. Patrimonialism can be understood in different ways: as a rival, ally, or tool of the bureaucracy, as a model of quasi-bureaucratic rule, and as an extension of patriarchy.[1] The term patrimonial regime means that it is not a transitional type; it partially inherits some aspects of traditions, and is understood in terms of these aspects. Patrimonialism relies on the personal nature of power relations, the inequality between a lord and subordinates, and the appropriation of the state, but it is not just personalism and instability.[2] Patrimonial politics is the monopolization of public office by members of a political clique that uses the resources derived from their mandate to maximize their power base and their clientele.[3]

The literature distinguishes patrimonial regimes by three dimensions:

1. the scope of codification of the laws they include (i.e., it is necessary to study how, in practice, actors appropriate positions);
2. the nature of loyalty in the different forms of appropriation (i.e., the extent to which loyalty is personal rather than official);
3. the nature of dependence between the lord and the subordinates (i.e., how asymmetrical it is).

In the 1960s, African independence revived debates over "modern patrimonialism," and the term "neopatrimonialism" was proposed by Shmuel Eisenstadt. The prefix "neo," as Laruelle explains, was meant to distinguish modern or "neopatrimonial" regimes, which coexist with legal-rational legitimacy, from patrimonial regimes based on traditional legitimacies.[4] Neopatrimonialism consists of two parts, one of dominance and one of legitimacy: patrimonial relationships (where all power relations are personal relations) and legal-rational bureaucratic power. In neopatrimonialism, the elite concentrates power in the center; their policy is based on redistributive functions (the state is a façade, capable of extracting and distributing resources);[5] and they try to weaken any attempt to create autonomous groups. Interaction within patron-client relations is based on the simultaneous exchange of various types of resources: instrumental, economic, and political. Thus, neopatrimonialism is a contradictory combination of bureaucratic and patrimonial norms.

Some scholars, like Bratton and Van de Walle,[6] write that transitions in different parts of the world had different outcomes: for example, in Africa, it ended with neopatrimonialism, which became an obstacle to democracy. Furthermore, the institutionalization of neopatrimonialism took place through (1) clientelism (personal loyalty in vertical and, in terms of power, unequal relations between patrons and clients);[7] (2) the distribution of state resources (all politics can be called paternalistic, distributive, cumulative, and extractive);[8] and (3) the use of presidentialism (formal rules exist and the distinction between private and public is formally accepted, although in practice the distinction between private and public spheres is not always kept).[9]

Patrimonialism, which is applicable to communist regimes, is associated with two types of interpretations: on the one hand, it is a historical and cultural pattern, and on the other, it is a modern political system with the ability to develop public policy[10] Hanson and Kopstein[11] argue that the former literature on neopatrimonialism is incapable of understanding the modern patrimonial wave. A new neopatrimonial wave emerged in Russia as a direct attack on Western neoliberal ideology. In this narrative, Putin's model for restoring state power appears as a countermeasure to failed liberalism. The collapse of the global financial system in 2008 also created ideal conditions for the spread of patrimonialism.

The fact that post-Soviet development took place in the context of unfinished nation-building and the incomplete rational and bureaucratic transformation of the state has led to the emergence of neopatrimonial systems of domination in a number of successor states—and not to the establishment of democracy. In these systems, modern state institutions (a parliamentary and multi-party system, electoral mechanisms, and a modern constitutions) have been formally

established and serve as legitimizing façades of the system, while remaining internally subordinate to the "patrimonial logic" of their functioning. The significant role that informal institutions play in such a system still evades observers such as the EU, which monitors formal institutions and the legislative system only, with no mechanisms for studying informal practices.[12]

1.2. Neopatrimonialism as the key moment in regime cycles of patronal democracies

The phenomena observed by the neopatrimonialism literature have also been captured in the patronalism approach, first pioneered by Henry Hale ("patronal politics").[13] Magyar and Madlovics[14] follow Hale's footsteps, and in their description of the "mafia state" they structure the features jointly associated with neopatrimonial regimes by four analytical dimensions. In their analysis:

1. the feature that the key role in the post-Soviet neopatrimonial regime is not formal relations within the system of official interactions but patron-client ties is classified into the analytical dimension of *the actor*;
2. the feature that a patronal network appropriates the state, uses it as façade for patrimonial logic, and treats public institutions as private domain is classified into the analytical dimension of *the action (targeting power)*;
3. the feature that neopatrimonial policies are extractive, and economic resources are distributed among clients by the patrons as reward or punishment is classified into the analytical dimensions of *the action (targeting property)*;
4. the feature that neopatrimonialism combines patrimonial relationships and legal-rational bureaucratic power, and that legal controls are disabled in favor of corrupt practices is classified into the analytical dimension of *legality*.

The difference between this and the neopatrimonialism approach is that, while the latter refers to all these features when it speaks about a "neopatrimonial regime," Magyar and Madlovics use "neopatrimonialism" only for the second aspect concerning private appropriation of the state. Hence, they assign one specific regime feature to the various state types in the literature, including neopatrimonialism (Table 1).

Table 1. Facets of post-Soviet regimes with different state concepts, as per Magyar and Madlovics, *The Anatomy of Post-Communist Regimes* (2020).

	The basis for the term used	*Alternative terms used for facets of patronal regimes*	*To which features of the state the term refers to*
1.	**Actor**	patronal state	the ruling elite's internal dependency, patron-client relations
		clan state	the ruling elite's anthropological structure and cultural patterns (patriarchal "adopted" family)
2.	**Action (targeting state institutions)**	patrimonial state	treatment of society as private domain
		neopatrimonial state	patrimonial rule operating in a democratic institutional framework
3.	**Action (targeting property)**	kleptocratic state	illegal diversion of state revenues (favoritism via informal ties)
		predatory state	illegal predation of private assets (*reiderstvo* via informal ties)
4.	**Legality**	captured state	permanent chains of corrupt vassalage in a decentralized order (state capture by various independent actors)
		criminal state	permanent chains of corrupt vassalage in a centralized order (governance operated as a criminal organization)

Neopatrimonialism defined as such is the key aspect we need to focus on to understand the political history of modern Ukraine. In our previous works, we adhered to the neopatrimonialism approach,[15] but we need not resolve this semantic difference here, as our focus in this chapter is on the issue of where the two approaches intersect. Regime cycles, as described by Magyar and Madlovics, start when the ruling patronal network attempts to fully appropriate the state. This is the main characteristic of patrimonialism: an attack on the civil service and the judiciary in the service of personal power. In a patronal democracy such as Ukraine, patrimonialization of the state is normally done not from a single center but by competing networks which constitute a competitive-democratic landscape of capturing different state institutions and patrimonializing them for their own interests. It is this world of different "islands" of neopatrimonialism, not organized into a single pyramid hierarchy, which the ruling network in a regime cycle tries to replace with a full-fledged neopatrimonial state, appropriated completely in an autocratic regime. This

network then tries to use the instruments of public authority to break the autonomy of oligarchs and other actors in society, i.e., to institute a single-pyramid patronal network. The world of a single-pyramid network, ruling personally, inevitably undermines the legal framework that maintains mass representative democratic institutions. The electoral process and constitutional norms cannot survive long when patrimonial legitimation begins to dominate the political arena.

Regime cycles emerge when such attempts fail—as we will show, this is precisely what happened to Kuchma and Yanukovych, followed by the competitive regimes of Yuschenko and Poroshenko, respectively. In the next section, we briefly discuss decentralization as one of the key obstacles to the establishment of a neopatrimonial state. Afterwards, we provide a detailed overview of the steps of the attempted appropriation of the state and the functioning of decentralized appropriation in Ukraine, up until the time of the war.

1.3. Decentralization as one of the key obstacles in the way of establishing a neopatrimonial state

In post-Soviet regimes where clientelism and patronage dominate, many new reforms are built into the logic of informal relations. The reform of decentralization is no exception. Since the state does not develop the country as a whole but serves the narrow interests of the elite, subnational governments end up falling into the same trap of local elite capture.[16] Power capture occurs when elites control, shape, or manipulate decision-making or institutions in a way that ends in personal gain at the expense of non-elites or local communities.[17] Decentralization creates new opportunities (positions and resources) for patronage, with the help of which the ruling elite rewards those who are loyal to them on a local basis throughout the country. Building patronage networks at the local level is desirable for elites in both autocratic and democratic states.[18] Decentralization through local elections is a useful tool for co-optation because it provides elites with the opportunity to cultivate their own power base.[19]

Many countries on the way to democratization have carried out decentralization reform, the main idea of which has been power transition from the center to the lower levels of government and fostering the fiscal capacity of local government. There was an opinion that if the local elite is in power, then the government is much closer to the people.[20] But instead of bringing democracy to a local level, such reforms simply turned local politicians into political brokers who mobilized networks of local voters in exchange for financial payments and patronage positions.[21] To the extent that decentralization is the devolution of decision-making from the center to local government,[22] then through decentralization reforms hope to improve public policy and resource allocation, so that the needs and capacities of citizens are better

considered.[23] The goal of local government reform and decentralization is to ensure an efficient and appropriate response to the needs of local communities for public services by transferring power to local government structures.[24]

When the process of decentralization takes place in a political system where patron-client networks exist, decisions are made and implemented exclusively by one group.[25] The reason why decentralization may lead to state capture by local elites lies in the specific features of local government, namely, fewer checks and balances, less pluralistic local authorities, and less diverse media at the local level. In this case, patronage becomes a stable feature of governance.[26]

Politicians seek to use public resources for political gain, and electoral behavior is characterized by short-term gains rather than broad political considerations. As such, clientelism and targeted redistribution entail significant costs to society.[27] It is worth noting that decentralization does not necessarily lead to democratic development. Sometimes, officials are appointed rather than elected. It is not uncommon for self-governments to operate at a loss and remain dependent on the central government.[28] And where the privatization of public power takes place, power becomes personal, and politics becomes a separate type of business. Any person, even with the smallest share of power, considers his position as private property (this issue is true for all levels of power).[29]

Of course, decentralization in post-Soviet regimes has not always led to local elite capture. The degree to which local elites have captured power depends on the level of social and economic inequality within society, the tradition of political participation and the degree of awareness of the electorate, and the transparency of decision-making by local authorities.[30] Decentralization enables local elites to become elected officials in local government with their independent agendas and career goals freeing them from clientelistic dependence. This is more likely if decentralization includes forms of accountability, such as auditing and participatory budgeting.[31] Furthermore, accountability involves opportunities for re-election, and success in one's jurisdiction. Decentralization also better resolves the agent-principal problem through having one agent, the self-governing body, and one principal, the local citizenry.[32] Furthermore, decentralization can lead to strong local social organizations and thus decrease the pattern of clientelism. For instance, local organizations can work with the local community to reduce the dominance of local elites in local government,[33] or strong social institutions may replace formal institutions like free and fair elections.[34] An example of this can be found in China where research shows that when rural managers compete with lineage elites who are not a part of the local elite network, then the appropriation of land (as one of the main resources in rural China) by such local elites is less likely. Yet another way to keep village leaders accountable in some Chinese provinces has been the use of informal incentives by temple organizations.[35] Other examples can be found in

countries such as India and Brazil, but the common feature of all cases is a strong civic organization acting in local politics through an accountability process or via policy formulation.[36] One more way to reduce the power of the local elite in the process of decentralization is to carry out administrative and fiscal decentralization first, and address political decentralization afterward.[37]

As for post-Soviet states, many new firms had strong incentives to be involved in state capture. But in post-communist states such as Poland and the Czech Republic, the level of state capture and economy capture has remained low. All this is due to the liberalization of the economy, increased bureaucratic accountability, and political competitiveness, which have placed some restrictions on the ability of individual firms to capture the state.[38] If we turn to the theory of veto players, the general assumption has been that when there are many veto players, the process of implementing reforms becomes more complicated. But in Eastern Europe and the former Soviet Union, there were more reforms when there were more veto players. An important determinant in reducing the number of reforms was the ratio of veto players to those veto players who held Communist Party seats. This is why reform was less likely when there were few veto players and where the Communist Party took most of the seats in parliament.[39] Together with few veto players, a weak party system could also be favorable to state capture. When the party system is not institutionalized, and government transparency is low, political competition undermines effective legislative bargaining and worsens rather than improves the delivery of public goods.[40] In this case, if there is a potential for state capture, then the accountability of the local elite should be strengthened.[41] With weak accountability and institutions, local elites can benefit from such deficiencies and thus capture budgets and public goods.[42]

2. Regime cycles and attempts at the neopatrimonial appropriation of the state in Ukraine

2.1. Patronal democracy in Ukraine

Several signs of presidential patronage are visible in Ukraine.[43] A patronal president and rent-seeking oligarchs are the key actors within the country's political system. A patronal president is a president who is elected by national suffrage and has formal power based on the Constitution, but also has informal power based on patron-client relationships and institutionalized networks, which connect political power with control over economic activity. Patron-client ties play a key role because they regulate access for neopatrimonial players to various types of resources. These patron-client ties, in turn, are based on relationships of personal dependence that derive from an asymmetrical exchange of capital.[44]

Various patron-client networks of oligarchs under the guise of political parties compete in formal electoral mechanisms, but the main purpose and meaning of the political struggle is to capture the state in order to control the sources of rent. In this context, political parties are mostly virtual political machines that organize national patron-client networks designed for rent-seeking and rent extraction at both the national and local levels. Parties are formed by so-called political "investors" who seek not to protect the interests of the electorate but want to promote a quota-based distribution of rent-seeking positions in the government and state apparatus. However, oligarchs are not the main political brokers in this system. They have never initiated or significantly promoted changes inside the government. Rather, they have constantly sought co-existence with whoever has or will receive political power. After the Orange Revolution, however, most oligarchs started to act on their own and joined different political camps.

In post-Kuchma Ukraine, the ability of the president to use patronage was reduced, but the potential for such a tactic remained in the form of "political machinery" and "political technologies."[45] The composition of the oligarchs did not change much after the Orange Revolution (no actions were brought against them, and they did not lose their businesses). What did change, however, was their configuration, where a dual-tipped pyramid of power emerged, organized by Yushchenko and Tymoshenko.[46] This fact is evidence of the way in which rules and institutional design affected the balance of power within different camps.

During 2004 and 2014, the oligarchs took a "wait-and-see" position while the politicians competed. When they felt that it was profitable, they changed political camps. This suggests that the oligarchs do not define who can get political power; instead, they apparently serve as a catalyst for future change by giving additional support to the side that will likely win.[47]

The various patronal distribution paths divide the population along regional and ethnic lines.[48] This logic partly explains the separatist dynamic of 2014. Moreover, regional elites provide financial and informational support as well as political mobilization in the regions in exchange for the protection of their property and wide freedom of action in policy implementation on the regional level.[49]

As we mentioned above, regime cycles in Ukraine featured two different phases, which correspond to different patterns of patrimonialization within the state. The first phase may be called the authoritarian-bureaucratic phase, when the president controls the majority in the assembly and has a prime minister from his party. If these conditions are met, it means that the president has the potential to monopolize the power/fiscal vertical, and establish a neopatrimonial state. The second phase may be called the competitive-democratic phase, which occurs when the patron-client network is divided between two centers. Such arises when there is an absence of control over the national assembly, the presidential party resource

exhibits weakness, or when the prime minister is co-opted from a non-presidential party or from an alternative patron-client network. We consider the presidencies of Kuchma and Yanukovych as examples of the authoritarian-bureaucratic phase, and Yushchenko and Poroshenko as examples of the competitive-democratic phase.

A neglected dimension for the understanding of Ukrainian patronal politics concerns subnational politics, which implies that there is a so-called two-tiered system of national level politics and regional clans. The political elites in the center use a variety of methods to control local elites (patronage, cooptation, or struggle). This has been possible because different presidents have tried to use their informal power to include the subnational level in their governments. The decentralization reform of 2014 changed the situation as it helped to institutionalize local governments. This is why subnational politics is an important and underexplored element in explaining the features of the Ukrainian patronal regime, which we will try to highlight more in the following.

2.2. Authoritarian-bureaucratic neopatrimonialism: attempt to establish a single-pyramid patronal network under Kuchma and Yanukovych

Patronage was a key tool for Kuchma to remain in power. The main goal of Kuchma and the elite surrounding him was to maintain control over the executive.[50] There was no separation of powers in Ukraine. Kuchma mobilized the entire state apparatus for his reelection in 1999. The president ruled like a feudal lord, although within the formal setting of democratic institutions. The main characteristics of the regime in Ukraine in that period were the collapse of the state apparatus, the seizure of the state by the ruling clans, and the spread of corruption in the state bureaucracy.[51] However, attempts to build a "party of power" around the president simply led to a short-term consolidation of presidential power, and only "whetted the appetite" of the rent-seeking elite.[52] During the Kuchma era, there were several oligarchic networks concentrated around one political camp.

Ukraine under Yanukovych's presidency can be considered a classic case of patronal politics taking on the leading role in the functioning of a political regime. In particular, the abolition of the 2006 constitutional amendment and, with it, the divided-executive system (see below) strengthened President Viktor Yanukovych's ability to use both formal and informal levers of government and expanded his patron-client base. Yanukovych, unlike his predecessors Kuchma and Yushchenko, had for the first time not only a relative party majority in parliament but also a majority bound by party discipline. The main point is that the super-presidential regime of Viktor Yanukovych became a hostage to "winner-take-all" politics, which requires a constant demonstration from the party in power of its dominance in parliament, and in most cases, this is impossible without the presence of coalition

partners, i.e., compromise with the "party roof" of alternative patron-client networks. An illustrative example is the relationship of the Party of Regions with Volodymyr Lytvyn's People's Party and the Communist Party of Ukraine, which not only controlled the posts of speaker and vice speaker, respectively, but also acted as beneficiaries of holding a "golden share" in the adoption of many bills. The three most illustrative examples of the incorporation of patron-client networks outside the Party of Regions into the party of power are: (1) the formation of the Reforms for the Future parliamentary faction (19 deputies, created in February 2011 mainly on the basis of the factions of the Bloc of Yulia Tymoshenko and the Our Ukraine–People's Self-Defense Bloc) as an additional source of support for the government coalition in parliament; (2) the co-optation of the former head of the Secretariat of President Yushchenko, Viktor Baloha, to the post of Minister for Emergency Situations (November 2010) and support by the "United Center" party for the government coalition; and (3) the co-optation of one of the key figures of the Orange Revolution, Petro Poroshenko, to the post of Minister of Economic Development and Trade (March 2012).

Hence, the attempt at the neopatrimonial appropriation of the state was enabled by past institutional changes, namely, the 2006 constitutional reform (from the one side the premier-presidential system has provided the opportunity for the emerging the competitive patron-client networks, but from the other side, the problem was with the electoral law when proportional representation system in single national constituency led to unstable coalitions). The Yanukovych administration succeeded in overcoming the problem of a weak presidential party through the co-optation of individual deputies into the pro-presidential parliamentary majority, but also through a compromise between elites and coalition partners in business groups that had previously supported the administration's opponents. Yanukovych moved to build a single-pyramid patronal network, because as president he did not need to share power with coalition party partners or appoint a compromise prime minister. In other words, after Viktor Yanukovych's victory in the presidential election, his party was able to secure both the posts of president and prime minister, which helped to establish a unified network. Under Yanukovych, oligarchs were again regrouped around one political center, but they were no longer the big informal coalition they used to be. Even so, observers immediately noted the reorientation of business-oriented elites toward Yanukovych, including key figures controlling television coverage. Moreover, before any split between the president and the prime minister could reemerge, the former sought ways to annul the 2006 reform that created a dual executive structure in Ukraine. Due to the lack of competing networks controlling the executive, he was able to change the Constitutional Court's composition in September 2010, replacing four judges. Soon after this change, the Court found that the 2006 reform was not properly adopted and, as

a result, had no legal force, which restored the presidential constitution of 1996. The fact that Yanukovych wished to amend the Constitution shows that he saw the dual structure of the executive as a potential complication for patron-client network consolidation.

It should be noted that the success of the "For United Ukraine!" bloc (led by Kuchma) and the Party of Regions (led by Yanukovych) was associated with the inclusion of regional elites in the pyramid of power. But such coalitions were not stable as there were other autonomous systems that were not co-opted, and which eventually came forward. This partly explains the Maidan and the Euromaidan when the regional elites tried to build their own power vertical and be included in the rent redistribution process.

In short, the political regime under Kuchma and Yanukovych was characterized by the concentration of power in a patronal president who had the potential to monopolize power and fiscal vertical; the president through the single patron-client network controlled the key positions of law-enforcement agencies and big industrial companies.

2.3. Competitive-democratic neopatrimonialism: return of the multi-pyramid patronal network under Yushchenko and Poroshenko

The 2006 constitutional reform established a mixed premier-presidential system, where the parliament had the right to appoint and dismiss the prime minister and the president had one of these rights. Such a system can form an important signal indicating which of the two offices is dominant over the other. A constitution with a divided executive creates two focal points (the president and the prime minister) for elite network coordination, rather than one, and such a constitution does not allow a president the coordination of political closure. The outcome of these constitutional amendments was that the concentration of power in one hand decreased. The formal independence of each office created some incentives for networks to divide rather than combine, which was not possible under presidentialism. Hale argues that a constitution with divided government powers does not allow the creation of a single (unified) rent-seeking coalition, i.e., a single-pyramid network.[53] At the same time, the existence of a dominant party disrupts the logic of premier-presidentialism and reintroduces the possibility to establish a super-presidential regime.[54] The 2006 constitutional reform complicated the implementation of the winner-take-all principle and encouraged stakeholders to join in the distribution of political dividends according to the proportionality of voting results. In other words, post-revolutionary Ukraine in 2005–2009 featured the separation of the neopatrimonial patron-client network between two players, a president and a prime minister, and the formation of two autonomous competing

patronal networks on this basis: the patronal president Viktor Yushchenko, and the patronal prime minister Yulia Tymoshenko. A multi-pyramid patronal network of two parallel power verticals persisted through the neopatrimonial control of different apparatuses of the state machinery, including law enforcement, the security service, and the judiciary. This duality prevented one power vertical from strong-arming the other. But the prime minister could have autonomy only in the presence of their own parliamentary party as an institutionalized patron-client network. This, in turn, depended on electoral support for the prime minister's party and on whether the power of the prime minister's party was equal to or outweighed the power of the President's party resources.

Ukraine's patronal democracy is the result of the constitutional reform that transformed Kuchma's super-presidentialism into premier-presidentialism. This was the political reality of Ukraine after 2004, with a regime that was neither transitional nor temporary in form. Along with the introduction of a proportional representation system, the constitutional reform had a significant impact on the power relations within the executive by increasing the prime minister's power. Owing to the constitutional changes, it became difficult for the president to impose their will. However, while institutional changes are important explanatory factors, they do not stand alone. Neither prime minister (Tymoshenko nor Yanukovych) was a unifier. They both relied on regional support bases, and for the most part, oriented their policies toward the benefit of their support bases. In the case of Ukraine after 2004, this regional and linguistic separation tended to be more beneficial to the prime minister than to the president, because the mobilization of local resources allowed the former to dominate over the latter. This dynamic in the relationship between the president and the prime minister was based largely on non-institutional explanations, which emphasize the fact that democratic consolidation of institutions remained weak. Relationships within the executive in 2005–2009 were the result of local policies, where non-institutional interests, regional and linguistic divisions, and clientelism dominated in Ukrainian politics.[55]

We can observe the competition among patronal networks during the presidency of Poroshenko as well. Poroshenko was elected in the first round of the presidential election, which is considered an unprecedented event in the political history of Ukraine. Under the presidency of Poroshenko, the nature of the political regime, its principle of organization and functioning, remained the same. Informal institutions continued to dominate over formal institutions. Patron-client networks, personal loyalty, and clan membership (as relatives and/or business partners) remained the principles of system organization.[56] These principles continued to be decisive in the formation of political parties, in appointments to most government positions, and in the relationship between political actors at the state and regional levels.

The paradox is that these patronal principles of Ukrainian politics, oddly enough, contributed to the institutionalization of a pluralistic political system in a series of formal and informal agreements between the main political players of Euromaidan. That is why the political regime can be defined as a patronal democracy in which rent-seeking continues to be a key driver of political competition. Various patron-client networks of oligarchs under the guise of political parties compete within the framework of formal electoral mechanisms, but the main goal and meaning of the political struggle is to capture and divide the state in order to establish control over the sources of rent. What is specific to this system is that the winner is determined by competitive political struggle, and the result is not defined in advance. While different parts of the state are brought under neopatrimonial control, the fact that it is not done by a single-pyramid patronal network preserves the democratic nature of the Ukrainian regime.

After Yanukovych fled Ukraine following the Euromaidan revolution, the composition of the oligarchic groups did not change significantly, but there was a change in the relationships between them in the context of transforming patronal pyramids. The oligarchs split into a Donbas network on the one hand and autonomous oligarchs on the other. These groups joined different political camps. Poroshenko and Kolomoisky were the only oligarchs who were able to form political networks while most other oligarchs tried to protect their businesses through gaining adoption by existing networks.[57] A feature of patronal networks in Ukraine is that the business elites and the political elites create a kind of symbiosis: the business elites, due to their access to political power, protect their economic interests, while the political elites "profit from the business funding of election campaigns and from administrative rent and kickbacks *(otkaty)*."[58] And lobbying, in the case of such business-state networks, is only one means by which oligarchs try to affect political power.

Unlike in 2004, many oligarchic deputies remained on the losing side. Their former connection to Yanukovych and the strong division in the political space made transition much harder. Opposition parties did not want to lose face by taking the oligarchs on board. As a result, the number of oligarchs in the Verkhovna Rada decreased from 10 in the period 2000–2014 to 5 in 2015.[59] This example shows the difficulty of transitioning to another camp in the absence of a negotiation mechanism.

A key feature of the post-Euromaidan political system was the consolidation of power by President Petro Poroshenko, who successfully expanded both the scope of his formal control and the possibilities of his informal influence. In a relatively short period of time, the key political institutions like the position of the prime minister, the prosecutor general, the Security Service of Ukraine, the Ministry of Defense and the military-industrial complex, the judiciary, as well as the subnational

vertical of governor's power at the regional level were in the sphere of formal and informal control of the president. The functioning of the mechanism of informal "coordination" of interests and the "return" of the president as the main veto player (with the formal retention of the prime ministerial system) was demonstrated during Poroshenko's quick victory in reformatting the government coalition in April 2016. The resignation of Arseniy Yatseniuk turned the Popular Front into a junior partner of the Bloc of Petro Poroshenko "Solidarity," and the appointment of Volodymyr Groysman to the post of prime minister created the preconditions for strengthening the president's influence in the cabinet of ministers and the entire system of the executive. In fact, the appointment of Groysman significantly limited the dualism and competition of informal networks within the executive, and integrated the prime minister into the vertical of the president's patronal pyramid. For the implementation of his policies, Poroshenko had to rely not only on the votes of the Bloc of Petro Poroshenko "Solidarity" and the Popular Front, but also on the votes of the oligarchic factions in exchange for certain concessions and privileges, the preservation of sources of rent, and immunity from persecution. The oligarchic nature of the relationship between politics and the economy as a whole retained its significance in Ukraine, however, the sources of rent in state corporations, ministries, and regions were controlled on the basis of the quota principle by the representatives of the Bloc of Petro Poroshenko "Solidarity"–People's Front cartel with the help of the so-called institution of "watchers" (people who controlled shadow cash flows and corruption schemes in ministries, corporations, and regions). The division of this rent allowed for the shadow financing of politics, and maintained politics in Ukraine as the most profitable type of Ukrainian business.

Another feature that distinguished this cycle of the political regime (and the presidency of Poroshenko in particular) was the implementation of the decentralization reform. On April 1, 2014, the Cabinet of Ministers of Ukraine approved the Concept of Reforming Local Self-Government and Territorial Structure of Power in Ukraine. The reform included two components: amendments to the Constitution and a package of new draft laws on the amalgamated territorial communities and the re-organization of their functions. As a result, consolidation was effected into larger territorial communities (less than 1,500 communities [*hromada*] were created out of an original 11,520)[60] along with a reorientation of administrative and financial resources for such larger communities.[61] The rapid development of sub-national politics in Ukraine was substantially stimulated by the relative autonomization of local clans due to the decentralization reform, which led to the transfer of financial resources to regional and local levels of government. In fact, we now observe the formation of a new two-tiered political system marked by the development of regional political regimes, which have peculiar electoral compositions and are very different from politics taking place at the national level.

Sub-national political regimes are based on the dominance of relatively autonomous local patron-client systems and political machines that enter into various arrangements with national political players, mostly with the current party of power. As a rule, usually, local sub-national political machines are incorporated into the presidential network in the status of junior partners. Oftentimes, however, these networks maintain their formal and informal autonomy from the central authority and the presidential party of power. This trend produces multiple configurations of political settlements at the local level and promotes the emergence of independent regional party projects and local electoral blocks. In most cases, local political machines have been able to maintain political autonomy for a long time, not only in resource-independent Dnipro and Donetsk before 2014, but also, for example, in regions like Zakarpattia, Odesa, Kharkiv, and Lviv. For the most part, these sub-national political machines and patron-client networks rely on autonomous corruption sources of rents.

In short, competitive-democratic neopatrimonialism, in comparison with authoritarian-bureaucratic neopatrimonialism, is characterized by "parliamentarization" of the regime (due to constitutional reforms) and a multi-pyramid patronal network.

2.4. Autonomy of subnational politics and its influence on Ukraine's neopatrimonialism

Since the presidential election of 2019 and as a result of the war, new trends have emerged in the Ukrainian political system. Zelensky obtained political legitimacy through popular election and has support in each region of Ukraine. Moreover, he has relative autonomy over all political parties and independence from his own Servant of the People party. Zelensky's regime can be explained by three major features: (1) building a broad national presidential party network securing a majority inside the parliament; (2) restraining the political influence of the oligarchs by enacting anti-oligarchic legislation; and (3) the autonomy of regional clans in the wake of decentralization reform. Nevertheless, control over the local elites is as equally important as control over the oligarchs in the Ukrainian political system.

The topic of decentralization has arisen since the proclamation of Ukrainian independence. But in the end, with the adoption of the Constitution of Ukraine in 1996 together with the Law of Ukraine "On Local Self-Government in Ukraine" in 1997, everything came down to the centralization of power. These laws lie at the foundation of the problems facing local self-government at both the basic and the derivative level. At the basic level, this concerns, first of all, the lack of adequate resources for local self-government (its material and financial basis) and the uncertainty regarding the territorial basis of local self-government.

Regarding the so-called secondary (derivative) level of self-government (district and region), the insufficient power of the executive councils at this level has led to inefficiencies in their functioning. Hence the unjustifiably broad powers of local state administrations, to which district and regional representative self-government bodies are obliged by law to delegate executive functions of local self-government. In fact, public power at the local level is exercised through a dual system of political and economic power: there are centrally appointed heads of state administrations and local authorities elected by the communities. This has led to difficulties in the separation of powers between the executive bodies and local governments.[62] In practice, local councils have little power. Due to the absence of local budgets, they have had to bargain with district administrations, delegating part of their powers to them since the latter are financed from the state budget and have the possibility of performing these functions. This situation has only strengthened centralization, which, in turn, has helped to facilitate access to resources, especially the state budget. In addition, presidents have informally tasked them with mobilizing the local population in elections; hence, for example, "officials who did not bring sufficient votes in Kuchma's 1999 re-election were let go."[63] Therefore, a feature of the Ukrainian model of local government organization is that local executive bodies are created and operate not for the purpose of performing control and supervisory functions regarding the legality of local self-government activities, but for the purpose of assuming the main scope of powers for managing the relevant territories. All the above merely strengthen the patronal relationships and the informal dependence of local governments on the center.

As a decentralization reform we can observe a weakening in the president's power vertical due to the fiscal and institutional independence of local communities from regional (*oblast*) and district (*rayon*) administrations which has led to an increase in the capacity and sustainability of local governments. Nevertheless, some limitations of the decentralization reform became discernible after the local elections in 2020. The first problem with the reform is that it did not set term limits for the heads of local councils. This has allowed the latter to strengthen their positions and create all the conditions for being re-elected. The formation of the amalgamated territorial communities did not lead to changes in the composition of the local authorities, and thus the heads of the local councils began to be re-elected using patronage. The second problem is the lack of opposition within the local government at the community level, since the majority within the local council is of the same political force as the head of the council.[64] The third problem following the reform is that the executive is appointed by the local government, thus, as a result, two branches of power belong to one political party. This situation clearly supports the neopatrimonial nature of power at the local level, and contributes to turning local communities into sub-sovereign neopatrimonial regional bureaucracies.

Local elections have also illustrated the trend regarding the possibility of regional clans maintaining their formal and informal autonomy from the presidential party of power. In such elections, as a rule, the president's candidates have had no success in the largest regional centers of Ukraine, including Kharkiv, Dnipro, Odesa, and Lviv, despite the active expansion of the presidential network at the local and regional levels. Official candidates from presidential parties have failed to win most mayoral elections because local political machines have successfully nominated their own candidates, for example, Hennadiy Kernes (and his successor Ihor Terehov) in Kharkiv, Borys Filatov in Dnipro, Gennadiy Trukhanov in Odesa, and Andriy Sadovyi in Lviv.

Such independence on the part of local regimes weakens the president's power vertical, which Zelensky has been trying to restore under the conditions of the war. Conflicts with the mayors of Ukraine's big cities, such as Dnipro and Chernihiv,[65] show how the president is using administrative influence in an attempt to centralize power. At the same time, this also shows how decentralization has become an obstacle to building a single power vertical headed by the president. However, the risk of local elite capture remains. Simply having local governments accountable to a variety of civic organizations could be helpful in order to prevent the creation of local machineries of neopatrimonialism.

3. Conclusion

There have been several reforms to the political system in Ukraine. According to the Constitution of 1996, the political system was defined as a presidential-parliamentary system, where the powers of the president were much stronger than in any European semi-presidential system. The neopatrimonial character of the system contributed to the creation of a super-presidential regime (a single-pyramid patronal network led by Leonid Kuchma and, later, Viktor Yanukovych). In the early 2000s, there was a split within the political elite, which escalated in 2004. The political system was reformed that year, creating a premier-presidential system. The constitutional reform initiated the preconditions for Ukraine to develop an institutionally hybrid system capable of functioning in two different phases. Ukrainian regime cycles have alternated between their authoritarian-bureaucratic phases (when the president has controlled a majority in the assembly and has had a prime minister from his own party verticals) and their competitive-democratic phases (when there is a multi-pyramid patronal network of two centers in the absence of control over the assembly, weakness of the presidential party resource, and the prime minister is co-opted from a non-presidential party or an alternative patronal network). The decentralization reform in the context of a neopatrimonial

regime has also led to the weakening of the patronal president's vertical of power. In a time of war, this has been a problem for Zelensky as well, who has attempted to limit the autonomy of subnational politics. Nevertheless, decentralization reform together with civic activism could become something that will bring about a breakthrough to democracy.[66] Another driver of change is war which is enabling a shift in the situation within Ukraine as the regime undergoes alteration from one type of neopatrimonialism to another. The main features of this shift are bureaucratic rationalization and a reformation of the rational-legal state apparatus based on military needs. This is the classical interpretation of state-building using Tilly's concept of "war made the state." After the war, the road towards building a liberal democracy in Ukraine will be opened, and the country will be able to become part of the European family of democratic nations after three decades in the post-Soviet space.

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War, De-oligarchization, and the Possibility of Anti-Patronal Transformation in Ukraine

Mikhail Minakov

1. Zelensky's presidency in the context of patronal politics

The rise to power of Volodymyr Zelensky was directly connected with the reaction of the Ukrainian population to the results of the country's development under President Petro Poroshenko (2014–19).[1] In early 2019, Ukrainians had a very low level of trust in the government, with just 9% of respondents expressing confidence in it—the lowest level in the world in 2018–19 and far below the regional median of 48% for post-Soviet nations.[2] Dissatisfaction with the government in 2018–19 was so great that Zelensky, a person with no political or administrative experience, obtained a mandate for power from 73% of the voters, among both rich and poor, urban and rural dwellers, and Ukrainian and Russian speakers living across all regions of Ukraine.[3]

The older generation of the Ukrainian political class, as well as the Western political establishment, regarded Zelensky with concern and suspicion: the new president was not a professional politician, his team included no known diplomats and activists, he made his capital on show-business in Russia, he worked for a long time on TV-channels owned by oligarchs, and his political program was both vague and heavily anti-elitist.[4] But most Ukrainians obviously interpreted this lack of political experience as an advantage: Zelensky was not seen as a participant of patronal politics and informal power structures.

The next three years of his presidency demonstrated, however, that Ukraine's pro-Western geopolitical choice remained unchanged—or even deepened, driven by the country's security needs. Internal politics initially developed in accordance with the rules of contemporary Ukrainian political culture: every new presidency has started with an attempt to fulfill its electoral promises, then the opportunities of the presidential post make presidents more concerned with the interests of their own and allied clans, leading to self-serving rule, loss of popularity, the unification of opposition parties and clans in the parliament (and sometimes on the streets), and the consequent failure of the presidential group in the next elections.[5] Yet this

stable patronal-political tendency was interrupted by Zelensky who received an unusual power opportunity during the "Green Wave" — the process of widespread power change in the spring and summer of 2019 that some even called an "electoral revolution."[6] Zelensky's Servant of the People party (SP) won early parliamentary elections and established a one-party-majority in both the Verkhovna Rada of Ukraine (VRU) and the cabinet by September 2019.[7]

The Ukrainian multi-pyramid system had come to an end since a single group now controlled the presidential post while also having a one-party majority in the legislature. From 1991 to 2019, conflicts between presidents on the one side and prime-ministers and parliaments on the other had considerably limited both formal and informal presidential authority. After September 2019 this was no longer the case. Such unique circumstance provided the new president with an opportunity to establish an unprecedented political regime and to develop it differently from his predecessors over the next three years, from 2019 to 2022. Other factors that influenced this unique set of regime dynamics included the COVID-19 pandemic (2020–21), increased risks of war with Russia (2021), and the Russian invasion of Ukraine (2022). Altogether, these factors made the ongoing presidency of Volodymyr Zelensky unique for independent Ukraine.

For this chapter it is important to distinguish between "de-oligarchization" and "anti-patronal transformation." In a nutshell, de-oligarchization means a policy (and its attendant actions) aimed at destroying the established oligarchy. Anti-patronal transformation is a much more multidimensional process which is aimed at establishing the rule of law.[8] In other words, "de-oligarchization" refers to *actors*, while "anti-patronal transformation" refers to *social relations*.

With regard to de-oligarchization and the functioning of patronal politics in Ukraine, at the time of writing this text (November 2022), the Zelensky presidency can be divided into two periods and four stages:

1) Pre-war presidency:
    - Focus on the implementation of electoral promises and keeping distance from the oligarchs (May 2019 – February 2020);
    - Creation of a presidential power pyramid that previsedsome limited cooperation with the established oligarchic clans (February – October 2020);
    - Rule through the Security Council and the beginning of de-oligarchization (November 2020 – January 2022);
2) War-time rule and continued de-oligarchization (since February 2022).

In the following parts of this chapter, I will describe the change in de-oligarchization policy in pre- and war-time Ukraine during the presidency of Volodymyr Zelensky.

2. Zelensky's pre-war government

2.1. The "Green Wave": establishing Zelensky's power structure

President Zelensky assumed office on May 20, 2019, having no support in the VRU and having to deal with a rather non-loyal prime minister in the person of Volodymyr Groysman, a member of the Vinnytsia clan led by ex-President Poroshenko. The political elites which dominated the Ukrainian centers of power in the aftermath of the Euromaidan primarily supported the incumbent Petro Poroshenko in the second round of elections. After they lost the presidential elections, they began undermining Zelensky's efforts to fulfill his program and appoint members of his emerging team in the government.[9] In response, President Zelensky, on his long-postponed inauguration day, called for early parliamentary elections, obtained the Constitutional Court's approval for such an act, and then won the subsequent elections.[10]

The new majority in the Verkhovna Rada consisted of people corresponding to Volodymyr Zelensky's—and his voters'—idea of "new faces" in politics.[11] The will to abandon patronal politics, which was demonstrated by Ukrainians in the revolutionary attempts of the political crisis in 1993, of the Orange Revolution in 2004, and of the Euromaidan in 2013–1,4 was still alive. Zelensky and his team responded to this palpable political will by creating a party whose major selection criterion was nonparticipation in politics prior to 2019. Named after Zelensky's TV series, the Servant of the People party brought to power 254 MPs—young men and women who were seemingly not members of any known oligarchic groups and who lacked any experience of participating in political and legislative processes. However, the seeds of a new power pyramid were planted here: the budding politicians had to be personally loyal to the president who boosted their careers using his own electoral ratings. This criterion was critical for creating a new personalist power structure in Ukraine in 2019–22.

Still, control over the presidency and the parliament was not enough in order to fulfill Zelensky's electoral program: he also needed to bring the bureaucracy under control. Lustration proved to be an effective tool in the hands of the post-Euromaidan elites in 2014–15 for purging older political groups that were embedded in the executive. On July 12, 2019, President Zelensky attempted to get the support of the old parliament for a draft law that envisaged extending lustration to senior officials.[12] This initiative later became a policy of replacing the leading figures in almost every central, regional and local government.

It took Zelensky about a hundred days to take control of the Ukrainian central government and to be able to focus on two tasks: the implementation of his electoral promises and the establishment of control over both regional and local

governments and over the *siloviki* (the forces of law and order). On September 2, 2022, at a joint meeting of the president, his bureau chiefs, the cabinet members, the leadership of the Verkhovna Rada (VRU), and the general prosecutor, Zelensky demonstrated that he was now the sole and undisputable leader, and he demanded full loyalty to his program despite legal obstacles in the form of the checks and balances of a parliamentary-presidential republic. At the meeting, the newly elected prime minister, the parliamentary speaker, and the representatives of the judicial, prosecutorial, and security services all accepted the situation.[13]

The "Green Wave" moved on from the electoral sector into the political system in the fall of 2019 – winter of 2020. Here, among the literally hundreds of legal acts voted for by the new parliamentary majority, constitutional reform probably best manifested the logic of the emerging regime: the presidential team aimed to increase the powers of the president and limit the powers of the legislature. Constitutional reform was aimed at amending Articles 76 and 77 which would see a reduction in the number of MPs from 450 to 300, as well as a change in the parliamentary electoral system from a mixed system to one based on proportional representation. This decrease went hand in hand with the enforcement (on January 1, 2020) of the Poroshenko-era amendments to Article 80 which stipulated a decrease of immunity for Ukrainian members of parliament. The VRU was becoming systematically weaker in comparison with the institution of the presidency.

Amendments to Article 81 of the Constitution aimed at establishing higher party control over MPs elected through the party lists as well as broadening the possibilities of depriving MPs of their mandates in case of their non-loyalty. Volodymyr Zelensky needed stronger control over the MPs of his own party, many of whom he did not know personally.

Amendments to Article 106 were intended to increase presidential powers in regard to the newly established anti-corruption institutions. Between 2015 and 2020 a new system of anti-corruption organizations (AC) was created in Ukraine. The heads of these organizations were appointed by the president following a public selection procedure, despite this authority not being included in the exhaustive list of presidential powers provided in the Constitution. President Poroshenko failed to achieve such an amendment, and the Zelensky team attempted to resolve this legal issue together with establishing stronger control over the new AC organizations.[14]

This partial weakening of parliament, especially the decrease of immunity, something which was valued in the past by the oligarchs and their closest cadres as well as by the political opposition, was not counterbalanced by decreased immunity for the president or judges. The law on presidential impeachment did not make the post of president more accountable to any other branch of power in Ukraine.[15]

Despite having a single-party majority, the Zelensky team did not have the necessary 300 votes in the Rada in order to approve the proposed constitutional amendments. This was a rather limiting factor for the emerging power structure.

Also, the immensity of the changes begun required stronger political managers in the presidential administration (renamed the Presidential Office (PO) beginning with Zelensky's tenure), the cabinet of ministers, and the parliamentary majority. President Zelensky tried to simultaneously find a solution to the conflict with Putin's Russia, start economic reforms that would quickly improve the incomes of Ukrainian households, and fight the oligarchs. This last issue—de-oligarchization—was perceived by the president and his team as their main political task and legacy.

On August 29, 2019, the new Rada approved the appointment of Prime Minister Oleksiy Honcharuk (then 35 years of age) and an unusually young cabinet (11 men and six women, with an average age of 39). A lawyer and civic activist with no visible ties to any oligarchic groups, Honcharuk and the "cabinet of technocrats" were seen by many in Ukraine and the West as a sign of the government's distancing from all possible informal institutions and a break with patronal politics.[16] The only exception in the cabinet was Arsen Avakov, an oligarch and the permanent head of the Ministry of the Interior (MoI) since 2014. In the new regime, Avakov was seen as a guarantor of control over and communication with the political groups, activist networks, and oligarchic clans of the post-Euromaidan era.

The composition of the new VRU leadership and the membership of the parliamentary committees in the fall of 2019 demonstrated an attempt to balance efficacy with constitutional democratic principles. The SP majority diminished the number of parliamentary committees from 27 to 23. Of these 23 committees, SP members presided over 19 of them. Unlike in the previous parliament (2014–19), the SP majority provided the diverse opposition with an opportunity to chair four committees. At the same time, all committee decisions were under full SP factional control since the presidential party had a majority in each parliamentary committee.

By the winter of 2019–20, the Zelensky administration had increased its control over the central posts of the executive branch, the security organizations, and the legislature. But the struggle against informal groups continued in each ministry, regional or large city mayoralty office, and state-owned company. Although the *siloviki* still felt rather autonomous, the clans that had survived Euromaidan and which had reestablished themselves as the post-revolutionary power elites under President Poroshenko felt ever more endangered by the emerging new authoritative structures operating outside of their influence.

2.2. Tamed de-oligarchization

The initial configuration of power relations in the first Zelensky government did not last long.[17] In January – March 2020, lack of experience, public scandals, relentless conflicts with older politicians and oligarchs, and the start of the COVID-19 pandemic forced Zelensky to change his tactics and slow the pace of reforms. Ukrainian politics was overtaken by information wars with the active participation of the mass media

controlled by the oligarchs and groups sharing pro-Poroshenko sentiments. Since Volodymyr Zelensky's ratings were still very high, the targets of public smearing were Andriy Bohdan, the head of the PO, and Prime Minister Honcharuk.[18] Both figures were sacrificed by Zelensky in the first political crisis of his presidency.

In February – March 2020, the president had to change his policy towards the oligarchs. He was forced to recognize that he could not govern without some level of communication and coordination with the informal groups. Zelensky also understood that he needed stronger managers in his team. Thus President Zelensky personally met with the oligarchs and representatives of big business at a public event, and he "non-publicly" agreed with them on some terms for a peaceful co-existence that lasted for over a year.[19] This provided him and his team with some time to further strengthen their positions and prepare for the future launch of an effective de-oligarchization policy. Even though the president was still making addresses to the nation on fighting corruption and oligarchy,[20] it looked as if his zeal had considerably diminished in 2020.[21]

President Zelensky was forced to change his government, but he also used this as an opportunity to increase the efficiency of his team. He ensured the appointment of more experienced figures in critical public posts: Andriy Yermak became the head of the PO, Iryna Venedyktova took over the post of prosecutor general, and Denys Shmyhal became the new prime minister. Yermak was an old business partner of Zelensky's and a good negotiator with people from both Russia and the West.[22] Iryna Venedyktova, a well-known lawyer and a member of an old *siloviki* family, demonstrated her full loyalty to the president and professionalism in the SP parliamentary faction.[23] Shmyhal, who worked in the Honcharuk cabinet in 2019, proved to be a loyal figure with no political agenda of his own. His experience in a minor position at Rinat Akhmetov's DTEK energy consortium was viewed as a rather positive quality: the Zelensky team needed a channel—alternative to Avakov—of communication with the oligarchs.

The Shmyhal cabinet continued the economic reforms planned by its predecessor, even though only five ministers survived the change. The cabinet, which president Zelensky called "new faces with the brains," had only one female member and its members' average age was 45.[24]

After the changes in February–March and up to October 2020, internal political clashes calmed down. The struggle against the COVID-19 pandemic provided the presidential team with a new legitimacy for urgent measures and the unification of the nation. During this period the presidential power vertical was developing slowly, without public attention, up until the beginning of the institutional conflict between the president and the Constitutional Court of Ukraine (CCU) in October – November 2020.

2.3. Securitization of the Zelensky presidency and the re-launch of de-oligarchization

The CCU was designed to be the guardian of the balance between the branches of power. According to Part XII of the Constitution, the CCU was supposed to defend the rule of law and the checks and balances in the political system. But the court has never been able to accomplish this in reality. During Ukraine's recent history, the CCU has demonstrated itself to be a weak institution with constant informal control of presidents over its decisions. Also, the CCU has been able to react to violations of the Constitution only if it is addressed by a very limited group of officials, which has afforded the court with a very limited ability to defend the Constitution.

The depth and length of the conflict between President Zelensky and the CCU was a rather new phenomenon in the political history of contemporary Ukraine. It was partially the result of the judiciary reform of 2015–19 which made the judiciary a more self-governing branch, and partially the outcome of the ineffective work of the PO in being unable to continue with the usual informal control over the court. Commencing October 2020, the presidential team started using the decisions of the National Security and Defense Council of Ukraine (hereafter, Security Council or NSDC) for blocking CCU activity as the latter was suspected of being used by opposition groups and clans to limit the presidential power. In the winter of 2020–21, Ukraine entered a phase in which the work of the CCU was almost completely blocked due to a presidential decree (as of December 29, 2020) which suspended the Court's chairperson, Oleksandr Tupytsky, and due to a CCU ruling (as of December 30, 2020) which stated that the presidential decree was "legally insignificant."[25] Later, President Zelensky and the CCU bombarded each other with legal acts undermining each other's legitimacy.[26] Nevertheless, it was the court that was blocked in this fight from intervening in the political competition with, and especially in the reemerging struggle against, the oligarchs.

Instead, the Zelensky presidency entered a phase in which it was much more strategic in dealing with the consolidation of power, stricter on political opposition, and firmer in decision-making. This period can be called the securitization phase. Beginning in the fall of 2020, the principal decision-making role moved to the NSDC, which—constitutionally speaking—was just an advisory body and whose decisions needed to be enforced by presidential decrees. President Zelensky and the senior members of his team began making all major decisions on issues of domestic politics, international relations, and security matters through the Security Council. At the same time, the cabinet of ministers and the parliament were losing their roles as decisive institutions: they were used to simply legalize the decisions of the Security Council when the latter did not require presidential decrees. This change

freed the Zelensky administration from the need to gain consensus in the VRU and to discuss policies in the cabinet. Now, the PO could focus more on countering the harsh socioeconomic consequences of the COVID-19 pandemic (which the opposition was using to lambast the president and to try to erode his popularity), and increase cooperation with the US and the UK on military reforms.

In 2020–21 the presidential team implemented the "Big Construction" project with a multi-billion UAH budget designed to rebuild the country's aging public infrastructure and to prepare Ukraine for a fast post-COVID recovery.[27] It was simultaneously fashioned as a major public project intended to improve the president's ratings. However, the project also provoked a number of accusations of mismanagement and corruption directed against Zelensky's team.[28]

The rather disappointing activities of the Zelensky administration in fighting the pandemic, the deteriorating socioeconomic situation, and criticism on the part of opposition groups were able to shake Zelensky's public support. Moreover, the Pandora Papers, which included Volodymyr Zelensky's name on the list of offshore company holders in the British Virgin Islands, Cyprus, and Belize, had a deleterious effect on public trust in the president.[29] (It should be noted that these companies, which were worth several million US dollars, were created before Zelensky took office.) Finally, conflicts within the presidential team—especially with Dmytro Razumkov, who was one of Zelensky's key supporters in 2019—revealed that the "new faces" team was operating the same way as the old corrupt elites did.[30] Consequently, President Zelensky's approval rating dropped to 24.7% in October 2021.[31] At the same time, Zelensky had overtaken Petro Poroshenko in having the largest negative rating among Ukrainian politicians.[32] At approximately the midpoint of his presidency, Zelensky had seriously undermined his image as an alternative to patronal politicians.

In order to prevent the opposition clans from using this momentum, the Zelensky administration moved ahead with its anti-oligarch agenda. To destroy the oligarchs' influence on society through mass media and to eliminate their illegitimate sources of wealth (state budgets, tax evasion, and ongoing privatization) two legal acts were prepared—Act 5599[33] and Act 5600[34]—followed by a longer-term plan (the so-called 20 Step Plan[35]).

On November 5, 2021, President Zelensky signed the Law of Ukraine "On the Prevention of Threats to National Security Related to the Excessive Influence of Persons who Have Significant Economic or Political Weight in Public Life (Oligarchs)" which was approved by a parliamentary majority of 279 votes on November 3, 2021. The law, which was to come into effect on May 7, 2022, set out a rather comprehensive legal framework for disallowing those persons who were registered as oligarchs from being active either in Ukrainian politics or in Ukrainian society. Accordingly, an individual who meets three of the four following criteria may be

declared an "oligarch" by a decision of the Security Council (something that is not envisaged by and/or contradicts the Constitution of Ukraine):

1. A person who takes part in political life (as defined by any of the following):

   a) a person who is a top–level public servant in Ukraine, e.g. the president of Ukraine, members of the parliament, members of the cabinet, etc.; and/or

   b) a person who is a close associate or relative of a top–level public servant; and/or

   c) a person who occupies a managerial position in a political party; and/or

   d) a person who finances a political party's activities, political campaigns, or political demonstrations.

2. A person who has significant influence on the mass media (as defined by any of the following):

   a) a person who is the owner, ultimate beneficial owner (UBO), or controller of mass–media (MM principal); and/or

   b) a person who transferred their MM principal status after November 7, 2021 to a relative or to a person without an impeccable business reputation (as provided by the Law).

3. A person who is the UBO of a company which has a natural monopoly status (declared by the Security Council after consultations with the proper agencies) or which has a dominant position in the market as set out in the Law of Ukraine "On Economic Competition Protection" and maintains or increases that position for more than one year in a row.

4. A person with total assets (both personal and through the business where the person is the UBO) exceeding by 1 million the subsistence minimum established for able–bodied persons on January 1 of the respective year (in 2021 this was approx. 84 million USD).

Information on persons declared as oligarchs was to be listed in a special register ("Oligarch Register"), which would also be run by the Security Council. The NSDC would also be responsible for ensuring that—from May 7, 2022, on—oligarchs would be prohibited from financing political party activities in Ukraine and from participating in large–scale privatization tenders. The registered oligarchs would be required to submit declarations annually to the Council.

This law, however, did not provide for any liability for violating the above limitations. It was directed at individuals, but not at the oligarchic groups or political structures that enabled such persons and groups to flourish. The act did not make

use of any of the traditional anti-corruption organizations (Antimonopoly Committee of Ukraine (AMCU), Ukrainian Accounting Chamber (UAC), State Audit Service of Ukraine (SAS), etc.) or any of the new organizations (National Anti-corruption Bureau of Ukraine (NABU), National Agency for Corruption Prevention (NACT), etc.). Finally, the act was more or less based on patronal political logic without any consideration given to the division of powers defined by Ukraine's constitution. The Security Council was turning into a huge institution with its functionality duplicating many existing state organizations. This would also be an organization with very little connection to the Constitution.

Another anti-oligarchic act, Law № 5600 "On Amendments to the Tax Code of Ukraine and Certain Legislative Acts of Ukraine to Ensure Balanced Budget Revenues," provided significant amendments to tax legislation that directly affected the administration of taxes and the procedure of tax calculations, as well as increasing the fiscal pressure on certain taxpayers (both oligarchs and bona fide entrepreneurs). It also introduced an excise tax of 3.2% for taxpayers who produce electricity from renewable energy sources (RES) or who use cogeneration units. The law was approved by the VRU and enacted by President Zelensky in December 2021. In a nutshell, after all the open debates and hidden talks, the act delivered a hard blow to the Akhmetov clan and some other oligarchs who would pay increased taxes on iron ore mining. Some oligarchic groups working in the agricultural sector were also hit due to the change in taxation and new tariffs on railroad transportation. At the same time, when considering the bill, the deputies added an amendment which reduced the amount of taxes for the oligarchic businesses of Yuriy Kosyuk and Ihor Kolomoisky. Basically, this act was partially aimed at promoting de-oligarchization through a piecemeal approach where some oligarchs were punished while the interests of others were taken into account, depending on their loyalty to the president and the state during the pre-war situation.

The two above-mentioned laws were supposed to do considerable harm to the oligarchs at large, and to those who supported the opposition or Russia especially. For example, according to the calculations of the *Forbes Ukraine* experts, the proper implementation of these laws would cost Akhmetov up to 1 billion USD in losses.[36]

These radical anti-oligarchic steps that the presidential team undertook gave rise to strong and legitimate concerns in Ukraine and in the West. In response, Andriy Yermak published a special blog on the Atlantic Council website where he explained the de-oligarchization policy (DOP) of president Zelensky.[37] Yermak argued that the de-oligarchization legislation aims "to prevent oligarchs from purchasing elections, wielding undue influence over Ukraine's government and economy, or possessing the power to stymie Ukraine's reform progress and democratic potential." He also stated that the oligarchs were trying "to sabotage key sectors of

the Ukrainian economy to make the country's leadership drop these reforms." And he promised that president Zelensky's next step would be to continue with a new judiciary reform that would "enable the judiciary to withstand pressure from oligarchs and give Ukrainians and foreign investors' confidence that their legitimate commercial interests are protected."[38]

The DOP logic described by Yermak was soon operationalized in the draft policy document called *The 20 Step Plan to Combat the Influence of Oligarchs*.[39] This draft document was not made public, but it was discussed at the meetings of the Security Council and the cabinet in November 2021. The draft plan was subsequently leaked to the expert community and included the following steps. The Ministry of Justice (MoJ) was to coordinate the activities of other executive bodies. Examples included creating a register of oligarchs, developing a procedure for checking the business reputation of any potential buyer of media, strengthening the institutional capacity of the antimonopoly committee, and ensuring that international legal instruments for the protection of foreign investments would be applied to the investments of Ukrainian beneficiaries of companies registered in foreign jurisdictions (offshores). The list also included tasks aimed at improving the work of the courts and the energy committee as well as improving the law on media which would make the ownership structure of mass media outlets transparent and would allow the national council on television and radio broadcasting to cancel media licenses easily, without the involvement of the courts.

This plan was not fully implemented due to the large-scale Russian invasion of Ukraine, but it did demonstrate the seriousness of President Zelensky in promoting his DOP while ignoring the legal and political complications. It also demonstrated that the Security Council had created a new line of command: the MoJ was turning into an implementing agency of the principal decisions made at the NSDC.

In general, this phase demonstrated two contradictory processes in Ukrainian politics. On the one hand, Zelensky's DOP did indeed aim at destroying the oligarchs' social and political influence, which could prove harmful to patronal politics in Ukraine. On the other hand, the DOP did not respect the constitutional system of checks and balances, considerably securitized Ukrainian politics. This duality is reflected by the character of Zelensky's power vertical, as described in Table 1. In four key respects, Zelensky exercises the same personalist strategies that have been typical in Ukrainian patronal pyramids. In four other respects, however, his power pyramid is a fundamentally bureaucratic hierarchy, featuring formality instead of informality and normative rewards and punishments instead of discretionality and oligarchic clientelism.

Table 1. Similarities and differences between the Zelensky power vertical and informal single-pyramid patronal networks.

Zelensky's single-pyramid power network	Similar or different?	*Informal single-pyramid patronal network*
pyramid-like hierarchy	≈	pyramid-like hierarchy
personal loyalty of clients	≈	personal loyalty of clients
increasing power of the president	≈	increasing power of the president
decreasing power of the parliament	≈	decreasing power of the parliament
decisions moved to a formal body (NSDC)	← →	decisions moved to an informal body (patron's court)
no discretional rewards and punishments (normative anti-oligarch measures)	← →	discretional rewards and punishments (targeted laws and measures)
no personal-wealth accumulation (normative distribution of state funds, no new 'patron-bred oligarchs')[40]	← →	personal-wealth accumulation (discretional distribution of state funds, new 'patron-bred oligarchs')
no disposing over status and wealth by the network leader (wartime nationalization not targeting those outside the network in favor of insiders; no transit-nationalization)[41]	← →	disposing over status and wealth by the chief patron (predation targeting those outside the network in favor of insiders; transit-nationalization)

(Based on the concept of Bálint Madlovics and Bálint Magyar.)

2.4. The anti-corruption system and de-oligarchization

Prior to the start of the full-scale war with Russia, Ukraine ended up with three sets of anti-corruption (AC) organizations aimed at fighting corruption, promoting good governance, and, ideally, limiting patronal politics: traditional AC organizations were institutionalized before 2014; newer AC bodies were created during the wave of post-Euromaidan reforms which began after 2014; and the newest AC institutions were created in 2020–21. This anti-corruption system (ACS) included both regulative and punitive organizations (see Table 2).

Major traditional bodies were established in the 1990s, when the Ukrainian state and oligarchy were being established and mutually influenced each other's institutionalization. The Anti-Monopoly Committee of Ukraine (AMCU), aimed at the protection of competition in the field of entrepreneurial activity, was established in 1992. In 2021, the committee was managed by its seventh (ad interim) head

and included among its members a very strong representation from the strongest oligarchic clans. The State Property Fund of Ukraine (SPFU) was established in 1991, and its 13th director was about to be dismissed in January 2022. Among other important state authorities of this kind were several departments of the Security Service of Ukraine (SSU), the MoI, and the General Prosecutor's Office (GPO), as well as various agencies that in 2021 were called the Ukrainian Accounting Chamber (UAC), the Supreme Audit Institution (SAI), the State Audit Service of Ukraine (SAS), etc. These institutions were relics of previous attempts by Ukrainian reformers to install a system of good governance and effective institutions capable of fighting corruption and enhancing good governance. At the same time, these institutions were the usual objects of control by informal groups since the moment of their creation.

Table 2. Ukrainian anti-corruption / good governance organizations matrix.

Traditional		New	
Regulatory	Punitive	Regulatory	Punitive
AMCU	SSU/MoI/GPO	NAPC (partially)	NAPC (partially)
State Property Fund of Ukraine	Ukrainian Accounting Chamber	National Commission for Energy and Public Utilities Regulation	SPI, NABU and SAPO
	State Audit Service of Ukraine	ARMA (partially)	ARMA (partially)

In 2014, President Poroshenko, the newly elected European Coalition in the Ukrainian parliament, and participating Ukrainian civic organizations and Western governments embarked upon the path of creating a new anticorruption system consisting of the National Anti-Corruption Bureau of Ukraine (NABU), the Specialized Anti-Corruption Prosecution Office (SAPO), the High Anti-Corruption Court (HACC), and the National Agency for Corruption Prevention (NACP). The State Bureau of Investigations (SBI), the Asset Recovery and Management Agency (ARMA), and the National Commission for Energy and Public Utilities Regulation (NCEPUR) were also added to this system. The creation of these bodies was slow and uneven. Some of them, like the NCUPUR, NAPC, and NABU, started working in 2015–16, while others, for example, the HACC and SBI, only began functioning after President Zelensky had already taken office.

By July 2021, the achievements of these new AC organs, as assessed by the experts at Transparency International and *Ukrainska Pravda*,[42] could be summed up as in the Table 3.

Table 3. New ACS organizational achievements and institutional readiness.

Organization	Main measurable achievements	Assessment of readiness for effective work (out of 5 points, with 5 representing full institutional readiness)
National Anti-Corruption Bureau of Ukraine (NABU)	879 criminal proceedings in progress 397 notes of suspicion 325 indictments referred to court 56 guilty verdicts	3.6
Specialized Anti-Corruption Prosecution Office (SAPO)	250 indictments referred to court 47 guilty verdicts	3.3
National Agency for Corruption Prevention (NACP)	3407 verified declarations in 2017–2021 16,882 individuals, included in the Register of Corrupt Officials	3.6
High Anti-Corruption Court (HACC)	55 sentences 1,090,492.221 UAH of bail transferred to the HACC account criminal proceedings are under the review of the AC of the HACC	4

These figures and assessments show that the new AC organizations reached a certain level of efficiency by 2022, which, however, did not translate into a considerable decrease in grand corruption or a decline in patronal politics.

The new AC organizations were perceived by the new administration as an institutional legacy through which post-Euromaidan elites and Western governments tried to control the "Green Wave" politicians. This perception, and the ongoing clashes between the traditional and new AC organizations, made President Zelensky look for other types of organizations in his DOP.

The newest AC organizations are connected with the transformation of the Security Council into an agglomerate of semi-established services and departments responsible for often non-formal regulatory and punitive activities aimed at implementing Zelensky's DOP. The NCSD is linked to and supervises the DOP-related activities of the MoJ, SBI, ARMA, and some other organizations.

It is important to stress that all three ACS elements exist in a paradoxical situation. Before February 2022, Ukraine was far ahead of Western countries

in terms of the possibilities for monitoring the lifestyles of public officials and the transparency of public tenders, yet Ukraine still faced "huge corruption and challenges related to the rule of law."[43] The Ukrainian ACS with its old, new, and newest elements—in the pre-war political context—did not limit or decrease grand corruption. The efficacy of ACS outcomes was systemically undermined by interorganizational competition. For example, the heads of SAPO and NABU were spying on each other in 2018–19, accusing each other of corruption, and bringing the results of their respective surveillance to the mass media rather than to the courts.

Nevertheless, Zelensky's DOP has been significant in fragmenting oligarchy and in creating different camps among the oligarchic clans. As of January 2022, the relations between the presidential team and the clans could be described according to three types of cooperation: animosity, loyalty, and neutrality. A high level of animosity was definitely seen on the part of the Poroshenko clan, the Akhmetov clan, the Avakov clan, the Medvedchuk clan, and the agglomerate of smaller oligarchic clans around mayors Vitaliy Klichko (Kyiv) and Borys Filatov (Dnipro). Some level of loyalty toward the president was demonstrated the remainder of the Privat Group and the former Firtash clan (mainly groups around Serhii Liovochkin), the Pinchuk clan (with some reservations), the Kosyuk clan, and some agricultural clans (who expected presidential patronage in the privatization of land). The neutral clans included the Boyko clan (and some other elements of the ex-Firtash clan), the Grigorishin clan, the Energo Group clan, the remainder of the Industrial Union of Donbas, the Novinsky clan, and the mass of old and new local clans that started booming since the decentralization reform of 2015.

3. War and the change of governance

On February 24, 2022, Russia launched a full-scale invasion of Ukraine. The invasion caused profound changes to the political regime and the social order, making its impact felt in both the public and patronal sides of politics. However, the commitment of Volodymyr Zelensky to de-oligarchization policy not only survived the start of the large-scale invasion, but even increased as soon as the successes of the Ukrainian army allowed him to return to his reforms.

With the launch of the Russian invasion, President Zelensky's sole priority became the defense of Ukraine. By April 2022, however, the Zelensky administration had adapted to the war situation and endorsed a multidimensional approach, pursuing many tasks simultaneously, including the DOP and anti-corruption. These two tasks were critical for maintaining the trust of the Western allies who were providing Ukraine with increased military, political, humanitarian, and financial

support. The Zelensky administration also started undertaking actions to prepare the country for a longer war of attrition, the future reconstruction of Ukraine, and the elections in 2023–24. For all these reasons, the struggle against the oligarchs and corruption was critical. And the martial law situation now provided the president and his team with more opportunities to push on against the oligarchy.

Despite the defensive forces' earlier successes in Kyiv, Chernihiv, and northern Kharkiv oblast, the failed defense of Mariupol and Severodonetsk breathed new life into prewar political controversies. The opposition led by Petro Poroshenko used the military situation in the Donbas to launch attacks on the president and his war strategy. Even though this criticism stopped fast with the liberation of Kharkiv oblast, the signal of threat was well received by the PO, and the opportunities given to the president by martial law were immediately applied. The SSU resumed questioning of the detained pro-Russian oligarch, Viktor Medvedchuk, who offered new testimony against Poroshenko regarding the former president's deals with Russia.[44] The SSU also summoned Oleksandr Turchynov, former acting president of Ukraine (2014) and a high-ranking politician in the Poroshenko administration (2015–19), and Arseniy Yatseniuk, former prime minister (2014–16), for questioning on the related allegations of Poroshenko having arranged illegal sales of coal mined in the Donbas, with cash paid to the separatists.[45] This investigation continued into the later months of 2022 with lesser publicity and no court proceedings so far.

The war, however, was having an impact on the Ukrainian oligarchy not only at the level of individual clans, but at the systemic level as well. Russian shelling of the industrial and energy infrastructure across Ukraine—such as Akhmetov's Azovstal iron and steel works in Mariupol, Kolomoisky's oil refining plant in Kremenchug, and hundreds of electricity generation units belonging to the five biggest clans—has destroyed the economic foundations of the resources used by oligarchs to influence politicians. In conjunction with Zelensky's de-oligarchization policy, this situation created momentum for uprooting the oligarchy in Ukraine.

The war's economic impact on Ukrainian oligarchs is hard to assess. Some general understanding of these losses can be demonstrated by comparing the data provided by *Forbes* and *Forbes Ukraine* magazines.[46] According to these figures, the wealth of the following individuals has dropped considerably from January to November of 2022:

- Rinat Akhmetov: from $13.7 billion to $4.3 billion;
- Viktor Pinchuk: from $2.6 billion to $2 billion;
- Vadym Novinsky: from $3.5 billion to $1.3 billion;
- Genadiy Boholyubov: from $2 billion to $1.1 billion;
- Ihor Kolomoisky: from $1.8 billion to less than $1 billion;
- Petro Poroshenko: from $1.6 billion to $0.7 billion.

Expectations regarding enforcement of the Anti-Oligarch Law have forced the most prominent clan chiefs to ensure they do not meet the three criteria of being an oligarch. Accordingly, Vadym Novinsky relinquished his MP mandate, while Rinat Akhmetov exited his media business in the summer of 2022. The same steps were repeated by a number of other oligarchic figures of lesser prominence. NSDC secretary Danylov reported that the oligarch registry was already under construction, while his team was investigating documents that would create legal grounds for declaring 86 citizens as oligarchs.[47] In October 2022, the Security Council announced a tender for the creation of the registry's software.[48] Thus, the registry was already having an impact on the activities of many oligarchic figures even prior to its creation.

Simultaneously, the PO was preparing documents allowing the president to strip some of the oligarchs of Ukrainian citizenship. Among them were Ihor Kolomoisky, Hennadiy Korban, and Vadim Rabinovich.[49] This has added substantially to the general pressure on all the oligarchs, regardless of their belonging to loyal, neutral, or hostile clans.

Next critical step in de-oligarchization was made on November 6, 2022. On that day the National Securities and Stock Market Commission (NSSMC), on the basis of military necessity and the Law of Ukraine "On Transfer, Expropriation or Seizure of Property under the Legal Order of Martial Law or State of Emergency," implemented the decision of the headquarters of the supreme commander in chief "to forcibly alienate into state property" the shares of strategically important enterprises, including those of five large oligarch-owned industrial companies.[50] These companies included:

- Ukrnafta (42% of the shares belonging to Kolomoisky, with the majority owned by the government);
- Ukrtatnafta (60% of the shares belonging to Kolomoisky and Henadiy Bogolyubov);
- Motor Sich (56% of the shares were sold to Chinese investors by Vyacheslav Bohuslaev, but the deal was stopped by the Antimonopoly Committee, and Bohuslaev himself was placed under arrest);
- AvtoKrAZ (owned by Kostyantyn Zhevago);
- Zaporozhtransformator (owned by Konstantin Hrygoryshyn).

The confiscated shares now have the status of military property and are managed by the Ministry of Defense of Ukraine. Upon the conclusion of martial law and in accordance with the requirements of the relevant law, these shares will either be returned to their owners, or their value will be reimbursed.

All the above-mentioned steps of the Zelensky administration show that de-oligarchization is not only back on track during the war, but is now a much more radical process, changing the established political economy in Ukraine. The ongoing war and the state of martial law have provided the government with the opportunity to destroy the existing oligarchic clans.

Still, the question remains: will Ukraine take advantage of this chance? If it does, will de-oligarchization push Ukraine toward democracy or autocracy?

Some immediate responses to these questions were given by the Zelensky's administration and Ukraine's western allies in January – February 2023. In that period an avalanche of law enforcement activities took place to investigate the corruption cases that had piled up in 2022. On February 1, 2023, alone, tens of searches took place, along with the issuing of notices of official suspicion, in the premises belonging to Ihor Kolomoysky, Arsen Avakov, officials of the ministry of Defense and the State Tax Service.[51] According to the statements of the high officials from Washington and Brussels, they have largely assessed these developments as an indication of the Ukrainian government's ability to fight corruption. This trust in Ukraine was also supported by the work of monitoring missions ensuring that the West's military and financial support is used properly in Ukraine.[52]

4. Conclusive questions and answers

The Russian invasion has inflicted a shock to the grand corruption and its ecosystem. The war—and the sociopolitical situation born by it—has put an end to any collaboration between organized crime interests of transnational groups in Eastern Europe, as well as forced many Ukrainian leaders and participants of the corruption networks to make a choice to "become patriot or stay parasite."[53] Under these conditions, the de-oligarchization policy has got a new chance for its efficiency.

De-oligarchization policy—in the conditions of war and with the functioning tripartite anti-corruption system—is indeed destroying the established oligarchic clans in Ukraine. This means that many "adopted political families" and relevant patronal pyramids will cease to exist. But will the destruction of the multi-pyramidal oligarchy mean the end of patronal politics?

Patronal politics flourishes "in societies where individuals organize their political and economic pursuits primarily around the personalized exchange of concrete rewards and punishments through chains of actual acquaintance, and not primarily around abstract, impersonal principles."[54] This kind of politics is practiced through informal patronal networks that can be organized as single- or multi-pyramidal political systems. Currently, one can see how multi-pyramidal patronal politics is nearing its bitter end in Ukraine, which means that the country's political development is at the moment of a fatal choice between (a) the further construction

of public politics based on the rule of law and the principles of good governance as the dominant sphere of the political system or (b) the transition towards a single-pyramid patronal political system.

The on-going war against Russia may be a decisive factor in the making of this choice. In early 2000s, when Putin started destroying the oligarchy, Russian power elites opted for single-pyramid patronalism, which predetermined Russian political, ideological, and socioeconomic development for decades after, right up to the present. War was among the many factors which conditioned support for this choice. The memories of the first Chechen war followed by the second Chechen war provided Putin with some level of legitimacy in centralizing power and offering Russian society a "contract": physical security (and stable household income) at the cost of political freedom.[55]

This pattern may be tempting for Zelensky's team in the current conditions of war. With the centralization of power, full control over mass media information flows, and the discipline of martial law, society may eagerly accept single-pyramid patronal rule in exchange for victory and fast economic recovery. Ukraine and its ruling group, however, are in a much different situation today than that of Russia in 2002–7. In the war against an aggressive Russia, Ukraine stands together with the Western democracies which are providing it with the necessary military, financial, and other resources. This support may critically decrease if Ukraine were to deny its democratic choice. Such a factor did not exist for Russia twenty years ago.

Another significant difference stems from the contrast in how Putin's entourage and Zelensky's team operate. Putin and the group that brought him to power were formed within the KGB with all its related worldviews, competencies, and abilities. On the one hand, these cadres were able to create a single-pyramid system and use it for the construction of large transnational energy projects; on the other hand, their rule has been fundamentally hostile to public politics, the rule of law, and the contemporary rules-based international order.[56] Zelensky and his team were formed from the social chaos of 1990s Ukraine and successful show-business projects made for eastern European audiences. They know how to adapt to the most unfavorable conditions and can do so creatively and publicly. Even though, as was noted above, they managed to create a presidential vertical of power where the role of constitutional principles has been diminished, their interest in the public sphere has been in constant competition with the incentives of informal politics. During the war, Zelensky and his team have become an important part of the Western-oriented political networks, with the models of the latter having a strong influence on the former.

Thus, the ongoing war and deepening de-oligarchization do not create strong preconditions for a choice in favor of single-pyramid patronalism in Ukraine. But how would the *end* of the war influence Ukraine's political choices? Are wartime centralization and the destruction of the oligarchy reversible?

The answer to this question can be given in the form of three scenarios: (a) a prolonged war, (b) a Ukrainian victory, or (c) a Ukrainian defeat. In the case of a prolonged war lasting several years, the state of emergency (which actually began during the Donbas war in 2014 and deepened with the pandemics in 2020–21) may indeed become the new norm. The ruling group and emerging political generation, whose cadres are either at the front or in volunteer networks, may accept a political order where constitutional checks and balances no longer operate, where a war-time power vertical is an effective means of governance, and where the opposition is marginalized and treated as "enemies of people." With further deoligarchization and the disappearance of clans able to limit governmental efficiency through corruption, the formal political opposition and pluralist media sphere may also become too weak to foster democratic dynamics in Ukraine. Thus, only the Western allies' influence would remain as an incentive for the country's democratic development, while domestic incentives for democratization would be weak. In the context of this sort of scenario, anti-patronal transformation would be possible, but not guaranteed.

In the case of a Ukrainian victory in the next year or sooner—a scenario that seems more and more probable at the time of writing this chapter—constitutional checks and balances can return soon. The post-war situation will most probably require the reconstruction of not only Ukraine's economy, but also of its Constitution and government. Both the drafting process for a Constitution and a new Constitutional Assembly are likely to happen before new parliamentary and presidential elections. At the same time, the exceptional powers of the president will gradually be canceled since social-political recovery is possible only with the support of Western democracies. A new parliament, president, constitutional and supreme courts, cabinet of ministers, and national bank would return to their peace-time mode of work—with the perspective of Ukraine's accession into the EU. It would be critical during this period not to let patronalism return with its former strength into the political economy of a new Ukraine. So, the Assembly and the institutions providing Western support for Ukraine's recovery must be ready not to allow the (re)emergence of oligarchy and patronal politics. This would require the steady strengthening of ideological and media diversity, political pluralism, and a return to political competition. Basically, it would mean a return to the post-communist agenda of 1991, but this time with political wisdom based on the bitter lessons learned in the recent thirty years. If this scenario is implemented, the anti-patronal transformation has high chances.

In the unlikely case of Ukraine's defeat in the war, no independent state would remain. The transformation would then deal with different political, social, and legal agencies. Thus, the very question of an anti-patronal transformation of Ukraine would lose its meaning and value.

Ukraine is living through a tragic period of enormous changes and challenges. But despite the war and attendant crimes and destruction, there is the possibility for Ukrainians and their republic to transform into a European democracy based on the rule of law, with an efficient and inclusive economy.

Abbreviations

ACS — anti-corruption system
AMCU — Anti-Monopoly Committee of Ukraine
ARMA — Asset Recovery and Management Agency
CCU — Constitutional Court of Ukraine
DOP — de-oligarchization policy
GPO — General Prosecutor's Office
HACC — High Anti-Corruption Court
MoI — Ministry of Interior
MoJ — Ministry of Justice
NABU — National Anti-Corruption Bureau of Ukraine
NACP — National Agency for Corruption Prevention
NCEPUR — National Commission for Energy and Public Utilities Regulation
NSDC — National Security and Defense Council
PO — Presidential office
SAI — Supreme Audit Institution
SAPO — Specialized Anti-Corruption Prosecution Office
SAS — State Audit Service of Ukraine
SBI — State Bureau of Investigations
SPFU — State Property Fund of Ukraine
SSU — Security Service of Ukraine
UAC — Ukrainian Accounting Chamber

Notes

1 The Poroshenko presidency can be described as a short-lived unstable political regime that evolved, using terminology of Magyar and Madlovics, from the post-Euromaidan patronal democracy to a limited conservative autocracy. After the *de facto* dissolution of the European Coalition in the Verkhovna Rada and the resignation of Prime Minister Yatseniuk (who represented other post-Euromaidan parties and clans) in the spring of 2016, President Poroshenko and his clan attempted to consolidate power in his hands; this consolidation involved both patronal and conservative logics that enforced and limited each other. In 2017–18, the Poroshenko clan created a wider alliance with different nationalist groups and with civil organizations, which were oriented more towards a conservative agenda, but did not accept the patronal relations promoted by Poroshenko. This did not allow President Poroshenko to achieve the aims of his autocratic attempt. See more: Bálint Magyar and Bálint Madlovics, *A Concise Field Guide to Post-Communist Regimes: Actors, Institutions, and Dynamics* (Budapest–Vienna–New York: Central European University Press, 2022) 185–92; Mikhail Minakov, "Civil Society and the Power Elites after the Euromaidan in Ukraine. Competition, Cooperation, and Fusion." in *The Nonprofit Sector in Eastern Europe, Russia, and Central Asia. Civil Society Advances and Challenges*, ed. David Horton Smith, Alisa Moldavanova, and Svitlana Krasynska (Leiden & Boston: Brill, 2018) 174–90.

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II.

Oligarchic Structures and the War: A Chance for Anti-Patronal Transformation?

Ukrainian Oligarchs: The War as a Challenge

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1. Introduction

The political and economic rule of oligarchs is a "traditional" element of the political and economic system of the post-communist countries that were formerly part of the Soviet Union. Accordingly, the formation of oligarchic regimes and the mechanisms of their functioning have always been at the center of attention of politicians and experts. In pre-war Ukraine, the state as an institution was, in fact, captured by the oligarchs, due to political corruption, contributing to the further development and strengthening of corrupt informal ties and relationships. The Orange Revolution (2004) and the Revolution of Dignity (2014) came as a real political shock for the oligarchs, but, in general, the oligarchic regime survived and adapted to post-revolutionary realities.[1]

On the other hand, the endogenous processes of the Ukrainian regime were accompanied by exogenous factors as well. Just after the Revolution of Dignity, the Russian Federation annexed Crimea (in 2014) and months later started an aggressive war in eastern Ukraine. In fact, it was in 2014 that the war against Ukraine began, although its format and scale differed significantly from the full-scale aggression of February 24, 2022.

In the following, we analyze how the oligarchs reacted to this exogenous shock to the Ukrainian system, including their financial activities and political positions. In general, we can talk about two stages of reaction among the oligarchs in response to the Russian aggression. The first stage, lasting from February–March 2014 until February 24, 2022, was characterized by the capture of Crimea with almost no resistance from Ukraine and military operations in eastern Ukraine. This period saw adaptation on the part of the Ukrainian state, entrepreneurs, and the oligarchs as well, whose political position on the Russian aggression was ambiguous, and focused primarily on the "normalization" of relations with the aggressor (with whom several of them also had financial connections at the time).

The second stage began on February 24, 2022, when the Russian Federation launched a full-scale military aggression against Ukraine. The oligarchs' losses at this point became much more severe than in the first phase of the aggression, and their political position became less ambiguous towards the Russian aggression as

well. In other words, the case of Ukraine shows that the harder oligarchs are hit by foreign aggression, the more likely they are to become critical of that aggression and of the aggressor (with whom they may even have financial ties), and the more they will align with their own—victim—country, its government, and national defense as well. This chapter aims to show the development of this "patriotism by necessity," describing the context of the pre-2022 era, the growing severity of the oligarchs' losses (in wealth as well as property), and the changes in the latter's public political positions as well. In the final section, we will discuss the economic prospects of Ukraine and some principles for an entrepreneurial, rather than oligarchic, reconstruction after the war.

2. Ukrainian oligarchs and the Russian aggression (2014–2023)

2.1. Adaptation to war realities after the annexation of Crimea

After the annexation of Crimea, three actors participating in the Ukrainian economy had to adapt to the new realities of occupation. First, Ukraine as a state almost immediately lost control over the relevant assets in the region. At the same time, a number of attempts were made to at least somehow regulate the new economic realities. On August 12, 2014, a special Law "On the Creation of the Free Economic Zone (FEZ) 'Crimea' and on the Specifics of Economic Activity in the Temporarily Occupied Territory of Ukraine" was adopted, which remained valid until July 1, 2021.[2] The law defined the legal regime for the import and export of goods from the temporarily occupied territory, as well as the specifics of taxation of such operations. In particular, this law exempted from taxation the income received by legal entities and their separate subdivisions in the temporarily occupied territory, as well as the operations of other objects of taxation in this territory.

The supply of goods from the territory of the Crimea FEZ to another territory of Ukraine for the purpose of their free circulation and from the other territory of Ukraine to the territory of the Crimea FEZ had to be carried out under the customs regime of import. The supply of goods that have the customs status of Ukrainian goods was equated to the customs regime of export.

The law was intended to protect the interests of Ukrainian business under the conditions of not only the actual loss of regulatory control over the territory of Crimea, but also the entry of Crimea into the Russian regulatory field after its annexation by Russia. In practice, this meant that in order to carry out industrial and commercial activities on the territory of annexed Crimea, Ukrainian companies in the region had to re-register in accordance with the legislation of the Russian Federation and pay taxes to the Russian budget.

This leads us to the second group that had to adapt, namely Ukrainian entrepreneurs. At this time, the reaction of business actors to the annexation of Crimea varied on a wide scale. Some companies re-registered in mainland Ukraine, while other businesses were re-registered according to Russian legislation with all the relevant consequences. At the same time, in the process of re-registration, owners also changed the ownership structure of their businesses, and part of the assets was sold or transferred to new owners. In any case, these changes reflected different ways of maintaining control over assets.

The situation in the temporarily occupied territories in eastern Ukraine in terms of the regulatory regime for Ukrainian business developed similarly, in many ways, to the Crimean scenario, and the reaction of Ukrainian business was similar as well. However, we should note that, after the annexation, Crimea switched to Russian legislation, while the self-proclaimed "LPR" ("Luhansk People's Republic") and "DPR" ("Donetsk People's Republic") introduced their own legislation and regulations.

Eventually, the Law "On the Creation of the Free Economic Zone 'Crimea'" was repealed in 2021. There were three main reasons for this. First, the Law created opportunities for the implementation of all kinds of shady schemes, particularly beneficial to the oligarchs and other economic actors in the region (including SMEs). Second, the citizens who remained in the temporarily occupied territory received the status of non-residents, which discriminated against other citizens of Ukraine. Third, in view of international sanctions in connection with the annexation of Crimea, maintaining economic ties with the annexed territory was politically indefensible.

Finally, the Ukrainian oligarchs constitute a special group in the occupied region, involved in specific political and economic strategies. The oligarchs found themselves in a situation of trilateral pressure, as the conditions and prospects of doing business in the temporarily occupied territories were determined by (1) the relevant policy of Ukraine, (2) the actions of the occupying power "on the ground," including centrally-led *reiderstvo* against the property of local business actors (see below), and (3) the policy of the Russian Federation towards Ukraine. Under such conditions, the oligarchs were forced to choose a balancing strategy between the three named decision centers.

However, while the oligarchs were threatened by the local conditions of occupation and Russia's patronal practices, they were in a bargaining position with the Ukrainian state, since their businesses operated both in mainland Ukraine and in the temporarily occupied territories in eastern Ukraine. Therefore, the preservation of economic ties within the confines of large corporations was rightly considered an important material factor in the reintegration of the divided territories. Taking into account these economic and political realities, the Decree of the President of Ukraine of March 15, 2017 put into effect the decision of the National Security Service of Ukraine of March 15, 2017 "On Urgent Additional Measures to Counter Hybrid Threats to the National Security of Ukraine," regulating the

movement of goods across the contact line within Donetsk and Luhansk regions.[3] Yet the situation in the occupied areas of eastern Ukraine quickly proved that the restoration of economic ties between "mainland" Ukraine as a whole and the temporarily occupied territories, as well as the return of lost assets to their rightful owners, in particular, would be possible only on the condition of the return of these territories, that is, the restoration of the territorial integrity of Ukraine.

The interdependence of the Ukrainian state and the oligarchs manifested itself also in the political field. Aiming to prevent the spread of separatist attitudes and manifestations, on March 2, 2014 the oligarchs Ihor Kolomoisky and Serhiy Taruta were appointed as heads of Dnipropetrovsk Oblast and Donetsk Oblast state administrations, respectively. (Kolomoisky filled this position until March 2015, while Taruta did the same until October 2014.) The logic of such appointments was as follows: these people have strong economic and political positions both in the respective regions and in the central regions of Ukraine, along with the necessary financial and management resources as well as a deep understanding of local specifics. In other words, they were perceived as "our own [Ukrainian] people."

According to some sources, the presidential administration under Petro Poroshenko was also considering the candidacies of two other people, former energy minister and oligarch Yuriy Boyko and Ukraine's richest oligarch Rinat Akhmetov. They, according to an agreement with the Russian Federation, were to replace the self-proclaimed heads of the occupied Donetsk and Luhansk regions as part of a Ukraine-Russia settlement of the situation in eastern Ukraine.[4] But these appointments never took place, and they completely lost their relevance when the full-scale invasion to end the independence of Ukraine began on February 24, 2022.

2.2. The oligarchs' position after 2014: ambiguity and the call for normalization of relations

During the first stage of the aggression, a qualitatively new military-political situation arose, which, in turn, became a qualitatively new challenge for the oligarchs in terms of their political self-identification. For example, Dmytro Firtash (whose fortune is connected to the supply of Russian gas to Ukraine through the well-known intermediary RosUkrEnergo), two months after the beginning of the Euromaidan events on January 30, 2014, called for a peaceful solution to the confrontation. On February 9, 2014, he appealed to the President of Ukraine, the Cabinet of Ministers, and parliamentarians to stop the violent confrontation and resolve the crisis in the Verkhovna Rada.

In March 2014, on behalf of the business community in Ukraine, Firtash appealed to the head of the Russian Union of Industrialists and Entrepreneurs, Oleksandr Shokhin, as well as to the entire Russian business community regarding the situation in the political arena. He called on Russian businessmen to stop the

war between Russia and Ukraine.[5] We interpret these statements as being primarily dictated by considerations about the safety of his own assets in Ukraine, Russia, Austria, Hungary, Germany, Italy, Cyprus, Tajikistan, Switzerland, and Estonia.

The position of the leading Ukrainian political and economic players regarding the Russian annexation of Crimea and aggression in eastern Ukraine (at least of those who had certain economic interests in the region) can be characterized as follows:

- *Rinat Akhmetov*, founder and president of the financial conglomerate System Capital Management (SCM) and the wealthiest man in Ukraine, argued in 2017 for the peaceful resolution of problems at the negotiating table. At the same time, he provided exclusive humanitarian aid to both occupied and controlled territories of Donbas. By 2019, however, his position was that the Donbas should be part of a united Ukraine.[6]
- Oligarch *Vadym Novinsky*, owner of the Smart Holding Group, argued for direct dialogue with both the Russian occupied areas and Russia, as well as for compliance with the Minsk accords in their Russian interpretation.[7]
- Former energy minister and oligarch *Yuriy Boyko*'s position was that direct talks were needed with the so-called unrecognized "republics." He also called for compliance with the agreements made with the "republics" as guaranteed by Russia.[8]
- *Viktor Medvedchuk*, a well-known pro-Russian oligarch, said after the annexation of Crimea that the Russian Federation is not a party to the conflict and "cannot be recognized as an aggressor country." Indeed, he saw the events of 2014-2015 as an "intra-Ukrainian civil conflict," and called for the unconditional implementation of the Minsk agreements in their Russian interpretation.[9]
- Oligarch *Sergey Kucherenko*, following Yanukovych in 2014, fled to the Russian Federation and actually lost his assets in Ukraine. He avoided public political statements. However, he participated in schemes for the export of coal from areas in the occupied Donetsk and Luhansk regions, conducted commercial activities in the region, and cooperated with the occupation authorities in the seizure of Ukrainian-owned enterprises.[10]

In general terms, the "political" position of the oligarchs regarding the Ukrainian response to Russia's aggression was made quite clear by Viktor Pinchuk. An oligarch who traditionally positioned himself as an unconditional supporter of Ukraine's European integration course, he formulated the following theses in an op-ed appearing in *The Wall Street Journal*:

> Ukraine should consider temporarily eliminating European Union membership from our stated goals for the near future. We can build a European country, be a privileged partner, and later discuss joining.
>
> While we maintain our position that Crimea is part of Ukraine and must be returned, Crimea must not get in the way of a deal that ends the war in the east on an equitable basis. [...]

> Conflict in the east was initiated from abroad and is not a genuine autonomy movement or civil war. There will not be conditions for fair elections until Ukraine has full control over its territory. But we may have to overlook this truth and accept local elections. [...]
>
> [Also], let's accept that Ukraine will not join NATO in the near- or midterm. The offer is not on the table, and if it were, it could lead to an international crisis of unprecedented scope. For now, we should pursue an alternative security arrangement and accept neutrality as our near-term vision for the future. [...]
>
> We should also make clear that we are ready to accept an incremental rollback of sanctions on Russia as we move toward a solution for a free, united, peaceful and secure Ukraine.
>
> The Ukrainian lives that will be saved are worth the painful compromises I have proposed. We must reiterate that Ukraine can be part of solving its own problems and addressing global challenges as part of a broad international coalition.[11]

Pinchuk later claimed that *WSJ* editors had significantly reworked his text and changed its title. He also said that certain points simply "fell out" of the general context of the op-ed. Whether this is the case or not, the points given in the article clearly reflect the sentiments of supporters of the pro-Russia vector in Ukraine.

2.3. After the full-scale invasion: the losses of the oligarchs in wealth and production

The ambiguous position of the Ukrainian oligarchs in relation to the Russian aggression changed in parallel with the increase of their losses, and particularly after the aggression became the primary source of their hardships. Indeed, during the first stage of the aggression, the financial problems of the oligarchs were caused by the occupation as well as by the negative impact of the COVID-19 pandemic on the global economy after 2020. But even taking all the hardships into account, the situation of the oligarchs in the first phase of aggression shows a mixed picture: some of them (like Akhmetov) suffered losses while others (like Pinchuk) managed to increase their wealth significantly (although Pinchuk's privately-owned Interpipe lost all of its business in Russia during the occupation of Crimea, and was reportedly weighed down by heavy debts).[12]

Table 1 compares the oligarchs' wealth in 2013, February 2022 (before the invasion), and December 2022. The mixed picture shown by the wealth changes during the first phase turned into a clearly negative one in the second. Without exception, all the oligarchs' fortunes have dwindled following the invasion.[13] In purely economic terms, these numbers reflect the loss of production capacity and, accordingly, the income of the owners.

Table 1. Fortunes of Ukrainian oligarchs and Russian aggression: significant losses.

Person	*Sector*	*Wealth in 2013 (USD)*	*Wealth in February 2022 (pre-invasion, USD)*	*Wealth in December 2022 (USD)*	*Lost or affected assets*
Rinat Akhmetov	Metallurgy, energy	15.4 bn	13.7 bn	4.4 bn	Metinvest DTEK, HarvEast
Viktor Pinchuk	Metallurgy, real estate	3.8 bn	2.6 bn	2.2 bn	Interpipe
Kostyantyn Zhevago	Metallurgy	1.5 bn	2.1 bn	1.4 bn	Ferrexpo
Oleksandr and Halyna Hereha	Retail	399 mn	1.8 bn	1.2 bn	Epicentr, Construction materials and home appliances retail
Genadiy Boholyubov	Energy, investments	1.7 bn	2 bn	1 bn	Privat gas stations network, Kremenchug oil-processing plant
Vadym Novinsky	Metallurgy, energy	1.9 bn	3.5 bn	1 bn	Metinvest DTEK, HarvEast
Serhiy Tihipko	Mechanical engineering, finance	1.2 bn	1.5 bn	870 mn	TAS Group, Universal Bank
Petro Poroshenko	Food industry	1.6 bn	1.6 bn	730 mn	ROSHEN
Yuriy Kosyuk	Agricultural, food industry	1.6 bn	780 mn	520 mn	MHP
Mykola Zlochevsky	Energy	114 mn	540 mn	500 mn	Oil production and processing
Andriy Verevsky	Agriculture	1 bn	520 mn	400 mn	Kernel
Oleksandr Yaroslavsky	Real estate, metallurgy	980 mn	1 bn	340 mn	Kharkiv airport, Kremenchug oil-processing plant
Ihor Kolomoisky	Energy, investments	2.4 bn	1.8 bn	n.a. (under sanctions)	Privat gas stations network, Kremenchug oil-processing plant

Source: Forbes Ukraine.

According to Forbes Ukraine, the main sources of income for the 100 richest Ukrainians in 2021 were metallurgy (17%), energy (15%), real estate (12%), and retail (10%).[14] The biggest losses were incurred by the owners of those enterprises located in the temporarily occupied territories and in the war zones, who lost sales markets and sources of supply of relevant resources. The corresponding oligarchic business empires suffered physical damage or destruction of production facilities, real estate, and other assets in the occupied territories, among other things. Losses in terms of production are also telling: looking at one example, Akhmetov's metallurgy company Metinvest, experienced an overall decrease in production of 64%, with some of its activities such as the production of pipe products and slabs decreasing by 85% and 90%, respectively (Table 2).

Table 2. Metinvest in 2021 and 2022: main production indicators.

	2021 (thousand tons)	*2022 (thousand tons)*	*Year-on-year change (%)*
Semi-finished products	3411	1022	-70%
Cast iron	1347	209	-84%
Slabs	1651	166	-90%
Final product	7233	2777	-62%
Flat rental	5978	1731	-71%
Hot-rolled thick sheet	2867	1047	-63%
Hot rolled roll	2363	525	-78%
Cold rolled roll	294	37	-83%
Cold-rolled galvanized roll	454	122	-73%
Long rental	1089	1018	-7%
Rail products	48	10	-79%
Pipe products	118	18	-85%
Total	**10644**	**3799**	**-64%**

Source: Христофоров (2023).[15]

It should be noted that, despite the losses incurred by Akhmetov's SCM investment group (which includes Metinvest), the group's associated and joint Ukrainian enterprises paid UAH 73.2 billion (ca. USD 2 billion) in taxes and fees to government budgets at all levels in 2022. Specifically, more than UAH 62 billion (ca. USD 1.7 billion) was paid to the state budget, while deductions to local budgets

amounted to UAH 11.2 billion (ca. USD 300 million). At the same time, capital investments for the same period of time amounted to over UAH 21.1 billion (ca. USD 570 million). However, these funds were used primarily for reconstruction activities, such as the capital repair of power grids and the refurbishment of power units in thermal power plants, and secondarily for the drilling of oil and gas wells and the opening of new mining faces and shafts. SCM also spent UAH 11.8 billion (ca. USD 320 million) on social programs. At the same time, most of the funds were used to finance programs for local residents where its companies operate and for environmental protection initiatives.[16]

2.3. Losses in property: a comparison of centrally-led reiderstvo by Russia and nationalization by the Ukrainian state

The logic of the hybrid war dictates that sooner or later Ukrainian state and private assets will be appropriated in one form or another by the occupying power, and thence become the property of the Russian state or private Russian companies. Therefore, in the economic sense, hybrid war is also about the unconditional redistribution of property in favor of the occupiers.

While most Western reports assess the changing economic position of Ukrainian oligarchs by their wealth, it is important to go beyond the level of current (monetary) incomes and analyze predatory action affecting the oligarchs—and Ukraine in general—as well.[17] Indeed, from the very beginning, the authorities of the annexed Crimea plotted a course to appropriate property and assets that belonged to the Ukrainian state and private citizens of Ukraine. In the period of 2014–2021, four main methods were used to this end:

1. *nationalization*, meaning the adoption of acts on the automatic transfer of state-owned or private property to the ownership of the so-called "Republic of Crimea" or the "city of federal importance Sevastopol" as subjects of the Russian Federation;
2. *confiscation* of property based on court decisions;
3. *forced purchase* of property based on acts of the occupying power;
4. *forceful seizure* of property by units of the so-called "Crimean self-defense."[18]

The estimated losses for Ukraine from the temporary occupation of Crimea for these eight years amounted to about USD 118 billion.[19] It should be also noted that, with the direct participation of the occupation authorities, new "local" oligarchs (or "minigarchs") emerged during this same period of time in the occupied areas of eastern Ukraine. The source of their enrichment was the seizure of Ukrainian property, including objects that previously belonged to Ukrainian oligarchs.[20]

This practice went on, and was brought to an even higher degree of activity, in the second phase of aggression. Almost a year after the invasion started, on February 3, 2023, the Russian parliament of Crimea adopted a decision on the "nationalization of the property of Ukrainian businessmen." The Speaker of the Russian Parliament of Crimea, Volodymyr Konstantinov, stated that "about 500 objects belonging to various enterprises and banks, tourist and sports infrastructure are included in the list."[21] Some of the oligarchic enterprises subject to nationalization in Crimea are listed below:[22]

- Estate Holding Group LLC, a real estate management company under the ownership of Nestor Shufrych, a member of the oligarchic group Naftohazvydobuvannia;
- Pension "Hirnik," in Mykolaivka village, under the ownership of Rinat Akhmetov;
- Transport Logistics LLC, under the ownership of the oligarch Ihor Kolomoisky;
- Saturn IMAX cinema in Yalta, owned by the former Prime Minister of Ukraine, Arseniy Yatseniuk;
- Alminski Building Materials Factory, a stone and tile manufacturer in Skalyste, Bakhchisaray district, under the ownership of oligarch Serhiy Taruta.

On October 18, 2022, the State Council of the annexed Crimea adopted a resolution by absentee voting that allows property of foreign states and citizens "unfriendly to Russia" to be recognized as "property of the republic." The law affects the property of foreign persons and that of their beneficiaries and persons under their control who are associated with foreign states which carry out unfriendly actions towards the Russian Federation and Russian legal entities and individuals. These changes were to apply to land plots and other objects of movable and immovable property that were owned as of February 24, 2022.[23]

On the surface, this decision is similar to the law adopted by Ukraine on March 3, 2022 on the forced seizure of objects in Ukraine to which the Russian Federation and its residents have property rights. The law allows for the expropriation of movable and immovable property, funds, deposits in banks, securities, corporate rights, and other property located (registered) on the territory of Ukraine and owned either directly indirectly through affiliates by the Russian Federation and its residents.[24] Also, in November 2022, the assets of five large Ukrainian enterprises owned by representatives of oligarchic groups were forcibly alienated into state ownership (Table 3).[25] The possibility of such alienation during martial law is provided for by Ukrainian legislation.[26]

Table 3. Companies transferred into state ownership.

Company	*Specialization*	*Control*	*Comment*
Ukrnafta PJSC ("Укрнафта")	Oil production	**Ihor Kolomoisky**	–
Motor Sich JSC (AT "Мотор Січ")	Production, repair and maintenance of aircraft engines	**Vyacheslav Bohuslaev**	–
Ukrtatnafta PJSC ("Укртатнафта")	Oil processing	**Ihor Kolomoisky**	War inflicted damages
AvtoKrAZ PJSC ("АвтоКрАЗ")	Truck vehicles designed for civil and military use	**Kostyantyn Zhevago**	State of bankruptcy

Source: DW (2022).

However, the "similarity" of such practices by the Ukrainian state to what Russia and the occupation authorities have done has a purely formal character. First, the forcible seizure of Russian property in Ukraine may be carried out for reasons of public necessity in the interests of Ukraine and is based on the principles of legality, transparency, objectivity, compliance with purpose, strategic importance, and efficiency. Second, it should be noted that the basis of such practices is the recognition by the Verkhovna Rada of the Russian Federation as an aggressor state, in accordance with UN General Assembly Resolution No. 3314 "Definition of Aggression" of December 14, 1974.[27]

As far as the alienation of Ukrainian oligarch property is concerned, the activities of the Ukrainian and the Russian/occupation authorities can be distinguished by:

- *the motivation of the action*, as Ukrainian wartime nationalizations fit the wider policy of a war economy as well as the aim of anti-patronal transformation, while the decision of the State Council of Crimea is an instrument of the policy of patronal "appropriation" of Ukrainian property at the local level by an offensive—not defensive—force;

- *the fate of the nationalized companies*, as in the occupied territories the property of the Ukrainian oligarchs has been re-privatized to local oligarchs ("transit-nationalization,"[28] with the received funds being used in particular to finance

the war against Ukraine), while the five oligarchic companies taken over by the Ukrainian state have not been reprivatized and the government's anti-patronal stance makes it obvious that there is no plan to give them to "supporter oligarchs" (the post-war fate of each enterprise will be decided separately);

- *the possibility of compensation*, which is granted by the Ukrainian Law on the nationalization of oligarchic companies (owners of alienated property have the right to compensation for its value, to be paid within five years during a state of emergency or within one year after its cancellation at the expense of the state budget), while property takeovers by the Russian and occupation authorities are uncompensated acts of predation, carried out on top of property destruction in the warzones.

In short, the difference between the Ukrainian and the Russian actions is tantamount to the difference between non-patronal and patronal actions, and between wartime nationalizations and centrally-led corporate raiding (*reiderstvo*).[29] The criminal nature of the latter is recognized by the injured parties as well, who, in order to protect their property interests and obtain compensation for the losses caused by the annexation of Crimea and the military aggression of Russia, have begun to file lawsuits against the Russian Federation in Ukrainian and international courts. Conventionally, the plaintiffs can be divided into three categories: Ukraine as a state entity; public or private commercial enterprises; and citizens whose rights (including property rights) have been violated. These claims have been submitted to the European Court of Human Rights (ECHR, Strasbourg), the International Criminal Court and the International Court of Arbitration (both in The Hague), and to additional courts in the Netherlands, France and Switzerland.[30] In turn, to protect the property rights of Ukrainian citizens in the temporarily occupied territory of the Republic of Crimea and the city of Sevastopol, the government has created a special delegation to participate in the resolution of disputes regarding the interpretation and application of the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on the Encouragement and Mutual Protection of Investments.[31]

Lawsuits in response to illegal actions have been filed both by the owners of large business groups and by individual enterprises that are members of such groups or associations. The most important examples are the following:

- Rinat Akhmetov's appeal to the ECHR in June 2022. The subject of the lawsuit is compensation for gross violations of property rights during Russia's unprovoked military aggression against Ukraine. The lawsuit seeks urgent measures and compensation for losses in connection with the blockade, looting, destruction, and redirection of grain and metal flows by Russia.[32]

- Lawsuit of 16 enterprises of the Metinvest Group (Rinat Akhmetov, Vadym Novinsky) to the ECHR in October 2022. The subject of the lawsuit is deprivation of the Group's control over its assets, deprivation of the Group's right to ownership of its assets, and deprivation of the Group's ability to use its assets for commercial purposes and generate income. The lawsuit seeks compensation for damage and destruction caused by the Russian Federation to the property and assets of the Group in Mariupol and other territories of Ukraine since February 24, 2022. Another 10 companies of the Group are preparing similar lawsuits.[33]
- Lawsuit of the Austrian gas station network Ukraine AMIC Energy to the ECHR in January 2023. The subject of the lawsuit is the loss of access to AMIC Energy property in Ukraine and the impossibility to conduct the exploitation of its economic activity. Property has been seized, looted and in some cases destroyed by the Russian army and the occupying power controlled by the terrorist country. The lawsuit seeks compensation for damages in the amount of more than UAH 300 million (ca. USD 8.1 million).[34]

2.4. From ambiguity to "patriotism by necessity": the changing position of oligarchs to the Russian aggression

The Russian full-scale invasion eliminated the "middle-ground" between supporting Ukraine and supporting Russia. The magnitude of the oligarchs' losses compared to the first phase of the Russian aggression resulted in the disappearance of their previous ambivalence as they now sided with the defensive party. A clear manifestation of this "patriotism by necessity" is the scale of the direct participation of big oligarchic businesses in the fight against Russian aggression. This phenomenon requires a separate analysis both in itself and from the point of view of the forms and scope of civil society activities for the protection of the country.

In general, the military-oriented activities of oligarchs have taken the following forms:

1. launching of lines for the production of military goods;
2. acquisition and supply of military equipment for the Armed Forces of Ukraine, including drones, vehicles, communications systems, weapons, and auxiliary equipment, such as generators;
3. direct humanitarian aid to vulnerable groups of the population and to institutions providing similar services to the population;
4. financial aid to military personnel and their family members;
5. implementation of various measures to support their own personnel and mobilized employees.

We may mention two key oligarchs as examples, and provide an overview of their military-oriented activities during the first year of the war. First, Akhmetov's SCM Group—including SCM, Shakhtar FC, and the Rinat Akhmetov Foundation—has disbursed aid to Ukrainian military and civilian residents in the amount of UAH 5 billion (ca. USD 135 million). In total, they have provided assistance to almost 4 million people. Some 13,000 SCM employees are currently serving in the ranks of the Armed Forces, and UAH 1 billion (ca. USD 27 million) has been allocated to help the defenders of Mariupol and their families. The types of support provided by the SCM Group include the procurement and supply of defensive equipment, first-aid kits, vehicles, fuel, etc. to the Armed Forces; the development and production of armored steel for bulletproof vests and the provision of free modular shelters for military personnel, and the free supply of electricity to hospitals, bakeries, and all military and security structures.[35]

The other example involves the activities of the Petro Poroshenko Foundation and the ROSHEN Company as of February 1, 2023.[36] Together with the NGO "Strength of Communities," the scale of support provided by Poroshenko amounts to 1.8 billion UAH (ca. USD 50 million). Beyond financial help, other types of support are also provided for the Armed Forces, such as the procurement and supply of protective equipment, first-aid kits and medical equipment, machinery, military equipment (thermal imagers, drones, night vision devices), vehicles (trucks, armored vehicles, tractors), communications equipment (digital radio stations, starlinks), power generators, food products (including grain and food kits both for the military and for the residents of liberates cities), materials for the construction of fortifications, and financing for the creation of territorial defense battalions in Kyiv and the Kyiv region.

The changed political position of the Ukrainian oligarchs can be best illustrated by Rinat Akhmetov, who called for unity in the fight against the aggressor and pledged to pay his taxes in advance.[37] Many other businessmen have taken such a step as well. At the same time, many other representatives of Ukrainian big business today provide substantial assistance to the Armed Forces and the population affected by Russian aggression, although they prefer not to talk about these activities publicly.

In general, Ukrainian oligarchs today operate in survival mode. In the present period, their activities are actually aimed at supporting Ukraine's struggle against Russian aggression in a variety of forms. Thus, we can talk about state and private sector partnerships under the conditions of the political consolidation of society, the reformatting of social attitudes and political processes under the influence of the war, and the implementation of an almost unified information policy, among other things (discussed at length in this volume). The shift among the Ukrainian oligarchs to the side of the defending party indicates not only the severity of their losses and

the disappearance of an intermediate position between Russia and Ukraine, but also that they have begun to assess their future options. The experience of Crimea and the eastern Ukraine has shown them what Russian or pro-Russian rule would mean—the complete vulnerability to predatory authorities. In contrast, on the Ukrainian side, there is the hope of compensation and reconstruction after the war. Thus, in the short term, we are talking about business survival and the current recovery of industrial and commercial activity; in the medium term, prospects and possibilities of post-war recovery; and in the long term, business development strategies in the context of current and future political and economic trends.

3. Prospects for the future: oligarchic or entrepreneurial reconstruction?

3.1. The issue of compensation: existing legal frameworks and difficulties

Russia's aggression has brought huge economic losses to the Ukrainian oligarchs, to Ukraine as a country, and to Ukrainian citizens as well. According to the Kyiv School of Economics, the damage and destruction inflicted on Ukrainian infrastructure amounted to a total of USD 127 billion (as of September 2022), and included 135.8 thousand residential buildings, 412 industrial and commercial enterprises, 188.1 thousand private vehicles, 1270 schools, 978 hospitals, and 1077 sports and cultural facilities.[38] It is no wonder, then, that the question of compensation for war-related losses arose almost immediately after the start of the Russian invasion of Ukraine.

Indeed, the question of compensation was already raised during the first phase of the aggression, but the first attempts to legislate this problem began only in 2021. On March 1, 2021, the Verkhovna Rada registered the draft Law "On the Protection of Property Rights and Other Proprietary Rights of Persons Affected by Armed Aggression."[39] The aim of the Law was to protect property rights and other proprietary rights to both immovable property (residential buildings, apartments, and other residential premises, as well as non-residential premises, constructions sites, land plots, etc.), and movable property, which have been violated as a result of armed aggression, by providing limited compensation or restitution (i.e. restoration of the square footage that existed before the violation). Sources of funding for the compensation costs were to be determined from the state budget within the limits of appropriations, as well as from local budgets, investments, grants, donations, and communal property. The law was to apply to legal relations related to the protection of property rights and other proprietary rights belonging to the state, territorial communities, legal entities, as well as natural persons, including entrepreneurs (with respect to property used by the latter to carry out entrepreneurial activities), which had been violated as a result of the armed aggression.

On May 17, 2022, the Verkhovna Rada of Ukraine registered the draft Law "On Compensation for Damage Caused to the Victim as a Result of the Armed Aggression of the Russian Federation." The purpose of the law was to determine the specifics of state policy regarding full compensation for damage caused by the armed aggression of the Russian Federation. Importantly, Article 26, Section 1 of the draft law states that "the damage caused to the property of a legal entity, an individual entrepreneur, as a result of the armed aggression of the Russian Federation is calculated taking into account the value of lost, destroyed, or damaged property; lost profits; and losses from unpaid goods, works, and services provided and consumed in the temporarily occupied territories." The methodology for calculating the amount of such damage to the property of a legal entity, an individual entrepreneur was to be established by the Cabinet of Ministers of Ukraine.[40] As for the regulation of the compensation process itself, as of now, only the Law "On Compensation for Damage and Destruction of Certain Categories of Immovable Property as a Result of Hostilities, Acts of Terrorism, Sabotage Caused by the Armed Aggression of the Russian Federation" has been adopted. This law applies exclusively to compensation for the loss of housing by citizens.[41]

Today, Ukraine has already developed a number of regulatory documents related to the collection of evidence, documents, and other information regarding the damage caused by Russian aggression, which will serve as the basis for obtaining further compensation for respective losses. The related regulatory and legal documents that outline the rules and procedures for determining losses and compiling their documentation include the following:

- "The procedure for submitting an information notice on damaged and destroyed immovable property as a result of hostilities, acts of terrorism, sabotage caused by the military aggression of the Russian Federation" (March 26, 2022, No. 380).[42] This procedure applies exclusively to immovable property (buildings, structures, construction in progress for which the right to perform construction work has been obtained, and linear objects of engineering and transport infrastructure) and applies to both individuals and legal entities.

- "The procedure for determining the damage and losses caused to Ukraine as a result of the armed aggression of the Russian Federation" (March 20, 2022, No. 326).[43] Among other things, this procedure concerns the economic losses of various types of enterprises, including business associations, but excluding elements of the defense-industrial complex. The relevant provisions include losses suffered by enterprises of all forms ownership accruing from the destruction or damage of property, loss of financial assets, as well as lost profit from the impossibility or hindrance of business activities.

- "The procedure for the implementation of urgent works regarding the liquidation of the consequences of the armed aggression of the Russian Federation related to the damage to buildings and structures" (April 19, 2022, No. 473).[44] This procedure establishes a mechanism for the fixing of damages to buildings and structures of various forms of ownership caused by the armed aggression of the Russian Federation.
- "The procedure for providing and determining the amount of monetary assistance to victims of emergency situations and the amount of monetary compensation to victims whose residential buildings (apartments) were destroyed as a result of the military emergency caused by the armed aggression of the Russian Federation" (December 18, 2013, No. 947).[45]

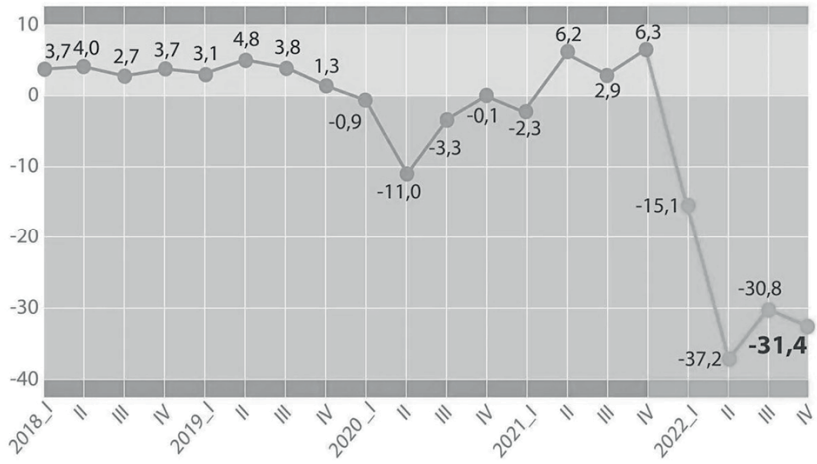
In sum, the state provides compensation for losses both to citizens (this applies primarily to housing) and to private businesses. The types of such losses suffered by entrepreneurs include physical losses in various forms, as well as lost profits from the impossibility or hindrance of economic activity. However, it is already quite certain that the process of determining the damage to business actors will be a key difficulty, along with the problem of finding appropriate funding on the part of the state. In the short term, the state can be expected to focus on helping citizens first, at the expense of the state budget, while the funds for paying compensation to businesses (and especially to large businesses) will still have to be found. At the moment, it is obvious that Ukraine does not have enough of its own funds to make all the planned compensation payments, a difficulty that may become more severe the longer the war lasts.

3.2. Towards entrepreneurial reconstruction: market competition and its legal guarantees against the re-emergence of oligarchy

In addition to the above-mentioned problems of compensation, the question arises whether any occasional funds can and should be used for payments to large businesses, and to the oligarchs in particular. Reconstruction will be inevitable in the post-war economy of Ukraine, and although Ukraine's economic performance seems to have stabilized one year after the start of the war, the country's GDP has dropped by around 30–35% during this period (Figure 1). The percentage of non-producing companies is also rather high, in a business environment that is perceived (according to the Ukrainian Business Index) to be significantly worse than before February 2022.[46] However, post-war reconstruction does not have to mean the reconstruction of the pre-war oligarchic structure. Anti-patronal transformation in Ukraine necessitates entrepreneurial, rather than oligarchic, reconstruction, resting on the principles of fair market competition and an undistorted economic playing

field. Such reconstruction should combine the recovery and further development of Ukraine's economic potential with deep political, economic, and social reforms within the framework of acquiring membership in the EU and NATO. The dynamics and effectiveness of such reforms will determine, among other things, the environment in which economic agents (including oligarchs) will operate.

Figure 1. Change of Ukraine's real GDP (in % to the relevant quarter of the previous year; 2018–2022).



Source: State Statistics Service of Ukraine.

In the following, we discuss five key factors in the reconstruction process, and express what we consider vital for this reconstruction to be entrepreneurial rather than oligarchic.

1. *A framework for market competition*. In principle, oligarchs objectively tend to monopolize certain sectors and markets, while competition is one of the key factors in the efficiency of the market system. Therefore, one of the main regulatory functions of the state is the protection of economic competition. In the Ukrainian context, this means the need to have a politically independent Antimonopoly Committee. This concerns, first of all, the status, functions, and institutional capacity of the Antimonopoly Committee of Ukraine (AMCU). This body must be independent after the war, and have sufficient institutional capacity to effectively identify threats leading to the monopolization of certain markets and eliminate them. In other words, the status and role of the AMCU should ideally be comparable to the status and role of the National Bank of Ukraine. At the same time, it should be understood that even in the presence of the most advanced normative and regulatory framework, the formation of the "ideal" AMCU will require time, appropriate political efforts, and financial resources.

2. *EU regulations for market competition.* Ukraine, as a candidate country for joining the EU, must implement a number of economic reforms, in particular a strategy of economic policy development and the regulation of industrial and commercial activities. This will affect the conditions of economic operations, including that of large oligarchic companies. Focusing on the creation of a proper business environment, EU accession will necessitate Ukrainian legislation to fully comply with the EU's competition standards (the so-called *acquis communautaire*).[47] Indeed, Ukraine has turned to the European Commission with a request to provide clarification on whether the war constitutes an "emergency situation" in the sense of the EU legislation in the field of state aid. Also, until now, the Venice Commission has not provided any conclusions regarding Ukraine's anti-oligarchic legislation. The problem is that the antimonopoly regulations of the European Union say nothing about state aid and the protection of competition during wartime and during the process of post-war recovery. It is obvious that this difficult problem can only be solved in cooperation with the EU. This issue is extremely important in terms of the interaction between the state and the business community in general, and the state and large companies in particular.

3. *A framework for lobbying.* Oligarchs, like other economic agents, have their own economic interests and the right to communicate them to society and the state (authority). Therefore, Ukraine needs to create a civilized system of lobbying. The principles, forms, mechanisms, and tools of such communication should be established by the relevant law on lobbying activities. Of course, even with the best law by all standards, the formation of a system and traditions of civilized lobbying will require a long time, consistent efforts of the state (authorities), and pressure from civil society. Business associations should also play an important role in this process, although the war has been a shock not only for business but also for business associations as instruments of representation of relevant economic interests in Ukraine.

4. *Recovery policies of public and private actors.* While each company will have its own recovery policy, all of them will require financial resources. Therefore, there is already a question about how the state and private companies will interact in the process of restoring production facilities that belong to private owners. In general, this concerns the need to develop specific mechanisms for the participation of Ukrainian and foreign companies in the post-war reconstruction of Ukraine. Such restructuring, in turn, can lead to certain structural changes in the economy of Ukraine at various levels, the analysis of which goes beyond the limits of this chapter. In general, the restructuring will depend both on an assessment by the owners and management of the respective companies regarding the development prospects of certain markets and available resources, as well as on the priorities

and tools of the post-war recovery policy. (It should be noted at this point that the Law of Ukraine "On State Aid to Business Entities" was suspended for the duration of the war and for a year after its end.)[48]

5. *Measures to prevent oligarchic state capture.* The eradication of state capture, the factor and element of which is the oligarchy, requires legislative regulation of a whole complex of issues, such as the financing of political parties, political advertising, and campaigning; the activities of mass media, in particular in terms of the relations between owners and editors as media management bodies; the civilized representation of business interests (civilized lobbying); and the elimination of gaps in legislation in order to minimize corruption opportunities and ensure the inevitability of punishment for acts of corruption. On the other hand, business itself should play an important role in combating corruption within the framework of corporate social responsibility as an integral part of each company's business strategy.

Today, the political and socio-economic future of Ukraine is being determined on the battlefield. Therefore, any forecasts and expectations directly depend on how and when Ukraine will restore its territorial integrity and sovereignty. In purely economic terms, this means that today we can only accumulate information about the real state of the Ukrainian economy and try to understand the scale and nature of the problems that Ukraine must objectively solve in the process of post-war reconstruction. In any case, the transparency of reconstruction projects as well as the explicit focus on the construction of an entrepreneurial rather than an oligarchic environment in the spending of (Ukrainian state and foreign) funds will be key for a lasting anti-patronal transformation. This is recognized by the Ukrainian population as well, with over ninety percent saying that the reconstruction process should be transparent (98%) and inclusive of all Ukrainian citizens (92%).[49]

As a general conclusion, we note that during the war, the relationship between the oligarchs and the Ukrainian state has acquired new dimensions that did not exist before. First, this concerns cooperation in terms of ensuring the country's economic stability. This is a question of economic policy, the opportunities and priorities of entrepreneurs, and the social responsibility of business. Second, the state and the business community should effectively cooperate in the sphere of increasing the effectiveness of sanctions against Russia. To this should also be added cooperation in the field of protecting the interests of Ukrainian economic actors in international courts. At the same time, it is very important to have an appropriate national legal framework and judicial practice. Third, the ability of Ukrainian enterprises to attract the necessary funds for post-war recovery and further development on the international financial markets largely depends on the state's economic policy. And finally, state policy regarding big oligarchic business should objectively take into account its role in the fight against Russian aggression.

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Ukraine's Energy Sovereignty in Time of War: Russia Lost Influence, but the Oligarchs Did Not

Dmytro Tuzhanskyi

1. Selling energy, buying influence: the role of Russia in Ukraine's patronal democracy

1.1. The vicious circle of Ukraine's patronal regime—with Russia (and not Ukrainian oligarchs) on top

In Ukraine, as in most post-Soviet states, access to energy resources has been, apparently, the decisive criterion not just for uncontrolled enrichment but also for the development and viability of a strong patronal oligarchic model of power. Its "fabric" has been corruption and the absence of an actual energy market in Ukraine as such, which is condoned by the state, by the ordinary monopolies in the energy sector, and by the clan and political-financial groups operating under cover of the state.

When talking about access to energy resources, we should have in mind not only those resources that Ukraine possesses as a state—deposits of gas, oil, coal,[1] power generation capacity through nuclear power plants, thermal power plants, solar and hydroelectric power plants, and so on. We should also have in mind, first and foremost, access to cheap Russian energy resources, primarily gas, oil and petroleum products (gasoline and diesel), both in terms of their import into Ukraine for sale on the domestic market, and in terms of the transit of these energy products from Russia to EU countries. All of this is usually done with questionable profit margins and corruption, using Soviet-era infrastructure and the supply chains that depend on it.

Long before February 24, 2022, when Russia launched its full-scale military aggression against Ukraine, it was clear that the Kremlin was using energy resources as a weapon, building not just supply chains of energy resources but also chains of hybrid influence in other states based on asymmetric interdependence. In this sense, Ukraine is and has always been Russia's more or less number one target, given its importance for Moscow in all senses (historical-imperialist, geopolitical, economic, transit, etc.). Of course, in this regard we cannot ignore Ukraine's evident post-Soviet dependence on specifically Russian energy resources and the integration of the two countries' energy infrastructures as well as the objective dependence of Europe on Russian energy resources.

Russia and its loyalists have always explained this dependence and its intensification by referring to the usual economic benefits or logic, and sometimes even by pointing to economic integration as a security tool analogous to the Schuman Plan which was put forward at the end of World War II and which laid the foundations for the EU. From Ukraine's perspective, everything came down to even simpler explanations: why should the country pump more of its own gas or oil for processing into gasoline and diesel, or even seek to diversify its energy sources, if it is cheaper to buy and transport any amount from Russia, earn excess profits on it, and receive the political support of Moscow. Moreover, for Ukraine's financial and industrial groups, which for the most part had replaced the Ukrainian state over the period since independence in 1991, such a proposal from Moscow meant a package solution: money combined with power and support. Practically until 2014, every Ukrainian politician who finalized a new energy (especially gas) contract with Russia, either personally or through his or her representatives, immediately laid claim, if not to a promotion (for example, from prime minister to president), then at least to another term in office. In fact, the signing of new energy contracts often coincided with the start of election campaigns in Ukraine. After all, these contracts usually covered not only Ukraine's objective gas requirements, but also allowed for manipulation in the rates for utility payments among the population and businesses, setting them lower than the market rates.

It cannot be claimed that Russia has done all this solely for the sake of political loyalty; the energy trade with Ukraine has always been a profitable business both for Russian patronal groups and for the "towers of the Kremlin." But it is political loyalty that was and continues to be critical for Putin's regime. In the Kremlin's understanding, this loyalty has actually included the right to a "decisive voice" within Ukraine regarding its future path and development—whether to integrate into the EU (signing the association agreement as the pretext for the Revolution of Dignity in 2013–2014) and NATO or not, to leave the Commonwealth of Independent States (CIS) or not, to extend the lease of the Russian Black Sea Fleet in Crimea or not, and the list goes on. In other words, Russia has been trying to use Ukraine as a Russian sphere of influence and as a springboard for its hybrid operations against the West, aimed primarily against the US but also against NATO's and the EU's eastern flank states. In this sense, Russia's present aims with respect to Hungary are rather similar,[2] with the only difference being that Hungary is a member of the EU and NATO, which could make Russian influence much more dangerous.

On the other hand, what did the refusal of such cooperation with Russia mean for the Ukrainian elites? Simply that they acquired another (and perhaps more influential than any other) political competitor, one who can exert more pressure on them both externally and internally, interfering in elections and political processes. A refused Russia is an enemy that can poison you, undermine you, and do

anything found in the playbook of the Russian special services, which can regularly be seen in operation around the world, ranging from the US (meddling in the 2016 election) and Great Britain (the Salisbury poisonings) to Montenegro (the coup attempt in 2016 prior to entering NATO) and the Czech Republic (the bombing of military warehouses in Vrbětice in 2014). Ukraine experienced all these, in one form or another, during the Western-oriented presidency of Viktor Yushchenko in 2005–2010, and especially in 2008 when Ukraine came closer than ever before to joining NATO's Membership Action Plan. This concerns, first and foremost, Russia's two gas wars launched against Ukraine: the first in 2005–2006, and the second in 2008–2009.[3]

It would take more than one book to describe the nature and history of these influences within the patronal democracy of post-soviet Ukraine. In essence, the result of this model—directly or indirectly—has been the creation, strengthening, and long-term influence of such clans and oligarchic groups as Kuchma-Pinchuk, Lazarenko-Tymoshenko, and the later groups and clans around Yulia Tymoshenko; the RosUkrEnergo group headed by Dmytro Firtash, which later transformed into the *gazovyky* ("gas guys") group led by Yuriy Boyko and Serhiy Liovochkin; the Industrial Union of Donbas (ISD) group headed by Serhiy Taruta, Vitalii Hayduk, and Oleh Mkrtchan; the family clan of the fugitive president Viktor Yanukovych; the group of Rinat Akhmetov, the richest man of Ukraine for at least the past two decades; the "Privat" group of Ihor Kolomoisky and Genadiy Boholyubov; and of course Viktor Medvedchuk's group.

What is important to highlight is that the key feature of the Ukrainian patronal system is that very often *the key patron in the multi-pyramid network was not the oligarchs or the leaders of the state loyal to them but Russia itself.* Indeed, it is impossible to study or change the patronal model of Ukraine without understanding and taking into consideration the role and place of Russia in this model.

Therefore, there is every reason to talk about Ukraine until 2014 as not just a post-Soviet patronal democracy, but also a post-Soviet patronal state under either the direct control or the critical influence of Russia—at least, this is exactly what Russia has always strived for under Vladimir Putin. And it is also important to point out that the Kremlin has understood perfectly well that Russia can control or at least influence Ukraine, that is, be its "chief patron," only if the patronal model operates in Ukraine itself. Hence, Ukraine may be corrupted only as long as it maintains a patronal regime.

In this vein, it is important to consider in more detail the nature of two groups that were part of the patronal model of Ukraine before and after 2014. These groups had a strong connection with Russia, and through them Russia tried to be the main patron in the Ukrainian system. These two groups were the RosUkrEnergo group and Viktor Medvedchuk's group.

1.2. The rise of the RosUkrEnergo group led by Firtash, Boyko, and Liovochkin

The RosUkrEnergo group (known in Ukraine as *gazovyky*, which in Ukrainian slang means something like the "gas guys") appeared in Ukrainian politics in 2004, when the RosUkrEnergo,[4] a company by the same name, was registered in Switzerland as a gas trader. Fifty percent of the company's shares belonged to Gazprom (through Gazprombank). The group's formation as part of Ukraine's patronal system is linked to the Ukrainian oligarch Dmytro Firtash, who is currently facing extradition to the US and up to 80 years in prison.[5] In 2014, he was detained in Vienna at the request of the FBI as part of a case involving a bribe of more than USD 18 million for officials in India, where Firtash's company was supposed to mine for titanium. That same year, Firtash posted a 125-million-euro bail, a record for Austria, to get out of prison. The legal process regarding the Ukrainian oligarch's extradition to the US is still ongoing.

The history of the emergence, rise, and certain decline of the RosUkrEnergo group provides a good illustration of the entire Ukrainian patronal oligarchic system.

- The first contracts for the supply of gas to Ukraine by the RosUkrEnergo company were signed in 2004, when Yuriy Boyko, a member of the RosUkrEnergo group but not formally linked to the company, held the position of both chairman of Naftogaz and first deputy minister of fuel and energy of Ukraine.

- In 2004-2009, during the presidency of the pro-Western Viktor Yushchenko, the RosUkrEnergo company was the key supplier of gas to Ukraine, occupying a *de facto* monopoly position in this market. According to Firtash, it was mainly Central Asian (in particular, Turkmen) gas, transited through Russia.[6] In 2009, as one of the consequences of another so-called Russian-Ukrainian gas war, RosUkrEnergo was suspended from importing gas into Ukraine.[7]

- During the presidency of Viktor Yanukovych in 2010–2014, Serhiy Liovochkin, one of the leaders of the RosUkrEnergo group, headed the presidential administration for almost four years, during which Firtash managed to significantly increase his assets in Ukraine. In particular, he managed to buy most of the regional gas companies (the so-called *oblgaz*) in the country,[8][9] as well as the most popular TV channel at the time, *Inter*.[10] In this way, he managed to gain a place among the top five richest people in Ukraine.[11]

- Since 2021, Firtash has been sanctioned by the National Security and Defense Council of Ukraine (NSDC).[12] Despite this, he remains one of the richest people in Ukraine,[13] and his group is still one of the most influential in the country,[14] although in recent years this has been less due to his own efforts than those of other strong members.

One of the most mysterious topics surrounding the RosUkrEnergo group has been the connections of the group and its leader to the Russian gangster Semyon Mogilevich,[15] in particular, regarding his role in lobbying in the interests of the RosUkrEnergo group at the highest levels in Russia. According to Ivan Fursin,[16] one of the co-owners of RosUkrEnergo, it was the information about these connections that in one way or another prevented the company from going public and successfully operating in Western markets.

Another topic shrouded in legend is Firtash's role in a possible agreement between Petro Poroshenko and Vitaliy Klitschko prior to the 2014 presidential elections, when the famous ex-boxer chose not to run for president but for mayor of Kyiv instead. This agreement is known in Ukraine as the "Vienna Conspiracy," because it was in the Austrian capital in the spring of 2014 that the already detained Firtash met with Poroshenko and Klitschko.[17]

Although politically the RosUkrEnergo group has always been embedded with the pro-Russian forces in Ukraine, namely, the Party of Regions and the Opposition Platform – For Life, this pro-Russian stance along with the group's connections in Russia have primarily been used as a tool for making money and gaining power in Ukraine. That is, from the perspective of the nature of this group and its key motivation, it has always sought its own enrichment as the key goal, that is, business and money, while gaining power and being pro-Russian were and are merely tools to that end. That is why the RosUkrEnergo group has worked and invested not only in a pro-Russian agenda and political groups but also in pro-Western ones, like the political projects around Viktor Yushchenko, Petro Poroshenko, and Vitaliy Klitschko.

In other words, the RosUkrEnergo group has tried to constitute itself as a patron rather than as a client, and uses Russia and the Kremlin as tools for its own enrichment rather than intending to serve the latter's interests. Of course, the Kremlin thinks otherwise, and views the RosUkrEnergo group from the position of a patron—using the group to influence Ukraine and its elites, in addition to influencing other political regimes in Central and Eastern Europe. For example, RosUkrEnergo once supplied gas to Hungary, Bulgaria, Romania, and Poland. It is possible that the Kremlin is still trying to exert influence through its proxies, although Firtash recently reacted with extreme negativity to the full-scale Russian invasion of Ukraine and Putin's actions.[18] One way or another, the Kremlin's influence in this regard seems never to have been direct, but rather indirect. This is what distinguishes the RosUkrEnergo group from the other group, led by Viktor Medvedchuk.

1.3. Viktor Medvedchuk's group and oil pipeline named after him

The key source of money and influence for Viktor Medvedchuk's group was primarily the energy sphere, specifically the supply of oil products and liquefied gas from Russia to Ukraine, as well as energy assets in Russia purchased for virtually nothing, which look more like gifts to Medvedchuk's people from the Russian regime.[19] How such a scheme works is clearly visible from the materials of one of the criminal cases regarding the operation of the so-called "Medvedchuk pipeline" in Ukraine. This concerns the operation of the "Samara – Western Direction" oil pipeline, which was built between Ukraine, Belarus, and Russia back in the days of the Soviet Union. Since the collapse of the USSR, control over this pipeline has at various times passed between the Russian state and private Ukrainian companies affiliated with pro-Russian politicians, including Viktor Medvedchuk, although as an object of strategic infrastructure the Ukrainian portion of the pipeline at least should have become Ukrainian state property immediately after the collapse of the Soviet Union.

In recent years, before the final transfer (in fact, nationalization) of the Ukrainian portion of the oil pipeline to state ownership, about two million tons of diesel fuel per year were pumped through the Samara – Western Direction pipeline which constitutes roughly 20% of the Ukrainian diesel fuel market.[20] The profit from the sale of this fuel was a key source of financing for the Medvedchuk group's political activities in 2014–2021, as well as the purchase of three leading TV news channels in Ukraine, and the creation of a media empire of influence used primarily to spread the Russian agenda.

In February 2021, with an interval of several days and weeks, the Samara – Western Direction oil product pipeline was returned to state ownership. At the same time, Medvedchuk was sanctioned by the National Security and Defense Council of Ukraine (NSDC),[21] and the so-called Medvedchuk TV channels were blocked.[22] According to one account published recently by Russian investigative journalists, it was after these actions by the Ukrainian authorities and Volodymyr Zelensky's team against Medvedchuk's group and network that Vladimir Putin decided on military aggression against Ukraine.[23] Of course, no one except Putin can verify this, but it looks reasonable, because it was exactly at this moment that, through the use of Medvedchuk's group, Putin's regime had come closer than at any time since 2013 to enacting political revenge in Ukraine, and then, all at once, he lost his entire influence network, and with it any possibility of seriously influencing the Ukrainian government and the Ukrainian political system in general.

At first glance, Medvedchuk's group was not much different from the RosUkrEnergo group, which was covered above. But there was a significant difference between the two, and also between Medvechuck's group and every other patronal network in Ukraine. Indeed, the story of the Medvedchuk group is a good example

of how the patronal oligarchic system is built and operates in Ukraine, as well as how during a partial change in this system, for example, when there are autocratic attempts to move away from a patronal democracy, oligarchic groups can remain in power and effectively influence the government, even if the political parties with which they are publicly affiliated find themselves in opposition.

The career of Viktor Medvedchuk in Ukrainian politics is a vivid example of how a person can become a patron, how patrons build their system of subordination, and how they generally operate in a patronal democracy. Medvedchuk started out as a Soviet lawyer and advocate. In late 1990s, he became an ordinary member of parliament elected to a single-member constituency in Zakarpattia region with which he had no previous connections. In 2000, he became the first deputy speaker of the Verkhovna Rada, and just two years later he was appointed head of President Leonid Kuchma's administration. This meant that at that time he was probably the second most influential person in the country, and likely the most informed. In 2004, Vladimir Putin, already the president of Russia, became the godfather of Medvedchuk's daughter.[24] After the start of the Russian aggression in 2014, Medvedchuk dealt publicly with the issue of prisoner exchange, even though he was a pro-Russian politician at that time and the leader of the NGO "Ukrainian Choice" without any position or mandate. In 2018, he joined the For Life party and started to increase his political activity and presence, in addition to building a media empire and establishing his patronal network in the public sphere. By 2020, the Opposition Platform – For Life, which was formed primarily through alliance of the Medvedchuk and RosUkrEnergo groups, became the second or third most popular party in the country,[25] challenging Zelensky's Servant of the People party in public opinion.[26]

In Ukraine, of course, one can find many examples of such rapid movement along the power vertical, because this is one of the characteristics of a patronal system. In Medvedchuk's case, however, a number of important questions remain unresolved:

- Who exactly was and is Medvedchuk's real patron, the person who helped him to move so rapidly through the system at this particular moment and to become a patron himself?
- What kind of patron could make it possible for Medvedchuk not only to move up the system so quickly, but to do it twice—in 1997–2004 and again in 2014–2021—and thus reach the highest levels of Ukrainian politics?
- How is it possible that in 2014–2021, Medvedchuk became a top Ukrainian politician, a leader of one of the most popular political parties in the country, and one of Ukraine's richest people, all the while promoting an openly

pro-Russian agenda with his media empire[27] and working directly with Russia and its highest officials during the Russia-Ukraine war starting from the 2014 occupation of Crimea?

- What wealth does Medvedchuk own, either directly or through front men, and how has he earned this wealth; for example, how does he afford a yacht worth USD 200,000,[28] as well as the business jets[29] which he used for his frequent trips to Russia even after the official termination of air traffic between the two countries in 2015?
- Who exactly was and still is part of the Medvedchuk group's patronal network in Ukraine, in particular among businessmen, journalists, public experts, politicians, judges, civil servants, and other officials?

Therefore, perhaps the key question is what relations—political, factual, and legal—has Viktor Medvedchuk had with the security services of the Soviet Union and the Russian Federation, and with the Kremlin as such?

Since 2019, several criminal cases for high treason have been initiated against Medvedchuk in Ukraine, and even official suspicions have been voiced.[30] When the full-scale invasion of Ukraine began on February 24, 2022, Viktor Medvedchuk was supposed to be at home under house arrest, where he had been since May 2021 following a court order. However, on February 27, it became known that Medvedchuk had escaped. On April 12, the SBU detained Medvedchuk while trying to escape to Transnistria dressed in military uniform.[31] FSB officers had been reportedly trying to help him get to Moscow.[32] On September 21, Ukraine exchanged Medvedchuk and 55 Russian soldiers for 215 Ukrainian military prisoners.[33]

Although these facts and details are insufficient to provide direct answers to the questions posed earlier, there is enough ground to argue that Viktor Medvedchuk and his group not only promoted a pro-Russian position and a pro-Russian agenda in Ukraine, and did not simply use their power positions in the patronal system in order to enrich themselves. Rather, the case of Viktor Medvedchuk and his group looks more like *a case of a direct Russian agent of influence in Ukraine*, one which was embedded in the patronal system and moved "up" in it in the interests of another patron. In fact, Medvedchuk's group itself was primarily and initially a client in the Russian patronal network, and the chief patron of this group was the Kremlin and Putin himself. Enrichment from corruption and the patronal system in Ukraine served rather as a cover and a source of "legal" resources for Medvedchuk's group to implement the tasks of the Russian leadership in the context of Russia's aggressive plans against Ukraine. This is what distinguishes Viktor Medvedchuk's group from most Ukrainian oligarchic groups and patrons.

2. After February 24: Russia's full-scale invasion vs. Ukraine's energy resilience and breakthrough

2.1. The dual opportunity of anti-patronal transformation and curtailing Russia's influence

The beginning of the Russian full-scale invasion of Ukraine was simultaneously the beginning of a new, perhaps decisive, stage in the neutralization of Russia's influence in Ukraine through energy sources used as a tool for blackmail, for undermining the country from the inside, and for interfering in the country's politics. And such an opportunity, at the same time, implies the appearance of another—to end the structural model where energy providers and the energy sector as such constitute the main foundations for the further existence and development of the patronal oligarchic regime in Ukraine. While it is still too early to talk about the success of either process, such trends could be observed clearly after February 24, 2022.

Of course, if Kyiv had fallen "in three days," as Putin expected, and a regime more loyal to the Kremlin were installed, then such a possibility would not have arisen at all, even theoretically. Moreover, there would have been every reason to assume that the situation would have developed the other way around—that the continuous supply of Russian fuel, gas, and electricity would have become one of the foundations of a new pro-Russian regime in Ukraine, where the former indirect influence would have changed in favor of direct influence over an outright puppet state run according to patronal principles. Indeed, such a regime and the model of a Russian "sub-sovereign mafia state" outside Russian borders[34] are not just theoretical constructs but constitute an absolutely "workable model" for the Kremlin, one which has been implemented and maintained for years in the unrecognized Transnistria.[35]

However, the effective military and political resistance of Ukraine, which for many, and not only the Kremlin, came as a real surprise, prevented such a scenario. Kyiv unexpectedly survived, President Zelensky unexpectedly remained not only in the country but also in power, and the Ukrainian energy system also unexpectedly survived. Moreover, as in the first weeks and months, during the entire first year after the invasion, the Ukrainian energy system not only survived but, having shown considerable flexibility and the ability to restore and quickly change supply chains, its integration into the European energy system began. And this despite the fact that from the very first hours after the start of the full-scale invasion, the entire critical infrastructure of Ukraine became one of the key targets of Russian military attacks, both direct and hybrid.

2.2. The first milestone: the synchronization of Ukrainian and European power grids and the geopolitical and anti-patronal consequences

On the night of February 24, 2022, a few hours before the actual start of the Russian full-scale invasion, Ukraine's electricity transmission system operator, NPC Ukrenergo, disconnected the Ukrainian power system from the Russian and Belarusian networks in order to conduct a planned test operation of the power system in isolated mode. This was supposed to be just one of several testing periods in isolated mode as stages on the way to connecting the Ukrainian electricity grid to the European Network of Transmission System Operators for Electricity (ENTSO-E), which had begun in 2017 and was supposed to be completed in 2023. However, in view of the war and despite the war at the same time, NPC Ukrenergo decided not to resume work with the Russian and Belarusian power systems, but to try to join ENTSO-E in an emergency mode.[36]

Therefore, instead of the planned three days of work in isolated mode, the Ukrainian power grid worked for 21 days; and on March 16, after the corresponding decision of the ENTSO-E on premature synchronization, Ukraine, together with Moldova, joined the European Network of Transmission System Operators for Electricity.

What did this mean in practice? Besides being no longer dependent on the Russian and Belarusian power grids,[37] Ukraine was able to start the commercial export of Ukrainian electricity in significant volumes to Europe (not just from the Burshtyn Energy Island), and also to import electricity from the EU if needed. Hence, *Ukraine's energy system with respect to electricity achieved a higher level of diversification and sovereignty than ever before,* and all this happened exactly during the Russian invasion, when Russian troops were around Kyiv and occupied the largest nuclear plant in Europe, the Zaporizhzhia Nuclear Power Plant.[38] In describing the moment on March 16, 2022, when the Ukrainian power system became fully synchronized with the ENTSO-E, Volodymyr Kudrytskyi, chairman of the management board at UkrEnergo, declared: "This is a historic event that today has become something more than just a guarantee for the development of Ukrainian and European energy sectors. This step will give Ukraine the opportunity to receive electricity if the aggressor continues to destroy our power infrastructure, and thus to save our power system."[39]

In July 2022, once again ahead of schedule, Ukraine began commercial electricity exports (i.e., not flows for grid balancing, which constitute a non-commercial export-import exchange) to the EU via Romania.[40] According to Kudrytskyi, the export of electricity to the EU could earn Ukraine about UAH 72 billion (ca. USD 2 billion) per year. He also added that NPC Ukrenergo earned 10 million UAH (ca. USD 27 thousand) at the first daily auction for access to the interstate crossing of electricity.[41] Until the beginning of October, Ukraine increased electricity exports

to Europe in view of considerable savings due to the shutdown of a large number of enterprises, including metallurgical giants in Mariupol and other industrial cities. According to the official data of the Ministry of Energy of Ukraine, from June to October 2022, 2.6 billion kilowatt/hours were sold to Moldova and EU countries within ENTSO-E.[42]

Following the massive shelling of critical and civilian infrastructure on October 10, 2022, when Russia launched 84 cruise missiles and 24 drones over Ukraine (the estimated cost of this attack was $400–700 million),[43] Ukraine officially stopped electricity exports to the EU, maintaining only mutual flows of electricity with its western neighboring countries for balancing the system.

During October-November, Ukraine carried out a test of the possibility of importing electricity from the EU within ENTSO-E. Since January 2023, according to information from the Ministry of Energy, it has been carrying out this import systematically but in small volumes. In February, this amount was even raised[44] despite the threefold difference in the base price: if in the EU the price does not fall below 200 euros per MWh, in Ukraine electricity costs about 75 euros per MWh.[45] But already in March 2023, when fan blackouts in Ukraine stopped simultaneously with the less intense shelling of the energy infrastructure by Russia, Ukraine began preparations to restart electricity exports to the EU. Electricity exports were officially re-launched in early April 2023, with ambitions to export more than in 2022.[46]

All this means potentially more revenues to the state budget[47] but what is even more important is that it signals the destruction of Russia's malign influence on Ukraine's energy system in terms of electricity supply and trade. This means breaking the influence of Russia on both the state and the private sector, first and foremost, through the DTEK energy holding owned by Rinat Akhmetov,[48] the richest Ukrainian oligarch and probably the main patron in the whole Ukrainian patronal system. In other words, integration with ENTSO-E means for Ukraine de-weaponization of the electricity and grid dependencies from Russia, as well as Ukraine's optimistic switch under the agenda of the liberal market, state energy sovereignty, and the development of corporate governance in energy companies owned by Ukrainian oligarchs.

2.3. The second milestone: Ukraine's nuclear diversification as an example to many

Just like Ukraine decided not to re-connect its electricity grid to Russia and Belarus after the full-scale invasion, so did Kyiv decide to no longer purchase nuclear fuel from Russia for its nuclear power plants. This was a risky step, one which a significant number of Western countries, in particular Hungary, have not taken even now, and which, in turn, means the blocking, among other things, of sanctions against Rosatom and Russian nuclear energy.[49]

Ukraine made this decision despite the fact that as of February 24, 2022, nine out of 15 power units in four Ukrainian nuclear power plants were operating on Russian fuel, according to the State Nuclear Regulatory Inspectorate of Ukraine. This included two units out of six at the Zaporizhzhya NPP, which the Russians seized at the beginning of March 2022, and which are still occupied and do not work (in fact, since September 2022,[50] they have been used for blackmail purposes with the threat of a possible nuclear disaster); one unit out of three at the South Ukrainian NPP; and all six power units, that is, two out of two and four out of four at the Khmelnytskyi and Rivne NPPs, respectively.

According to Energoatom, Ukraine has a two year supply of Russian fuel.[51] During this time, it is planned that all 15 power units of Ukrainian nuclear power plants will be able to operate on the fuel of the American company Westinghouse. As of February 2023, i.e., one year after the start of the full-scale invasion, Energoatom publicly announced that seven power units had already been switched to Westinghouse Electric Sweden AB fuel. This means that, conditionally, one reactor per year is being removed from the "Russian fuel needle," which may have been pre-determined by the initial strategy of getting rid of Russian nuclear fuel by 2024.

In any case, the above transformations have not been a consequence of the Russian invasion, but rather one of its causes. Indeed, Ukraine set a course to reduce its dependence on Russian nuclear fuel back in 2000, when it first began cooperating with Westinghouse. As in the case of electricity, so in the case of nuclear energy, even before the invasion, Ukraine had begun to irrevocably withdraw from Moscow's influence and integrate with the West.

Among the plans for this cooperation with Westinghouse, announced publicly right after the start of the invasion, are the completion of two power units at the Khmelnytskyi NPP, the establishment of the "domestic" production of nuclear fuel, and even its disposal at a storage facility in the Chernobyl exclusion zone.[52] Even if none of this can be implemented in the near future, the transition of all power units to non-Russian fuel by 2024 alone would be a historic success for Ukraine in terms of enhancing its sovereignty in nuclear energy. Another step on this path is the current sanctions on Russian nuclear energy, introduced in February 2023 by the decision of the National Security and Defense Council of Ukraine (NSDC) and the decree of President Volodymyr Zelensky,[53] covering 200 Russian companies, including Rosatom.

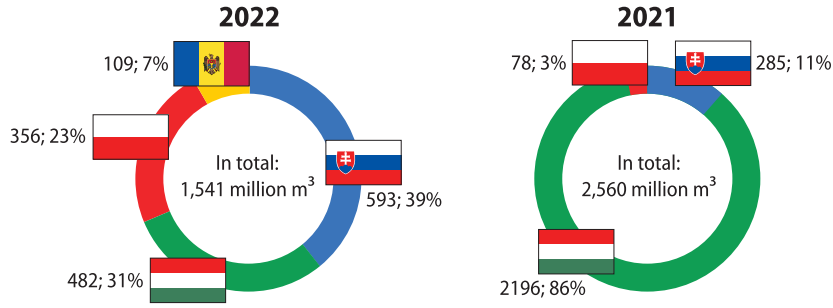
From the point of view of Ukraine's transformation from a post-Soviet patronal regime to a liberal democracy, the influence of various groups on the state enterprise Energoatom remains an open question. The best example in this context is the so-called Martynenko case, which is still being heard in court: Mykola Martynenko, a former MP and chairman of the Verkhovna Rada Committee on the Fuel and Energy Complex, Nuclear Policy, and Nuclear Safety, is suspected of

having received bribes in 2014 when Energoatom purchased equipment from the Czech company SKODA JS.[54]

2.4. The third milestone: Hungary among the key allies in gas, but still greater hopes are placed on Poland

Ukraine has not imported gas from Russia since November 25, 2015, and in all these years it has skillfully met its own gas needs by alternative means and routes. This is true for the first year of the Russian full-scale invasion as well. Starting from February 24, 2022, as a result of the Russian invasion and the subsequent occupation of significant territories and the shutdown and destruction of strategic enterprises, the gas needs of both industry and the population of Ukraine decreased significantly. As a result, in 2022, Ukraine both produced and imported a record small amount of gas—18.5 billion cubic meters[55] and 1.54 billion cubic meters,[56] respectively. As for gas imports, they were 40% less than in 2021 (Figure 1).

Figure 1. Import of natural gas to Ukraine (million cubic meters; share of source country).



Source: EXPRO Consulting.

The role of Hungary in Ukraine's gas supply is unexpected, because the government of Viktor Orbán has taken an ambivalent position regarding the Russian invasion,[57] one which can rightly be called pro-Russian. Still, according to the figures for 2022, Hungary was one of the two main suppliers of gas to Ukraine, along with Slovakia, with the two countries supplying Ukraine with 31% (482.5 million cubic meters) and 39% (592.5 million cubic meters) of total gas imports, respectively. However, back in 2021, when the diplomatic dispute between Kyiv and Budapest was continuing over the rights of the Hungarian community in Ukraine,[58] and Hungary had signed a new gas contract with Russia,[59] Hungary provided 86% of all gas imports to Ukraine. The growth of Poland's share in the total volume of gas imports by Ukraine in 2022 also looks promising given the geopolitical position of Warsaw and the growing role of Poland in general in diversifying and supplying Central and Eastern Europe with gas from various sources, primarily from Norway[60] and the US.[61]

Two more interesting facts should be mentioned regarding the capacity of Ukraine's gas infrastructure, which has successfully passed the test of war with Russia so far. First, although the Kremlin has spread stories for decades, and especially since the beginning of the Russian aggression against Ukraine in 2014, that the Ukrainian gas transportation system (GTS) is almost scrap metal and Ukraine is not reliable supplier,[62] the GTS has worked effectively even under the conditions of full-scale war. Indeed, it transited 20 billion cubic meters[63] of gas from Russia to consumers in the EU during 2022, fulfilling its contractual obligations.[64]

Second, Ukraine keeps under its management an active complex of 11 gas storage facilities, which, according to the state-owned Naftogaz, are the largest gas storage facilities in Europe, with a capacity of more than 30 billion cubic meters. In fact, Ukraine is third in the world in terms of gas storage capacity, after the US and Russia. As of 2022, some 27 countries of the world, most of them European, continue to use the services of Ukrainian storage facilities despite the war, and even a year after the full-scale invasion, as well as nine years of Russian aggression before that, Ukraine remains a reliable place to store gas, both its own and that of its partners. In early April 2023, the new CEO of Naftogaz, Oleksiy Chernyshov, told *Euractiv* that Ukraine could offer 10 billion cubic meters of gas storage to Europe for the next winter, and it was the key message to his EU counterparts during his last trip to Brussels in March.[65] At the same time, Chernyshov also announced that Ukrtransgaz had become the second gas storage operator in Europe to successfully pass certification and confirm its right to carry out gas storage activities in accordance with the updated rules of the European Union and the Energy Community.[66] Of course, the ongoing military actions, as well as Russia's tactics of attacking critical infrastructure facilities, casts serious doubt on the reliability of Ukrainian gas storage facilities; still, their uninterrupted operation during the war is additional proof of the resilience and sovereignty of Ukraine's energy system.

2.5. The fourth milestone: new fuel routes from the west, but still mainly for fuel of Russian origin

Unlike the direct import of Russian gas, which was stopped in 2015, Ukraine continued to import critical volumes of fuel, diesel, and petrol from Russia and Belarus both before and after the start of the Russian aggression in 2014.

At different periods, Ukraine's dependence on these fuel imports, primarily diesel from Russia and gasoline from Belarus, reached much more than half of the country's total needs. In general, the import of fuel and oil products in Ukraine was almost always maintained at the level of 80% of annual demand.[67] For example, in 2021, a year before the invasion, Ukraine imported 62% of its diesel fuel and

50% of its gasoline from Russia and Belarus,[68] respectively, and another 10% of each from Lithuania and by sea, which was complemented by a small share of its own processing at the Kremenchug and Shebelinsky refineries. In monetary terms, Ukraine imported USD 2.86 billion worth of oil and petroleum products from Belarus, and USD 3.43 billion worth of fuel from Russia in 2021, according to the State Statistics Service of Ukraine.[69]

After the start of the Russian full-scale invasion, however, everything changed. It was not only supply chains from Russia and Belarus that were destroyed, but those by sea as well. The Shebelinsky refinery was shut down in the first days of the invasion, because it is located in the Kharkiv region,[70] where fierce battles took place in the first days and months. Another refinery, the Kremenchug oil refinery, was heavily bombarded by rockets three times: on April 2, April 24, and May 12, 2022. The plant ceased production back in April accordingly. According to the head of the Verkhovna Rada Committee on Energy and Housing, Andriy Gerus, as of May, the Russian military had also destroyed or damaged 15 oil depots in Ukraine, where substantial fuel reserves had been kept.

While the sudden destruction of supply chains simultaneously destroyed Ukraine's fuel dependence on Russia and Belarus, it also caused a fuel crisis which the country was unable to balance with its own fuel production due to the above-mentioned shutdown of refineries. One does not need to be a military or energy expert to claim that provoking a large-scale fuel crisis was one of the Kremlin's goals after it failed to take Kyiv in 3 days. The crisis was especially critical during April-June, and its consequences were felt in some regions until the end of summer 2022. At the same time, the Ukrainian authorities, together with a number of players in the Ukrainian fuel market, had no other option but to build this market from scratch that is, *they were given the chance to build completely new supply chains* that would allow Ukraine's natural fuel dependence to be diversified.

In early September, the First Deputy Prime Minister – Minister of Economy of Ukraine Yuliya Svyridenko reported that over a period of six months, i.e., from March to August 2022, Ukraine had increased its imports twelvefold through completely different routes. "If in March we imported an average of 827 tons of gasoline and 1.4 thousand tons of diesel fuel per day, then in August this was 4.2 thousand and 16.9 thousand tons, respectively," she said. She also added that "today, we receive 95% of our imported gasoline and 72% of our diesel fuel from EU countries. The supply leaders are Romania, Lithuania, Slovakia, Greece, Bulgaria and Poland."[71]

"We have seen fuel from Germany, Austria and even the distant Netherlands. Our traders have transported oil products by barge on the Rhine and Danube, and have mastered seaports in the north and south of Europe. European railways have

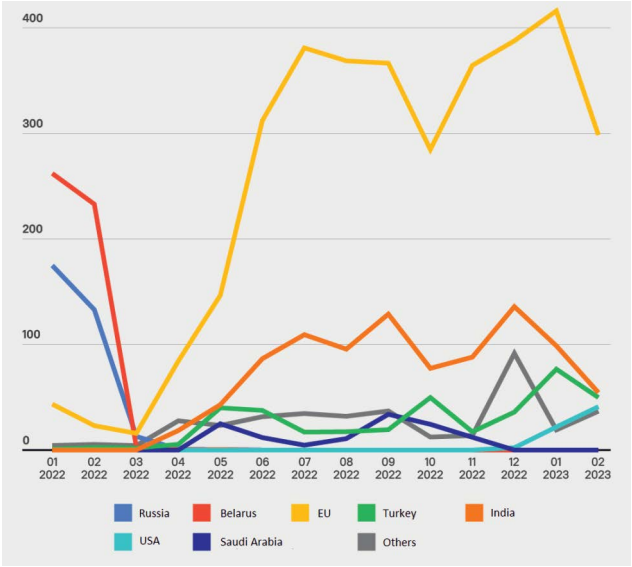
been forced to move along new routes,"[72] stated Serhiy Kuyun, director of the A-95 Consulting Group and one of Ukraine's leading fuel market specialists, when asked to comment on the fuel crisis in 2022 and the way out of it.

Of course, in the spring of 2022, Ukraine had to experience not only queues at gas stations and refueling limits, but also the actual lack of fuel and price jumps. It is important to note that, despite the fact that the Ukrainian authorities are not often characterized by such flexibility and efficiency, they indeed made a very prompt and fast decision in March to temporarily cancel the excise tax on fuel and reduce the VAT rate from 20% to 7% in order to motivate traders and try to quickly overcome the fuel crisis by market methods. This decision helped the market rebuild itself in a few months. Even when the Ukrainian parliament took up the task of reinstating the excise tax at the end of August 2022, this did not in any way disturb the stability of the fuel market in terms of the price and availability of fuel.[73]

During this entire process of discovering and launching new supply chains, as well as creating a new fuel market, the state transport giant Ukrzaliznytsia[74] played an unexpectedly important role in signing direct contracts for the supply of diesel fuel in 2022 with such companies as the American ExxonMobil and the Polish Orlen.[75] Another important role was played by the so-called "Medvedchuk pipeline": if before the invasion this Soviet-era oil product pipeline with the official name "Samara – Western Direction" was one of the symbols and tools of malign Russian influence on Ukraine through fuel, money, and politics, then after the invasion the pipeline started working in the reverse direction, with 114 thousand tons of diesel fuel from Hungary pumped through it into Ukraine in 2022.[76] However, while this reverse flow frankly saved Ukraine during the fuel crisis in 2022, by early 2023 journalists already had suspicions of a possible corrupt component to the diesel supplies from Hungary, namely, that the price was, to say the least, unexpectedly inflated[77]—a fact for which Ukrtransnafta made a rather unconvincing explanation at the time.[78] This is a good illustration of the fact that ridding Ukraine of its dependence on Russian fuel supplies does not mean the destruction of the patronal model as such or even the elimination of corrupt schemes in Ukraine through the use of strategic enterprises.

That it will be extremely difficult for Ukraine to rid itself of Russian influence through fuel, and even more so to destroy the patronal model, is highlighted by another example as well: since the beginning of 2023, Turkey's share of total fuel imports to Ukraine has increased substantially (Figure 2).

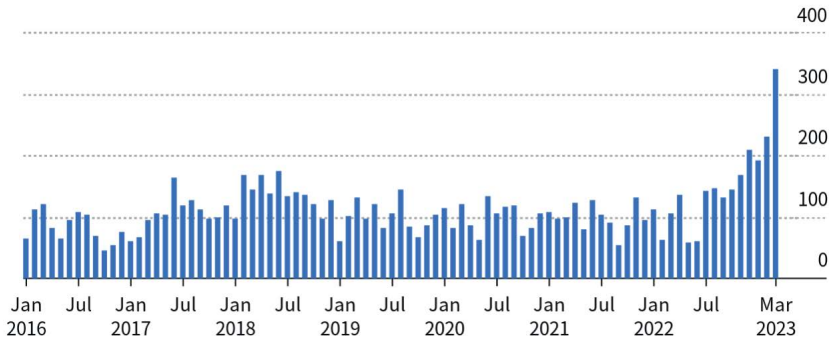
Figure 2. Import of diesel fuel by country from the beginning of 2022 (thousand tons).



Source: Forbes Ukraine, A-95 consulting group.

This did not happen by chance, according to market experts. In April 2023, Bloomberg reported[79] that the volume of Russian fuel supplies to Turkey in March reached its highest level in the past seven years (Figure 3). This is due to the fact that Turkey buys the fuel that the EU cannot buy directly due to sanctions, and then re-exports this fuel (now no longer in a purely Russian form) all over the world, including, in particular, to Ukraine. Such fuel, even with the use of proxy-companies, is often much cheaper than, for example, the fuel imported to Ukraine from Poland, Slovakia, Lithuania, or Hungary. According to the figures for March 2023, the main suppliers of diesel fuel to Ukraine were Romania (114 thousand tons), Turkey (81 thousand tons), and Poland (79 thousand tons). With a general decrease in the volume of imported diesel, the share of Poland and Lithuania fell by 43% in March compared to February.[80] The situation with Turkey requires additional regulatory steps on the part of the Ukrainian authorities, because otherwise dependence on Russian fuel in the form of patronal or corruption models will simply be reincarnated in a different form, which will be a blow to Ukraine's energy independence.[81] In terms of Russian energy sources, the low price and "simpler" logistics are first of all traps, not market features.

Figure 3. Diesel/gasoil arrivals in Turkey (thousand barrels per day).



Source: Bloomberg.

As in the case of natural gas, in order to strengthen fuel sovereignty, Ukraine needs to critically increase its own production and processing of oil, especially once it becomes possible to restart operations at the Kremenchug and Shebelinsky refineries, even if only a small percentage of Ukraine's needs can be covered with its own fuel. At this point, it should be mentioned that in April 2022, PJSC Ukrnafta, which was nationalized in November 2022 and placed under the control of the Ministry of Defense, reported that it could restore about 500 inactive wells out of a total of around 4,300 wells currently idle or shut down for various reasons.[82] Of course, these are steps for the future, but important ones—especially in Ukraine's case, when the largest refinery is controlled by Ihor Kolomoisky,[83] one of the top Ukrainian oligarchs and a pillar of the patronal system in Ukraine.

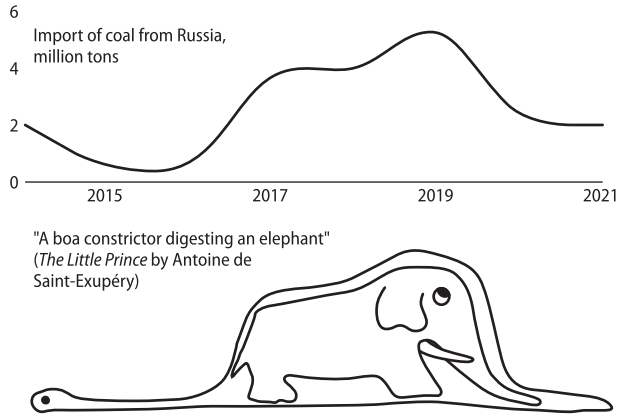
2.6. The fifth milestone: coal for Ukraine from all over the world, but first of all from Russia

"Because of Russia's aggression, including on the energy front, we will have to rely exclusively on our own coal mining for the next two years,"[84] stated the Minister of Energy of Ukraine German Galushchenko in September 2022. According to him, after February 24, one quarter of state mines ended up in the territory temporarily occupied by Russia. Despite this fact, on the eve of the winter of 2022–2023, Ukraine accumulated about 1.5 million tons of coal in power stations and combined heat and power (CHP) warehouses, which, according to government officials, was almost twice as much as the necessary guaranteed reserves.[85] Since June 2022, the export of Ukrainian coal is officially forbidden in Ukraine.[86]

For Ukraine, relying on only its own mining will not be easy. If before the beginning of the Russian aggression in 2014, the country's own coal mining fully covered

domestic needs, then from 2015 to 2021 import from Russia became critical, often not so much in terms of quantitative indicators but in terms of percentage. In 2017, Russia's share of total coal imports was 74%, and it reached 92% in 2020 (Figure 4).[87]

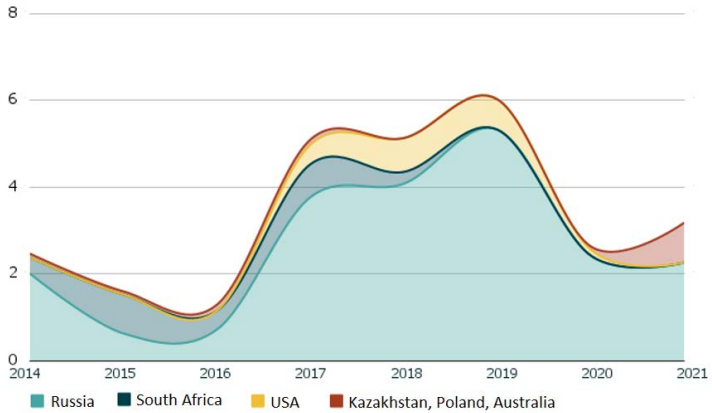
Figure 4. Russian coal import to Ukraine—with illustration.



Source: Energy Map.

Before the Russian invasion, Ukraine had somewhat diversified its coal imports by also importing coal from Kazakhstan, the US, South Africa, Poland, and even Australia (Figure 5), but this often took place by sea routes, which have been blocked since February 24.

Figure 5. Import of coal to Ukraine (million tons).



Source: Energy Map.

The coal industry appears to be the most problematic from the point of view of Ukraine's energy independence, particularly since the start of the full-scale invasion. Coal from Russia is still included in Ukrainian imports as of 2022,[88] but it is almost impossible to trace its fate from open sources.

Since 2014, the coal industry has been one of the key instruments of Russia's hybrid influence on Ukraine and its leaders. This is clearly shown by the case in which former President Petro Poroshenko was suspected of state treason by the State Bureau of Investigation of Ukraine (SBI).[89] On December 20, 2021, the SBI stated that Poroshenko, in collusion with Viktor Medvedchuk, analyzed above, and Russian high-ranking officials, organized the illegal import of coal in 2014-2015 from the territories of Ukraine temporarily occupied by Russia in the Donetsk and Luhansk regions, where 95 coal mines were located. This meant the financing of separatist forces at that time and in that region.[90] One way or another, there is no doubt that coal from the territories temporarily occupied by Russia in the Luhansk and Donetsk regions was supplied to the territories controlled by Ukraine. The question is who did it, how, and why.[91]

Another scheme involving coal, either from Russia or from the temporarily-occupied Ukrainian territories, was actually legalized in Ukraine in 2016–2017 and was called the Rotterdam+ formula. The key beneficiary of this formula was the richest Ukrainian oligarch, Rinat Akhmetov, and his DTEK energy company, which is a key player in the electricity market. According to the National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office, Rotterdam+ caused more than UAH 19 billion (ca. USD 750 million at the time) in damages to Ukraine in 2016–2017 alone.[92] The Rotterdam+ formula was canceled in the summer of 2019.

3. Conclusions: Ukraine's energy resilience is not a happy coincidence, but it could be a happy opportunity

With respect to the war, what has surprised international observers—as well as Russia—the most has been, of course, Ukraine's unexpectedly effective military resistance to the full-scale invasion after February 24, 2022. However, the stability of Ukraine's energy sector, which for decades was not just dependent on Russia but was also firmly integrated with the Russian energy and patronal system in terms of infrastructure, oligarchy, and politics, also came as a great surprise.

The surprise becomes even greater when we consider that Ukraine's energy dependence on Russia was and is due not only to the physical lack of energy carriers, which Russia provided at the best price and logistics, but also due to the Kremlin's strategy of hybrid influence on its neighbor. And this influence strategy was based

not only on corruption and dependence, but also on facilitating the existence and development of Ukraine's patronal oligarchic system along with the integration of Kremlin-dependent clans. These clans were not just supposed to influence the decisions of the Ukrainian authorities, but ideally to take the authorities under their control and become the authorities themselves. The two types of patronal groups described in this chapter are the prime examples.

Taking into account all the facts and explanations in this chapter, it would not be an exaggeration to conclude that, analogous to Belarus, the Putin regime tried to take control of Ukraine politically by means of Ukraine's patronal oligarchic system, and thus has not abandoned the dream of restoring the Soviet Union through the establishment of something akin to "union states." Ukraine's energy dependence on Russia and the patronal system itself were the most effective tools in the hands of the Kremlin. That the Kremlin had begun to lose these tools of influence obviously became one of the reasons and pretexts for the full-scale Russian invasion. For if hybrid methods are unable to capture and control a foreign state, Vladimir Putin resorts to classic methods such as military aggression and genocidal practices.

Both before and after the full-scale Russian invasion, the resilience and resistance of the Ukrainian energy sector constituted an integral part of the overall resilience and resistance of the state. This was especially the case when Ukraine's energy infrastructure became an immediate target of Russian troops, with objects often not targeted for capture but simply for destruction—just like the citizens of Ukraine.

Indeed, Ukraine's energy sector, rather than being a noose around the country's neck, has become the rope by which Ukraine pulls itself out of the abyss of Russian dependence and becomes part of the West. In just one year, Ukraine has done much more to reduce its energy dependence on Russia than in the previous three decades combined. This was not by chance, however. This breakthrough was preceded by years of hard work in the energy sector, mostly invisible to the general public and usually couched under the term "reforms." These reforms in Ukraine would not have been possible without the help of the country's Western partners. Moreover, what makes these reforms systematic and irreversible is that they are embodied in the context of the general geopolitical movement of Ukraine towards the West, primarily within the framework of integration into the EU and NATO.

Beginning in 2014 and commencing in the spring of 2023, nine years after the start of the Russian aggression and more than a year after the start of a full-scale invasion, Ukraine has neutralized Russia's critical influence on its energy system. Russian energy carriers and Ukraine's energy dependence on Russia have ceased to be an effective weapon in the hands of the Kremlin—at least for now.

The experience of such EU and NATO member states as Hungary, Slovakia, Bulgaria, and even Germany shows that Russia can weaponize energy dependence

at any time and use it as a political tool. This is especially the case as long as Europe, and Ukraine as well, remain highly dependent on Russian energy sources in general and their logistics and cheap prices in particular. In other words, we can assume that Ukraine's energy resilience against Russian influence will directly depend on Kyiv's success in integrating into the EU and NATO. Moreover, this is not just about Ukraine's membership in these organizations, it is also about its energy incorporation into the West.

At the same time, based on the experience of how Russia has turned energy resources into weapons and how this may be countered, Ukraine may already serve as an example and role model for those European countries that remain critically dependent on Russia in one area or another. This relates, first of all, to Hungary and Slovakia in the "derussification" of their oil and gas and nuclear energy industries. Naturally, the Russian approach of using a patronal system and energy dependence for malign and direct influence on policy and politics, described in this chapter, is another lesson to be learned for Central Europe and the West.

For Ukraine, depriving Russia of direct critical influence over the state by means of energy is only the first round in the fight for independence. The next round involves the struggle against the influence and monopolies of the Ukrainian oligarchs in the energy industry. This is the struggle against the patronal system as such. Of course, the key element in this context concerns the regulations and procedures to limit the influence of oligarchs on the adoption of state decisions per se and in the field of energy in particular, including the work of critical state enterprises such as Naftogaz, Ukrenergo, Ukrnafta, and others. This may be possible through a systematic and comprehensive reform of antimonopoly and anti-corruption legislation, the sphere of corporate management of state-owned enterprises, and several other fields discussed in this volume. There is no need to reinvent the wheel in this regard, but to qualitatively embody the best experiences of Western countries.

Although it has not always been perfect, Ukraine has already proven that it can do it.

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The Main Driving Forces of De-Patronalization in Ukraine: The Role of Ukrainian Business

Vladimir Dubrovskiy

1. The key to anti-patronal transformation is the rule of law

According to the taxonomy of post-communist regimes provided by Magyar and Madlovics, Ukraine is a patronal democracy[1] which is distinguished from patronal autocracy on the one hand, due to the presence of political competition (albeit among patronal clans, not democratic parties), and from liberal democracy on the other, due to the dominant role still played by patronalism. In this chapter we will analyze the evolution of a patronal democracy from the perspective of its driving forces, using Ukraine as an example.

Ukraine, along with a number of other post-communist countries, has remained within the framework of a patronal democracy during the entire period since the breakdown of the USSR. However, unlike either a patronal autocracy or a (mature) liberal democracy, this type of political regime is inherently unstable. The reason for this is that a democracy cannot be consistent without the rule of law (RoL),[2] whereas the latter is incompatible with patronalism—as described below. In the absence of the RoL, the patronal clans that replace each other in power from time to time can use extra-legal means in their effort to concentrate and consolidate power. Such attempts are prevented or reversed by revolutions or by other means so that a country oscillates between more and less authoritarian orders, as described by Magyar and Madlovics.[3]

It can be expected, however, that sooner or later a revolution will fail, thereby allowing some clans to eventually complete the consolidation of power and establish an autocracy, as has already happened in Kyrgyzstan and Hungary. If a patronal democracy does not evolve in the other direction in-between these autocratic attempts, then it is seemingly doomed to collapse into authoritarianism someday. The question is, therefore, whether there are some interests and processes capable of driving evolutionary de-patronalization,[4] hence facilitating a political-economic regime's move towards a liberal democracy.

Such an evolution should proceed along the four lines distinguishing a patronal order from a non-patronal one, as summed up in Table 1.[5] This already indicates that patronalism is a broad phenomenon which embraces institutional, political,

societal, and even–to some extent–philosophical issues. Thus, de-patronalization can occur along different axes and in different sequences. However, under closer consideration, institutional and political-economic factors appear to be the key components.

Table 1. Dimensions of de-patronalization.

	PATRONAL ORDER	⟶	NON-PATRONAL ORDER
Institutions	informal	⟶	formal
Regulations	discretional	⟶	normative
Authorization	personal	⟶	collective
Command	bureaucratic (institutional) chains	⟶	clientelist / personal chains

Source: based on Magyar and Madlovics, A Concise Field Guide, 20.

Although Welzel[6] demonstrates that mass attitudes are an important factor in the establishment of a liberal democracy, their impact in the case under consideration can be rather indirect. According to Welzel's findings, democratic institutions work properly in conjunction with what he calls "emancipative values" which include several forms of liberty aspirations (such as liberty of expression and political freedom) as measured by the World Values Survey.[7] In the meantime, such anti-patronal values, in turn, create a societal demand for liberal democracy.

This is likely observable in Ukraine too. But the problem is that such values require some mechanism for their transformation into concrete institutional change. A democracy provides this in the form of contested elections in which voters can choose a party or those individuals which best match their (emancipative) values. However, unlike in an "ideal" liberal democracy, in a patronal democracy a potential political force that is based on anti-patronal values and is ready to act accordingly has little chance of attracting any substantial campaign funding or be represented on TV, since the main potential sources of funding as well as the TV-channels belong to the oligarchs who have no interest in supporting such a force. For this reason, voters endowed with emancipative values remain constantly underrepresented in a patronal democracy.

Non-patronal voters have a chance of getting their voices heard through revolutions, which, at least in the case of Ukraine, have indeed been driven by exactly these sorts of emancipative values,[8] as well as by the lack of political representation thereof. The revolutions, however, have failed to get rid of patronalism so far, because in the democratic elections that followed the voters were again offered little choice other than seeing the eventual return to power of some of the existing politicians and their forces—all of them remaining, to greater or lesser extent, patronal in

nature. Moreover, even though an active minority is to a large extent endowed with emancipative values, the majority remains largely paternalist and can be relatively easily seduced by populist slogans. The evolution of values, therefore, although fundamental, remains mostly latent and cannot be considered as an immediate driving force for regime evolution; rather, it is only a necessary condition which seems already present in Ukraine but unable to overcome patronalism on its own.

The next most fundamental necessary condition for anti-patronal transformation at the institutional level appears to be the rule of law (RoL). RoL is defined in the *Encyclopedia Britannica* as "the mechanism, process, institution, practice, or norm that supports the equality of all citizens before the law, secures a nonarbitrary form of government, and more generally prevents the arbitrary use of power."[9] Hence, the RoL is the polar opposite of discretion; it implies both formal rules and the existence of independent institutions able to enforce such rules impersonally. Its role in command chains is less obvious, but it stems from the logic of power within a personalistic "political clan" ("pyramid") as described by Henry Hale;[10] namely, that such power is based on self-fulfilling expectations:

> For any patron to control her network, her most fundamental need is for her clients to continue carrying out her orders, especially when it comes to the dishing out of rewards and punishments. These clients, on the other hand, have no reason to carry out such orders if they do not think they themselves will be rewarded in the future for loyal behavior or punished for disloyal behavior. The network thus coheres thanks to a self-fulfilling prophecy: If each client believes that other clients will carry out the patron's orders to punish and reward, then each individual client will herself carry them out, and this in turn means that they actually will be carried out, resulting in the coherence of the network. This also means that individual clients are unlikely to try to challenge the leadership of the patron: Without expecting other clients to join their rebellion, to attempt one would only seem to invite punishment or the loss of potential rewards. When clients believe their network is strong, therefore, it is strong.[11]

No formal law, however, can secure such selective rewards and punishments for personal loyalty and disloyalty, respectively. Moreover, to the extent a lay citizen, an entrepreneur, or a political/civil society activist feels protected by the RoL she does not need any patron's protection. Therefore, the establishment of full-fledged RoL immediately destroys the most important mechanism of power in a patronal order—and vice versa: when and where the law is not applied equally to all (e.g., in the criminal underworld or in family relations) it can be replaced by patronalism instead. These are mutually incompatible phenomena that crowd each other out.

The RoL is a necessary component of the (modern) political order which, according to Fukuyama,[12] also requires a (bureaucratically) effective and (democratically) accountable state. Going one step further, we can say that the RoL

is a necessary "threshold" condition for the establishment of an open access social order (OAO)[13] which is a stable non-patronal form of social organization that also requires centralized political control over the use of force and perpetual organizations that can carry on institutional continuity. In a patronal democracy, however, these other components of an OAO and a Fukuyamaian modern polity are mostly present. Public deliberation is generally democratic, political elites are accountable, and the use of force is under political control—but all of this works only to the extent that the RoL works. Perpetual organizations cannot become dominant under a prevailing patronalism because their power depends critically on their respective leaders' positions in the informal hierarchy. The quality of bureaucracy, on the other hand, is to a certain extent independent—although it also cannot be improved by much until the rules become formal and their enforcement equal for all (with possible normative exceptions, which affect at maximum a certain minority). For all these reasons, the RoL appears to be a key element in the anti-patronal evolution of a patronal democracy. Hereinafter these concepts—anti-patronal transformation (or de-patronalization) and the RoL—will be used interchangeably depending on which one seems to be more proper in each case.

Formally, the RoL is stipulated by the constitutions of all modern democratic states. The main problem lies in its operationalization and actual (as opposed to formal) implementation. Here even patronal democracies can differ in certain reforms necessary for such practical implementation. In the case of Ukraine, in particular, there are three layers of such reforms that this chapter focuses on:

1. *Judicial reform* should establish a genuinely independent and non-corrupt court able to bring anyone to justice, including the top politicians and oligarchs, on an impersonal and impartial basis. Courts, however, make decisions based on information from prosecutorial and investigative bodies, therefore deep-rooted arbitrariness in the corresponding institutions can also render certain persons immune to justice.

2. *Law enforcement reform* is the next step, including the reform of the secret service (SBU), police, financial and tax inspecting agencies in charge of uncovering economic crimes and reporting them to the police, and so on. However, as long as the relevant legislation adheres to the deep tradition inherited from the Russian Empire, with its impracticable (because overly cumbersome or burdensome) provisions which are ignored *en masse*, the selection of scapegoats to be prosecuted for common violations remains factually discretional, while in other cases such discretion is inherent in the law itself.[14]

3. *Legislative reform* means that legislation should also be to the possible extent streamlined, liberalized, and purged of discretionary and other corruption-related opportunities as far as possible.

Moreover, until such reforms are completed, a special anti-corruption court should be established along with a law enforcement body built from scratch on new principles to operate as leverage over the rest of the judiciary and law enforcement structures in order to cleanse them of corrupt personnel.

The establishment of effective RoL is a key element and the most promising entry point for de-patronalization. In this chapter we will analyze the driving forces behind this process and their prospects in the case of Ukraine. At this point, we have no ambitions of generalizing our findings to other patronal democracies, although they may provide a first step in building a theory of change for patronal regimes.

2. The driving forces of anti-patronal transformation

Normative rules can prevail in place of discretional ones if (a) there exists a set of such rules, and (b) their interpretation lies beyond the personal/clientelist chains of command of the chief patron or, more broadly speaking, beyond the power of the ruler. But rulers rarely impose constraints on their own power voluntarily. And certainly, no patronal ruler is interested in this, because restraints on his discretion undermine the main source of the power he has over his adopted political family. As the same time, RoL in itself does not increase his chance of survival in the wars which have historically been the main competitive selection mechanism (thus, a sort of driving force) able to generate institutional changes.

Instead, in the modern world, the RoL and other components of de-patronalization can be potentially introduced by way of external factors, such as institutional transfer or imitation, supported by the conditionality of foreign aid, or EU accession conditionality, or similar circumstances. And these factors are indeed strong in Ukraine.

However, empirical studies[15] confirm the common wisdom that *domestic demand* is critically important for the success of institutional transfer. Such demand can theoretically come (1) from the top—hence, from the ruler itself; (2) from the bottom—hence, from the masses; or (3) from the medium level elites and civil society members, such as barons, oligarchs, entrepreneurs, local leaders, etc.

First, as we have explained above, the leaders of a patronal regime can hardly be proactive in the establishment of the RoL, and, most probably, would weaken themselves if they did, because they would be undermining their own source of power by doing so. A leader's actual position is most likely to be against the key anti-patronal reforms rather than in favor of them, despite whatever pro-reform rhetoric.

Second, the broader public cannot become a sufficiently strong external force to impose RoL over a ruler for two reasons, both very acute in Ukraine. To begin

with, they are not necessarily interested in the establishment of formal institutions, because as long as the latter are "extractive,"[16] the more formalized and the better enforced they are, the worse for their subjects. Under such circumstances, discretion can even be perceived as a relief because it provides for an opportunity to beg or bribe a waiver. For this reason, in countries accustomed to extractive institutions, especially foreign ("alien") ones introduced by colonialism, people aspire for the rule of a kind, wise, fair, and honest leader, rather than the dominance of more general, normative and impersonal institutions capable of restraining a possible (and much more probable) cruel and selfish autocrat. Besides, under an already existing patronalism, especially a patronal autocracy, even if some lower or middle-class people strive for the RoL (as Ukrainian civil society does), the means they have at their disposal are too weak.

Third, and lastly, mid-level actors have been historically important players in the establishment of democracy and the RoL. North et al.[17] see interest in the capitalization of then aristocratic business in the eighteenth and nineteenth centuries as one of the main driving forces behind opening access to economic opportunities (including property rights protection) to all. Based on these and other historical examples, such as the US "robber barons," many observers presumed that the oligarchs and even outright bandits would sooner or later become interested in the capitalization of their businesses, which would inevitably lead them to support the RoL. However, the oligarchs and economic front men who are well-embedded in a patronal system are not interested in de-patronalization. Moreover, the loyal members of adopted political families are also interested in upholding patronalism, under which they can use their relations within political clans as competitive advantages both in business and politics, not to mention the executive power. Still, at least under a patronal democracy they do not represent the entire business community.

Mid-level actors exist outside the realm of patronalism for a number of reasons:

1. Even an authoritarian ruler rationally limits his sphere of control and coordination to a domain in which the utility derived from each unit exceeds the cost of control and coordination. This leaves a substantial number of entrepreneurs (mostly but not limited to micro and small to medium sized businesses, MSME) outside his sphere of interest.[18]

2. Companies owned by genuine foreign investors, especially multinational corporations, retain a sufficient degree of independence and enjoy external property rights protection. Some local entrepreneurs even deliberately look for such foreign co-owners who can help in protection.[19]

3. Unlike in a patronal autocracy, under a patronal democracy there is some, albeit politically marginal, anti-patronal opposition; moreover, and more

importantly, minor (opposition) political clans which are not interested in the RoL itself may still prefer it as a second-best option if they have little chance of assuming power.

Therefore, the business community is comprised of two major groups: an oligarchic or predominantly oligarchic group (hereinafter "oligarchic") led by the prominent oligarchs, and a non-oligarchic or predominantly non-oligarchic group (hereinafter "non-oligarchic").

The very fact that the non-oligarchic part of the business community is disadvantaged under a patronal regime and bears the risk of being raided already makes it interested in de-patronalization. Under a dominant patronalism, however, this demand can be subdued. As a number of studies have shown,[20] the alternative way of protecting property rights appears superior to universal protection because it allows the most powerful players and even non-oligarchs to capitalize on their strong features already developed within the system. Besides, non-transparency can be regarded as a means of protection against predators, including the state itself.[21] As long as the individual protection of property rights is more reliable, available, and affordable, the bulk of entrepreneurs will use it and invest in its strengthening (hence, in patronalism) even though some of them remain dissatisfied with the results. But unlike the oligarchs, these actors are likely to flip sides as soon as the RoL-based protection becomes more reliable (or even shortly before this moment, in anticipation of a change).

Yet another, perhaps even more important, interest of all kinds of business is the lowering of transaction costs and the securing of stability. Generally speaking, uncertainty and related transaction costs can be overcome in two alternative ways: (a) through trust, in our case mostly provided through repeated personal relations within certain networks with restricted entry, such as adopted political families; or (b) through formal institutions, such as the RoL. There is experimental evidence which demonstrates that demand for institutions increases when trust diminishes.[22] Empirical evidence confirms that bonding social capital—such as semi-open social networks based on kinship or blood—works as a substitute for institutions (and vice versa), while bridging social capital is associated with stronger institutions,[23] - because it helps in building them.

In a relational economy, interpersonal trust is the overwhelmingly dominant way of reducing uncertainty, and here non-patronal business is disadvantaged once again because it is not best fitted for making use of it, or even availing itself of it at all. Thus, it becomes provisionally interested in an alternative way of reducing uncertainty, i.e., through formal institutions—but it may still prefer to invest in interpersonal trust until such institutions become sufficiently strong.

But the main fallacy of such kind of trust as well as of patron-based individual property rights protection is that both of them are vested in particular persons. Thus,

the stability of persons, first of all, those in power, is critical for their effectiveness. This is why a patronal regime is most stable and successful when it is autocratic so that the leader is in power for an indefinite time, and the same persons occupy various formal and informal positions, sometimes for decades, until the leader expresses disappointment in them. In contrast, the transaction costs are higher, and the property rights weaker for those relying on interpersonal trust and protection from patrons under a patronal democracy because political competition leads to periodic changes of the persons in power which disrupts trust-providing networks.

One of the consequences of this is that under patronalism a part of the business community (not necessarily oligarchic) which relies primarily on power relations becomes interested in authoritarian consolidation. But if that fails, the reputation-based networks of *blat*[24] which provide the trust necessary for making economic and other transactions under a patronal system become disrupted by the continuous personal changes brought about by contested elections or even revolutions. This drives the respective transaction costs up, making this traditional way less attractive compared to the alternative posed by institutions. As in the other cases of systemic changes, there is a certain threshold at which positive systemic feedback reverses its sign. This most likely happens when that part of the business community described above ultimately realizes that the old way of getting things done does not work anymore, or if it does hold, then this part of the business community will be disadvantaged forever or may even perish.

This implies the existence of a three-link logical chain: the more true democracy there is, the more frequent are the personal changes, and the stronger is the demand (a) for clear and transparent rules by one part of the business community, and (b) for "stability," hence authoritarianism, by another part. When the latter prevails, the possibility of an attempted authoritarian consolidation increases. But each time the clan in power tries to consolidate an autocracy, the independent entrepreneurs join forces with opposition oligarchs to counter such attempts. With each such episode a part of the business community previously associated with some clans detaches itself and joins the "independent" camp. At the same time, a number of factors, including but not limited to the values evolution described by Welzel and the increasing sophistication and openness of the economy, drive up the costs of control and coordination, thereby releasing additional business entities and sectors from the sphere of patron interest. In this way the balance of interests tends to change with time and so does the resulting political pressure. At some later moment, even the oligarchs may join this process, because they, too, suffer from the inevitable disruptions in trust networks. Also, they may start realizing the inevitability of de-patronalization and may try to board the train before it is too late.

Therefore, at least one potentially strong internal force driving the evolution of a patronal democracy towards a liberal one is present. It should manifest itself as

a part of domestic and foreign entrepreneurs rallying around the idea of the RoL, lobbying for corresponding reforms, and funding those civil society organizations advocating for them. The participation of domestic entrepreneurs is the most notable development at this juncture because the foreign ones do it anyway.

The rest of this chapter describes how this process has unfolded in Ukraine. It starts with a brief historical background describing previous regime cycles and respective anti-patronal attempts. Then follows an analytical explanation of the current dispositions of pro-patronal and anti-patronal forces, both before the full-scale Russian invasion and after, up to the moment of writing. The next two sections will describe the political-economic interests and behavior of oligarchs (as the chief representatives of oligarchic business) and non-oligarchic business, respectively. Possible scenarios and propositions concerning further de-patronalization are put forward in the next-to-last section, which is then followed by some brief conclusions.

3. The Ukrainian regime before the invasion: regime cycles of previous autocratic and anti-patronal attempts

3.1. A cycle with weak anti-patronal elements: the first three autocratic attempts and the Orange Revolution

Since the resumption of its independence in 1991, Ukraine has undergone four autocratic attempts. Two of them ended in revolutions and consequent anti-patronal developments, with mixed results so far.

The first autocratic attempt was that of Pavlo Lazarenko, Leonid Kuchma's prime minister of 1996-97, the leading Ukrainian oligarch of those times, and the head of Dnipropetrovsk clan which treated Kuchma as its puppet. However, Kuchma was subsequently successful in using his presidential power with the support of the public and the business community in ousting Lazerenko who was forced to emigrate to the US where he was later convicted of money laundering. The consolidation against Lazarenko was remarkable, but no further efforts aimed at changing the system's rules were undertaken at that time because Kuchma himself was a patronal leader, substituting for Lazarenko as chief patron of the clan.

Kuchma then partially consolidated his semi-authoritarian regime and built a vertical of power. He managed to impose a constitution with strong presidential powers already in 1996, and then won the elections of 1999 through the extensive use of his machine politics (known as the "administrative resource"). Thus, this autocratic attempt was partially successful because, among other things, Kuchma was strongly supported by the oligarchs who had begun dominating at exactly

that period of time (similar to the situation with Yeltsin in Russia). Still, the parliamentary opposition remained fairly strong.

In 2004, this semi-authoritarian regime faced the problem of succession. Unlike many other post-Soviet leaders, Leonid Kuchma chose not to extend his tenure, probably because he required the support of the West which in turn necessitated democratic legitimacy. Instead, Kuchma attempted to appoint a successor through manipulated elections. Upon assuming power, especially in such a way, the openly authoritarian and pro-Russian chief patron of the Donetsk clan, Victor Yanukovych promised to consolidate the autocratic regime even further. This attempt was supported by a number of prominent oligarchs, but was eventually prevented by the Orange Revolution, which was, in turn, supported by second-tier oligarchs, which at that time were in tacit coalition with independent entrepreneurs, and most importantly with micro-businesses which were numerous in number and had amassed some resources.

The Orange Revolution undermined at least one of the main pillars of Kuchma's version of patronalism: machine politics. For the first time, genuine political capital—which the revolution's leaders, Viktor Yushchenko and Yulia Tymoshenko, had acquired mostly during their successful tenures as technocratic prime minister and deputy prime minister, respectively, in 1999–2000—overcame the "the administrative resource" employed by the incumbents for rigging elections. Since then, all major political players have had to become politicians in the full sense of the word, while before this revolution many prominent political actors, including Leonid Kuchma and, especially, Victor Yanukovych, used to call themselves *khozyaistvennik* after the Soviet-era word for a nomenklatura member of executive standing in charge of economic *(narodnoye khozyaistvo)* issues. The main difference lies in accountability: unlike a politician, a *khozyaistvennik* does not feel accountable before the public, and does not need voters for legitimization of his rule, as if his power stems from God alone. The revolution punished this arrogant elitist approach with a loud defeat.

In the meantime, this victory encouraged the newborn civil society, and boosted its growth and maturity—something which would play out later. It also gave rise to a number of fresh politicians with at least nominally anti-patronal agendas. However, no new political forces appeared at that time, nor was civil society strong enough then to impose its agenda on the politicians. It seemed to most active people that they had completed their duty by participating in the million-people rallies and "Occupy"-like protests of the revolution; now, at last, they could take a rest, and return to their everyday business, because the "benevolent politicians" with the right "political will" were in power, and that was all that was needed for their dreams to come true. Society trusted the leaders and gave them a free hand in policymaking, but at the level of institutions and policies no dramatic changes followed.

Instead, the winners engaged in populism, personified mostly in Yulia Tymoshenko, although the initiator of the race for sops was Yanukovych, who as prime minister at that time simply doubled the pensions a month before the voting date without having sufficient economic resource or publicly presented assessment of how they might be risen. Still, many "Orange" voters considered Tymoshenko's populist pledges as being more trustworthy, and voted for her because they were promised that "the riches would be shared with the poor." But her slogans about "the surgical removal of state power from business" simply covered her own close ties to some oligarchs, as well as her reluctance to pursue any real systemic anti-patronal changes affecting them.

Yushchenko was no such populist. Instead, his popularity was primarily due to his personal reluctance to participate in patronal politics (such as his aversion to using *kompromat*), and his not belonging to any political clan. However, he did not believe in institutional changes and thought that appointing the "right persons" to the top positions could solve all of the problems. In this course, he initiated a major restaffing of the public service—which, however, brought no visible improvements, because no institutional changes were made. The new persons were exposed to the same incentive structure, and were also selected and self-selected accordingly.

At the formal institutional level, the Orange Revolution brought about a "dual" constitution that created two roughly equal centers of power: the president and the prime minister. However, it also left the main informal levers of power in the president's hands, so that a real chief patron could enjoy full power if only he assumed the presidency, but a non-patronal politician in this position would have little direct influence on policymaking outside the issues of foreign affairs, defense and security, unless he also controlled a parliamentary majority. Notably, however, these constitutional amendments were adopted not as a result of the revolution but over its course, and in an unconstitutional way, as a part of broad political compromise that resolved the political crisis.

As a result of all of this, Yushchenko appeared ineffective as a leader to the extent he did indeed refrain from employing patronal methods. At the same time, he had a "court" comprising a handful of second-tier crony oligarchs (including Petro Poroshenko) known as his "dear friends" and could rely on their smaller clans. Later on, he also had to hire Viktor Baloha, the top patron of the Zakarpattya local clan, as his chief of staff. Baloha was fairly effective in using informal methods of control, but after some time he was caught collecting *kompromat* on his boss and was fired. In the meantime, Yulia Tymoshenko, as the prime minister for most of the Orange era, managed to rule will all the abundant formal and informal levers of power she had in this position. On top of it all, Yushchenko and Tymoshenko engaged in long-term infighting which further plagued the Orange era with inconsistent and ineffective government policies.

Therefore, the Orange Revolution appeared to be a typical "color revolution": it did indeed change power and restore democracy, but it also failed to bring about any essential anti-patronal changes, with the only (important) exception of defeating machine politics at least at the national level.

3.2. A cycle with strong anti-patronal elements: Yanukovych's autocratic attempt and the Revolution of Dignity

On the back of all the shortcomings of the Orange coalition, further magnified by the economic crisis of 2008-9 mismanaged by Tymoshenko as prime minister, Yanukovych finally assumed power in 2010. He did this in relatively clean elections, and with the support of all prominent Ukrainian oligarchs and even a part of the non-oligarchic business community which grew tired of the ongoing personal instability, exacerbated by Tymoshenko's hectic managerial style.

Although Hale demonstrates that "dual" constitutions are the least vulnerable to autocratic attempts,[25] the particular one of 2004 was custom tailored by Putin's crony and agent Viktor Medvedchuck in a manner conducive for such an attempt. Thus, immediately after the election Yanukovych put into force all the patronal mechanisms it provided, created a non-constitutional parliamentary majority, and appointed a fully loyal prime minister. In a few months he managed to roll back the constitutional changes altogether on formal grounds. This attempt was the most successful so far in the building of a national-level "vertical" or single-pyramid patronal network until it was reversed by the middle class in the winter of 2013–14, by the Revolution of Dignity—which had, first of all, restored the "dual" constitution, although with all of its drawbacks, and again in an unconstitutional manner.

Petro Poroshenko, who was elected the next president in May 2014, arguably also attempted some vertical building[26] and often abused the same constitutional shortcomings, however lukewarm or unsuccessful the effort. He may indeed have made an attempt towards a patronal or a conservative autocracy had he won in 2019, as at least some of his slogans and other campaign elements suggested. In any case, he lost the elections miserably so that this intention (if it existed at all) had no chance to materialize.

All in all, at the moment of writing, Ukraine has lived in an uncontested democracy for the last almost nine years, the longest such period in its history. This recent period of the ongoing Revolution of Dignity—which started with Yanukovych's flight in late February 2014—and the respective driving forces of anti-patronal reforms comprise the main focus of this chapter.

Unlike the Orange Revolution, which had been initially prepared and run as a political project by certain political forces and had a strong and definite leadership,

the Revolution of Dignity was a bottom-up uprising, driven mostly by civil society and only secondarily supported by some oligarchs and politicians. It had no leader, not even any formal coalition of such, and its organizational structure was predominantly horizontal. The protesters had no explicitly formulated political program, but the main slogans were overtly anti-patronal, demanding a complete overhaul of "the system," setting the geopolitical vector of development from patronal post-USSR to non-patronal EU, establishing the RoL, and fighting corruption—which, very often, meant de-patronalization.

The Revolution of Dignity opened a wide window of opportunity for all kinds of reforms, especially the anti-patronal ones. The political elite was in disarray, while civil society was in full vigor and enthusiasm, encouraged by its victory. In addition, due to the economic crisis caused by Yanukovych's looting, predation, and populist economic policies, further exacerbated by the Russian aggression, the IFIs, EU, US, and other donors/creditors obtained substantial leverage over Ukrainian policies. And this time, unlike before, their pressure was at least partly met by domestic demand provided mostly by civil society.

Some essential progress followed, particularly in the anti-corruption, investigative, and prosecutorial institutions which, along with the special court, are the best known, even though they are not actually the main part of the story. The most important part was prevention, which has essentially reduced the opportunities for corruption–primarily discretion–in public procurement, corporate governance of the main SOEs, part of the tax system, and in a few other spheres.[27] Some improvements in the judicial system were also made at least at its highest level.

The politicians, however, were in no rush to become champions of these reforms. In particular, Petro Poroshenko, as a "normal" patronal ruler, was reluctant to implement the RoL, for the good reason that he used to be the head of a patronal clan himself and had neither the skills nor the will to give up his habitual instruments of power in favor of institutional ones.[28] Instead, the demand for these reforms was (and still is) overwhelmingly provided by Ukrainian civil society. The RoL, in particular, was one of the main mottoes of the Revolution of Dignity, and since then civil society organizations (CSOs) have exerted continuous pressure on the government demanding judicial reform, a reform of law enforcement, special anti-corruption legislation and corresponding institutions, etc. The same or other CSOs have also advocated for the limitation of the discretion that lies at the heart of the patronal system. It is important that these CSOs are often listened to by foreign partners when it comes to the judiciary and law enforcement, although not so much where legally provided discretion is concerned.

The main problem of these CSOs, however, is their near total dependence on Western grants. This gives their opponents formal grounds for smearing civil society as "grant eaters" *(grantoyedy)* allegedly detached from genuine Ukrainian society,

as supporters of foreign business against their Ukrainian competitors, and even as "foreign agents" trying to exercise "external control" over legitimate Ukrainian authorities and business. This, in particular, was the essence of the smear campaign that was run by Poroshenko's administration beginning in 2017. Such accusations undermined to some extent the CSOs' influence and popularity and provided an excuse for politicians to ignore their demands. Meanwhile, the political class had recovered from their shock and become much less sensitive to civil society's demands.

Therefore, since at least 2014, cooperation between civil society and Ukraine's foreign partners and IFIs has been the main instrument for pursuing anti-patronal reforms, especially when it comes to the judiciary and law enforcement, specific anti-corruption legislation and institutions, and transparency in procurement and public finances. Together, the CSOs and foreign partners are making a sort of corridor to the Ukrainian authorities by drawing red lines and drafting conditionality for much needed aid and loans. But the stronger Ukraine becomes politically and economically, the easier it becomes for the elites to breach these red lines and conditionality. Besides, the issue of reducing discretion has not been on the foreign partners' agenda. In addition, they often insist on harmonization with some of the "best practices of successful countries," which under current Ukrainian circumstances boosts discretion; moreover, they also resist reforms (such as the regulatory guillotine and corporate tax reform) which are necessary for reducing discretion. Some other powerful domestic allies are needed for a stable and winning domestic coalition in favor of de-patronalization, and they can be found among the non-patronal business community. Moreover, even the present oligarchs under certain circumstances, particularly in the presence of a successful de-patronalization effort, could decide to join the winners in order to benefit from the new rules of the game.

4. Zelensky and the Russian invasion: recent developments in de-patronalization and the current disposition

4.1. Volodymyr Zelensky and his controversial policies

The landslide victory of Volodymyr Zelensky and his party Servant of the People (*Sluha narodu*, SN) turned the tables in Ukrainian politics in 2019. The very fact that a counter-systemic leader and political force, akin to the cases of Donald Trump in the US, the 5 Star Movement in Italy, and some lesser known but similar ones in Peru, Madagascar, and elsewhere, was elected is revealing and very important. For Ukraine as a patronal democracy, it meant that at least formally power had not been assumed by a political-economic clan but by some other kind of political force.

Although Zelensky came to power with the support of Ihor Kolomoisky—so that then-president Poroshenko even called his main rival "Kolomoisky's puppet" and widely propagated this message in his loud campaign—both theory and previous experience prove that such partnerships cannot last long. A logic-based calculation suggests that the most favorable position for a president in a patronal democracy is to become an arbiter of oligarchic clans. Such a position provides him with much stronger "market power" than in the case of keeping a close alliance with a single oligarch who has helped him climb to power.[29]

Just like Kuchma in the mid-1990s Zelensky soon freed himself from Kolomoisky's allegedly exclusive influence and later on treated him as merely one among other oligarchs. It should be noted that Kolomoisky did indeed obtain some informal sub-faction within the SN, but it appeared to be less than 10% of the whole faction.[30] On the other hand, Andriy Bohdan, Zelensky's first chief of staff and a former Kolomoisky lawyer whom Poroshenko's propaganda presented as a sort of regent, was fired as early as in February 2020, less than a year after the inauguration. Moreover, in July 2022 Zelensky stripped his former business partner of his Ukrainian citizenship (though in a somewhat dubious legal manner), and the state seized ("temporarily," for the period of martial law) Kolomoisky's main strategic assets, along with those of several other oligarchs in Ukraine.

To be effective in the role of an arbiter, however, a president should have his own "adopted political family," as well as the relevant skills—both of which take time to develop. Zelensky was completely unprepared upon assuming power, and could rely on only a handful of old friends and business partners, which is certainly insufficient for organizing a "vertical of power" and effectively controlling politics. At the same time, unlike his predecessors, he does not have a conflict of interest regarding the RoL. Instead—and this is the second essential difference compared to all previous times—he not only has a pro-presidential parliamentary majority, which some of his predecessors enjoyed from time to time as well, but has obtained a majority with his own party created from scratch so that he does not have to negotiate with anyone else at all. This has allowed this majority to adopt legislation in a "turbo-regime" manner, even without due consultations.

This same political configuration in theory has allowed Zelensky to build institutional checks and balances, such as a long-suffering impeachment procedure, without bearing the unaffordable risks of becoming its victim. His victory has also given many civil society activists a "social lift," which has provided a supply of fresh, able, and non-patronal cadres, well suited to fill key positions in governing institutions. And, of course, the establishment of the RoL should become a cornerstone of such an institutional edifice. In doing this, Zelensky, as president, could rely on his enormous political capital reflected, among other things, in his parliament majority. This would be rational, because in such a way an ambitious

political novice lacking the means required under a patronal system could use his competitive advantages in an institutionalized democracy instead and accomplish a breakthrough in anti-patronal reforms.

However, such reforms are harshly opposed by at least three kinds of forces:

1. Immediate beneficiaries of selective justice—*the "judicial mafia,"* corrupt law enforcement officials, and various controlling agencies, such as the tax administration, fire and sanitary control agencies, etc.

2. Indirect beneficiaries—*oligarchs* of varying scale, of whom the most powerful are the strongest (though not necessarily the staunchest) enemies of the RoL.

3. *Pro-Russian, anti-Western political forces* interested in the preservation of patronal practices which are a common and very characteristic feature of former Russian/Soviet Empire countries and which comprise one of the most important parts of the common culture that brings them together, including non-transparent schemes in business (such as natural gas trading intermediaries), informal relations in politics, the informal influence of certain elites, etc. The same practices also make a country vulnerable to Russian "hybrid" control and aggression because they are perfectly understandable for Russian agents of influence, and because the persons they bring to power are corrupt and thus can be swayed to commit treason, as was revealed recently in a number of cases involving mid-level and high-ranking SBU officers, MPs, "red directors," and other exposed traitors—and, perhaps, not only them.

However, upon closer scrutiny, clashes with these forces were inevitable in any case for any ambitious novice hoping to push through and achieve any valuable results during his presidency.

Unlike all his predecessors (with the possible exception of Yushchenko), Zelensky has predictably failed to control the judiciary. He has successfully established quite firm control over the prosecutorial and investigative agencies as well as the secret service, but with the exception of the independent High Anti-Corruption Court and a part of the Supreme Court, the rest of the judicial system (including another part of the Supreme Court) appeared to be influenced by informal leaders such as Andriy Portnov (a close ally of Yanukovych and an alleged Russian agent) and Viktor Medvedchuk (Putin's crony). This was resolved only later, when both informal leaders left Ukraine. Another part of the judicial mafia has remained relatively independent, but still has a deep vested interest in preventing institutional Westernization merely because it would mean the establishment of the RoL and the purging of corrupt judges from the system.

As a political novice conditionally supported by one of the oligarchs, Zelensky found himself excessively dependent on the TV channel owners, that is, on a handful of major oligarchs. Television remains the main source of information for about 75% of the voters, while at the same time most of the viewing audience is covered by five media groups owned by Kolomoisky, Akhmetov, Pinchuk, Liovochkin/Firtash, and Poroshenko.[31] Thus, Zelensky's public opinion ratings—his main and sole political capital—were seemingly held hostage by the informational policies pursued by the channel owners, the oligarchs. Instead of becoming their arbiter, the president appeared dependent on them and had to struggle for his independence. For example, when the government tried to increase the mining tax on ferrous ore in order to tap windfall extra-rents in 2021, Akhmetov, who had a vested interest in this business, immediately turned his powerful TV channels against Zelensky and indeed managed to lower his opinion ratings, although not by much.

The conflict with the pro-Russian forces was the most predictable, simply because being the leader of an independent, sovereign Ukraine meant a clash with imperial Russian ambitions. For Zelensky, the continuation of the EU and NATO-oriented course was one of his few clearly articulated electoral pledges, and also appeared to mirror his own deeply personal attitude. Above all, unlike Poroshenko who firmly focused on the Ukrainian-speaking electorate (and the proponents of the Ukrainian language) and considered the pro-Russian parties as sparring partners, Zelensky won most of his support among the Russian-speaking voters. Thus, for him the pro-Russian parties were political rivals.

In cases involving confrontations with oligarchs and the judicial mafia, implementation of the RoL would be rational at least as a second-best option in a situation in which neither side can win it all. Moreover, it is also the primarily important condition for EU and NATO accession. Thus, Zelensky has a personal political interest in quick progress with the RoL. Still, he has been usually reluctant to do this, at least so far—with the one but important exception of the judiciary, where very promising institutional changes have been launched.

The major obstacle in the way of RoL reforms has been the very same personal characteristics of Zelensky that made him so popular among poorly educated and largely patronalistic Ukrainian voters in the first place. Figure 1 depicts the results of an informal expert opinion poll conducted by Valeriy Pekar[32] about Zelensky's personal inclinations as they were perceived in the first half of 2020. Despite its non-representativeness, the results appeared to be highly internally consistent and were supported by much evidence.

Figure 1. President Zelensky's values and beliefs as perceived by Ukrainian experts (non-representative survey of 105 respondents).

Source: Pekar, Values and Beliefs.

Being certain of his own benevolence, Zelensky denies formal constrains and treats them as impediments rather than as desired and necessary parts of a democratic system. This makes him dispense with procedures, neglect subordination, and enact legally doubtful decisions. Thus, he is more prone to resort to voluntarism than turn to institutions, and, just like Yushchenko before him, he believes in the power of personal changes rather than institutional reforms.

Bureaucratic staffers, however, are too often appointed not on the basis of merit but on the basis of their personal acquaintance with the president and his confidents. For example, Professor of Law Danylo Getmantsev, a specialist in tax law, appeared for some time as a key expert on economic issues for Zelensky's team, and still has tremendous influence, both informal and formal, on economic policies of all kinds as the chairman of the Parliament Committee on Finance, Taxation, and Customs Policy. More recently, he was appointed secretary of the National Council for the Recovery of Ukraine from the Consequences of the War, even though he has a very superficial knowledge of economics and even this little amount has been mostly derived from old Soviet-style professors. He was certainly not selected on the basis of his professional credentials but was brought to the team by the now-chairman of the Verkhovna Rada, Ruslan Stefanchuk, a lawyer and former member of the KVN television team who became friends with Zelensky back when the latter was in the KVN himself.

Many such appointments have led to scandals. For instance, Sergey Syvokho, another KVN member from Donetsk, was appointed deputy chairman of the

National Security and Defense Council (RNBO) responsible for reconciliation with the breakaway and de-facto Russian-occupied region of Donbas. His unsuccessful actions were regarded by civil society as a capitulation to Russia and caused such outrage that Zelensky had to get rid of him. In a similar manner, Zelensky's compatriot Ievgen Metsgerwas appointed chairman of the state-owned Ukreximbank, but was later fired due to a scandal over a very suspicious loan he gave to a firm that was registered in the non-government-controlled Donbas territory and for the impediments he created for the journalists trying to investigate this affair. Zelensky also fired his childhood friend Ivan Bakanov whom he had appointed deputy head (in fact, acting head that soon after was established as the head) of SBU in the very first days after assuming power. Bakanov was fired with the charge of "non-performance of official duties which caused human casualties or other serious consequences."

Overall, Zelensky went about it the easiest way in organizing his power levers. Instead of leaning on (still weak) institutions he hired those of his friends who were most experienced in the management of patronal relationships, thus commencing to build an informal vertical of power just like all his predecessors had done—but with far lesser effect.[33] Just to mention an example, the heads of oblast state administrations, who are key mid-level members of the power vertical, were replaced on average every few months before more or less suitable and capable persons were finally selected. Moreover, just like Yushchenko, Zelensky has become a hostage of whoever has built—and, respectively, controls—this power vertical. As of the moment of writing, this task has been (traditionally) delegated to the chief of staff, Andriy Yermak. Like almost all of his predecessors in this position, Yermak wields enormous informal power despite the fact that the government body he heads is not mentioned in the constitution. It resembles the Central Committee of the CPSU which was informally the most powerful institution within the USSR, but without any official responsibility or accountability.

As far as RoL-related issues are concerned, these problems have led to the high (even by Ukrainian standards) informal influence of the Presidential Office (PO) on all kinds of policies, regardless of the constitutional division of powers—a situation further aggravated by controversial appointments, such as that of Oleh Tatarov, the deputy head of the PO, who was placed in charge of law enforcement and judiciary issues. Thus, at least by the moment of writing, there has been no clear and consistent "political will" for genuine anti-patronal reforms put in place. Instead of the usual conflict of interest, Zelensky has been beset with a conflict between his rational best interests and his personal style.

With respect to the steps that have been taken on the road to de-patronalization, the course of the abovementioned clashes with the judicial mafia, the oligarchs, and the pro-Russian political forces clearly illustrate the above-described inconsistencies.

First, a conflict with the judicial mafia loomed in the fall of 2020 when the Constitutional Court, upon an appeal lodged by a group of MPs connected to the pro-Russian parties (and, notably, Kolomoisky), rendered unconstitutional both the penalties imposed for under-declaring assets in the e-declarations (that all categories of public servants had to fill in, including judges) and the respective state agencies altogether. This ruling clearly undermined the relations with Ukraine's Western partners which have demanded anti-corruption policies from all Ukrainian governments. The impetus behind this was most probably that Russian agents had found a weak point in the anti-corruption strategies (the idea of a total e-declaring of assets was doubtful from the very beginning) and they cunningly attacked it. Zelensky's rightfully harsh reaction, however, appeared equally inconsistent with the RoL: he tried to overhaul the Constitutional Court in an unlawful manner, and when the Venice Commission condemned this, he fired the two judges most active in the above-mentioned appeal ruling—also in an unlawful manner. He then replaced them, along with a few others whose tenures had ended, with loyal persons in a non-transparent procedure—and contrary to the recommendations of the Venice Commission.

Around the same time, the National Anti-Corruption Bureau of Ukraine (NABU) released voice recordings of Pavlo Vovk, the head of the Kyiv District Administrative Court. According to Yanukovych's judicial reform of 2010, this court was endowed with the right to cancel any legal act issued at the central level. It therefore obtained a disproportionally high degree of power and often abused this power for different purposes, thus forcing the legitimate authorities to negotiate. In these recordings Vovk not only discussed major corruption cases, but also expressed his ambitions to capture real (although informal) power. Zelensky's reaction to the outrage raised by these revelations was initially swift and decisive, this time fully within the limits of his power: he introduced a law draft which dissolved the notorious court and reshuffled its authorities. However, this presidential bill has not been considered by the Parliament for more than one and a half years despite its "urgent" status and existence of President-controlled majority. It is likely that with the top judges of this court compromised, they had become vulnerable and dependent on the president's will—and as such appeared useful to him. If this is the case, then the conflict was settled according to the typical principles of patronal rule. The issue was resolved only in December 2022, after the US had imposed sanctions against Vovk.

It was, perhaps, as a result of this open clash with the judicial mafia that the condition of making true judicial reform was included in the IMF memorandum, this time with the active personal support of Zelensky who promised to champion this reform—and, indeed, most probably, sincerely had such ambitions. In 2021 the law implementing the most essential part of judicial reform was initiated by

the president and soon passed. This has been the most important achievement in the realm of judicial reform for years. The reform has started, although with mixed results so far—probably because the PO eventually acquired some control over the courts. At the same time, there is no law enforcement reform on the agenda, perhaps because the person in charge—Deputy Chief of Staff Oleh Tatarov—may be well connected to the law enforcement mafia (he held a top position in the Ministry of Internal Affairs under Yanukovych).

The "de-oligarchization" effort has appeared equally ambiguous. For some time, Zelensky tried to strike a balance between Kolomoisky, Akhmetov, and Pinchuk—all of whom remained favorable to him—unlike Poroshenko, who failed to forgive his electoral defeat. On the other end of the political spectrum was Medvedchuk, whose star as a media magnate had risen noticeably during the Poroshenko era with no visible opposition from the latter's side. But when his pro-Russian party tried to spark protests against a natural gas price hike (one of the issues most often used by Russian propaganda), Zelensky acted in a decisive yet legally doubtful manner once again by imposing extra-legal sanctions against Medvedchuk and his allies through the RNBO—instead of undertaking a long prosecutorial and judicial process. As a result, three pro-Russian TV channels were shut down almost immediately. Later on, the same kind of measures were used against another alleged Russian agent, Yevheniy Murayev's TV channel, NASH. In April 2022, Poroshenko's TV channels were also switched off the main state-owned broadcasting network (but still not shut down) in a similarly unlawful manner, although also not without apparent reason.

Zelensky pushed through the Rada the so-called "anti-oligarchic law" which imposed certain, rather symbolic, restrictions on the open and official relationship of certain persons (listed in a special register) with government officials. The law provides some broad criteria for designating a person as an oligarch, but, notably, does not require all those meeting such criteria to be listed. The final decision is to be made by the president-led RNBO. In this way some arbitrarily chosen subset of business owners formally meeting the relevant criteria could be labeled "oligarchs" (with respective reputation damage) and formally detached from politics and policymaking to the extent they would abstain from using informal means of control and communication. But if the designation of an "oligarch" does not remain discretional, a waiver from this list does; hence, this strengthens patronal rule, not the RoL.

With these instruments and a loyal cabinet in his hands, Zelensky had, to a large extent, rid himself of his dependence on the oligarchs described above. One of the criteria for designating a person as an oligarch, as stipulated by this law, is the simultaneous ownership of a sufficiently large business along with media assets. It has already born some fruit as Poroshenko soon sold his media assets to some

front man, while Akhmetov in July 2022 decided to surrender his completely as described below. Meanwhile, Zelensky's team had already overhauled the minor state-owned Parliamentary TV channel Rada into a modern and more ambitious one, in addition to reforming international broadcasting into the Russian-speaking TV-channel *FreeDom* (Free Home) oriented toward the temporarily occupied territories and Russia, but still reachable in Ukraine proper. Both channels conduct clearly articulated pro-presidential information policies. The final (at the moment of writing) point was the full-scale Russian invasion which legitimized a final crackdown on information policies as described in the next subchapter.

In sum, despite Zelensky's good performance as a wartime leader, his sincere devotion to Ukraine's independence, and his personal bravery, his record on de-patronalization is mixed. And this is not simply the result of some bad luck, but stems from the very nature of a patronal democracy. Under the prevailing patronalism, the voters only weakly support a rule-based order and institution building which they rightfully distrust, because institutions have been predominantly extractive so far, and the rules were intentionally made impracticable. Instead, the broader public tends to prefer seemingly benevolent counter-systemic leaders and believe that "a few strong leaders can bring more good to our country than all kinds of laws and discussions,"[34] or elect simply the most capable persons for getting things done within the patronal system. Of course, they dislike the consequences of patronalism, but nevertheless support its basis. Thanks to democracy, these voters have brought to power the sort of anti-systemic leader who best meets their image of a "good president," while still remaining culturally within the same system. It is exactly these internally contradictory attitudes which are now reflected in Zelensky's own contradictory policies, including his anti-patronal policies.

Thus, even such a dramatic change in the political landscape which constituted the revolution with anti-patronal mottoes and, in five years, the election of an anti-systemic leader without his own adopted political family have failed to bring about a breakthrough in de-patronalization. Our first intermediate conclusion, therefore, is that enlightenment of the voters matters: even when endowed with emancipative values they still need to recognize that the way to their implementation is indirect and proceeds through the RoL, checks and balances, respect for democratic procedures, and similar "boring" things, rather than through the good will of a strong and benevolent leader. The key to the matter is this: Nothing can substitute for the long and hard work on anti-patronal reforms, primarily the RoL. This process should be consequential and institutionalized, hence not so dependent on the leaders' personalities. As of now, Ukrainian voters are still very far from understanding this, as revealed by a 2020 study in which 56% of respondents traditionally indicated they prefer strong leaders over laws and discussions.[35]

4.2. The war as a game changer: a new situation for the oligarchs after 2014

The Russian full-scale invasion once again shook the political-economic balance in several directions, creating both new opportunities and new threats for de-patronalization.

On the one hand, among the three main forces opposing de-patronalization,

1. the "judicial mafia" still resists, but the pressure from the EU is now overwhelming due to the candidate status that Ukraine has obtained thanks to its heroic defense in the war;
2. the oligarchs have been weakened significantly, as described in more detail below; and
3. the pro-Russian forces have been completely compromised and effectively defeated, although most of their MPs are still in the Rada.

Consequently, the anti-patronal reforms, if undertaken, could be easier to push through. Zelensky, however, appears perfectly suited to the high concentration of power and the arbitrariness of decision making which are intrinsic to wartime leadership. It is very much conducive to a victory in the war, but it jeopardizes losing the peace because success wrought from this type of managerial style may further convince both the president and his voters of the apparent superiority of "good" personal leadership compared to the tedious task of institution building. If these risks materialize, then even if a new autocratic attempt is avoided, the societal demand for anti-patronal reforms may be subdued, and the "political will" for their realization is likely to be absent.

At this point the position taken by the Ukrainian business community may appear as the decisive factor. We begin our analysis with the "old" players—the oligarchs vis-à-vis the president—and will consider the "new" players in the next subsection.

The oligarchs mentioned above have been among the staunchest opponents of de-patronalization with strong vested interests in upholding the patronalism in which they have competitive advantages. Still, their role is not entirely negative, and there is a chance that under certain circumstances the most prominent oligarchs may be interested in supporting or at least remaining neutral in RoL-related reforms.

Arguably, one of the reasons offered by Kuchma for helping the oligarchs was the creation of strong players with a vested interest in Ukrainian independence. Indeed, this played out when the Russian special forces ignited the war in Donbas in April 2014 while Ukraine was undergoing a major political crisis and its army was in ruins along with other government agencies. It was then that Kolomoisky and his close ally at that time, Hennadiy Korban, helped to organize the first

volunteer battalions *(dobrobaty)*, equipped them with the necessary military kit, and provided the fuel for Ukrainian army so that it could head off to the battlefield. His private security units likely exterminated Russian agents in Dnipro and then Odesa—two key cities in the east and south of Ukraine.

Poroshenko also supported the army at that time. Akhmetov, on the other hand, played a highly negative role, putting forward an ultimatum demanding a dramatic increase in coal subsidies, and blackmailing Kyiv with separatism in the Donbas region. When his ultimatum was rejected, he started fueling anti-revolutionary and anti-Ukrainian sentiment among that segment of the population that was under his strong influence. However, he soon had to recognize that the process was controlled by the Russians who were simply using him. With the coming of the full-scale invasion, Akhmetov's SCM Group started helping the Ukrainian army from the very beginning, and it also paid its taxes in advance. By October 2022, Akhmetov had lost about two-thirds of his pre-war assets,[36] although he can still hope for some reimbursement in case of a Ukrainian victory and the imposition of reparations on Russia through the seizure of its foreign assets. Akhmetov has remained in Ukraine, and his business in the energy sector keeps running, although severely suffered from Russian missile attacks. At the same time, Kolomoisky is in hiding, allegedly (as his lawyers say) from Putin's assassins. It is unclear if he is contributing to the army's support: some sources say that he cannot, allegedly because of limits imposed by the High Court of London, while some others say that he does, but not publicly. Still, there could be indirect ways in which he is helping Ukraine's defense, for example, through charity funds and/or a special account at the National Bank of Ukraine. Yet the fact that he was deprived of his Ukrainian citizenship by Zelensky's decree suggests that something was wrong with his actions or positions. He has also at least temporarily lost control over his main assets in the oil sector, including the minority share in UkrNafta. These assets, as well as some other strategically important industrial and infrastructural facilities owned by lower-tier oligarchs, were seized by the state for the period of martial law. Notably, Akhmetov's power generation and distribution business has remained untouched.

Another oligarch, Viktor Pinchuk, has provided some non-lethal aid to the army and has helped victims of the war as well. Smaller oligarchs have also helped. And yet, taken together, all the aid provided by Ukrainian billionaires (not just oligarchs) by May 2022 constituted only 140 million USD[37] while only one (although the largest) charity fund, Come Back Alive, had raised over 100 million USD by this time.[38]

More importantly, all the major oligarchs, with the exception of Poroshenko at least, ceased their ongoing public quarrels with Zelensky (as Akhmetov did) and laid down their main weapons in potential conflicts. Four of the major TV channel owners combined their news operations from the very first day of the war and

together with the Rada channel rallied around Zelensky and the Ukrainian army. Poroshenko appeared to be the only notable exception. Although his propaganda abstained from criticism for the first few weeks, it then started accusing Zelensky and his team of treason, and did so by spreading fake news. In retaliation, Poroshenko and his party members' TV channels were removed from the main broadcasting network, as mentioned above. Poroshenko later escaped to London, where his family had set up residence, but his propaganda machine, including a social media bot farm which allegedly cooperated with the Russians, continued running at full capacity for some time until the SBU finally cracked down on it. Akhmetov eventually moved even further than others as he shut down his media operations and surrendered their licenses to the state. The official explanation was that he did not want to be listed in the "oligarchs" register, and selling his assets to a third party within half a year (as prescribed by the law) was not possible in wartime. Perhaps, there is some truth to this explanation, but nothing prevented him from selling his media to some front men, as Poroshenko had done several months before. This drastic move resembles the shutdown of his charitable Foundation for Effective Governance which was done in the same abrupt manner at the end of 2013 when the Maidan uprising was in full swing. This suggests that Akhmetov considers the further financing of media (which were never profitable and were not supposed to be such) to be unremunerative—either because he is indeed going to become a "normal investor," as he says, or because he intends to rely upon some other means of leverage, such as the power generation and transmission or communications infrastructure that he owns. His real motives may be different yet.

As a net result of these developments, the oligarchy in Ukraine has become weakened, while Zelensky, thanks to the war, has over-achieved his task of becoming an arbiter of the oligarchs and has, in fact, attained a level of power over them comparable to that which Putin enjoyed in the mid-2000s in Russia. On the one hand, this can be seen as a positive development of de-patronalization; on the other hand, it is somewhat ominous because the plurality in the media market which the oligarchic competition more or less secured is now endangered, while a *de facto* state monopoly taking shape in this market is certainly the worst thing of all. Does this mean that Ukraine is now heading toward a renewed autocratic attempt? Such a risk indeed exists and should be confronted, but its chances of materialization are rather low.

First of all, Ukraine has a political culture that is dramatically dissimilar to that in Russia—and this is the main difference between the two nations, a difference so deep that is has caused a full-scale war. Although there are some Ukrainians who want "strong leadership," the majority are not prepared either to obey orders or to concede their freedom and dignity to any leader. In other words, they wish to see Ukraine led by a strong democratic leader—not an autocrat.[39]

As a consequence, Ukraine, unlike Russia, is a country with a relatively weak (although still not failed) state but a relatively strong civil society. This society has already stopped two autocratic attempts by means of revolutions, and is likely to do so again for a third time as well. Hopefully, the architects of such a possible attempt, if any, will take this into consideration.

Ukraine is now critically dependent on both Western aid and Western diplomatic and military support, with the country being supported precisely for its role in defending democracy against an authoritarian enemy. The possible perpetrators of an autocratic attempt should realize that such an attempt would likely lead to the discontinuation of this critically needed support, and very likely lead to the end of Ukrainian statehood as well.

Last but not least, any parallels between Zelensky and Putin are very superficial because they are very different characters, and while Putin came to power as the head of the FSB, the strongest clan of all, Zelensky still lacks a strong personal political clan.

Thus, Ukraine will probably either remain democratic or (more unlikely) disappear as an independent state. This situation can change only in the case of the full dismantling of Russia. But even in such an unlikely event, any attempt at usurpation would face fierce internal opposition from an already armed population, which could result in revolt and possible civil war. I hope that all the parties understand this well.

At the same time, there is a good chance that if Ukraine wins the war, it will quickly join NATO and avoid the risk of an autocratic attempt. In this case it will obtain a unique window of opportunity for a decisive de-patronalization, although a winning political-economic coalition will be needed to seize this opportunity. We have already mentioned the West and the Ukrainian CSOs as two pre-existing components of such a coalition. The non-oligarchic business community may be the third.

5. Toward a non-patronal setting: how to create a winning coalition in support of de-patronalization?

5.1. Consolidation of non-patronal business

Above we briefly described the main interests that non-oligarchic business has in de-patronalization. In fact, these interests encompass all four dimensions of anti-patronal reforms.

Formal institutions and normative regulations are preferable for such business because they are more transparent, predictable, and, in most cases, unambiguous. But such norms have to be practicable enough so that the overwhelming majority

of players accept them while only the innumerous lawbreakers are subject to persecution by law enforcement. Additionally, both law enforcement and the judiciary should be impartial, clean, and effective. Importantly, the normatively provided discretion that is often considered a virtue in making norms more flexible and allowing for some "common sense" adjustments (normally favorable to the subject of a regulation) under patronalism turns into the vice of informal personal power of state officials, predation, uneven competition, and similar consequences of patronalism. Conversely, the formalization of institutions and the limitation of patronal discretion eliminate the main competitive advantages that oligarchs and their businesses enjoy, thereby enhancing access to lucrative economic opportunities for non-oligarchic entrepreneurs.

But in order to secure these favorable changes and make such norms practicable, business needs a voice in the formal legislative process which is to be found in the collective and inclusive deliberation generally provided by a democracy, even if not necessarily secured in each particular case. Furthermore, these norms should be implemented by a rational impartial bureaucracy, not by a clientelist (or simply corrupt) chain of command that can be very shifty in the discretional application of norms.

Therefore, non-patronal, non-oligarchic business is the natural ally of the Western partners and Ukrainian civil society in pushing through anti-patronal reforms. But the lack of both organization and the capacity for collective action has been its main problem for a long time. Not being members of any particular adopted political family, entrepreneurs are accustomed to operating with corruption shortcuts in settling particular issues in an ad hoc manner rather than changing the rules of the game. Before the Revolution of Dignity, only one major reform—a simplified tax system for small and micro businesses—was proposed in 1999 and then defended in 2010 by the business associations of the respective sectors. The same associations also helped in advocating for and pursuing the law On the Fundamentals of State Regulatory Policy which was adopted in 2003 and provided non-oligarchic business with a powerful formal means of influencing the public deliberation of business regulations. Both, however, were on the personal initiative of Ksenya Lyapina,[40] a politician who has built her career on representing this category of business. Otherwise, the phenomenon of business associations pursuing a broader anti-patronal agenda had been hardly observable in Ukraine until the Revolution of Dignity.

The situation changed in 2014, when domestic non-oligarchic business started consolidating, rallying primarily around the RoL and non-discretional legislation, anti-corruption, and transparency. This is still to be reflected in the progress of de-patronalization, but the complementary driving force is already there. Business is now acting in a twofold manner: by supporting well-established CSOs (partly

through crowd-funding by individual business owners in order to avoid accusations of lobbyism), but mostly by lobbying for prospective reforms through its own instruments, such as media, business associations, and "friendly" politicians.

The most important difference in this wave of business consolidation that distinguishes it from earlier attempts is that these new business associations have started striving mostly for the common interests of all Ukrainian and foreign business, instead of lobbying for only narrow group interests. Of course, such lobbying also takes place from time to time, but—unlike with the "old" business associations—it is rather the exception than the rule. And the RoL that previously used to be advocated for by foreign business associations and the CSOs sponsored by foreigners, now appears as a central component of these efforts.

In the following, we provide a detailed record of this ongoing process, based on hard data, interviews with key persons,[41] and the author's own observations as an insider expert. Although the process is still in its inception, the powerful coalition of domestic and foreign business in favor of anti-patronal reforms is laying solid groundwork for further progress. Together with external pressure, such as the conditionality for EU candidate status, it may be sufficient to overcome resistance and achieve a breakthrough in the establishment of the RoL in Ukraine and, therefore, in de-patronalization and the transformation of a patronal democracy into a liberal one.

Business associations in Ukraine before the Revolution of Dignity could be roughly divided into three groups: rent-seekers, MSME representatives, and international groups. First, there was the Ukrainian League of Industrialists and Entrepreneurs (USPP), which was established after its Russian counterpart in February 1992, as a coalition of "red directors" (CEOs of then state-owned "socialist enterprises") created for lobbying for their common political interests as the "intermediate winners"[42] of partial reforms. In particular, they successfully lobbied for almost unconstrained fiscal and monetary expansion mostly in the form of low-interest loans to industrial and agricultural enterprises which resulted in 10,000% hyperinflation by 1993. Later, when the government had to abolish Its direct control over already privatized enterprises, the "industry ministries," such as the Ministry of Light Industry, were mostly dismantled. In their place, officials of the former planned economy established a series of top-down "business associations" in separate industries and sub-industries, which perceived as their main goal the continuation of state paternalism toward their members. Such associations were and still are very active in lobbying for protectionism, privileges, limitations of access (e.g., taxi licenses), and even direct government support for their members—not as individual entities, but as representatives of particular industries (mainly large and medium-sized business).

Another rent-seeking business association, the Federation of Employers of Ukraine (FRU), was created by the new winners, the oligarchs (mainly Firtash and

Akhmetov), in 2002 as a counterweight to the red directors. However, it appeared less important due to a lack of demand, since the oligarchs had plenty of other means for lobbying for their interests, and were too often competing against one another. The FRU was then transformed into a vague coalition of various rent-seeking businesses that had for some reason failed to find a common language with the USPP.

Alongside the rent-seekers, a second set of business associations emerged bottom-up in the mid-1990s to represent the interests of MSMEs—in those times predominantly open market (bazaar), street, and kiosk vendors. Their base was much wider, although only a tiny portion of entrepreneurs joined any associations. Most of these associations are local or, at best, regional. There have been several attempts to unite them at the nationwide level, of which only four have survived to this day: Fortetsya (Fortress), the Small Business Platform, the Council of the Cities "Save the FOP [a Ukrainian abbreviation for physical person entrepreneur]", and the ROMB (Regional Union of Small Business). From time to time they have also created temporary and rather loose nationwide coalitions for some specifically urgent goals. However, such goals tend to be very concrete and practical, and almost never reach the level of systemic problems—with the few but notable exceptions mentioned above. These coalitions were also the first to form some think-tank like facilities, or to cooperate with existing think tanks in providing analytical and legal support for their initiatives.

Third, Ukraine has two powerful associations representing predominantly foreign-owned or international businesses—the European Business Association (EBA) and the American Chamber of Commerce (ACC). They are moderately active in advocating for reforms related to the RoL, but their influence is limited by their status as foreigners. On the one hand, they are accused of lobbying in the interests of foreign business, which many people endowed with zero-sum thinking consider strictly opposed to the interests of domestic business. On the other hand, they have obstacles which if not requiring to be overcome must at least be formally respected in order for them to participate in domestic politics. The EBA attempted partnerships with several different think tanks until finally its then president Tomas Fiala established his own Center for Economic Strategy (CES) which began working closely with the EBA. However, the only kind of public activities related to the establishment of the RoL engaged in so far have been the business opinion surveys which they conduct jointly among actual and would-be foreign investors. At the same time, the EBA and CES lobby for a number of rent-seeking norms which work against the RoL and are in opposition to some key reforms aimed at reducing discretion when the latter clash with some narrow vested interests of some influential members of this association.

From the side of the state, we should mention the Ukrainian Chamber of Commerce, which is a standalone case because of its Soviet heritage and formal

authority. For the most of its history, it has been a typical top-down formal organization with mandatory membership, servicing its members and also performing some formal statutory duties for all, while not even trying to represent their interests in the realms of policymaking and politics. However, in the past decade it has been lucky to acquire a proactive leader, Gennadiy Chizhikov, who has joined forces with the most active business associations in advocating for equal and stable rules of the game in Ukrainian business.

The moment of truth for most Ukrainian business was probably related to Yanukovych's impudent predation and the subsequent Revolution of Dignity which erupted in response. A previous episode of this kind occurred in 2003, when Yanukovych was appointed prime minister and launched a campaign of predatory raiding. However, business at that time responded by investing in the presidential campaign of his rival, Viktor Yushchenko, which culminated in the Orange Revolution. The naïve hope was that it would completely change the rules of the game and put Ukraine firmly on the European path, and that all this would be accomplished by the politicians alone. This hope failed to materialize; meanwhile the usual networks of trust appeared largely disrupted. On top of this, the courts and law enforcement were released for a while from tight control from above and embarked upon uncoordinated predation in tandem with the oligarchs. This disarray eventually ended with Yanukovych's presidency which turned to be just awful for all non-oligarchic business. It was then that the lesson was learned, and in the years 2014-15, many representatives of large and medium-sized businesses, inspired by the spirit of revolution and the window of opportunity it had opened, converted the aspirations they had expressed for many years into concrete actions.

The first new powerful business association to emerge after the Revolution of Dignity was the Union of Ukrainian Entrepreneurs (SUP) which unites a few large non-oligarchic companies (such as ALLO and Nova Poshta) and a vast number of smaller ones, altogether more than 930 entities. The main difference compared to previous attempts of this sort lies in its basis: unlike in the above-described cases, the SUP has presented itself since the very beginning as a coalition based on certain values held in common among its members, and its goal is to pursue these values by advocating for the relevant legal norms and policies. The RoL, in particular, is explicitly named among the SUP's values right on the association's website. The SUP was created in 2016 by 18 predominantly large companies which, unlike the other business associations, had come to an understanding that a win-win strategy of "live and let live" would be beneficial for them in the long run and that large firms should be interested in the development of the MSME sector and the creation of a favorable business environment for all. Membership is restricted to non-oligarchic "self-made" private companies that have been created from scratch, as opposed to state-owned or former state-owned firms, and which adhere to certain standards of business ethics, among other things.

The SUP does not support any particular CSOs or think tanks, and has established its own in-house analytical center which from time to time comes up with legal initiatives, mostly derived from situations which association members are currently facing. But above all, the SUP has advocated for land market reform and has raised its voice in favor of economic freedom, against excessive restrictions and regulations, for improvements in the transparency of the state, etc. This, although indirectly, contributes to the association's declared values, such as the RoL. Still, the top ten priorities of the SUP consist of purely business-related issues, one of which (shifting the responsibility for paying the PIT and social contributions to employees) reduces the administrative and corruption burden on business entities at the expense of an overall increase in discretional (i.e., corruption) opportunities.

Another new player, the Ukrainian Business Council (URB) emerged in 2017 through the merger of three smaller coalitions which had all been organized bottom-up in 2014-15: For Economic Freedom, For Liberal Economic Reforms, and For the De-shadowing of the Economy. This coalition now unites more than 100 business associations and their sub-coalitions, such as the Ukrainian Taxpayers Association and the Chamber of Commerce, therefore representing many tens of thousands of firms. Of course, each individual association remains independent and continues to pursue its own specific goals, which sometimes still includes rent-seeking. From time to time they even manage to use the URB in their lobbying efforts. Overall, however, within the broad coalition these vested interests most often end up cancelling each other out or fail in their efforts because they are unsupported by the other members. The resulting policy vector is predominantly focused on their common interests, such as liberalization and the RoL.

Unlike previously existing business associations, the URB has established partnerships with some prominent Ukrainian think tanks from the very beginning, although so far it supports only specific research and analytical work on topics related to business interests. After intensive consultation with their experts the coalition formulated its top ten goals, of which almost all were related to some anti-patronal reforms, including judicial reform, establishing a a new independent state bureau in charge of investigating and prosecuting economic crimes, an anti-corruption court, and a number of legislative initiatives aimed at reducing discretion. This list is being continuously updated and is used as a memorandum for joining the coalition.

In 2018 (on the eve of the 2019 elections), a US-based think tank, the Center for International Private Enterprise (CIPE), provided its moderation and facilities for a number of business associations, including MSME associations, the SUP, and most URB members, for developing a common agenda as the National Business Coalition. This initiative was open to all, but the others—quite noticeably—did not express any interest. As a result of several months of tough negotiations, the top ten priorities of Ukrainian business were formulated and communicated to politicians.

They appeared mostly based on the URB's top ten priorities, whereupon the latter were then updated accordingly.

This process is ongoing. Already at the time of submitting the manuscript, the new initiative called Coalition of Business Communities for Modernization of Ukraine[43] emerged. It unites the SUP and the Ukrainian Chamber of Commerce with two business clubs (the CEO-club and the BOARD business community) which were created for the entertainment and enlightenment of their members by means of lectures and discussions on purely business issues. Yet this coalition has started only recently, and its activities have been mostly limited to the level of good declarations so far.

Yet another notable initiative has been members of the Ukrainian Network of Integrity and Compliance (UNIC), mostly represented by foreign-owned firms and their Ukrainian branches, declaring their refusal to give bribes.

These associations do not provide politicians or parties with any meaningful campaign support nor do they otherwise engage in any informal relationships with them, although some of their members still do from time to time, but only when they need to lobby for their own particular vested interests. Instead, they engage in public activities that involve top policymakers. The URB and SUP have come out with statements on important events, not only regarding economic policies, but also within the broader agenda of reforms, and their voice is often heard by politicians.

On the eve of 2019 elections, the URB signed memorandums with various political forces concerning support in the common interest of business. Four parties, all non-oligarchic, agreed to sign memorandums on the implementation of these demands, among them Zelensky's Servant of the People and Voice (Holos), both of which entered Parliament. Notably, the offer was open to all political parties except for the pro-Russian ones, so the four parties were self-selected. Anti-patronal demands, namely, reform of the judiciary and law enforcement, along with a reduction of discretion in many spheres, were central to this agenda. Since then, the URB, in partnership with a number of think tanks, has been continuously monitoring the implementation of these demands and issues public statements on "white" and "black" lists of draft legislation and on specific bills related to its agenda. The URB also issues a special "yellow book" which provides an annual assessment of the implementation of its demands. Lastly, it also tried to lobby for judicial reform at the National Council of Reforms, which may have contributed to the intermediate success which occurred in 2021.

Therefore, by the time of writing, non-patronal Ukrainian business has emerged as a powerful political-economic actor comparable in force with individual oligarchs, although not yet with the strongest ones, and definitely not with the "oligarchic class" as a whole. However, if it were able to join forces with other anti-

patronal players, such as foreign businesses and governments, IFIs, and Ukrainian civil society, this coalition could probably become sufficiently strong to push through the most necessary but difficult anti-patronal reforms, even if they were initially not supported by the ruling politicians.

5.2. Winning patronal business over for de-patronalization: a 'road map' for the oligarchs

Assuming a "political will" for de-patronalization, the wisest possible use of the current situation would be to offer the oligarchs a road map to de-patronalization through the full-fledged establishment of the RoL. Under certain conditions, this could become a win-win game for all parties.

At the end point of this road Ukraine should become a liberal democracy with full-fledged RoL, an effective and impartial judiciary and law enforcement, and, thus, well-protected property rights and uniformly enforced rules for all. This would, among other things, increase the capitalization of all businesses, including those of the oligarchs. In this scenario, they would better off in absolute terms, although, most probably, not in relative terms, because under such circumstances there would be many other new billionaires, such as the owners of Ukrainian-made software who are currently residing and registering their trademarks abroad, but would probably like to stay in Ukraine if the conditions for their businesses become favorable. Moreover, multinational corporations would likely invest much more in Ukrainian businesses than they typically have—which would create more competitors, but, at the same time, would provide more opportunities to sell domestic businesses at much higher prices, as, for example, happened with the banking sector in the aftermath of the Orange Revolution.

It is still unclear whether the oligarchs as a group or, at least, the most important ones would prefer such a scenario over the present situation, because most people value relative wealth over absolute wealth. However, if a credible commitment for such a change were to be made (and EU candidate status looks pretty much like such a commitment), then most of the present oligarchs would likely agree to such a transition without much resistance. In the end, at least Akhmetov,[44] Kolomoisky,[45] and Pinchuk[46] have said in interviews and op-eds that they are ready to play by the rules, if these rules were to be equal for all. Such a condition is met by definition when the transition to a RoL-based state and social order has been fully achieved.

The main stumbling block, however, is the transition itself to such a state. The establishment of a full-fledged RoL, which constitutes the main necessary condition for de-patronalization, takes many years if not decades. But until the moment when punishment for breaking the law becomes at least a mostly inevitable occurrence, those who first start playing by the rules become disadvantaged, as noted by Hale.[47]

For this reason, a "bad" Nash equilibrium persists, because the main players have little trust both in one another and in the president, who is the only person who can guarantee such mutual agreement at least among the top oligarchs. As Kolomoisky explicitly put it:[48]

> [Kolomoisky:] We'll all be better off when we have an independent civil society, independent journalism—which includes you, by the way—and independent television. This would be a system which doesn't depend on personalities.
> [Interviewer:] Are you prepared to live under such a system?
> [Kolomoisky:] Yes, 100%. Explain the rules to me and I will live by them. But I am not prepared to live under a system where they tell me the rules and I begin to live by them, while Kononenko [Poroshenko's main economic front man—V.D.] lives by other rules. This I am not prepared to do.[49]

As long as there is no agreement at the top, few lower-tier players can start challenging the patronal system on their own initiative. Obedience to the law and "fair play" should always trickle from the top-down, and never the other way around, and for good reason. Although those at the lower tiers can appear more obedient to the law, it is simply because having less money for good lawyers, they do not dare to operate on the boundaries of illegality. However, this is a different problem—one that appears at another stage of development.

In theory, an arbiter can provide sufficient guarantees for the transitional period if he is (a) strong enough, (b) impartial, (c) benevolent, and (d) stays in power long enough—all four characteristics should be credible enough to make players trust the arbiter's guarantees. So far none of the Ukrainian presidents have met these conditions. Kuchma was, perhaps, the strongest arbiter of them all, but being a soviet-style manager and a head of adopted political family he was very far from building the RoL. Moreover, he had the oligarch Pinchuk as his son-in-law (although, to be fair, he did not abuse his power too much in favor of Pinchuk). Yushchenko was far too weak, and had a bunch of second-tier crony oligarchs in his close circle—so that his presumed benevolence appeared futile. Yanukovych was heading in the exact opposite direction. Poroshenko is an oligarch himself and the head of a political clan, so he was not to be trusted, and in any case he had a conflict of interest. The situation with Zelensky was described above in detail. Therefore, at least so far, nobody has been willing and able to provide a safe transition to the RoL for the oligarchs.

If Ukraine wins the war, and Volodymyr Zelensky is able to change himself as dramatically as he has in regard to the issues of national security and defense, then he would stand a good chance to be written down in history as Ukraine's most important reformer. Then we would see an unprecedented and unexpected unity of oligarchic and non-oligarchic business along with the authorities—a clearly winning coalition for de-patronalization that would be certain to overcome the

judicial and law enforcement mafia and succeed in the re-loading of the respective state agencies. The same would happen if a strong and benevolent democratic leader were to succeed Zelensky after the victory in the war. However, for this to work the commitment for such a reform should be made as credible as possible, and the achievement of its goals made to look feasible, otherwise the oligarchs will hardly agree to this road map, and the entire plan will founder.

In a not-so-optimistic scenario, Zelensky fails to become a champion of RoL-related reforms, but even here the situation is still not hopeless, although in this case the transition will take more time. In this scenario, the oligarchs will probably remain in their present position, but their influence will decline in favor of new businesses. This is related to the structural change involved in the transition from an agro-industrial to a post-industrial economy. The oligarchs are economically rooted in primarily the mining and processing sectors, manufacturing, and power generation, natural gas supply, and communications infrastructure. But the gains produced by mining are limited. Infrastructure generates extra profits only as long as natural monopolies are poorly controlled—which should change in the process of EU harmonization: here the new legislation on the unbundling of the natural gas market is a good example. At the same time, apart from a few market niches in which certain (non-oligarchic) firms have specific know-how, Ukraine has no competitive advantages in manufacturing mainly because it lacks a cheap labor force along with the cheap (low risk) capital required for such capital-intensive industries. The agrarian sector (also largely represented by oligarchs, although not the media owners) keeps growing, but it has certain ceilings—in no developed country does it constitute more than 4% of GDP, and is typically around 1.5% for the OECD or Eurozone countries.[50] Thus, the post-industrial sectors, in which Ukraine has inherited some competitive advantages, remain the only possible drivers for growth. Indeed, the most important of them, the IT sector, has been growing at a rate of 20-30% a year, and is already outperforming the mining sector in terms of value added. Although its share of GDP was only 5% in 2021, *its share of economic growth this year (without multipliers) is already around 30%*. Moreover, it continues to grow even despite the war, while all other traditional sectors are in decline, and it constituted almost 13% of all exports by the end of 2022.[51]

In this scenario the establishment of closer cooperation between non-patronal business and CSOs could become a game changer. It is important that business further realizes its vital interest in de-patronalization, primarily in the establishment of a full-fledged RoL, and starts seriously investing in it, both in terms of money and influence. The CSOs, for their part, should offer more immediate and concrete goals that would be better understood by the business representatives. International partners should facilitate such cooperation, which requires some organizational reshuffling because as of now business associations are being supported by the

departments in charge of private sector development (or MSME development), while the RoL is treated separately. At the same time, it is important that financial aid works as a complement to—and not as a substitute for—domestic financing. This task may be difficult to achieve, but some gradual change of approach could work.

If this coalition were eventually to become successful, so that the process of de-patronalization obtains a new momentum and the full establishment of the RoL appears inevitable, the oligarchs at a certain point could acquire an interest in boarding this train as well—as a second-best option. At the same time, the already functioning law enforcement and judicial system will provide them with an impartial "arbiter" for their dispute resolution, as well as a guarantor of equal and impartial treatment so that they will be less afraid of playing by the rules as described above. It may even be that they will rush to join the coalition in order to secure better positions in the new situation and also to promote their image in the West and within Ukraine. The problem, however, would be that the oligarchs are not just distrusted as partners, but are also toxic for civil society and non-oligarchic business. For this reason, for example, the SUP makes special due diligence before accepting new members to make sure that they are not connected to any oligarchs. Reputable CSOs normally do not accept donations from oligarchs and the firms affiliated to them, or they hide such facts—even in case of second-tier and "non-traditional" oligarchs. This would be hard to change, thus it would be better if the oligarchs did not advertise their support too much or if they created some especially transparent collective instruments for their support.

The main challenge that exists is, paradoxically, the EU harmonization process which prevents the dramatic deregulation, streamlining, and simplification of remaining regulations as well as the abolishment of those spheres of regulations in which the government cannot make enforcement uniform and effective; which should be therefore, at least temporarily, abandoned in order to reduce the realm of discretion. Instead, many of the "European" norms with which Ukraine is going to harmonize its legislation are overly complicated, discretional, and too restrictive for the Ukrainian population, especially given the poor quality of its bureaucracy and the rampant corruption, and will, in fact, enhance corruption opportunities and undermine the RoL. The general strategy here should be "first the European principles (including but not limited to the RoL) and the European quality of bureaucracy, and then the European norms." However, not so many people understand this either in Ukraine or in the EU, while vested interests act in the opposite direction, often picking up the worst European norms or the ones that offer them the greatest corruption opportunities.

The full-scale war with Russia may have a two-fold effect on this process.

On the one hand, it has spurred outmigration: according to a recent poll, 57.1% of respondents indicated they would like to leave Ukraine if the threat of war

continues.[52] Israel, which has lived with such a threat for decades and, nevertheless, is remarkably successful in innovations, is not a good example here, because it is a country of migrants who went there already aware of the threat—and, thus, provide an example of self-selection. If Ukraine were to remain in its current wartime situation, self-selection would work in the opposite direction, with outward migration of the most active and capable people. This would leave the country with a bleak outlook in both the economic and the political sense.

On the other hand, the heavily industrialized east of Ukraine, which was the traditional home for the oligarchs, is now in ruins so that most of the prominent oligarchs have now lost vast parts of their assets as described above. The process of after-war recovery will be closely watched by Ukraine's Western partners who will hardly tolerate the non-transparent modus operandi of the oligarchs, will certainly avoid monopolization, and will most probably somehow try to keep at least the prominent oligarchs out of the process in order to avoid risks. So, if the threat of resuming active combat is minimalized (for instance, by NATO accession or by regime change in Russia), there is a good chance of effecting a balance between oligarchic and non-oligarchic business, with the latter interested in de-patronalization and institution building as described above. It is also likely that a victory will give new momentum to the social and political activity of the middle class and the business community, as happened after the Maidan victory and the war episode of 2014–15, but to a much greater extent, in rough proportion to the scale of events.

6. Conclusions

As we have seen, a patronal democracy does indeed have endogenous forces that can drive it towards a liberal democracy. These forces are generated by relative political freedom and continuous changes relating to the persons in power—both inherent to a democracy. Thus, if a patronal democracy does not slip into autocracy, it has a good chance to eventually evolve into a liberal democracy.

In the case of Ukraine, there are at least three powerful forces driving it towards de-patronalization: civil society, international partners, and non-oligarchic business. The first two are well connected and even intertwined, but their success so far remains limited. To achieve the goal they still need to establish better connections with business, which looks like the most promising way of making a sustainable and winning coalition—provided, of course, that Ukraine wins the war and successfully avoids an autocratic attempt.

In one optimistic scenario, President Zelensky, or his democratic successor, may realize the advantages of becoming a champion of anti-patronal reforms and

the value of using (strengthened) institutions instead of informal levers of power. In such a case, he may bring the oligarchs on board as well by offering them a "subgame-perfect" road map outlining a mutually beneficial solution. Even though he plays a prominent role in this scenario, in order to achieve full-fledged RoL he will need to overcome strong incumbent vested interests, which is hardly possible without the domestic and international support provided by the above-described coalition—while any doubts the oligarchs may have in eventual success will reduce the chances for such success.

However, the currently observed record of Volodymyr Zelensky's actions makes this scenario unlikely. The president lacks his own clan, yet still demonstrates voluntarism in many situations, strongly relies on personal ties, demands personal loyalty to himself, and above all has a parliamentary majority which could become the basis for a possible authoritarian consolidation attempt. Only when Ukraine obtains full-fledged RoL will it be more or less safe to say that further such attempts are impossible. But this will take time and will require strong driving forces in order to happen.

If Zelensky stays in power for his second term, the optimistic scenario requires a dramatic change in his personal attitudes and habitual modus operandi, which appears hardly attainable, although not impossible—given the change in his patterns of behavior related to the full-scale Russian invasion. Of course, even in this case he will require strong domestic allies in order to complete the job. But if, in a more realistic scenario, Zelensky does not undergo a dramatic personal change, he will require not only strong support but also pressure in order to carry out judicial reform. Two other components—impartial and effective law enforcement and practicable, non-discretional legislation—are still to be addressed.

The most pessimistic scenario, of course, is a Ukrainian defeat in this war. But an even less pessimistic scenario that implies the permanent threat of a new invasion for an indefinite period of time is also likely to result in a sharp deterioration in the country's human capital resulting in a bleak outlook in all dimensions, including for de-patronalization and, perhaps, even for the political regime itself. It is hard to predict exactly what may happen. There could also be a renewed authoritarian attempt with unpredictable but most likely disastrous consequences.

Fortunately, unless some of these more pessimistic scenarios were to unfold, Ukraine has a good chance of building a powerful coalition that could drive RoL-related reforms, with some of the preconditions for this already in existence.

Ukraine will emerge from its Independence War firmly tied to its international partners, primarily the US and the EU, which will both demand and provide support for the implementation of the RoL as the most essential part of de-patronalization. However, the foreign partners and NGOs require strong and capable domestic partners, both for the sake of taking ownership of such reforms and for their proper adjustment to Ukrainian specificities.

They currently find such partners in that part of civil society represented by several powerful Ukrainian CSOs, which are funded mostly by Western grants and primarily focused on anti-corruption and judicial reforms. These organizations are already working at full capacity, but have achieved limited results so far.

However, a fresh, new, and potentially very strong force has been undergoing consolidation during the post-Maidan years, as Ukrainian business has started recognizing its interest in anti-patronal reforms. As of now, its contribution has also been quite limited and mostly focused on immediate business-related issues. The process is ongoing but has the vast potential of making this part of civil society a game changer—because this process is driven by the economic interests of sufficiently financially strong players, thereby creating a "payable domestic demand" for de-patronalization. In the meantime, opposition to de-patronalization will have weakened.

This force is likely to strengthen over time, at least in relative terms, due to the long-term economic trends that are likely to be further bolstered by the war in case of Ukraine's victory. Then the process will have a good chance to become self-propelling: more RoL will mean more true (liberal) democracy, which in turn will likely further unleash and promote the evolution of values emphasized by Welzel, while at the same time securing the people's voice by providing alternative sources of campaign financing. Such joint progress in the RoL, along with a concomitant drift towards liberal democracy, will further disorganize the system of patronalism, and thereby increase the business community's demand for institutions as a substitute in providing certainty—this, even among the (former) oligarchs who are likely to join the winners at some moment. If decision-makers focus on the main issue of avoiding the negative scenarios, Ukraine has a good chance of embarking upon the firm path towards a liberal democracy.

Notes

1 Bálint Magyar and Bálint Madlovics, *The Anatomy of Post-Communist Regimes: A Conceptual Framework* (Budapest-New York: Central European University Press, 2020), 15.

2 At the very least because democratic elections and other procedures require certain formal rules (laws) which should be duly and impartially enforced.

3 Magyar and Madlovics, *The Anatomy of Post-Communist Regimes*, 335.

4 "De-patronalization" is synonymous with "anti-patronal transformation" in this study.

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Вы сами готовы жить в такой системе?

Да, на 100%. Мне нужно объяснить правила и я буду по ним жить. Но я не готов жить в системе, когда мне скажут правила, я стану по ним жить, а Кононенко будет жить по другим правилам. К этому я не готов."

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Ukraine's Criminal Ecosystem and the War: Ukrainian Organized Crime in 2022

Global Initiative Against Transnational Organized Crime (GI-TOC)

Editorial introduction: *This chapter is an authorized reprint of a section from the 2023 "New Front Lines" report of the Global Initiative Against Transnational Organized Crime (GI-TOC).[1] In a patronal democracy, politics is dynamized by the competition of informal patronal networks, which are at this volume's center of attention. But the lack of a single-pyramid network that would centralize and monopolize corrupt activities and persecute "private banditry" means that in the multi-pyramid setting of Ukraine the full range of illegal activities can exist—from grand to petty corruption and from state capture to low-level bribery and ordinary criminality. As a result, Ukraine's criminal ecosystem, meaning the community of systemically interacting illegal public and private actors,[2] does not reveal the pattern of a strong criminal state with moderate unauthorized illegality (as in Hungary), nor the pattern of a "parasitic symbiosis" between an adopted political family and criminal elements (as in Russia).[3] The multi-pyramid patronal network leaves wider room for maneuver for illegal actors: just as there can be autonomous oligarchs (economic actors seeking to secure corrupt, illegal support for otherwise legal economic activities), there can also be autonomous criminals (economic actors operating illegal economic activities like drug trade, prostitution, smuggling, and racketeering under illegal conditions). The latter are an integral part of Ukraine's patronal system and, as the chapter points out, it is common that "local criminal kingpins work in sync with high-level corrupt officials"; thus, anti-patronal transformation must also necessarily involve tackling the realm of criminality that has been shaken by the war.*

1. War and organized crime in Ukraine

After weeks of uncertainty, on February 24, 2022 Russia launched a full-scale invasion of Ukraine. Although several analysts had warned that the prior massive military build-up on Ukraine's borders was likely to lead to such an outcome, Moscow's move still caught many by surprise. With Ukraine facing what was perceived as a superior military force, many expected Kyiv to fall in a matter of weeks, if not days.

Ukraine astonished the world by mounting a concerted, fiercely fought, and often ingenious resistance. The government immediately imposed martial law, announced the mobilization of the male population aged between 18 and 60, and streamlined procurement, with sensitive state information removed from public view. Zelensky galvanized support among Western leaders to provide military and humanitarian aid that rapidly began to pour into the country once it became clear that the Ukrainians were more than capable of taking the fight to the Russian armed forces. Zelensky invited foreign fighters to assist the country's defense, both at the front line and in the cyber sphere. Refugees fled the country in their millions, mostly to EU countries, while millions more were internally displaced.

These dramatic developments inevitably reshaped the way organized crime operated in Ukraine and interacted with criminal interests in other countries, and this section identifies three key areas of change. The first assesses how organized crime actors have responded to the uncertainty of the conflict, including to what extent organized crime has developed "patriotic" tendencies and the risks of criminal infiltration in fighting units. The second discusses the nascent front line illicit economy in drugs and arms trafficking, and spotlights the new trend in smuggling conscripts away from the fighting. The third area explores the changes that have occurred to illicit markets and flows in the west of Ukraine, where massive inflows of military equipment and humanitarian aid, and similarly large outward movements of refugees, have created new vulnerabilities that organized crime is attempting to exploit. This section also discusses the risks of corruption around another imminent inflow—that of reconstruction funds. The chapter concludes with a summary of the main findings of our fieldwork.

2. Criminals in conflict: patriots or parasites?

The Russian invasion posed an interesting conundrum to organized crime actors in Ukraine: stay or go? In the early stages of the war many chose the latter option, with several Ukrainian criminal bosses (and their assets) moving abroad, although their networks and lieutenants remained (one Odesa underworld source said that his boss had moved abroad but was still paying him to ensure his loyalty).[4] Reported destinations for crime bosses included Turkey, the United Kingdom, Germany, Spain, Monaco, Italy, Austria, Israel, and Dubai.[5] In some sense, though, this merely represented the acceleration of a trend that had been in place for decades: as bosses grow rich—and their portfolios expand into the licit sphere—they seek to spend their fortunes in more luxurious surroundings than where they first made their name. That said, the end of 2022 also saw the return of several major organized crime figures to Ukraine, who perhaps judged that the security situation had sufficiently improved or that their presence was needed on the ground again.

Our fieldwork also found that some high-level criminal actors were looking for "weak points" abroad where they could redirect criminal operations to avoid the conflict: Romania (Constanza), Bulgaria, Italy (Genoa), and France (Marseille) were cited as potential options.[6] There are significant Ukrainian diasporas in several Eastern European countries, especially Czechia, Romania, and Poland, which could provide cover for some criminal actors to either wait out the conflict or start up new ventures. The Baltic states also offer fertile ground for Ukrainian criminals to expand their operations, given that they already have extensive ties in such places.

For those who stayed, however, the war has brought opportunities—and criminals have not been slow to exploit them. (Indeed, there were even reports of foreign criminals relocating to Ukraine, perhaps hoping to use the disruption of the conflict as cover for their activities.)[7] Yet it is also clear that criminal motivations are complex in a time of war, and that patriotic instincts may co-exist, or even coincide, with self-interest. It is also true that the experience of the war will have a profound effect on soldiers and civilians alike, and that this may in turn serve the ends of organized crime. As such, the war will profoundly shape both the nature and reach of organized crime in the post-conflict period.

2.1. Patriotic criminals?

If pro-Russian criminals helped subvert the authority of the Ukrainian state in 2014 (as we explained in our report),[8] it appears that patriotic criminals helped support it in 2022. At the beginning of the war, Moscow once again appeared to turn to its 2014 toolbox, with reports of sabotage and riots in Ukraine orchestrated by criminal groups linked with Russia, but these agitations were quickly suppressed, in part due to the efforts of local organized crime.[9] According to a law enforcement figure, the Security Service of Ukraine (SBU) asked Ukrainian criminals to help detect Russian criminals sent by Moscow to destabilize the situation; within a few months, the source alleged, most Russian criminal actors had been apprehended or ejected from the country.[10] "Patriotic" criminals have also been reported patrolling the streets with the police in Odesa, which hosts a large number of suspected pro-Russian criminals, particularly thieves-in-law who had been ejected from Georgia in the mid-2000s.[11]

In the so-called People's Republics of Luhansk and Donetsk (LDNR), it was reported that due to the shrinking space for criminal activity,[12] several thieves-in-law had relocated to unoccupied Ukraine, where they had turned against their former patrons and authorized criminals under their criminal jurisdiction to fight Russia.[13] Ukrainian prisoners in Russian-occupied territory were also warned by one prominent Ukrainian *vor* (thief) that joining the Wagner Group would be breaking the thieves' code.[14]

Patriotic feelings may also be present among those criminals who have joined (or been drafted) into the Ukrainian armed forces, although other motivations may also be at play. Kyiv is aware of such risks—according to documents seen by the GI-TOC, several known gangsters have been blacklisted from joining the Territorial Defense Force[15] (although many former criminals are known to have enlisted). Infiltration of foreign criminals is another issue in the mix; according to sources, there have been instances of foreign criminal actors active in the fighting. Again, motivation is likely to vary: although some may be motivated by an antipathy to Putin and Russia,[16] others may have an eye on the illicit opportunities of wartime (or conceivably both). Certain units in the hastily formed International Legion[17] may be vulnerable in this regard: in August 2022, the SBU launched an investigation into Piotr Kapuściński, a commander in the International Legion who had come under increasing scrutiny after allegations of arms and humanitarian aid theft (as have several other Legion commanders). The *Kyiv Independent* revealed that Kapuściński was a former Polish gangster who had served time for robbery, kidnap for ransom, and drug offences, among others, and had been charged in Ukraine with robbery and illegal arms possession—charges that were suspended when he joined the military.[18]

For criminals, then, the conflict may represent a means of resisting Russian aggression, an opportunity for illicit enterprise, a chance to wipe the slate clean (as with Kapuściński), or some combination of the three. After all, seen through a criminal lens, the conflict is a threat to both territory and profit, neatly aligning issues of patriotism and self-interest. As such, the patriotic tendency of some criminals should not be taken at face value, but could be the end product of a complex calculation inevitably aimed at furthering one or both of organized crime's overriding priorities: money and power.

Organized crime may also benefit from patriotic fervor in a more indirect way: through the recruitment of demobilized soldiers into organized crime groups. This trend was conspicuous in the aftermath of the Soviet war in Afghanistan, when many former soldiers—the *afgantsy*—were recruited by Russian gangs. These veterans, highly trained and experienced in the art of targeted violence, provided effective muscle and protection for bosses, and in some cases became hitmen.[19] In Ukraine, many of the hundreds of thousands of soldiers may struggle to find employment after demobilization, will be traumatized by their experience, or may simply miss the intense camaraderie of military life, all of which will leave them vulnerable to criminal recruitment. Add ready access to illicit weapons, and the conflict in Ukraine may be incubating a reservoir of criminal violence in the near future. In this sense, state conflict may beget criminal conflict.

There is also the risk of a Ukrainian Wagner-type group emerging from the pool of demobilized personnel. Private military companies (PMCs) are currently

banned in Ukraine, but they are also banned in Russia, highlighting that legislation may pose little obstacle if the relevant interests align.[20] Groups may also operate illegally—in 2021, for example, two illegal Ukrainian PMCs were broken up[21]—or legislation may change. The example of the Wagner Group in Africa (detailed in a February GI-TOC report)[22] highlights how such a company could become deeply immersed in illicit activity, corruption, and state-influencing in fragile contexts overseas, while also potentially expanding the transnational reach of Ukrainian organized crime. As with the Wagner Group, Africa may offer fertile ground for Ukrainian organized crime given that a significant number of pilots of small aircraft and captains of boats and ships on the continent are Ukrainian, providing a readymade logistics network for illicit activity.

Private security staffed by ex-soldiers may also offer another point of criminal interest in the near future as private sector companies (both domestic and international) seek to safeguard their investment in an uncertain operating climate. (In the aftermath of 2014, construction companies hired former soldiers as muscle to gain access to contested sites; locals also hired ex-soldiers to resist them.) While such businesses are legally registered, their activities may blur into the illicit realm. Private security companies elsewhere have been used as fronts by extortionists seeking to add an official veneer to their use of muscle and intimidation, and a similar trend may manifest in Ukraine.

Box 1. End of the oligarchs?

The conflict appears to have offered few political opportunities for Ukraine's oligarchs. Unlike in 2014, when Igor Kolomoisky raised the volunteer "Dnipro battalion,"[23] Kyiv is now able to fight the war itself and is not willing to sanction private armies. The economic cost of the conflict to the oligarchs has also been high: the destruction of Ukraine's energy and industrial infrastructure in the east and south-east of the country has caused several fortunes to plummet by hundreds of millions of dollars.[24] The implementation of Zelensky's "deoligarchization" law has been put on hold while the conflict rages, but in the course of 2022 several oligarchs divested their media holdings and vacated political offices to avoid being targeted by the bill.[25] Pro-Russian oligarchs such as Viktor Medvedchuk, who ran the Opposition Platform–For Life, was handed over to Russia in a swap for Ukrainian soldiers.[26]

Several commentators have indicated that the combined effects of conflict, deoligarchization, and Ukraine's anti-corruption agencies could spell the end of the oligarch as an institutional feature.[27] This could have profound beneficial effects for Ukraine, but predictions of the oligarchs' demise may also be exaggerated. Previous generations of oligarchs have come and gone—sometimes violently, as with the

1996 assassination of Yevhen Shcherban—yet they have always been replaced. Much will depend on the state's post-conflict ability to implement and enforce its pre-conflict anti-corruption and -oligarch agenda.[28]

3. The fighting economy: drugs, guns, and draft dodgers

The front line of 2014 bears little resemblance to that of 2022, although it does offer several cautionary points. After several months of intense fighting in 2014—mainly between local insurgents and hastily formed and loosely controlled volunteer militias, the Donbas front line became effectively frozen, albeit with periodic outbursts of violence. This relative stability enabled smuggling and other criminal activities across the front line to continue with little disruption; neither was the political antipathy between Ukraine, the LDNR, or Russia any obstacle to illicit business.[29]

The wider conflict that began in 2022 may follow a similar trajectory and reach a point where violence around the front line reduces (and thus enables cross-line smuggling), but the intense fighting and extensive territorial changes of 2022 have so far created a degree of uncertainty and risk that has drastically hindered much criminal business, especially drug trafficking from east to west Ukraine. In other aspects, though, the volatile front line has emerged as a catalyst for illicit activity, namely in the areas of synthetic drugs, the grey economy in arms collection and trading (and allegations of leakage), and the rise of a new market in smuggling men out of the country who are trying to escape the military draft.

3.1. Under the influence: drugs on the front line

In November 2022, during fieldwork conducted for this research, a Ukrainian soldier was encountered in Bakhmut in a state of high agitation.[30] He appeared to be under the influence of a powerful narcotic, most likely amphetamine or a similar stimulant—and he is by no means an anomaly. Kyiv appears to be increasingly concerned about growing drug use among soldiers: the Verkhovna Rada (Ukrainian parliament) swiftly passed a law in December 2022 that authorizes ad hoc testing of military personnel for drugs and alcohol.[31]

That drugs are present on the front line should not be surprising: soldiers have used drugs throughout history, either as stimulants to help them fight[32] or as ways of escaping the harrowing trauma of warfare. But seen through the eyes of organized crime, these soldiers represent merely a new and lucrative market. At the start of the conflict, monthly pay for front line soldiers in Ukraine was increased to 100,000 Ukraine hyrvnias (UAH) (USD 3,400 at the time), giving them significant

spending power in a country where the official average salary in September 2022 was UAH 14,500 (USD 360) per month.[33]

Before the conflict, Ukraine was a source, consumer, and transit country for a wide array of drugs, including heroin from Afghanistan trafficked along the northern route and cocaine from Latin America entering mainly through the port of Odesa, although the domestic market for cocaine was limited due to high local prices (USD 200–250/gram).[34] Since 2015, use of synthetic drugs—including mephedrone, methamphetamine, methadone, alpha-PVP, and MDVP—has risen sharply in Ukraine, with products readily available online.[35] Before the Russian invasion, most synthetic drugs came through the western border, but domestic production was also increasing, with labs in the Donbas and Kharkiv producing methadone and other synthetic drugs, with part of production reserved for export. The increase in domestic production is reflected by the dismantling of some 67 amphetamine labs in 2020, up from only five in 2019.[36]

The Russian invasion drastically disrupted drug trafficking flows (heroin and synthetic drugs) from the Donbas region (which had continued despite the 2014 LDNR uprisings) and in the important transit city of Kharkiv. The Russian naval blockade of Odesa and Mykolaiv also made cocaine trafficking challenging, while the flight of many of cocaine's wealthy consumer base abroad also depressed prices, with reports of a 25% drop.[37]

But while heroin and cocaine flows have languished because of the conflict, the supply of synthetic drugs soon rebounded. After initial disruption in Kyiv in the early days of the war,[38] illicit distribution picked up once again throughout the country by means of online stores, street dealers, and the postal system.[39] Indeed, according to the data from the general prosecutor's office, criminal offences related to the distribution of illegal drugs actually rose, from 29,587 in 2021 to 34,398 in 2022.[40]

Traffickers may be drawing more heavily from sources in Western Europe to make up for the drop in supply from eastern Ukraine, but local production also appears to be robust. Although the ECDMMA reported that it was likely that domestic production of amphetamine, "street" methadone, and new psychoactive substances would be disrupted due to precursor and other chemical shortages,[41] there have been several major busts of synthetic drug labs in central and western Ukraine in 2022, with INTERPOL reporting that according to their upstream and downstream monitoring, flows appeared to be continuing almost unabated.[42] One seizure in August saw 16 kilograms of methadone and 1 kilogram of amphetamine seized in Kyiv intended for sale through online stores, along with hand grenades and five firearms.[43] A November bust in Kyiv uncovered a lab and 30 kilograms of mephedrone and narcotic substances worth USD 675,000.[44] Other narcotics seized include alpha-PVP and ecstasy.

According to the Ukrainian State Bureau of Investigation, synthetic drugs are being sold in all regions of Ukraine—including the front line.[45] In the first six months after the invasion, Ukrainian law enforcement launched more than 270 investigations into drug trafficking at the front line.[46] In military units where drug use was witnessed, cannabis was overwhelmingly the most-used drug by soldiers, although synthetic drugs were also readily available. According to sources close to law enforcement, a major player in the front line drugs trade is Khimprom, a transnational organized crime group that has a long-standing presence in both Russia and Ukraine and which has resisted repeated efforts to dismantle it.

To reach this market, organized crime has had to overcome the obstacle of the numerous checkpoints along Ukraine's roads. According to an interviewee, one reported method of smuggling drugs involves placing the drugs inside the body of a submachine gun that has had its working parts removed.[47] But corruption is also likely to play a major facilitating role, with reports of routine checks being waived for certain vehicles.

3.2. Powder keg: weapons in the grey zone

Since February 2022, weapons have been arriving in Ukraine at an extraordinary rate. Given Ukraine's history of arms trafficking (rated as the country's most pervasive criminal market, according to the GI-TOC 2021 Global Organized Crime Index), the risk of weapons trafficking was flagged in the early days of the war by Europol, among others.[48]

Overall, diversion of arms has been more limited than initially feared. Of the billions of dollars' worth of weapons the West sent to the Ukrainian armed forces in 2022,[49] there have been few reports of missing weapons. (In October, the US said it had only one verifiable example of a weapons system being smuggled out of Ukraine, to Russia.)[50] In the main, this has been due to a high degree of awareness over the risks of arms trafficking and the implementation of mechanisms to counter it. In July 2022, the Ukrainian parliament set up a commission to monitor the flow and use of arms in Ukraine,[51] the US has implemented a framework that appears to have been effective in preventing significant leakages in weapons travelling to the front line,[52] and the EU has established a hub in Moldova to tackle trafficking in arms and people.[53] The types of weapons involved may also have had a bearing on leakage risks: in the early days of the war small arms formed a substantial element; now arms flows mainly involve larger systems and spare parts that are relatively less conducive to illegal diversion. The intense nature of the fighting is also likely to have a dampening effect on leakages, with significant quantities of weapons and ammunition being deployed by fighters as soon as they reach the front. Most allegations of trafficking Western weapons are unsubstantiated or appear to be the result of Russian disinformation (see Box 2).[54]

There is inevitably some leakage, however, and the biggest risk on the Ukrainian side is likely to come in the form of "bad apples"—units or commanders who engage in misappropriation under the fog of war. Some units of the International Legion have seen claims of weapons misappropriation: in December, a returning British mercenary who had served in the Legion alleged that two trucks of Western-supplied weapons and ammunition—including Javelins—had "disappeared" from his convoy. Although this information has not been verified, other allegations of stolen arms have been reported in the Legion.[55] Sources also reported that weapons from a stockpile used by an International Legion unit were moved in civilian vehicles from a city in the south to an undisclosed destination.[56] It is also possible that weapons are being hidden in caches around the front line, to be collected and sold on the black market at a later date, as happened during the 2014–2022 Donbas conflict.[57] (Since World War II, there has been a tradition of Ukrainians burying weapons for later use, leading to the idiom "we water our flowers with oil.")[58]

The control situation is starkly different when it comes to Russian materiel, which has been abandoned in huge quantities during the conflict, particularly during the sweeping Ukrainian counterattack that reclaimed 3,700 square miles of occupied territory in a month.[59] These "trophies" have driven the emergence of what one Ukrainian soldier described as "a simplification of bureaucracy" in which captured Russian materiel is exchanged for other military equipment, with swaps between Ukrainian units negotiated on Telegram. Although no evidence of leakage to the illicit market has been reported, an analyst for Small Arms Survey highlighted that this type of unofficial exchange could undermine stockpile management procedures, potentially increasing the supply of untracked weapons that could enter the illicit market at a later date.[60]

Box 2. Conflicting accounts: Arms trafficking to Finland?

An example from Finland highlights the sensitivities that have surrounded claims of arms trafficking around the conflict in Ukraine. In October 2022, Detective Superintendent Christer Ahlgren of the Finnish National Bureau of Investigation gave an interview in which he said that criminal gangs had been smuggling Western weapons intended for Ukraine into Finland, Denmark, Sweden, and the Netherlands.[61] Ahlgren's claim was swiftly refuted by the deputy director of the bureau, who said the bureau had no information that Ukraine-bound weapons had been smuggled into Finland, and by Ukraine's Ministry of Internal Affairs, which asserted that the claim was the result of Russian disinformation.[62]

Faced with these conflicting accounts, in December 2022 the GI-TOC commissioned a fact-finding report from a researcher with extensive experience in Finnish law enforcement. Two sources—one in law enforcement, another from the underworld—both

reported that three Finnish criminal figures had travelled to Ukraine or eastern Poland soon after the Russian invasion with the intention of bringing back weapons, but failed to do so, as they lacked the necessary organizational skills or access to financing. As such, there appears to be no evidence to support Alghren's claim of arms trafficking from Ukraine to Finland, although Finnish police have reportedly mapped all possible trafficking routes and expect Poland to become a major hub of illicit arms in the future.

But soldiers are often not the first to scour the battlefield. Villagers have been reported collecting abandoned weapons and ammunition, and storing them at home, with some cases of tanks being stored in barns. Many of these "grey" stockpiles are turned over to the Ukrainian army, but there have been isolated incidents of people picking up "trophies" around the front line and selling them on the black market. In November 2022, the State Border Guard Service detained a man trying to sell a grenade launcher, a flamethrower and 20 F-1 grenades—equipment he had collected in the grey zone after the Russians had retreated.[63] In December, several police personnel in Odesa were seriously injured after an anti-tank round exploded. The ammunition had been smuggled to Odesa in the trunk of a car driven by a volunteer, who claimed he had brought it and other ammunition from the Mykolaiv region as "souvenirs."[64] Tellingly, the domestic arms market has continued to function throughout the war, with reports of domestic arms dealers selling hand grenades, explosives, machine guns, ammunition, and anti-tank RPGs.[65] It is also salient to reflect that given the prevalence of checkpoints in Ukraine since the war started, these weapons could not have moved unless the traffickers were operating as military personnel, or with the collusion of corrupt checkpoint guards.

Away from the front line, alarm has been raised over the 18,000 assault rifles distributed by the authorities to civilians in the early days of the war.[66] According to a senior source in the police: "All weapons, including the ones we give to civilians, are registered. The police check their background and take forensic precautions."[67] But tracking and ultimately reclaiming these guns will be no easy task, and there are fears they may add to the huge number of unregistered small arms already in civilian hands (with some upper-level estimates of 3 million to 5 million weapons before the invasion).[68]

Collectively, the rise in untracked, misappropriated, and found weapons will play into the hands of criminals assembling illicit stockpiles for exploitation at a later date when the fighting is not so intense and the ambit for arms trafficking expands, as occurred when the fighting in 2014 settled into a stalemate.[69] Already there are signs that guns are playing a greater role in crime in Ukraine: according to data from the general prosecutor's office, recorded offences committed

with firearms and ammunition rose tenfold in 2022, from 720 in 2021 to 7003 in 2022.[70] As such, arms trafficking poses a clear and present danger, both within Ukraine and abroad.

3.3. Draft dodgers: human smuggling

Faced with the massive disparity in personnel between the Russian and Ukrainian armed forces, on February 24, 2022 Zelensky ordered the mobilization of Ukraine's adult male population between the ages of 18 and 60; all those eligible for service were unable to leave the country.[71] For human smugglers, this created a whole new clientele, and business has been brisk: between February and October 2022, more than 8000 conscripted men were caught attempting to cross the border, with 245 recorded attempts to bribe border guards[72]—but many more are likely to have succeeded. Moldova and Poland are the preferred exit routes, with small groups of people crossing at a time at a cost of between €5000 and €10,000 each,[73] although some conscripts choose to escape to the EU via Russia.[74] Such is the demand and revenue on offer that some smugglers of alcohol and tobacco have reportedly switched to smuggling conscripts. There have also been reports of actors with no prior criminal background setting up sophisticated smuggling schemes.[75]

Corrupt professionals, including lawyers and doctors,[76] have facilitated the market by forging official statements, including "fictitious documents" about the removal of conscripts from the military register and "letters from state authorities to the State Border Service."[77] A counterfeit certificate of unfitness for military service costs approximately USD 2,000.[78] In January 2023, the Ministry of Internal Affairs reported that Ukrainian border guards had discovered almost 3,800 forged documents at checkpoints since the beginning of martial law, most around the border with Poland and Hungary.[79]

The GI-TOC received information that much more sophisticated fake documentation is also used, sometimes with corrupt officials inserting fake information into official databases.[80] The National Agency on Corruption Prevention (NAZK) reported a scheme in which a fake charitable organization was set up in order to enter fraudulent information in the Shlyah database to enable it to register conscripts as carriers of humanitarian aid. (The Shlyah system allows those transporting humanitarian aid, medical supplies, or cars for the armed forces to travel outside Ukraine for a maximum of one month.)[81] The head of one charity fund in Lutsk was accused of helping approximately 300 men of draft age to go abroad by offering them roles as "drivers" of humanitarian cargo.[82]

4. New vulnerabilities: people, smuggling, corruption

Since February 2022, Ukraine's national colors have become a common sight across Europe. Paper hearts colored blue and yellow appeared in living room windows, the Ukrainian flag adorned public squares, embassies, and monuments. But these were no mere shows of solidarity: in a surprisingly coordinated and timely manner, European governments sought to alleviate the fallout of the unfolding crisis in the east with concrete action. Millions of refugees were expedited across national borders, aided by the EU activating the Temporary Protection Directive (TPD) on March 4, 2022, while international partners sent vast quantities of humanitarian aid to those still in Ukraine, working closely with Ukrainian organizations.[83]

For organized crime, which thrives off crisis and largesse alike, the opportunities surrounding these flows were manifold. Displaced people can be trafficked; lower border controls help the logistics of illicit flows; humanitarian and financial aid can be embezzled, and workers extorted. And given Ukraine's long-standing history of corruption, the billions of dollars in reconstruction funds promised to be the biggest prize of them all.

4.1. Preying on the displaced: human trafficking

The conflict in Ukraine precipitated the swiftest and largest refugee migration in Europe since World War II.[84] As of November 18, 2022, the UN had recorded some 7.8 million Ukrainian refugees in Europe and the International Organization for Migration estimated that there were 6.5 million IDPs as of October 27.[85] According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), there were at least 17.7 million people in Ukraine in need of humanitarian assistance and protection in August 2022.[86]

Ukrainian traffickers were well placed to exploit these opportunities, given that human trafficking was deeply entrenched in Ukraine before the Russian invasion of 2022.[87] Forced labor and sex trafficking occurred both within Ukraine and abroad, with domestic and foreign victims trafficked to Europe, Asia, the Caucasus, and Dubai. Children were an especially vulnerable population, particularly the 100,000 children in state-run orphanages.

Given this context and the scale of population movement, many observers swiftly raised the alarm over the increased risk of human trafficking,[88] but the extent to which these fears were realized in 2022 remains uncertain (with the exception of Russian-occupied areas; see below). At the time of writing, data was scarce, both on internal trafficking dynamics within Ukraine and among Ukrainian refugees, but this should not be taken to indicate a lack of criminal activity, especially

for human trafficking, which often deprives its victims of voice and agency, and reduces capacity for detection.

Within Ukraine, it appears likely that several forms of human trafficking, especially sexual exploitation, have continued with little interruption and may have even expanded, although the curfew may have forced brothels and other sites of exploitation to alter their hours of operation. According to GI-TOC research, online listings of sexual service providers in Ukrainian cities have begun appearing in English as well as Russian and Ukrainian, indicating an expanding client base drawn from the diverse international actors now in-country. Some foreign fighters have reportedly used the opportunity of being in Ukraine to seek sexual services, a significant proportion of which will be rendered by women in exploitative situations.[89]

As the war continues, it is likely that human trafficking within Ukraine will expand as poverty and hardship increase. Loss of income and the volatility of the conflict dynamics are pushing vulnerable women, who often have to support dependents, into situations where they are being sexually exploited at home and abroad. In July, Ukrainian officials arrested a Kyiv-based ringleader accused of orchestrating a trafficking ring that sent women recruited on Telegram to work as escorts abroad to Turkey, where they were instead sexually exploited. One of the intercepted women was a single mother who had lost her job following the Russian invasion and had a child to support, and it is likely that many of the other victims had similar profiles.[90] Online sexual exploitation, which can be conducted from home, is likely to follow a similar trend as desperate parents either exploit their own children[91] or sanction their exploitation by others in return for money or essential goods.

Outside Ukraine, there have been reports of exploitation of Ukrainian refugees. For the most part, such incidents appear to be of an individualistic and opportunist nature,[92] but there have been troubling signs of more organized exploitation. In April, for example, an Italian investigation into counterfeit cigarette production discovered several Ukrainian refugees who had been forced to work long hours in unsanitary conditions;[93] in October in Northern Ireland, police said that cross-border gangs had been targeting Ukrainian refugees for sexual exploitation.[94] Two "hackathons" run by Europol highlighted how traffickers were also going online to target Ukrainian refugees for sexual and labor exploitation. The first hackathon in May 2022 found "a significant number of suspicious job offers" targeting Ukrainian women (see also Box 3),[95] while the second in September found 30 online platforms related to vulnerable Ukrainian refugees, five suspected traffickers of Ukrainians, and 25 possible Ukrainian victims.[96]

Box 3. "Modelling" in Marrakesh

In November 2022, an investigation in Kyiv exposed a sophisticated sexual exploitation ring formed of three Ukrainians and one Moroccan that targeted former participants in beauty contests, presenters of TV talk shows, and Instagram bloggers. These Ukrainian women were offered work in the "modelling industry" in Morocco, but were instead destined to provide sexual services to businessmen in Marrakesh. The operation was highly sophisticated, with one member responsible for securing visas and two in charge of transport logistics. Law enforcement disrupted an attempt to smuggle 20 women across the border.[97]

In the medium term, the vulnerability of Ukrainian refugees to trafficking is likely to increase as receiving-nation fatigue grows and as the hospitality of host families declines due to the rising cost of living and stress of long-term cohabitation. The extension of the TPD until March 2024 formally recognizes that the crisis will not come to a swift conclusion, but the transition from short-term assistance to long-term support will bring challenges. As refugees settle in host countries, issues of financial hardship, social isolation, language barriers, the difficulty of obtaining employment, and trauma from the experience of war will serve to heighten trafficking risks. This problem is likely to be especially acute in countries with large refugee populations such as Poland (host to nearly 1.5 million refugees), Romania, and Hungary, but risks will also apply in Western Europe and Scandinavian countries. In Sweden, Ukrainian refugees can claim only very limited daily financial support (the same amount as that offered to asylum seekers), with purchasing power further eroded by high inflation.[98] Ukrainian refugees have also struggled to gain access to the digital identity system BankID, which is necessary for accessing many services.[99] In the UK, many Ukrainian refugees have found themselves facing homelessness as their initial six-month stays with families came to an end and few replacement hosts came forward.[100]

Trafficking risks are also high for Ukrainian refugees returning home to a devastated country where jobs are scarce and living conditions dire. Returns began after the liberation of Kyiv in mid-April 2022 and have gathered pace since, despite pleas by the government for refugees to stay abroad to avoid the hardship of a winter with limited access to energy.[101] In September 2022, the IOM estimated that more than 6 million Ukrainians (IDPs and refugees) had returned to their habitual places of residence, with 85% indicating that they intended to stay.[102] Among this population will be many people returning to war-torn areas who will be highly vulnerable to trafficking.

An alarming development in Russian-occupied territories has been the forced movement of Ukrainians into Russia, especially from Kherson, Zaporizhzhia, and

Pryazovia (Mariupol) regions. Estimates of numbers have varied substantially, especially in regard to children: in July, the US State Department estimated that between 900,000 and 1.6 million Ukrainians had been forcibly deported to Russia, including 260,000 children.[103] In December, the Office of the Ukrainian Parliament Commissioner for Human Rights said that it had confirmed instances of more than 12,000 Ukrainian children in Russia, of whom approximately 8,600 had been forcibly deported.[104]

These forcibly dislocated populations will be extremely vulnerable to exploitation in Russia, especially women, older people, people with disabilities, and orphaned or unaccompanied children, with the latter category targeted for "Russification" through expedited Russian citizenship and adoption. In October 2022, the Ukrainian Ministry of Foreign Affairs said that the Russian commissioner for children's rights, Maria Lvova-Belova, had admitted the illegal adoption of 350 children into Russia from the occupied areas of the Donbas region.[105] (Lvova-Belova herself adopted a teenage boy from Mariupol.)[106] We have reports of children in Russian-occupied areas being used as "spotters" by the Russian military. This issue was also raised in January 2023 by the Ukrainian Defense Minister, who said that Russia was trying to make Ukrainian children "unknowingly provide information about the location of strategically important objects through a mobile game."[107]

4.2. Wandering aid and "smuggling sans frontières" in western Ukraine

The intense fighting in eastern and south-eastern Ukraine, together with the Russian naval blockade, heavily disrupted smuggling flows into, through, and out of Ukraine. Odesa lost its status as the main smuggling hub in the Black Sea, a development that drove all the major criminal players to leave and which significantly impacted regional trafficking dynamics (to be explored in a forthcoming GI-TOC report).[108]

The direction of the flow of illegal goods has instead reversed. Whereas, formerly, the dominant direction was from the east and south to the west (the gateway to Europe), looser border controls and the suspension of customs duties designed to help the flow of refugees and humanitarian and military aid has driven a boom in smuggling in the west of the country in 2022 (although the south–west connection is still operational). Corrupt figures within customs and the border service in particular have profited from the huge increase in freight traffic by levelling tolls: at the very beginning of the war, amounts mentioned by sources ranged from USD 100 for a car to USD 30,000 for a truck.[109] At the beginning of the war, GI-TOC researchers also heard reports that those who did not pay, including humanitarian convoys, were forced to remain in a queue for up to several days.

This surge in smuggling activity has been reflected in the recalibration of major illicit routes in the west of Ukraine. The Volyn region in north-west of the country

(bordering Belarus[110] and Poland) was already known for smuggling cigarettes, timber, agricultural products, weapons, and amber. In 2022, there were two new flows along this route: the smuggling of men attempting to escape Ukraine's military draft, and drugs (both into and out of Ukraine). The regions of Transcarpathia (bordering Slovakia and Hungary) and Chernivtsi (bordering Romania and Moldova) saw increases in illicit exports in traditional illicit goods of timber, illegal immigrants, and cigarettes along with new flows of humanitarian and military relief goods, cars, medicines, and dual-use goods along with the smuggling of conscripts. One exception to the trend for increasing criminal activity in the west was the dwarf pseudo-state of Transnistria on Ukraine's southwestern border, whose importance as a corridor for contraband is said to have declined significantly due to tightened Ukrainian border control in the face of the strong Russian military presence in Transnistria.

Illicit flows through Poland grew in importance due to the crossing of millions of refugees, with reports of illegal refugees, including from Central Asia, posing as Ukrainian refugees to gain access to the EU. Poland has also been the main channel for the humanitarian aid that has been pouring into Ukraine. This aid has been granted a simplified customs procedure, which criminals have taken advantage of to smuggle illegal goods such as drugs and weapons into the country, but this streamlining also enables theft of humanitarian aid itself.

Evidence of theft of humanitarian aid and military items have been detected across Ukraine. In June, the Ukrainian interior minister said that most cases of theft of such aid (some of which was domestically produced) were registered in Kyiv, Lviv, Kharkiv, and Kirovohrad, including theft of cars intended for the army, fuel, medicines, body armor, and food.[111] One high-profile instance came in October, when it was reported that the deputy head of the Office of the President was driving an SUV that General Motors had donated to Ukraine for humanitarian purposes.[112] Senior officials were also implicated in the potential misappropriation of humanitarian aid in the Zaporizhzhia region in August 2022; during searches in the Zaporizhzhia City Council, investigators found a large amount of cash and unregistered firearms.[113]

Criminals also made use of the cybersphere to exploit humanitarian aid, or the expectation of it. In the early stages of the war, sources claimed that criminals posing as humanitarian workers were posting harrowing pictures on social media to obtain donations of water, diapers, and food, much of which they then offered on the black and legal markets—in the latter case sometimes for PR purposes.[114] In another reported case in June, it was revealed that Ukrainian hackers had created a phishing website that promised financial assistance from the EU if victims entered their account details—details that were then used to access the victims' accounts and steal money.[115]

Box 4. Smoking hot: Contraband and counterfeit tobacco

Contraband and counterfeit tobacco are mainstay illicit commodities in Ukraine,[116] with the black tobacco market valued at USD 2 billion in 2009.[117] This industry appears to have thrived during the conflict. The Kantar Ukraine Institute reported in October that illicit tobacco products accounted for 21.5% of the Ukrainian tobacco market, a rise of 5 percentage points compared to 2021.[118] Almost 8.5 billion illicit cigarettes were sold in the first ten months of 2022, equaling the entire 2021 total, and costing the state over half a billion dollars in lost taxes.[119] There have been several significant busts throughout the year: in August, 1.2 million packs of counterfeit cigarettes—marked with counterfeit excise stamps—worth UAH 70 million (USD 1.9 million) were seized in warehouses in Odesa, while in November, more than five tons of tobacco worth UAH 1.3 million (USD 35,000) was seized in the Khmelnytskyi region, along with falsified freight bills.[120]

According to fieldwork for this report, cigarettes without duty stamps have become a common sight in markets across Ukraine in 2022—before the conflict, the police would have seized all such products. The front line has become a particularly lucrative market for illegal cigarettes, due to high demand among soldiers, although for many people engaged in the trade, selling illegal cigarettes is one of the few means of making ends meet.

4.3. Reconstruction: a lucrative prospect

The damage to the fabric of the Ukrainian state as a result of the Russian invasion has been catastrophic. As of September 1, 2022, the Kyiv School of Economics estimated the total amount of damage caused to Ukraine's infrastructure at more than USD 127 billion.[121] And the costs of reconstruction and recovery will be even higher. In September 2022, the World Bank, Ukrainian government, and European Commission estimated that USD 349 billion was required for reconstruction and recovery in the period till June 1, 2022 alone—and this figure will have grown much higher in subsequent months.[122] In July 2022, the Ukrainian government set out a 10-year reconstruction plan predicated on USD 750 billion in investment.[123]

These reconstruction funds may enable Ukraine to reshape itself as a stronger country than before the war[124] but they are also vulnerable to corrupt actors and criminal groups. Corrupt officials may take advantage of the lower levels of transparency characteristic of wartime to divert funds to chosen partners.

At the lower end of the organized crime spectrum, reconstruction efforts may be hampered by widespread theft of materials, while more sophisticated depredation

may see organized crime groups inserting themselves in reconstruction projects, both on the ground and at the procurement stage. The construction industry in Ukraine was already plagued with allegations of criminality and corruption before the invasion, ranging from the illegal granting of permits and sale of land to raw materials (for example, illegally mined sand). Before the invasion, construction in Kyiv was dominated by the so-called "construction mafia," and a similar situation applied in Odesa, with the reported involvement of high-level political actors.[125] A key development in this space will be Law 5655, passed in December 2022 and intended to increase transparency and urban planning control, though some have flagged that it may also give developers greater control and increase the risk of corruption in certain quarters.[126]

Two egregious examples of government funds being misappropriated in 2022/3 highlight the nature and scale of these risks. In November, two media investigations found that UAH 1.5 billion (approximately USD 40 million) had been paid out in the course of 2022 to a relatively small company known as Budinvest Engineering for the repair of roads in Dnipropetrovsk region.[127] This was far more than had been paid out to any other region—an especially glaring fact considering that the region had suffered relatively little damage due to the war. Suspicions were further aroused by the revelation that 49% of Budinvest Engineering was owned by a female fitness instructor who was romantically connected with the head of the Dnipropetrovsk Regional State Administration. Although the investigations flagged suspicions of overpricing and possible inventory fraud of purchased raw materials, the wartime suspension of the publication of state contracts makes it impossible to ascertain the existence or extent of illegality.

The second example came in January 2023, when the Deputy Minister of Infrastructure and Communities Development was arrested and dismissed after reportedly accepting a USD 400,000 cash bribe associated with a government contract to purchase generators and other equipment for UAH 1.68 billion (USD 46 million).[128] The minister was one of the highest-profile officials ever to be arrested under such charges in Ukraine.

Box 5. Golden eggs: Corruption in military food procurement

While many will be focused on the future risks of corruption around reconstruction, it is also vital not to overlook the corruption opportunities that have arisen in 2022 as a result of the war effort. In January 2023, the deputy defense minister resigned over a corruption scandal regarding food procurement for the military.[129] Just days prior, a journalist had revealed that the army had signed a contract in December 2022 for food for units stationed well away from the front line.[130] Comparing the military purchase price with the price of food both before the invasion (adjusted for inflation) and

in Kyiv's supermarkets, the journalist found that the military was paying between twice and three times over the going rate for certain staple goods. For example, the military's purchase price of eggs was UAH 17 per unit, while eggs were retailing in Kyiv at the same time for UAH 7 per unit; potatoes were purchased at a similarly inflated mark-up. In the context of a contract worth UAH 13 billion (approximately US$353 million, as of mid-December 2022) these differentials amounted to millions. It is also worth noting that this contract was signed without any public scrutiny due to the suspension of the *ProZorro* procurement system, again highlighting the risks of lessening transparency and accountability during wartime.

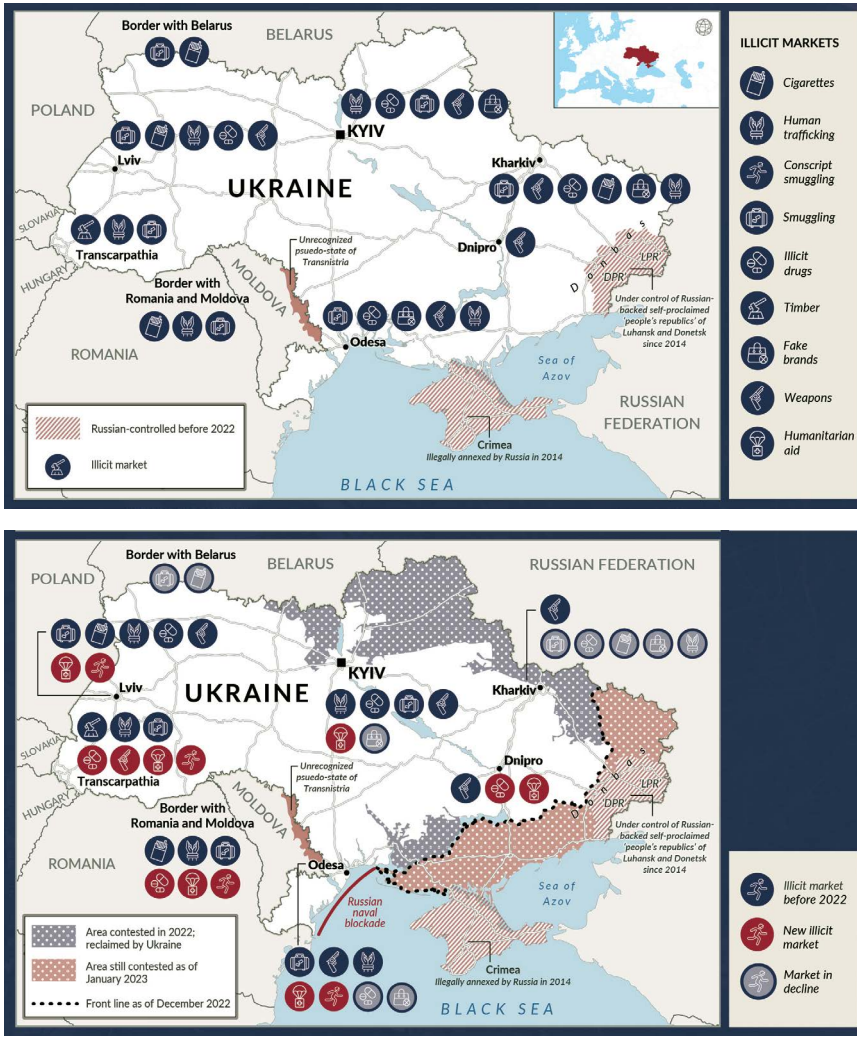
Corrupt public servants siphoning off state cash may appear to be merely a sophisticated form of theft, but it also has profound ramifications for criminal governance. As well as hampering the delivery of civic services, corruption builds patronage networks, enriches criminal middlemen, and undercuts democratic principles of transparency and accountability. GI-TOC fieldwork has found evidence of this pattern in several large cities in east and central Ukraine, where local criminal kingpins work in sync with high-level corrupt officials.[131] This phenomenon is already well entrenched in Ukraine, where corrupt officials have turned many regions and localities into "feudal estates," in the words of Andriy Kaluzhynskyi, the head of the main unit of NABU detectives.[132] As billions of dollars flow into the country for reconstruction, there is a real risk that these estates may be strengthened into criminal fortresses.

5. Conclusion: a shock to the criminal ecosystem

Before February 2022, Russian and Ukrainian organized crime formed the strongest criminal ecosystem in Europe.[133] Having developed along similar lines in the 1990s, Russian and Ukrainian criminal groups and networks controlled a lucrative transnational smuggling highway between Russia and Western Europe that carried gold, timber, tobacco, coal, counterfeit/untaxed goods, humans, and drugs. At the more politically connected end of the spectrum, corrupt officials and criminal bosses from both countries exploited Ukraine's role as a transit country for Russian gas to siphon off millions of dollars, while Ukraine's oligarch class exerted a strong grip over the country's economic, political, and information spheres.

Kyiv made serious efforts to tackle organized crime and corruption after the 2014 Maidan Revolution but results were mixed, especially in the case of judicial reform; meanwhile, the conflict in the Donbas region helped bolster an array of illicit economies and criminal actors. For organized crime, business was generally good.

Figure 1. Organized crime in Ukraine before the February 2022 Russian invasion (top) and after (below).



The Russian invasion has inflicted a profound shock to this ecosystem. With the war, collaboration between Russian and Ukrainian organized crime interests became impossible due to the political situation (which led many criminals to break such ties) and the pragmatic challenge of smuggling across what was now a violently contested and dynamic front line.[134] Many Ukrainian crime bosses chose to leave the country, as did many oligarchs, including several accused of pro-Russian sympathies. Martial law and the curfew also initially constrained criminal activity. But after this initial period of disruption, many forms of organized crime

resumed—and there is evidence that conflict is bringing new opportunities. While illicit flows from the east of Ukraine and through Odesa may have diminished, smuggling of various kinds has boomed in the west. Synthetic drugs continue to be produced and distributed across the country, including to the front line, where they feed into a burgeoning grey zone economy of drugs and informal arms collection and trading (Figure 1).

There have been glimmers of good news in that the two largest conflict-created vulnerabilities—the massive influx of weapons and the exodus of millions of refugees—do not appear to have been exploited by organized crime to the extent initially feared. Controls over Western weapons and the unprecedented reception of Ukrainian refugees in Europe may have helped contain these vulnerabilities in the short term. However, it is likely that criminality is building in the shadows, with the augmentation of domestic illicit stockpiles from various sources and exploitation of vulnerable people remaining hidden from view.

The state's efforts to tackle organized crime and corruption have also been affected by the war. Although investigations, arrests, and prosecutions have continued, attention has necessarily been diverted to the war effort: law enforcement personnel have been called up for military service, detectives put on intelligence-gathering duties, and public access to databases of sensitive state information has been restricted (albeit in most cases temporarily). This will provide organized crime with another type of opportunity: that of less scrutiny and pressure, which may enable criminal activities to expand.

Although the trajectory and outcome of the conflict remain uncertain, past evidence indicates that planning for the post-conflict period cannot wait for peace to come—and that includes analyzing and countering the risk of organized crime. While the battles on the ground and in the political and economic space are understandably dominating attention, there is a broad body of research that points to the long-term risks of putting aside considerations of the illicit economy in a time of conflict. Indeed, Ukraine is a case study of such risks, as highlighted by the GITOC's 2022 assessment of the evolution of organized crime in the self-proclaimed people's republics of Luhansk and Donetsk (LDNR).[135]

But as well as considering other cases of the crime–conflict nexus (which are largely based on the conduct of criminal actors in civil wars), awareness must be cultivated of new dynamics that are likely to emerge from the specific aspects of this conflict. In this regard, two features stand out as distinctive. The first is that the Russia–Ukraine war is arguably the first since the rise of transnational organized crime in the 1990s that features such a powerful and sophisticated organized crime ecosystem. Although the conflict in Afghanistan occurred in a criminal context of substantial illicit flows of commodities and powerful local actors, the Russia–Ukraine ecosystem stands out in that it involves globally influential political

elites and permeates the international financial system, through which gangs from Ukraine may reportedly amass multi-million-pound London property portfolios.[136] The second is that this is the first war being waged not only on the battlefield, but also in the sinews of globalization. As a result, organized crime may be evolving in ways that may not only revolutionize how illicit markets function, but also feed into an emerging multipolar global order in which organized crime becomes a major geopolitical player.

It is therefore critical to assess the potential future risks posed by organized crime and prepare a suite of responses that can disrupt its momentum and reduce its propensity to escalate at the national and international levels. Although evidence is still patchy, there are signs that the criminal landscape is in flux—and history has shown that criminals generally emerge stronger from times of crisis. As Ukraine fights for its existence as a nation, it must also ensure that it defends itself from those who would corrode and usurp its statehood from within. The world, too, must be prepared for the changing dynamics of organized crime that will emerge from the conflict.

Notes

1 "New Front Lines: Organized Criminal Economies in Ukraine in 2022," Research report (Geneva: Global Initiative Against Transnational Organized Crime, February 2023), https://globalinitiative.net/wp-content/uploads/2023/02/New-frontlines-organized-criminal-economies-in-Ukraine-in-2022-GI-TOC-February-2023.pdf. We are grateful to GI-TOC for authorizing the partial reprint of the report.

2 Bálint Magyar and Bálint Madlovics, *The Anatomy of Post-Communist Regimes: A Conceptual Framework* (Budapest–New York: CEU Press, 2020), 406–9.

3 Svetlana Stephenson, "It Takes Two to Tango: The State and Organized Crime in Russia," *Current Sociology* 65, no. 3 (May 1, 2017): 411–26.

4 Interview with underworld source, Odesa, May 2022.

5 Interviews with underworld source in Germany, May 2022, law enforcement source in Kyiv, May 2022, and law enforcement source in Kyiv, December 2022.

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III.

The Ukrainian Society: Anti-Patronal Changes in Identity and Activism

From Patronalism to Civic Belonging: The Changing Dynamics of the National-Civic Identity in Ukraine

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1. The elusive beast of identity: introductory thoughts from a virtual discussion between four multidisciplinary scholars

Identity talks are never plain sailing. In times of unpredictable historical events and radical political developments, it is challenging to predict which notable and seemingly stable trends, stemming from the mysterious realm of the collective unconscious, will persist and which will disappear when the dramatic collective human experience subsides. We will try to find stable stones in murky waters, or at least envisage what will become a steady trend.

In this chapter, we will take a look back at the 1990s and examine the main markers of change that indicate the formation of a new identity among the citizens of Ukraine during a time of outstanding events. We will try to examine how identity is influenced by various factors, including voluntary migration, forced displacement resulting in heightened social interaction, life under occupation, and existential threats to a nation posed by an external enemy. We will explore situations where the choice of identity is a matter of survival, either for a group or an individual, and when shared identity can become a catalyst for systemic and sustainable change.

It is important to note that we will not engage in a theoretical discussion nor conduct an extensive review of identity literature in this chapter. Rather, our aim here is to provide an analysis of a particular phenomenon through evidence-based observations. Furthermore, our findings are not based solely on one survey or source. By utilizing a diverse range of sources from different periods under study, we aim to provide a comprehensive and nuanced understanding of how identity is shaped and transformed in different contexts. This interdisciplinary approach enables us to explore the complexity of identity formation, and to offer insights that are informed by multiple perspectives.

Instead of a theoretical overview, we offer as an introduction a summary of a discussion that was conducted as a self-administered focus group comprising four inter-disciplinary scholars (the co-authors of this chapter), all of varying backgrounds

(three historians and a psychologist by education who all later became involved in social research) and hailing from different regions of Ukraine (Kyiv, Lviv, and Donetsk). The participants brought with them a diverse range of perspectives and insights, stemming from their unique cultural, geographical, and professional identities. We hope that in perusing the exchange below, our reader will gain a better understanding of the complex dynamics that define and shape identity in contemporary Ukraine.

- *Prioritizing national-civil identity over ethno-cultural identity in Ukraine.* There has been a historical debate on which type of identity to prioritize to form a Ukrainian nation. Heated discussions on the importance of ethnic elements, especially language and ethnic origin, have been a recurring event in independent Ukraine ever since the early 1990s. We believe, however, that although language and the dominant/titular ethnic culture comprise the cementing foundation of national branding, and even though the past decades have seen increasing numbers of respondents speak Ukrainian and identify themselves as Ukrainian rather than Russian, a focus on ethnic elements alone in the nation-building process narrows the national idea. Notably, throughout 30 years of independence, ethnic identity ranks lower in the hierarchies of multiple identities, with only 2–3% of the surveyed population identifying themselves as a "representative of my ethnic group or nation" (see Table 1 later in this chapter). Instead, this chapter will pursue the idea that national-civil identity should be the focus of analysis, something which also corresponds to the historical events the country has experienced.

- *Formation of a holistic Ukrainian identity.* Serhii Plokhy, a Harvard-based Ukrainian historian, noted recently that a "political nation" is one which "realizes its unity despite differences in religion, language, and ethnicity," and he concluded by saying, "today in Ukraine, we have a classic political nation."[1] Identities are fluid and are instrumentalized and contextualized in specific situations. It should be noted that the starting point of the process of shaping a "unified Ukrainian identity" (which we are now witnessing) was not the full-scale war. It has been a slow but ongoing process since the 1990s, as we shall see in the next section. However, one unique aspect of the contemporary identity formation process in Ukraine has been cross-urbanity. Originally, it was the rural intelligentsia–the rural educated class–that played the crucial role in Ukrainian nation-building by preserving the national culture and developing values of leadership and personal responsibilities in rural communities which were traditionally linked horizontally. Rural teachers saved Ukrainian traditions from destruction during the most severe decades of Soviet repressions. In contemporary Ukrainian national-civic identity, the

borders between urban and rural elements have become blurred. Ukrainian culture is no longer the product of rural folk communities: it is generated in the melting pot of many strata and classes, including rural hromada (territorial community) activists and the urban creative class.[2] Hence, Russia's dramatic and brutal mass invasion was a trigger for political national-civic identity (i.e., "I'm a citizen of the Independent Ukrainian state") to crystallize across a much wider territory and at a much faster scale than ever before. This does not mean that other identities, such as political, religious, regional, historical, and cultural identity, have faded away and can be neglected. Rather, it means they no longer play a primary actualized role in people's attitudes and behavior.

- *The role of horizontal networking and unifying principles.* The existence of unifying symbols, principles, values, and trusted agents are crucial to glue a community together. While some contradictions and competitiveness might be observed between the regions, Kyiv is seen as a cross-cultural metropolitan center lacking any peculiar and conflicting local identity due to the traditionally high labor migration to the capital and mass displacement since 2014. The importance of symbolic figures among the representatives of different groups and social classes in shaping political and national identity is also hard to underestimate. Those Ukrainian politicians who, despite being far from infallible in their past and even current performances, refused to leave the country during the war, gained an unprecedently high level of trust and popularity, and contributed to a sense of national unity and self-respect. The role of President Zelensky, an ex-comedian and actor, in promoting a new communication style to politics ("I am one of you") has helped to legitimize the idea of a horizontal society as opposed to the post-Soviet hierarchical culture.[3] People naturally doubt themselves; yet when they see their country being heroic and respected, they become more attached to it, and they identify with it more strongly.

- *The role of civic engagement.* In a recent interview, the Kyiv-based Ukrainian philosopher Volodymyr Yermolenko noted that there is a feature that "distinguishes true democracy from authoritarianism. 'Who, if not me,' says a person of true democracy. 'Someone else, just not me,' says a person under authoritarianism." As for describing present day Ukraine, Yermolenko has another formula: "Ordinary people doing extraordinary things."[4] This is something that can be seen as a pillar of Ukrainian national-civic identity formation. This identity is not only about a mindset and values, but also about actions and ties. In particular, the rapid response of volunteers during the hard times and the spread of digitalization across the country (as discussed below) were crucial for solidifying the new national-civic identity. Despite the optimistic developments, maintaining sensitivity to the risks of autocratic

practices, media censorship, and societal clashes is an important prerequisite for moving forward as a unified society. People have had different experiences in this war; someone who has been bombed and lost their home and family is traumatized differently from someone who only learns about such events from the media. Still, living through dramatic events can foster a sense of unity among citizens, regardless of the varying degrees of adversity they may have faced.

- *Tolerance vs radicalization.* We suggest that a sense of identity and group-tolerance are closely linked. If an individual identifies with a group, they are tolerant towards that group, including themselves. Conversely, if someone is tolerant, they identify with the group to some degree (share similar values, feel respect or empathy, or recognize equal rights with that group—for example, they perceive them as citizens of one state). The extreme circumstances under which national identity is formed can determine the degree to which that identity becomes radical in relation to other groups.[5] Before the war, Ukrainian society was traditionally viewed as one of the most tolerant among the surveyed respondents from different countries (for example, during the European Social Survey[6]). In August 2022, a survey conducted by Rating Group found that 81% of Ukrainians have a negative attitude towards Russians, and 52%, towards Belarusians.[7] Radicalization and intolerance towards the "Russian world" seems justified in the situation of the brutal, unjust, and devastating aggression of Russia against Ukraine. In July 2022, close to 70 percent of respondents, including the vast majority of Russian-speakers from the east and south of Ukraine which had been mostly affected by the war, reported suffering at least one form of war-related loss (losing homes or businesses, having to flee, getting wounded, or having friends or family killed, wounded, go missing, or be displaced).[8] A just peace, the provision of reparations, and punishment for crimes against humanity are necessary prerequisites for a gradual reduction in radicalization after the war. Nevertheless, the process of de-radicalization will take decades.

In the following, we will take stock of recent studies to sketch the contours of Ukraine's emerging unity, identify its current adversaries and their possible "silver lining," and discover potential drivers of the future Ukraine's success. We start by looking at the "general picture" of Ukrainian identity dynamics since the country's independence, which is then followed by the "detailed picture," that is, the finer points and sociological characteristics of identity dynamics as an effect of the war. We should emphasize that these effects of the war should not be assessed from 2022 alone, but from the occupation of Crimea in 2014, through the Donbas war period, and finally to the full-scale invasion. This not only allows us to rely on more existing sociological surveys; it also allows for a longer time frame within which processes

and trends can be better observed, in addition to contextualizing the contemporary development of national-civic identity in Ukraine under Russian pressure. A detailed analysis of developments since February 2022 is also provided, with data to corroborate the claims made above about a new epoch of holistic Ukrainian identity.

2. The general picture of identity dynamics: the key milestones of changes

In this section, we present a succinct overview of the identity dynamics in Ukraine, using a broad brushstroke approach. Utilizing available longitudinal sociological data by the leading research centers in Ukraine, we will chart the major milestones and highlight those societal transformations since the 1990s which have significantly altered the public perceptions that shape identity in contemporary Ukraine. Although our account may not be exhaustive, it will serve to provide a broad understanding of the processes at play.

Since the 1990s, Ukraine has gone through several key developments that have shaped its social and political landscape. Some events have marked the country's journey from a Soviet to a post-Soviet state and, ultimately, to a European one, although some have also represented this as a step back. The following are some of the most significant milestones and their attendant effects on Ukraine's progress:

1. *The independence referendum.* On August 24, 1991, Ukraine's parliament declared independence from the Soviet Union. The declaration was framed as "continuing the thousand-year tradition of state development in Ukraine, and proceeding from the right of a nation to self-determination in accordance with the Charter of the United Nations and other international legal documents."[9] This was followed by a referendum in December in which 84.2% of registered voters took part, with 92.3% of them supporting the creation of a sovereign, independent Ukrainian state. Although the results varied in the regions (from a lower of 54% in Crimea to a higher of 99% in Ternopil oblast, with 83.90% in Donetsk oblast and 83.86% in Luhansk oblast in the east voting in favor)[10], the referendum demonstrated that an independent Ukrainian state was enthusiastically supported by the majority of voters across all regions of the country.
2. *The Orange Revolution.* In 2004, Ukraine saw widespread bottom-up peaceful protests led mainly by civil society for a re-run of the election which was widely regarded as fraudulent. Many observers have noted that the Orange Revolution reshaped how Ukrainians viewed themselves, and that it affirmed Ukraine's commitment to democracy and free elections (in contrast to the authoritarian principles in neighboring Russia, which backed the presidential candidacy of Viktor Yanukovych). Importantly, the Orange Revolution was

a developmental turning point for Ukraine on the way toward the Western model and constituted a moment of deep "psychological separation" from Russia.[11] Although Viktor Yushchenko's subsequent presidency was not a total success, and paved the way for Yanukovych's comeback in the 2010 presidential election, the Orange Revolution marked the triumph of public will.

3. *The Revolution of Dignity.* In late 2013, Yanukovych's decision to suspend talks with the European Union and instead pursue closer ties with Russia sparked widespread protests in Kyiv and several other large cities. Starting as a peaceful pro-EU rally, the Euromaidan turned into the series of dramatic events which we now know as the Revolution of Dignity. The revolution was an expression of mainstream social attitudes and aspirations, although it was not equally understood or supported across all regions and different social strata at the time. The bottom-up changes in Kyiv proved to be the worst-case scenario for the Kremlin's autocratic leadership, which tried to keep Ukraine within its sphere of influence by any means possible. The annexation of Crimea and the occupation of part of Donetsk and Luhansk oblasts in 2014–2015 led to the displacement of millions of people from the war-affected areas to mainly the peaceful parts of Ukraine but also abroad. According to an International Organization of Migration (IOM) report, the total number of internally displaced persons (IDPs) from Crimea and eastern Ukraine had reached 1.6 million people by November 2015.[12]

4. *Moving closer to the West.* On September 20, 2018, during the presidency of Petro Poroshenko, the Ukrainian parliament approved amendments to the constitution that made the accession of the country to NATO and the EU a central goal and the primary foreign policy objective. In 2019, Volodymyr Zelensky, who was a political novice at the time, scored a victory in the presidential election with 73% of the votes. The 2019 election, recognized as both free and fair, demonstrated the country's commitment to democracy and free will, and has become a major milestone for Ukraine's democratic process.

5. *The full-scale invasion.* On February 24, 2022, Russia started an unprovoked brutal full-scale invasion of Ukraine, affecting the whole territory of the country. According to the UNHCR, as of October 2022, over 6.5 million people were estimated to be internally displaced, while 7.8 million refugees from Ukraine were recorded across Europe, most of them women and children.[13] Despite Russian plans to seize Kyiv in the first three days, Ukraine has shown unprecedented national unity and resistance in fighting the aggressor. After one year of the war, Russia, which claimed to have the second strongest army in the world, occupied only 16.7% of Ukraine's territory (of which 6.45% had already been seized in 2014 with the annexation of Crimea).[14]

Despite the prevalence of the clan-led patronal system during most of the period of Ukraine's Independence,[15] the two revolutions in 2004 and 2013/14 challenged the autocratic pyramid and reinstated the role of the democratic process in Ukrainian politics. Nevertheless, according to a 2021 Kyiv International Institute of Sociology (KMIIS) survey, 92% of respondents believed that oligarchs played an important role in Ukrainian life, with 38% thinking they acted through MPs, 27%—through the media, and 10%—through the president.[16] This awareness—also displayed in the changing, more open and pluralistic media and political landscapes—revealed the division between the old autocratic structures and the emerging new agents of Ukraine's transformation, who became aware of their empowerment and confident of their ability to change the system through legitimate evolutionary methods.

Russian aggression towards Ukraine in recent years has had a profound impact on the country. Despite the tremendous destruction inflicted on the people, the economy, and the infrastructure, it has triggered a strong sense of national unity, with Ukrainian citizens coming together in defense of their sovereignty and territorial integrity. As a result, Ukraine has gained a greater sense of subjectivity as a state, asserting its independence on the global stage. At the same time, Ukrainian society has become a more powerful and horizontally structured actor of change, with individuals and communities working together to shape the future of their country. Despite the challenges that Ukraine faces, there is a palpable sense of hope and determination among its people who share the same sense of belonging and vision of the future.

Table 1. Whom do you consider yourself to be most of all (1992–2022, %).

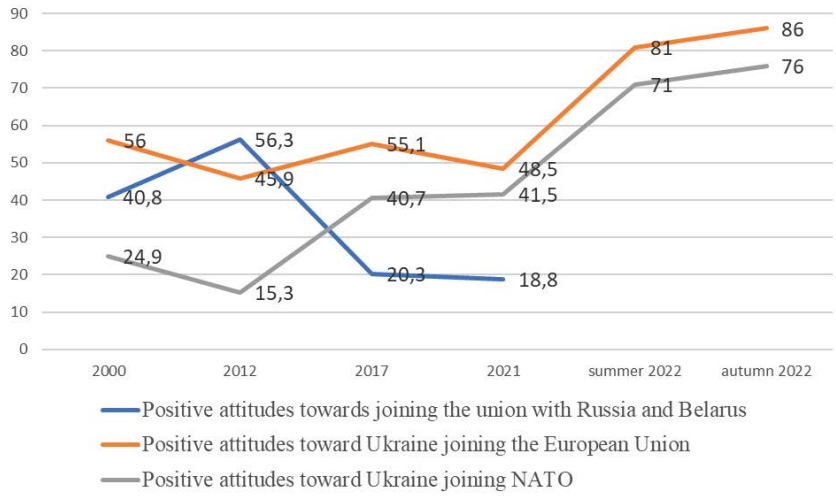
	1992	2002	2006	2012	2014	2020	2022
An inhabitant of the town or village where I live	24.0	31.6	27.7	29.8	16.1	23.9	7.9
An inhabitant of the region or oblast where I live	6.8	5.9	6.6	7.6	8.0	3.5	1.7
A citizen of Ukraine	45.6	41.0	51.6	48.4	64.4	61.7	82.0[17]
A representative of my ethnic group or nation	n/a	3.0	1.8	1.8	2.1	2.5	3.9
A citizen of the former Soviet Union	12.7	10.7	7.3	8.4	5.4	3.4	1.4
A citizen of Europe	3.8	0.7	1.3	1.2	1.1	1.6	1.6
A citizen of the world	n/a	2.7	2.9	2.4	2.1	2.8	3.3

Source: Ukrainian Society Survey, Institute of Sociology, NAS Ukraine.

The historical milestones described above, particularly the Euromaidan protests and their immediate aftermath, led to a new conceptualization of geopolitical attitudes and self-identifications among many Ukrainian citizens across the country. Since

the Revolution of Dignity, Ukrainian civic identity has dominated over all other identities in all regions of Ukraine for the first time since Ukrainian independence (Table 1). Alongside a noticeable increase in the number of respondents identifying primarily as citizens of Ukraine, this shift reflects a deeply personal process that many have experienced through introspection and participation in collective action. While there are regional variations, the pro-Russian or broadly pro-Slavic geopolitical orientation in Ukraine is decreasing, while pro-EU and pro-NATO attitudes are on the rise (Figure 1).

Figure 1. Geo-political orientations (2000–2022, %)



Source: Ukrainian Society Survey, Institute of Sociology, NAS Ukraine.

It also belongs to the general picture of Ukrainian identity dynamics that nation-building in Ukraine has occurred organically from the bottom up, rather than being taught or imposed by elites as was often observed in many other countries throughout the post-Soviet era. However, promising dynamics should not be taken for granted as low-hanging fruit: for these significant changes in identity to become widely accepted and irreversible, a cohesive national project that concentrates on comprehensive development of all groups and regions, sectoral reforms, and reliable and responsible recovery programs must be implemented extensively.

3. The detailed picture: underlying processes of a war bringing a nation together

3.1. Changes in the occupied territories: individual identity strategies in different social groups

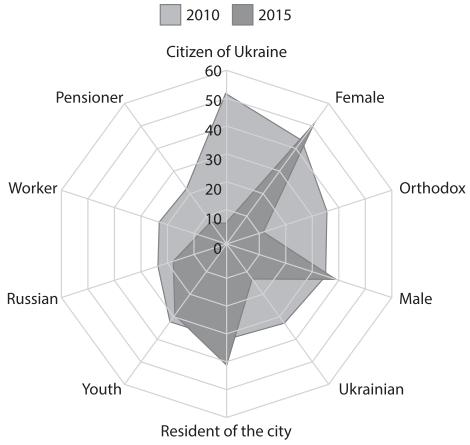
In stable societies, the process of self-identification and reconfiguration of the hierarchy of identities occurs naturally, and the demonstration of one's own belong- ing to groups and the confirmation of their recognition are not perceived as acutely necessary. Under conditions of political crisis, the polarization of society, and war, the social environment begins to demand more "transparency" from the individual.[18] This not only implies a demonstration of loyalty, but also its active affirmation (e.g. by branding oneself with certain symbols, making public declarations of belonging, etc.).

The start of the Russian aggression against Ukraine in 2014, the annexation of Crimea, and the hostilities in parts of Donetsk and Luhansk oblasts were the triggers that made many people in Ukraine feel the need to "take a stand," to mark their place among different social groups. Under such conditions, the question of belonging becomes a difficult existential choice. At the same time, this choice is made under strong social pressure and with regional variations.

Social pressure affects the way we talk about ourselves to others. When constructing one's image under strong social pressure or in direct existential danger, people often choose characteristics that, while not contradicting their worldview, are acceptable to their environment and therefore not dangerous. A clear illustration of this is seen in the results of the "Sociological Analysis of Group Identities and Hierarchies of Public Loyalty" survey carried out in 2010 and 2015 in Donetsk, which in 2010 was a large industrial city in eastern Ukraine, but at the time of the survey in 2015 was in the Russian-occupied territories controlled by the "DPR" quasi-republic.[19]

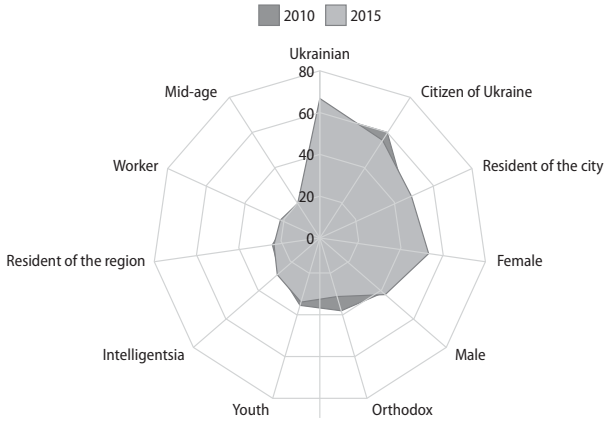
As seen in Figure 2, the configuration of identities of the average resident of Donetsk has changed dramatically over several years. Compared to 2010, participants in 2015 avoided the choice of identities associated with civic, ethnic and national parameters, as well as with religion. The number of Donetsk residents who described themselves as "citizens of Ukraine" decreased from 51.7% in 2010 to 7% in 2015, as "Ukrainians," from 34.3% to 15%, and as "Orthodox," from 36.5% to 13.2%.

Figure 2. The hierarchy of identities of the average resident of Donetsk (2010 n=414, 2015 n=401).



In this case, we can observe that due to the traumatic social conditions of war and occupation, individuals construct a "safe" hierarchy of identities that do not so much reflect their own self-perceptions as to create an image of themselves that corresponds to the expectations of their environment and is, therefore, secure. The default figure comprises characteristics of belonging that provoke acute social reactions and can result in denunciation and reprisals. In such contexts, individuals resort to basic, broad and secure characteristics of belonging, identifying with a particular gender or city of residence. In other cities surveyed, where the political context had not undergone such a dramatic change, the hierarchy of identities remained largely unchanged. For instance, it is worth comparing the above figure with the configuration of identities selected by residents of Kyiv in 2010 and 2015 (Figure 3).

Figure 3. The hierarchy of identities of the average resident of Kyiv (2010 n=400, 2015 n=401).



The comparison highlights the difficulties of quantifying identity in a context of war and heightened levels of human insecurity. Furthermore, almost all waves of this study indicated a high level of significance of mixed, "ethno-state"[20] identities for those interviewed. However, it is worth noting that many quantitative studies often fail to distinguish between ethnic identity and civic identity. When the average Ukrainian identifies as Ukrainian, it is never entirely clear what this means: whether it is a construct of aspirational nationality, inherited and fixed in the passport during the Soviet era, or variations of national identity based on both ethnic and political/civil grounds.[21] The transition from a single-choice question on nationality to multiple-choice questions on self-perception immediately reveals the mosaic nature of national identity, its multi-layered character and contextuality (which is also influenced by the research itself and the way the questions are formulated).

A series of in-depth interviews conducted in 2015–2018[22] allows us to identify particular individual strategies of coping with the occupation and the consequent pressure in terms of identity change. We divide the informants into three groups: two active ones that joined pro-Russian and pro-Ukrainian groups, respectively, and a "passive" one that involves members of the population who were traumatized by the events of the war, and either continued living in the occupied areas or decided to flee.

First, an analysis of the group of informants who joined pro-Russian military formations on the territory of Donbas on a voluntary basis (22 in-depth interviews) allows us to speak of several key types of identities: "Slavic," "regional-local," and/or "city-local."[23] Each of these, in the context of the Russian aggression, was a response to the reality that the informants had constructed for themselves in a situation of uncertainty. In the absence of a clear political status and recognized borders of the quasi-republics "DPR" and "LPR," the Slavic identity served to legitimize oneself and incorporate ones group within the construct of "the Russian world."

> *Interviewer:* What is your nationality?
> *Participant:* A Slav. I do not distinguish between Russians, Ukrainians, and Belarusians. I am a Slav, I feel so. It is written down [in the passport]—a Ukrainian.
>
> *(Male, 34, pro-Russian military volunteer, non-government-controlled areas of Donetsk region)*

The regional-local identity was a reflection of liminality, that is, ambiguity of identity in transition without visible confirmation of the end point of that transition:

> *Participant:* Ukrainians themselves do not consider us Ukrainians, and Russians do not accept us.
>
> *(Male, 29, volunteer in the war zone, non-government-controlled territories of Donetsk region).*

In a situation of uncertainty, signs of belonging add up to a mosaic of poorly compatible characteristics. For example, this is how one pro-Russian volunteer in the non-government-controlled Donetsk region in 2015 described himself in terms of national and religious belonging:

> *Interviewer:* What is your nationality?
> *Participant:* I am a Jew.
> *Interviewer:* What does it mean to you to be a Jew?
> *Participant:* Oh, God. Well, I don't go to synagogue. I am a Jew by blood, there is no getting away from it.
> *Interviewer:* But what does it mean for you to be a Jew?
> *Participant:* It is the same as being Russian. What difference does it make, we all live here on this land. My ancestors are buried here, I am not going anywhere.
> *Interviewer:* Are you a religious person?
> *Participant:* Yes.
> *Interviewer:* What confession?
> *Participant:* Baptized into Orthodoxy, as an infant, but, purely ideologically, I like Catholicism better. Write down *Christian*.
>
> *(Male, 30, pro-Russian military volunteer, non-government controlled areas of Donetsk region)*

The blurring of these and other identities provides no basis to draw conclusions about the influence of identity on the political choices and political behavior of people who are under the conditions of a radically transformed context of everyday life.

The second group involves representatives of Ukrainian voluntary military formations who present a clearly formulated political project for themselves—independent Ukraine. Accordingly, they have much less difficulty in constructing their national identity. With a general mosaic character, national identity by the majority of respondents is constructed in the context of citizenship, the state, and its borders without a clear link to ethnicity (i.e. "... well, my grandmothers are Polish, but in general I feel myself to be Ukrainian," "... I am a Ukrainian Georgian or a Georgian Ukrainian," etc.). Others primarily emphasize their emotional connection to the Ukrainian land, traditions, and history.

There are several important points in all of these self-characterizations. Most of the respondents automatically identify themselves as Ukrainians, but when asked to elaborate on their national identity, respondents find it difficult. This means that in this case, the definition of oneself as a Ukrainian is obvious to the group, is not in doubt, and the need for clarification is not motivated by anything. Only a few respondents demonstrated a certain transitional state in their national awareness, emphasizing that recent events have forced them to think not so much about the awareness of their own nationality as about what it means for them:

Participant: Before these events, I didn't even think about being a Ukrainian. And now I am a Ukrainian!!! I don't know, somehow it sounds like a moral uplift in my soul. I am a Ukrainian!

(Male, 36, local territorial defense, Dobropillia, Ukraine)

The third group of informants experienced the significant and traumatic impact of the events of the armed conflict, and they either continued to live in the occupied territories or they were forced to flee internally. In the comments of the members of this group, we can also see various transitional forms that demonstrate the procedural nature of identification processes. This processuality, in the context of the rapid rethinking of identities under the pressure of circumstances, is contained within a short time frame and, therefore, is often vivid and reflected by the informant himself. In such circumstances, the "rediscovery" of one's own identity becomes a vivid event for the person, a watershed between the past and the present, a reinstallation of social dispositions and the establishment of new principles of interaction with others and the state.

Interviewer: Did the military events affect your sense of self as a Ukrainian woman?
Participant: I don't know. I have lived here as I have lived in Ukraine, and I still live here. It's just that my Ukraine has become more precious to me, that's all. Of course, I feel sorry for everything there, I feel sorry for my native land, but it happened. What can we do now? It's not our fault.

(Female, 60, IDP, Dnipro)

Participant: My daughter and I once had a big disagreement. She said: "I am Ukrainian" and I said: "What kind of Ukrainian are you? You have 75% Russian blood." We had Ukrainians and Russians in our family. Our grandmother was dispossessed and brought to Donbas. No, she says, I am Ukrainian, that is all. And we had such a big argument with her. And now I also think that I am Ukrainian.

(Male, 56, IDP, Zaporizhzhya)

Interviewer: Did the war have any effect on this feeling of what nationality you are or did it have no effect at all?
Participant: It did. Now I emphasize that I'm Ukrainian; before I emphasized that I'm from Donetsk. I had stressed since Soviet times, when I studied in the Soviet Union and when I worked in Russia after my service in 1990s, that we are from Donetsk. But after the war, it didn't matter, the main thing is that you are Ukrainian.

(Male, 45, IDP, Kyiv)

> *Participant:* We're gradually coming to that, I guess. Mmm, well, it's as if ... I mean ... We perceive the Ukrainian identity well... not as ethnic, but as political, first of all.
>
> *(Female, 43, IDP, Mariupol)*

The occupation of part of Ukrainian territory in 2014-2015 shaped two different political contexts in the terrains of Donetsk and Luhansk oblasts, the residents of which should logically have had many similarities. A comparison of how respondents from Donetsk and Luhansk oblasts who have found themselves in different political contexts (under the control of the Ukrainian government and under the *de facto* jurisdiction of quasi-state formations supported by the Russian Federation) construct one aspect of their identity—national identity—shows the strong influence of context on this process.

People who found themselves in the occupied territories were forced to construct their identity under the conditions of the uncertain and transitional political status of quasi-states with a slow drift towards the Russian Federation. Accordingly, the construct of "Slavdom" from Soviet textbooks as a union of Ukraine, Russia, and Belarus is reanimated here. This construct allowed the inhabitants of the occupied territories to "fit" themselves into the new political context without significantly changing their own identities. We see very similar trends of adapting identities to the new context amongst IDPs who had to justify and prove their belonging to Ukraine, which was constantly questioned due to the specific state and public reaction to the situation in the Donetsk and Luhansk regions in 2014.

However, even using such flexible tools as in-depth interviews, we cannot fully establish what motivates the choice of one or another model of national identity. For example, in the increased civic identity of IDPs there is both a "discovery" of their own "Ukrainianness" and an additional emphasis on "citizenship" as a claim on the state and a demand for the protection of civil rights. The same is true for the results of quantitative studies that confirm the dynamics of identities towards civic identity; while there is general agreement on the choice of this identity, its understanding and motives of belonging can differ greatly. The choice in favor of civic identity, for example, may be due to the individual's shift from ethnic nationalism to civic nationalism, their acceptance of the tendency to mix the two nationalisms, as well as a protest against the "ethnicization" of citizenship.

The plurality, multidimensionality, and fluidity of identities make them difficult to study. Group identities are not stable, and can be affected by changes in the political and social context, but these dependencies can be difficult to trace due to the inability to verify all factors of influence. As Laura Eras convincingly demonstrates, based on her analysis of the Kyiv International Institute of Sociology (KIIS) data from 1995–2018, it is not possible to explain changes in attitudes towards the

Russian-speaking population in Ukraine solely on the basis of the political rhetoric of the elites. Identity politics under Yushchenko and Poroshenko were similar, but only the combination of political rhetoric and war made a difference and led to changes in attitudes towards Russian speakers in Ukrainian society in 2014.[24] War, an abrupt change in the political context, as well as an active social demand for the "transparency" of the other in hostilities are serious shocks for individuals, as it forces them to declare their identity in one form or another. However, as we have seen, people have chosen very different strategies in doing so, ranging from demonstrative identity, as a form of loyalty, to the emergence of "default figures," whereby people declare an identity that is desired and expected by a society or a range of controlling authorities, thus hiding a set of characteristics that provoke an acute reaction of rejection in times of war and social upheaval.

"Default figures" can persist for extended periods, as with the "Soviet identity" of Donetsk and Luhansk residents, which had lain dormant or had even faded away until activated or fueled by the Russian occupation. Furthermore, as social pressure eases and society becomes more pluralistic, people may revert to previous, more comfortable parameters of identity once the need to "read" others diminishes. This neither proves nor refutes the thesis of a gradual shift towards a stronger civic identity among Ukrainians, but it does highlight problematic areas where the concept of identity remains useful, although not of exhaustive explanatory value, in shaping political behavior and choices.

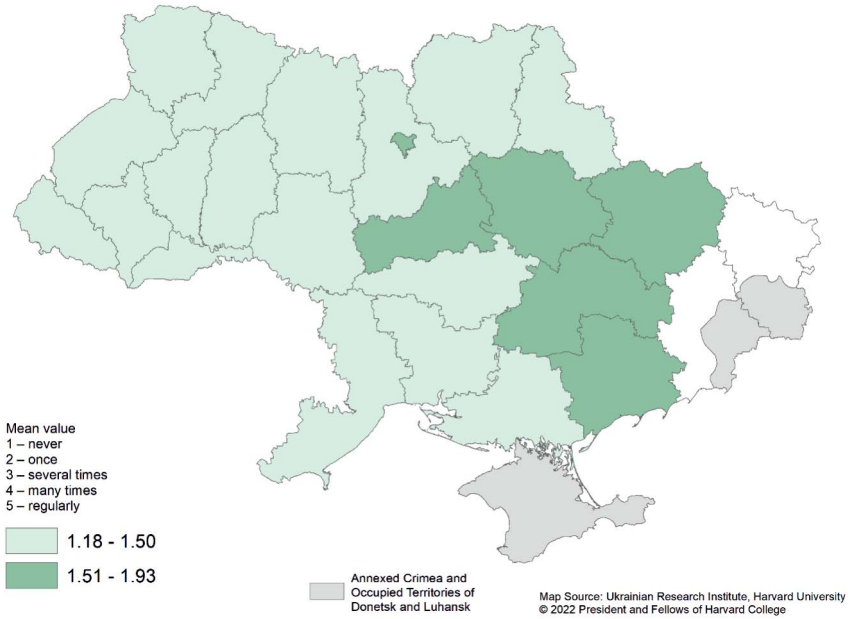
3.2. Changes between regions: the cleavage-reducing potential of forced internal migration

Below, stemming from the evidence of surveys conducted in 2013-2022, we analyze how inter-regional mobility and displacement influenced identity formation and inter-group relations in Ukraine. Dating back to the 1990s and early 2000s, there were very few granular scholarly investigations of the regionally contextualized identities in Ukraine.[25] In most cases, the available sociological and political studies that focused on the regional differences in identities in Ukraine tended to group the largest Ukrainian oblasts into either two (east and west) or four-five (east, west, south, center, and sometimes north) macro-regions. Donbas[26] and Crimea were incorporated as parts of larger macro-regions (east and south). Therefore, oblasts, sometimes with distinct historical backgrounds and profound social-demographic profiles, were categorized together based on the arbitrary decisions of researchers constrained by the limitations of sampling. This approach inevitably erased differences among oblasts within a single macro-region, accentuated disparities between macro-regions, and disregarded the intricate and multifaceted nature of individual oblasts. Such studies contribute more to the formation of stereotypes of Ukrainian macro-regional divisions than to the re-evaluation of the nature of Ukrainian regionalism.

The symbolic opposition between the east and west in Ukraine's public discourse and media attained its pinnacle during the Orange Revolution, and once more during the Euromaidan and following Russia's aggression in 2014. Nevertheless, the country displayed considerable resilience towards regional division then and has remained intact without dividing into east and west, successfully blocking foreign aggression. In other words, national identity became more salient vis-à-vis other territorial and non-territorial identities.[27]

One of the factors that have helped overcome imagined ethno-cultural or regional borders has been forced internal migration.[28] Indeed, in the literature the claim that war and forced migration have an impact on identity change is often voiced as an axiom. However, it is still debated whether these conditions lead to an increased polarization of identities, closer to their "ideal types," or, on the contrary, to a blurring of identities and an increase in their mixed character.[29] Having analyzed individual identity strategies in the occupied territories, we may attempt to analyze this question in the case of Ukraine by turning our attention to the effects of daily interactions between IDPs and their new communities. For this, it is crucial to shift the focus of research and consider Donbas and Crimea not as part of a large macro-region or as "exceptional" or "exotic" cases but as integral parts of Ukrainian society that are interconnected with other regions.

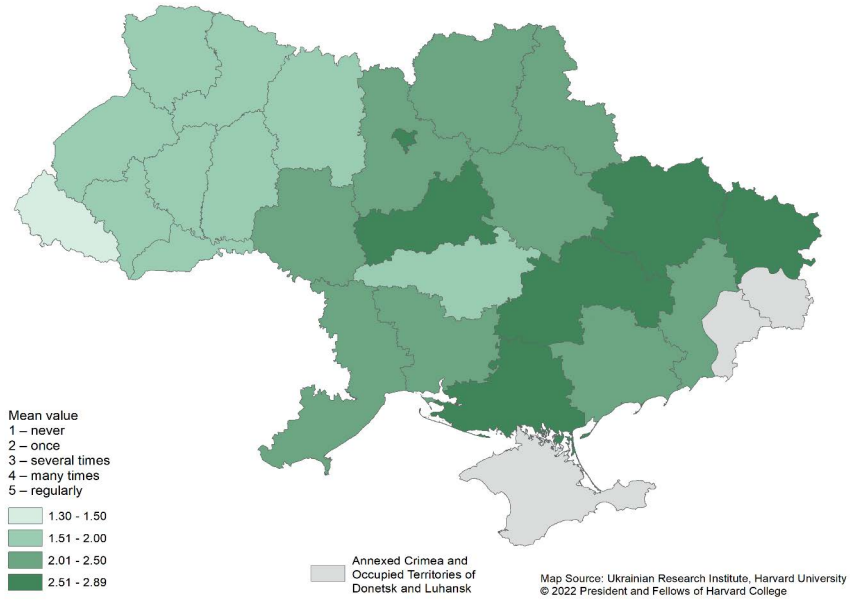
Figure 4. Respondents' regularity of visits to Donbas (the mean value – 1 "never", 2 – "once," 3 – "several times," 4 – "many times," 5 – "regularly"), 2017.



A lack of adequately comprehensive analysis of inter-regional mobility in the pre-Euromaidan era (i.e., whether respondents have visited other oblasts within Ukraine) restricts our understanding of the factors that influenced interconnectedness, inter-group attitudes, and stereotypes between representatives of different regions. In this section, we will try to fill this gap by drawing our analysis from three sociological surveys conducted by the *Socioinform* polling company for the University of St. Gallen in March 2013, March 2015, and November 2017.[30]

In 2017, among other questions, respondents were asked whether they had ever visited the listed regions. Figures 4 and 5 below visualize respondents' regularity of visits to Donbas and Crimea, respectively.

Figure 5. Respondents' regularity of visits to Crimea (the mean value – 1 "never", 2 – "once," 3 – "several times," 4 – "many times," 5 – "regularly"), 2017.



Crimea, as a renowned resort, attracted visitors from almost every region of Ukraine. Conversely, Donbas was visibly isolated and visited almost exclusively by inhabitants of neighboring oblasts, creating a potential breeding ground for mutual stereotyping. The 2013 and 2017 surveys posed questions about respondents' perceived attitudes towards other regions of Ukraine ("What is the attitude of inhabitants of other regions of Ukraine towards your region? From 1 – 'absolutely negative' to 7 – 'absolutely positive'"). In 2017, this was supplemented by a question measuring respondents' own attitudes towards different regions ("Please indicate your attitude towards inhabitants of the ... region on a scale from 1 – 'absolutely cold' to 7 –

'absolutely warm'"). Comparative analysis of cross-regional attitudes reveals no significant outliers (either positive or negative) in respondents' perceived perceptions of different regions. In 2017, following the annexation and the start of hostilities, the lowest expectations and coldest attitudes were projected towards Donbas (with mean values of 4.7 and 5.22, respectively) and Crimea (5.07 and 5.6, respectively).

However, this change in attitudes was less than one point on the 7-point scale, and does not necessarily indicate prevailing negative attitudes or the distancing of inhabitants of other regions from these regions. First, in 2017, only 7% of respondents supported the statement that Ukraine should refuse to fight for these two regions. Mottos such as "Donbas is Ukraine" and "Crimea is Ukraine" became increasingly visible in public spaces and media throughout the country. Second, a clear indication of a sense of solidarity, bridging previously existing cleavages, was Ukrainian society's activism responding to the new and significant wave of internal displacement. Host communities throughout the country were faced with the urgent requirement to respond rapidly and adaptably to the immediate humanitarian needs of the arriving conflict-affected population. These needs included finding shelter, providing clothing, food, or basic household items, facilitating access to social and medical services, offering psychological assistance to traumatized individuals, and providing necessary legal aid. Subsequently, the host communities were required to assist in the deeper integration of these individuals.

Civic engagement to previously unseen levels[31] indicated the strength of the sense of solidarity in making people take action. According to the above-mentioned surveys, in 2015 31% of Ukrainians indicated that they had assisted the army, 12.4%, that they had assisted IDPs from Crimea and Donbas, and 18%, that they had been "sharing resources (money, food) or offering non-material assistance (time, professional consultations)" (which could have also included support for IDPs). Figures 6 and 7 below show the percentage of respondents in each oblast who selected the option "assisting IDPs from Crimea and east of Ukraine" in 2015 and 2017 respectively. The support for IDPs was not concentrated in oblasts that hosted the highest percentage of officially registered IDPs, but was rather evenly distributed throughout the country. The western region, which hosted the smallest percentage of IDPs, demonstrated a higher level of engagement. The support for IDPs was not only geographically broad but also involved people from all strata of society. A comparison of respondents' social-demographic characteristics revealed no significant differences in terms of age and gender cohorts, income level, size of locality or number of years lived in the community, nationality, or native language among those who supported IDPs. This immediately suggests that, in this time of crisis, the significance of the identity elements, which had previously had cleavage-forming power, decreased. The only characteristic that showed significant differentiation was the level of education, suggesting that the involvement in supporting IDPs grew in a group the more educated respondents there were.

Figure 6. Percent of Respondents Assisting IDPs from Crimea and the East of Ukraine, 2015.

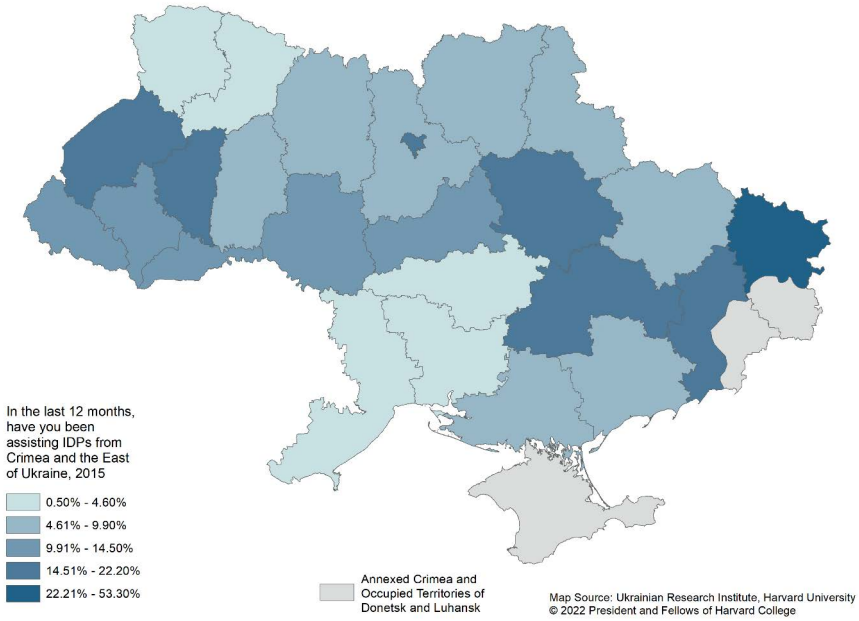
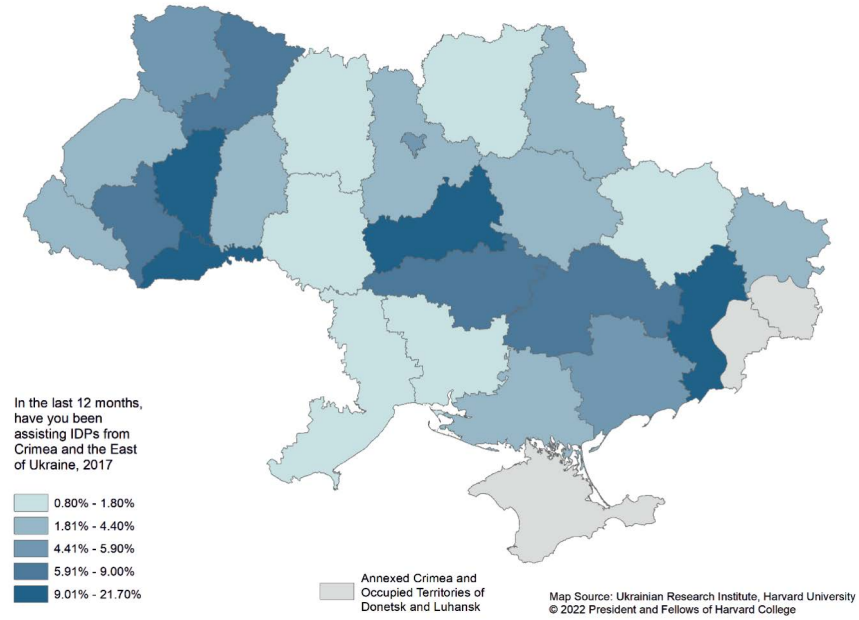
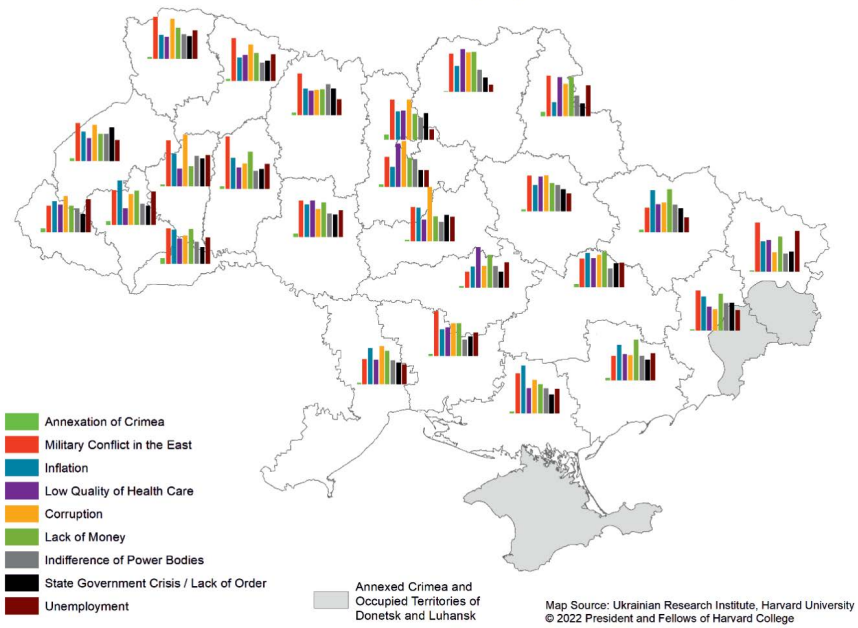


Figure 7. Percent of Respondents Assisting IDPs from Crimea and the East of Ukraine, 2017.



Although the percentage of Ukrainians who reported assisting IDPs had decreased by the end of 2017 (which might be explained by the fact that the most pressing needs of the conflict-affected population had been met), socio-demographic analysis indicates that younger and more educated members of the population are still more willing to support IDPs. And it is still clear from the data[32] that there are no discernible differences between regions or ethnic groups in terms of acknowledging whether or not IDPs require further support. In 2020, the unfolding COVID-19 pandemic crisis brought new challenges to Ukrainian society and, as *Info Sapiens*' omnibus data[33] shows, by April 2021 the Donbas hostilities remained among the most salient problems only in Donbas and for the few north-west oblasts (Figure 8).

Figure 8. Most salient problems as viewed by respondents across Ukraine.



Some studies reveal a growing fatigue with the military offensive in Donbas as well as the Ukrainian Army and IDPs as the main aid recipients.[34] To some extent, this can be attributed to changes in the political discourse of the government. While Poroshenko's administration frequently emphasized Ukraine's ongoing conflict with Russia as a means of political mobilization, this rhetoric kept the population on high alert. By contrast, the Zelensky administration emphasized peace building, which may have led to the perception that the conflict in Donbass and the plight of the IDP population were no longer pressing concerns for Ukrainian society.

Furthermore, ordinary citizens may have felt that the acute humanitarian crisis to which they responded actively during the initial stages of the IDP resettlement had passed. Instead, it was now time for long-term integration measures that required greater involvement from the state or civil society organizations (CSOs) in areas such as education, health, employment, housing, and civic and political engagement.

Civil society has been shaken up by the invasion of 2022 and the subsequent wave of IDPs, surpassing all previous levels. Within a remarkably short period, the wave of displacement affected almost one third of the country's population, and a much wider range of regions than before. Self-help networks and volunteer groups were established at all levels throughout the country, and the share of people helping IDPs dramatically increased accordingly. In May 2022,[35] 65 percent of surveyed Ukrainians admitted that they were helping IDPs (32 percent were sharing food, 20 percent volunteered, another 20 percent donated money, and 14 percent provided accommodation). Moreover, a quarter of displaced persons admitted helping other IDPs.

With respect to identity and the effect of ongoing processes on social cleavages, a January 2023 study by Info Sapiens[36] disclosed that the recent displacement had been causing some tensions between the IDPs and the receiving communities. The main causes of these tensions have been different experiences of the war, with 52% of IDPs, 66% of returnees, and 69% of local inhabitants stating they have faced such situations. Among respondents from the receiving communities, 59% stated the most irritating situation involved men who were "hiding from Military Commissariat." Language issues have also had the potential to cause tension, not only between the receiving communities and the IDPs, but also across both groups as well. According to the available data, 56% of respondents from local communities and 55% from IDPs have found it difficult for people to switch to Ukrainian. Additionally, 56% of locals and 50% of IDPs have reported difficulties in understanding Russian.[37] At the same time, the study shows that the language factor would not lead to an escalation of tensions, because all groups agree about the spread and usage of the Ukrainian language in the public sphere and in everyday life. Only 14% of IDPs and 6% of respondents from receiving communities were troubled by the spread of the Ukrainian language in public.[38]

The Russian invasion has significantly affected the basis of Ukrainian identity, highlighting its civic component and solidarity. The Ukrainian language has shifted in its symbolic meaning from an ethnic marker to a symbol associated with the state in a time of war. Our analysis indicates that since 2014, and impelled by the shocks of war, Ukrainian society has shown support for a pluralistic understanding of Ukrainian identity and inclusive attitudes towards various ethnic and social groups, including IDPs.

3.3. Changes on the national level: the effect of the 2022 full-scale invasion on Ukrainian identity

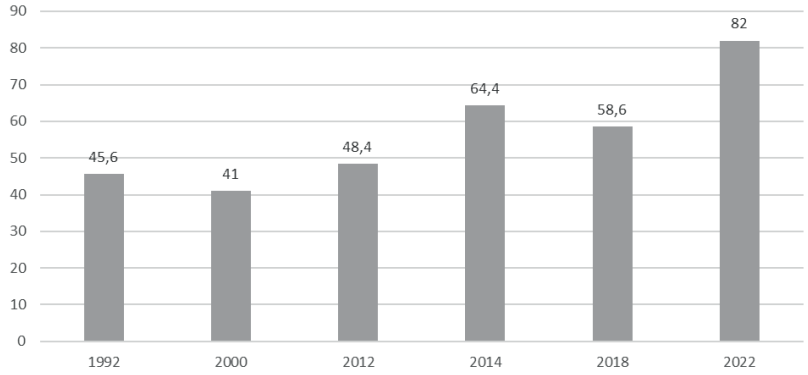
The "mainstream identity" in Ukraine has undergone an abrupt change since the start of the Russian occupation of part of the country in 2014–2015, a change that has become more profound since the full-scale aggression in February 2022. The invasion has affected the dynamics of identity across all regions, groups, and strata in Ukraine, albeit to varying degrees. In a sense, this war has either nullified or postponed for some time previous acute disputes over historical symbols, events, and holidays. As Paul Robert Magocsi pointed out during a recent discussion on Ukrainian identity at the Munk School of Global Affairs and Public Policy,[39] when the term the "Great War" used to be mentioned, people would often associate it with diverse historical events. Now, mentioning the "Great War" evokes only one association for nearly every Ukrainian: it signifies the war of the Ukrainian state for its survival in the face of Russian aggression. Notably, he mentioned that in the absence of an independent state before 1991, Ukrainians in the diaspora emphasized the importance of the Ukrainian language and other ethnic symbols for their national revival. Now that Ukrainians have their own state and are fighting for it, they are unified by the recognition of the value of this state; they value what it provides them with during times of hardship, and are fully aware of its vital importance in their lives.

The most important changes to be observed in the results of multiple surveys conducted by the KIIS and the Institute of Sociology – National Academy of Sciences Ukraine, the Rating Group, and the National Democratic Institute (NDI) are the following:

- *Consolidation of national identity as the dominant mode of self-identification.* In the hierarchy of identities, which include local, post-Soviet, and cosmopolitan as well holistic Ukrainian, the dominance of national identity had already become prevalent after the start of the Russian aggression in 2014. As Figure 9 shows, those who answered the question "How do you identify yourself first and foremost?" by saying "I am a citizen of Ukraine first" increased from 48.4% in 2012 to 64.4% in 2014. This number increased by almost a further twenty percentage points after the full-scale invasion, reaching 82% in 2022[40]. Another indicator of increased national identity is provided by the recent study by the Rating Group in August 2022 in which 84% of respondents completely agreed (a score of 10 out of a scale of 1 to 10) with the statement "I identify myself as a citizen of Ukraine." Moreover this same study also disclosed a shift in responses towards identification as a "European," which rose from 26% to 51%, and away from as a "Soviet person," which fell from 21% to 9% between 2021 and 2022, respectively.[41] The above-mentioned reorientation towards the

Western system of alliance also reveals the consistency of these identities with geopolitical preferences, as indicated in the early 2023 study by the NDI in which over two-thirds of the respondents (from all age and gender cohorts) said that having peace at the price of Ukraine renouncing its declared goal of joining NATO or the EU was unacceptable.[42]

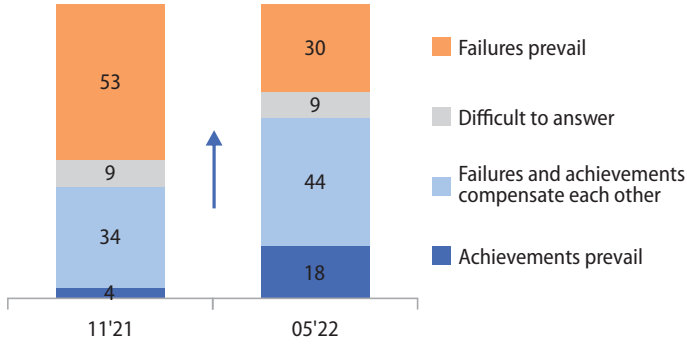
Figure 9. National identity ("I am a citizen of Ukraine first", 1992–2022, %).



Source: Ukrainian Society Survey, Institute of Sociology, NAS Ukraine.

- *Sense of pride.* A feeling of pride and belonging is a new shift in attitude observable since the full-scale invasion of Ukraine. As figures from the previously cited Rating Group surveys demonstrate, the main emotion respondents feel when thinking about Ukraine is pride: since the beginning of the full-scale invasion, this indicator has more than doubled, increasing from 34% in August 2021 to 75% in August 2022.[43] Another Rating Group survey also disclosed a change in Ukrainians' attitudes towards their country's past performance. As Figure 10 shows, the majority of respondents in November 2021 found that failures in Ukraine had prevailed over achievements during the last three decades; half a year later, in May 2022, only 30% held the same opinion, while the percentage of those who said that "failures and achievements compensate each other" grew from 34% to 44%, and those who believed achievements had prevailed over failures increased from a mere 4% in 2021 to 18% in 2022.[44] In terms of identity, that people have become proud of belonging to the Ukrainian nation also means that they have become accepting of its main attributes, including its culture and national language. According to the previously cited NDI survey, 89% of respondents in January 2023 indicated they had been speaking more Ukrainian since the start of the full-scale war, and 60% said they had been wearing national symbols and colors (with a further 25% saying "no, but I would if I had a chance").[45]

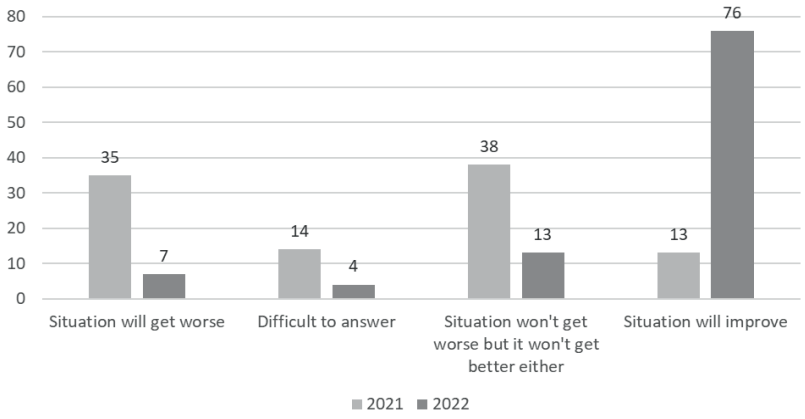
Figure 10. What would you say about the achievements and failures of Ukraine, starting from 1991 and up to these days?



Source: Rating Group.

- *Civic optimism.* National self-esteem and social optimism were also galvanized during the first year of Ukrainian resistance. According to the Ukrainian Society Survey by the Institute of Sociology, the number of respondents who believe the situation will not change has decreased significantly, from 38% in 2021 to 13% in 2022, while the number of people who believe that situation will worsen has fallen from 35% to 7%. At the same time, the number of optimists has increased substantially, from 13% in 2021 to 76% in 2022 (Figure 11). Regional and age-related responses have been fairly consistent, with all regions believing in a better future for Ukraine. Despite dramatic experiences and traumatic memories of the February 2022 invasion, including shock, confusion, and despair, a year later 95% of respondents were confident about a Ukrainian victory against the Russian aggressor (compared to 56% in January 2022)[46]. As the May 2022 Rating Group survey of public attitudes toward the Ukrainian state proves, the civic and political character of optimism also extends to trust in the state and its institutions; in 2021 only 5% of respondents believed the Ukrainian state was effective, whereas by May of the following year this number had risen to 54%.[47] The January 2023 NDI survey showed that 96% of respondents either trusted or fully trusted the Armed Forces of Ukraine, with the relevant figures being 86% for President Zelensky; 88% for the State Emergency Service, and 70% for the National Security and Defense Council.[48] The novelty of this trend should be noted: following the Euromaidan revolution, the general trend was one of declining trust towards the state (president, parliament, courts, police), together with an increasing trust towards non-state actors (scientists, volunteers, army, church). With the invasion, the decline in trust towards the state had reversed, while the increase in trust towards non-state actors was sustained.

Figure 11. Civic optimism ("How the situation will change in Ukraine in the future") (2021–2022, %).



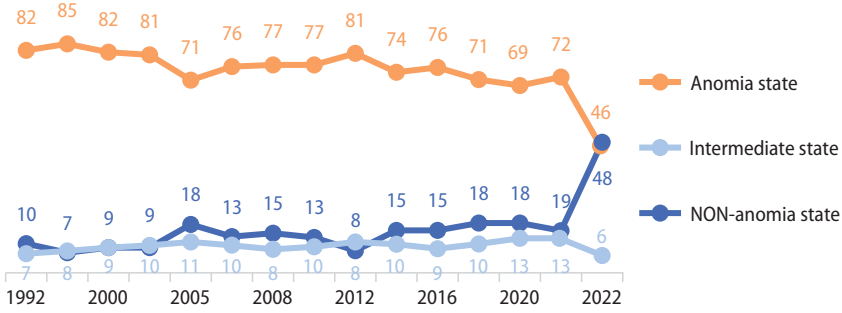
Source: Ukrainian Society Survey, Institute of Sociology, NAS Ukraine.

- *The lessening of internal cleavages in the face of aggression.* While the multidimensional nature of Ukrainian identity did not disappear in 2022, the Russian invasion clearly reordered the emphasis in the Ukrainian people's perceptions, including the perceptions of certain social groups towards each other. On the one hand, as mentioned in the introduction, there has been a noticeable radicalization towards the world of the attacking Russia (including Belarus and its people). Radicalization may occur in a situation of negative identity, formed by identifying with roles opposed to certain societal expectations, for example, a Russian-speaking Ukrainian who becomes intolerant to any manifestation of that Russian world which has brought such massive destruction to his or her life and worldview. On the other hand, the Rating Group found that Russians who live in Ukraine are viewed neutrally by the relative majority of Ukrainians (42%), with 22% having a positive view and 29% having a negative view of them. Russian-speaking Ukrainians are mostly viewed positively (51%) or neutrally (33%), with only 14% having a negative view of them. Based on the same survey, attitudes towards Russian-speaking Ukrainians have improved from 37% in April 2021 to 51% in August 2022.[49] Presumably, this indicates that they are increasingly regarded as fellow citizens of the Ukrainian state who are bearing the burden of war, and who are vigorously supporting the fight for national survival and independence.

Identity dynamics in Ukrainian society since the full-scale invasion point toward the creation of a more cohesive society, with the above-mentioned trends becoming clearer and continuously strengthening as the war goes on. The trend of the Rating Group's anomia index,[50] which shows to what degree there is a system of generally

recognized norms and values in society, speaks volumes (Figure 12). Since 1992, Ukrainian society had exhibited a significant degree of demoralization, with certain moments (mainly the key milestones mentioned above, such as the two revolutions and the election of Zelensky) bringing some decrease in anomie and increase in a non-anomia state. The full-scale invasion, however, brought about a radical change: the situation of anomia vastly surpassing non-anomia (72% and 15%, respectively, in 2021) was reversed: in 2022, anomia almost halved and non-anomia increased more than three-fold (46% and 48%, respectively).

Figure 12. Dynamics of social attitudes according to the index of anomia (1992–2022, %).



Source: Rating Group.

4. The new epoch of the Ukrainian national-civic identity: how horizontal hierarchies, interactions, and activism shape a cohesive society

Identity as an abstract sense of unity built on various historical, cultural, and societal/contextual factors can be difficult to shift, and it can remain stable for decades or change slowly. However, when external factors such as emergencies, occasional political events, conflicts, tensions or external dangers occur, the dynamics of change in identity can be very rapid. Identities in the contemporary Ukraine have been both resilient and fluid, adapting to changing circumstances while remaining stubbornly entrenched in certain contexts. Individuals may have had multiple identities based on ethno-cultural, regional, gender, professional, religious, and other factors. However, the way in which these identities were expressed and emphasized varied depending on the context in which they were actualized. Similarly, the foundation of identity that unified groups might have been different, including common language, symbols, myths, and values. We argue that what unifies the people in Ukraine now is their sense of belonging, trust, recognition, and pride with respect to the state, as they see it now, in its fight against the external

enemy. All other factors might play some role in the attitudes and behaviors of certain individuals and groups but they remain less important.[51]

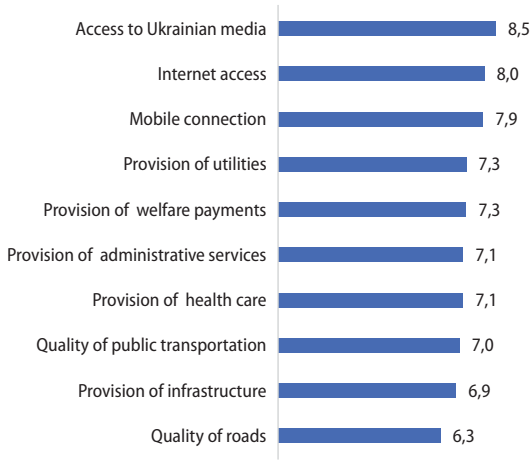
Are these changes sustainable and irreversible? What should be done to sustain this sense of confidence, pride, and trust so that it can be used as an engine for Ukraine's recovery in the immediate post-war period and as a fuel for its development success for the years and decades to come? To ensure that disenchantment and backsliding do not occur, it is crucial that unity is enhanced and reinstated through continuous democratization and successful multi-systemic reforms that lead to economic prosperity and improvements in living standards for the population across the country. Restoration of the essential infrastructure and institutions in all territories of Ukraine, including those in parts of the east and south of Ukraine, where the state proved ineffective in the face of aggression and occupation, is a priority for the post-war period. Still, financial investments in these areas are not enough. What is important for Ukrainian national-civic identity is that it sustains its post-war success story built on a cohesive society where horizontal hierarchies are used to control the efficiency, transparency, and accountability of the state. As Manuel Castells describes it in his *Power of Identity*, the priority is a "co-sovereign and plural" state made of "ad hoc networking" of good governance between "nation-state, international and global institutions, regional and local governments, and civil society."[52]

Ukrainian institutional memory of good governance is short and inconsistent. Ukraine was ranked 75th among 184 countries in the 2020 Human Development Index[53] and 79th among 167 countries in the 2020 Democracy Index[54], where Ukraine was defined as a "hybrid regime," above authoritarian, but below flawed or full democracies. Nevertheless, Ukraine has managed to score a variety of success stories, specifically in digitalization reform and the development of e-governance which have served as a powerful spur for democratic participation and resilience capacities, particularly on the local level.[55] Prior to the war, 97% of all Ukrainian schools had access to the Internet,[56] something which allowed for the possibility of an inclusive learning process for children not only during the COVID pandemic but also during attacks of the Russian Federation on the civic infrastructure. Hayman and Nestulia have pointed out that "given the depth and extent of Ukraine's existing open ecosystem," a system that includes the ProZorro online public procurement platform and the Diia app which allows Ukrainian citizens to use digital documents and access government services, "it is possible to rethink the whole process flow of the [postwar] reconstruction to be fast, efficient, and open." [57]

As the 2022 SHARP Survey[58] demonstrates, the overall evaluation of all measured services remains high (above 6 points out of a 10 point scale; Figure 13). It should be noted that the media, the Internet, and mobile networks have remained the most efficient services during the war. These have constituted essential

tools for providing information on security and humanitarian needs for all groups of the population, such as the availability of bomb shelters, evacuation routes, "invincibility points," and water distribution centers.[59] They have also facilitated social cooperation and the building of networks for common actions. According to the same survey, panel respondents registered a significant increase in civic duty in 2022 under wartime conditions compared to 2021 (increasing from 5.4 to 7.6 points).[60] The majority of respondents are taking action to oppose Russia's full-scale war against Ukraine in a variety of ways, from donating money to joining the Ukrainian armed forces (Figure 14). Maintaining high civic solidarity and active horizontal social networks contribute to a new structure of security and resilience in Ukrainian society and can facilitate further democratic transformations, leading to a more effective Ukrainian state—one where the authorities need to be transparent and responsive to the needs of people if they want to retain power, at least until the next elections).[61]

Figure 13. Provision of Public Services: subjective assessment (score out of 10).

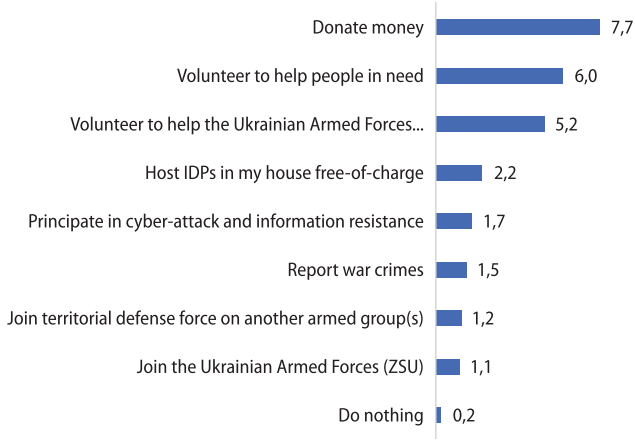


Source: SHARP Survey, 2022.

Ukrainian collective memory is rich with unprecedented examples of successful local initiatives led by grassroots individuals who stood out and succeeded before long-awaited decisions were made at the center. It reveals multiple examples of joint actions and activism which broke with post-Soviet vested rules, opposed corrupt bureaucracies, and defeated foreign aggressors. The current war is made up of those remarkable stories. The formation of Ukrainian national-civic identity has not been plain sailing. And yet, as a diamond under the influence of high temperatures,

the new Ukrainian identity that is being formed in the midst of a bloody and exhaustive struggle has every chance of persevering and becoming the foundation of an extraordinary accomplishment. This proactive sense of unity—a unity that leading to action—gives us hope for a new epic success story in Europe: a story of a democracy that has been shaped and paved by the efforts of ordinary people who view themselves as citizens of a single state.

Figure 14. Civic resistance: subjective self-assessment ('do you participate in the following…') (score out of 10).



Source: SHARP Survey, 2022.

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26 Donbass is a provisional concept, which at the beginning described only the territory of the Donetsk coal basin (which does not coincide with the current administrative divisionwhich includes two oblasts, Donetsk and Luhansk). In the Soviet period, it was turned into an administrative and political construct, important in both the economic and the political sense. With the disintegration of the Soviet Union, while the term was still applied by many, the Donbass as a cultural and economic structure started to disintegrate into the Azov region on the one hand, which has its own economic logic and which has fewer economic ties with the Donbas, and the agricultural northern parts of the Luhansk region on the other, whose inhabitants identify themselves as part of Slobidska Ukraine.

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[60] Civic duty is a composite indicator made up of sense of agency and civic responsibility. It measures the degree to which a person feels responsible for the future and well-being of their society and country and the degree to which a person feels that ordinary people can change things in their community. See SCORE Glossary, Centre for Sustainable Peace and Democratic Development, https://www.seedsofpeace.eu/.

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The Ukrainian Civil Volunteer Movement during Wartime (2014–2022)

Csilla Fedinec

1. Concept of "total defense"

On November 15, 2022, the Lithuanian Riflemen's Union and Vytautas Magnus University organized the Lithuanian National Security Conference 2022, which studied the experience of "total defense" in Ukraine.[1] The Union's commander, Albertas Dapkus, in an interview with *Ukrinform*, the National News Agency of Ukraine, explained the direct impact of the Ukrainian experience on the concept of "total defense," stating that everyone should defend themselves, not just the armed forces.[2]

The concept of "total defense," with an emphasis on military components, was used primarily by non-aligned states in the Cold War era,[3] and was based on the experiences of Norway during the Second World War when all the resources of civil society were placed under the command of the armed forces.[4] The end of the Cold War brought about the dissolution of the bipolar world order and led to a decline in militarization, thus reducing the importance of "total defense."[5] For example, Austria, Switzerland, and Sweden shifted their focus to international security. Finland retained its level of militarization because the long border with Russia predetermined the possibility of a military conflict. The former state of Yugoslavia, "as a multi-ethnic country provides a clear example that social cohesion is a definite prerequisite for total or comprehensive defense to be effective and not to become a threat to society itself."[6]

In the twenty-first century we have entered the age of hybrid warfare. The global security environment has been most affected by the terrorist attacks of September 11, 2001, various others on the European Continent, the five-day Russia–Georgia war in 2008, and the aggression, which started with the annexation of Ukrainian Crimea by the Russian Federation in 2014.[7] The Russian aggression against Ukraine initiated a comprehensive discussion not only on the capabilities of armed forces but also on society's resilience and civilian preparedness to withstand a conventional military conflict.[8] The NATO Warsaw Summit Communiqué of July 2016 clearly showed that only tightly coordinated efforts between civilians and the military ensure effective resilience.[9] According to point 73 of the Communiqué,

"Civil preparedness is a central pillar of Allies' resilience and a critical enabler for Alliance collective defense. [...] We will improve civil preparedness by achieving the NATO Baseline Requirements for National Resilience, which focus on continuity of government, continuity of essential services, security of critical civilian infrastructure, and support to military forces with civilian means."[10]

According to Hanna Shelest:

> Kyiv has placed cross-society resistance at the heart of its national defense, bringing all military and security agencies under a single command, assisted by support from the civilian population. Since 2014, the country has transformed its armed forces, upgrading logistics and communications and empowering mid-level officers; put in place a network of reservists; and taken measures to ensure Ukrainian society's broader resilience to crises. It built this approach both on the adoption of NATO best practices and on a unique movement of volunteers who raise funds to support the war effort, merging defense and measures to increase national resilience into a single system.

This constitutes a "third way" between the "total defense" model of Sweden, Finland, Singapore, and Switzerland, which brings together military and civilian actors in a whole-of-society approach to security; and the strongly hierarchical model of the United States, Russia, and China, where decision-making is centralised in the political leadership. The total defense approach concentrates on defense and deterrence, while Ukraine's approach also prioritizes resilience—including a comprehensive but agile coordination of a variety of forces within and beyond the government.[11]

The Russia–Ukraine War has been going on since February 2014, starting after Ukraine's Revolution of Dignity (i.e., Euromaidan) in the winter of 2013–2014. The latter event also marks the birth of a new civil volunteer movement in Ukraine. In the following, four phases of the development of this movement will be discussed (Table 1). After a brief description of the "state domination" phase (1992–2013) and the definitions of civil activism in the Ukrainian legal context, the second phase of "political activation" follows with the Revolution (2014). The third phase starts in February–March 2014, with the annexation of Crimea by the Russian Federation, and also involves the subsequent war in the Luhansk and Donetsk regions of Ukraine, collectively named Donbas (other terms used by the Ukrainian government, foreign institutions, and media publicity include, from April 2014, the "Anti-Terrorist Operation – ATO zone", and from February 2018, the "Joint Forces Operation – JFO zone"). This period already marks the entry into total defense, with the state "catching up" and to a large degree substituted by the activities of the civil volunteer movement. While the birth of the movement during Euromaidan meant social mobilization after the previous large degree of immobility, this phase

of total defense involved elements of both mobilization and co-optation by the state and oligarchic actors.[12] The final phase started on February, 24, 2022 with the full-scale Russian invasion. In this period, we can see an active volunteer movement alongside formal state mobilization, with the state and society co-operating in their heroic effort to counter Russian aggression.

Table 1. Phases of development of the civil volunteer movement in Ukraine (1991–2022).

Phase		*Main political event*	*The civil volunteer movement's…*	
			activity	*dynamics*
State domination (1992–2013)		regime change	non-political	immobility (formal)
Political activation (2014)		the Revolution of Dignity (Euromaidan)	political	mobilization (informal)
Total defense	**state "catching up" (2014–2022)**	annexation of Crimea, Donbas war	humanitarian + military (state-substituting)	mobilization + co-optation (semi-formal)
	state mobilizing (2022–)	full-scale Russian invasion	military + humanitarian (state-aiding)	co-operation (formal)

2. The "state domination" phase (1992–2013) and the creation of a civil volunteer movement during Euromaidan (2013–2014)

2.1. The concept of volunteering in Ukraine

In a global perspective, the volunteer movement is considered to have begun in 1859, when the Swiss entrepreneur and social activist Jean-Henri Dunant, struck by the terrible consequences of the Battle of Solferino, initiated the creation of the International Committee of the Red Cross. Dunant later became the first Nobel Peace Prize laureate.

In independent Ukraine, the beginning of volunteering is considered to be 1992, when the telephone-based Helpline Service was created. These first years of independence also saw effective volunteering areas under the auspices of religious organizations. The legal framework of civil activism in Ukraine maintains that volunteers can be citizens of Ukraine, foreigners, and stateless persons who are legally residing in Ukraine. Persons aged 14 to 18 years can carry out volunteer activities with the consent of a guardian, with restrictions against providing volunteer

assistance to military formations and law enforcement agencies, and at healthcare institutions. The main legislative acts regulating the volunteer movement in Ukraine (with a number of amendments since their adoption)[13] are:

- Law 3236-VI of 2011 "On Volunteer Activity" – provides the first legal definitions for the concepts of "volunteer activity," "volunteer assistance," "volunteer organization," "volunteer," and "recipient of volunteer assistance." According to Act, volunteer activity is a voluntary socially oriented, non-profit activity carried out by volunteers by providing volunteer assistance (free works and services). The list of areas of volunteer activity is not exhaustive, and therefore other types that are not prohibited by law are allowed. Volunteer organizations perform educational, informational, economic, protective and organizational functions. The state allows the activities of individual volunteers.[14]
- Law 4572-VI of 2012 "Non-Governmental Organizations" – NGOs are voluntary associations of individuals or legal entities for the exercise and protection of rights and freedoms, and for the satisfaction of public interests, particularly in the economic, social, cultural, environmental and other fields. This concept also includes associations of volunteers.[15]
- Law 5073-VI of 2012 "On Charitable Activities and Charitable Organizations"—according to the preamble "[t]his Law defines the general principles of charitable activities in Ukraine, ensures the legal regulation of the relationship in society aimed at developing charitable activities, the assertion of humanism and mercy, provides favorable conditions for the formation and the activities of charities."[16]

For a long time, civil society in Ukraine was formal, and dominated by top-down initiatives from the state. Starting in 2012, the Coordination Council for Civil Society Development was established under the President of Ukraine which, in addition to officials of the presidential administration, executive authorities, and members of parliament, also included representatives of a number of civil society institutions that advocated for the strengthening of state policy in their relevant areas. The Coordination Council adopted a new National Strategy along with regional programs for promoting civil society development, laws on public associations, charity, and charitable organizations. The 2012 Strategy contained a list of strategic tasks, but only a few tasks were actually implemented. Each year, an action plan was drawn up on the basis of the Strategy, but these essentially duplicated the tasks of the previous plan. After the Revolution of Dignity, new action plans under the 2012 Strategy were not adopted. In 2015, the Coordination Council was liquidated, while the development of a new strategic document began with the involvement

of representatives of civil society institutions, some of whom were members of the liquidated Coordination Council. The new National Strategy for Civil Society Development in Ukraine for 2016-2020 was approved by the President of Ukraine in February 2016. Among the main shortcomings of the 2016 Strategy were the imperfect formulation of strategic objectives and the lack of indicators for monitoring and evaluating the results of implementing the Strategy, which made it difficult to assess the direct impact of implementing the annual plans. In November 2016, the President of Ukraine re-established the Coordination Council. More than 60% of the Coordination Council comprised representatives of civil society institutions, whereas they constituted only 40% of the Coordination Council of 2012.[17] But all these changes had practically no effect on the two basic elements of civil society development: (1) the existence of an active position of the population, and (2) a high level of trust in the institutions of civil society.

Therefore it is not surprising that, on the whole, the volunteer movement in Ukraine developed rather slowly until 2014.[18] In 2013, the World Giving Index, which ranks over 140 countries in the world according to how charitable they are, put Ukraine in only 102nd place.[19] However, in 2020, the country jumped to 20th place.[20] Between 2016 and 2020, Ukraine was among the top ten countries that saw the largest increases in the overall index.[21]

2.2. Awakening civil activism, Russian GONGOs, and the political activation of the volunteer movement during Euromaidan

The first powerful surge of volunteer activity in Ukraine happened during the European Football Championship in 2012. According to the "EURO 2012 Ukraine" organizing committee, almost 24 thousand applications were received from those wishing to fill the almost five and half thousand required UEFA volunteer positions, with around 90% of the applications sent from Ukraine and Poland. A significant increase in the number of Ukrainian citizens involved in charitable and volunteer activities was observed during the Euromaidan.[22] As the events of the Euromaidan of 2013-2014 proved, the transition of the civil society development process to a new, qualitatively higher level was not due to the state's participation in this process but largely in spite of it. It was the confrontation between society and the state that became a catalyst for the rapid emergence and spread of the phenomena, the characteristic features of which were signs of the emergence of systemically new realities in Ukrainian society.[23] The level of self-organization of the population which took place from the beginning of the Euromaidan protests, as well as the processes that began to take place massively and actively in the environment of civil society, can be identified as the birth of civil society in modern Ukraine.[24]

In Ukraine, civil society successfully deposed former president Viktor Yanukovych following the Revolution of Dignity, showing that an open and inclusive society more integrated with the European neighborhood is superior to continued subservience to Russia. Russia's objectives, however, are to promote the "Russian model," seek to reduce the influence of the United States, and become the "civilizational gravitational core"[25] for the region once again. Vladimir Putin nationalized Russian civil society, some of which was used to counter the Revolution of Dignity, support the annexation of Crimea, and undermine sovereignty and stir up social tensions throughout Ukraine. Beyond the borders of the former Soviet Union, Russia supports about 150 government-organized non-governmental organizations (GONGOs) with the goal of influencing policymakers, the political elite, and the youth. As international studies scholar, Joshua P. Mulford put it,

> Compared to Western lobbyist organizations that rely on the strength of their argument, Russians see money as the most influential tool of persuasion.[26]

Russia's main foreign policy goal in its neighborhood has been to extension both so-called "Russian World" (Russkiy Mir) and the Eurasian Union. The Kremlin's use of "Eurasian" ideas tie into the notion of the Russian World, which has been part of its foreign policy imperative since 2012 based on Russian language and culture, a shared history and heritage (from Kyivan Rus' to the Soviet Union), orthodoxy, and conservative values, along with economic integration through the Eurasian Economic Union. The Kremlin perceived that loyal groups are useful to amplify pro-government messages in the public space. These groups started being organized by the Russian state in 2005, and there are now around 150 such GONGOs affiliated with the Ministry of Foreign Affairs. Crimea and Donbas had its own "spin doctors," who provided ideology, along with human and financial resources. Researchers John Lough et al. concluded that while Moscow's messaging has the strong backing of Moscow's administrative resources, this same messaging "does not reflect the interests of the target population," noting further that "only 11% of Russian-speaking Ukrainians ally themselves with Russian cultural tradition."[27] According to Tatiana Zhurzhenko:

> The majority opted for the Ukrainian state [...] However, there were also those who did—and still do—sympathize with the separatists and with Russia. [...] One of the difficult questions we will be confronted with after the war is how to live together again in one state.[28]

Between February 5 and 14, 2014, the Ilko Kucheriv Democratic Initiatives Foundation conducted an expert survey of NGO representatives in Ukraine on the topic of "Maidan and Civil Society." Among the positive influences of Euromaidan on

civil society, the experts noted the initiation of civic activity, the development of skills and technologies of self-organization, the multiplication of "social capital," the demonstration of people power and related opportunities, and the willingness of citizens to donate funds for what they consider important.[29]

These civic practices have led to major societal changes and the recognition of the importance of volunteerism, thus reinforcing the principles of responsibility and the importance of active direct participation in the transformational changes taking place in society. Almost simultaneously with the organization of acts of mass civil disobedience, a movement of "non-indifferent citizens" began to form, whose aim, in addition to direct participation in mass protests, was to provide direct support for Euromaidan in the provision of material necessities—food, medicine, hygiene products, warm clothes, etc. In this context, it is appropriate to speak of volunteering as arising from activist protest. The connections that were quickly established and built up in the first weeks and months passed the test of reliability in crisis situations, and eventually developed into long-term cooperation.[30] A characteristic feature of the development of the volunteer movement during this period was the involvement of social networks in supporting and disseminating civic initiatives, which mostly functioned in the format of "informal volunteer groups."[31]

The world humanitarian practices traditionally associated with volunteering imply the gratuitous participation of volunteers in the performance of concrete tasks, which do not require the complete separation of the activist from his or her line of work—except in extraordinary situations such as disaster relief. The modern Ukrainian version of volunteering, in the expression of some of its wartime representatives, exists in a "24/7" format.[32]

It seems impossible to determine the real number of participants in the Ukrainian volunteer movement due to its constant replenishment, unwillingness to advertise their activities, and the semi-legal nature of some volunteer organizations.[33] According to the data for March 2015, there were 132 volunteer organizations registered in the unified register of the Ministry of Social Policy of Ukraine. In May 2015, however, Davyd Arakhamia, founder of the People's Project volunteer platform and coordinator of the Council of Volunteers at the Ministry of Defense of Ukraine, gave the following assessment:

> It was very difficult to collect statistics, but taking into account the data from the media, the registers of the Ministry of Social Policy, as well as the information provided by the Regional State Administrations, I counted 14.5 thousand volun-teers who are professionally and constantly engaged in this activity and more than 2.5 thousand organizations (data from mobile operators, Privatbank, and other sources). Also, more than 1.5 million Ukrainians have helped the army at least once.[34]

An opinion poll conducted jointly by the Ilko Kucheriv Democratic Initiatives Foundation and the Kyiv International Institute of Sociology (KIIS) between September 12 and 14, 2014 found that 32.5% of Ukrainians already transferred their money to the accounts of the Ukrainian army between May and September, 23% employed the help of charitable foundations and volunteer organizations to transfer funds, articles, and products it is through these civic institutions, 9% participated in store-based campaigns, buying goods from the lists of articles required by the army and transferring them to volunteers, 7% were personally helping IDPs with items and money, and 3% were engaged in volunteering.[35]

3. The beginning of total defense: the Donbas war period with the state "catching up" (2014–2022)

3.1. The incapacity of the state and the activity of the volunteer movement

The first losses in the war were a real shock. There was a blatant unpreparedness of state structures to respond effectively to challenges and to act in extreme conditions. Over the course of these events, civil society demonstrated an impressive ability to mobilize and took upon itself the most acute problems such as providing assistance. As Leonid Ilchuk writes, the Ukrainian army

> remained virtually non-combatant, not well-equipped from all points of view. This was well-understood by Russia, which occupied Crimea without a "single shot." That is why, in the realities of the social instability in the Ukrainian society, the need for volunteering has intensified. For its solving, the efforts and financial investments of the state were not enough, therefore the state and its organizations need the help of the population ready for unprofitable labor. This also happened in Ukraine, when volunteer battalions and volunteer organizations became the National Guard of Ukraine when defending the state from the Russian aggression together with the Armed Forces of Ukraine.[36]

Precisely these flexible forms of volunteer activity that have proved in practice to be the most productive in bypassing bureaucratic procedures.[37] The issue of the actual lack of sufficient provision of the army with the most basic items (clothing, food, etc.) has brought the activities of volunteer activists beyond the assistance provided to "their friends and acquaintances" to a comprehensive assistance rendered to the Armed Forces of Ukraine, the National Guard, volunteer battalions, etc.[38]

According to Horielov and Korniievskiy "the growth of activity of the volunteer movement was due to two main factors: on the one hand the internal political crisis, which led to an imbalance in the public administration system, a lack of

quality management decisions, and a lack of resource capacity, and on the other hand external aggression, which deepened the imbalance between the state's ability to effectively perform its functions and meet the basic needs of its citizens."[39] With the beginning of the anti-terrorist operation in the east of Ukraine, "army volunteers," popularly called "warriors of the good," came to the fore.[40]

A characteristic feature of the development of the volunteer movement has been the involvement of social networks in the support and dissemination of civic initiatives. Information technologies helped to create a new quality of communication between like-minded people and accelerated the timeframe required to bring volunteer projects to the level of their practical implementation.[41] In emergency situations such as military conflicts social media exhibit infrastructural characteristics and the digital multitude exercises a collective will.[42]

The volunteer movement had to "step in" and do what the state could not do due to its weak production base, lack of sufficient resources, lack of organization for the timely provision of these resources, and lack of sufficient support. Under such conditions, the enthusiastic and creative attitude of volunteers was impressive. Different types of volunteering work could be distinguished in this period for example:

- humanitarian assistance (for civilians in need, people living in the temporarily occupied territories);
- resettlement areas (displaced persons, evacuation of civilians from the frontline and near-frontline, assistance in acquiring and finding housing and work, social adaptation);
- medical and rehabilitation support, repair volunteering (restoration of military equipment), human rights direction (protection of the rights of people in difficult life situations);
- military equipment (design and manufacture of special equipment, development of high-tech systems);
- "Black Tulip" missions (finding and identifying bodies of missing soldiers);
- commemoration (civilians and soldiers killed in the conflict).

The development of the volunteer movement in certain regions of Ukraine has had its own peculiarities. The volunteer movement in the temporarily occupied territories of Ukraine faces particularly difficult conditions. Representatives of the quasi-state entities, the so-called Donetsk People's Republic (DNR) and the Luhansk People's Republic (LNR), do not recognize the activities of NGOs that they do not control, which forces volunteers to either cooperate with them or conduct underground activities.[43]

> In this regard, the majority of volunteers avoided trips on the territory outside the control zone of the Ukrainian troops. This was most often done by the religious organizations, who were more likely to convince fighters that they were not involved in the conflict. However, the main way of getting humanitarian aid for the people who remain in the occupied territories was to leave the Ukrainian side along the front line. From February 21, 2015, this opportunity was limited due to the need for passes issued by the Ukrainian side only in justified cases. According to the law enforcement agencies, this is due to the fact that some volunteers 'delivered' alcohol and narcotics at certain costs to the front, and could also be informants for the separatists.[44]

Volunteers have also been involved in public services ranging from the delivery and distribution of humanitarian aid to cracking down on corruption.[45] In fact, volunteers have ended up filling the information and communication void caused by government withdrawal, and have played a special role in dealing with corruption-related activities, such as abuses by local authorities and at checkpoints, cases involving the theft and resale of ammunition and special military equipment, the quality of food for the soldiers, and many others.[46] Volunteers have also played their part in rescuing prisoners of war. Officially, the state services are engaged in this, but they cannot do so without volunteers.[47] With the beginning of the anti-terrorist operation, army volunteers (70% of the total number) stepped forward, therefore it can be argued that volunteers replaced some state structures.[48] According to expert opinion of the Kuras Institute of Political and Ethnic Studies of the National Academy of Sciences of Ukraine, this is a temporary way out of the situation with the supply of the Ukrainian army, because NGOs should not perform and substitute the functions of the state.[49] Yet the volunteer movement has demonstrated the ability of Ukrainian society to self-organize, bringing to the fore such concepts as social responsibility, solidarity, accountability, and transparency at a time when the state is not fully capable of performing its organizational functions.

At the beginning of the active volunteer movement, there were practically no mechanisms for its interaction with the authorities. Later, however, the significant role and high authority of volunteers pushed the authorities to cooperate.[50] One of the main problems regarding interaction between civil society and the public authorities in Ukraine has been the lack of trust. Volunteers comprise the social group with the highest trust ratings among the population, a fact which also brings their role and importance to the forefront of political interest. The term "volunteer" quickly became a trend in Ukrainian political "fashion."[51] The rapid development of the volunteer movement led to the issue of its control by the relevant state authorities and state structures.[52] For example, Yuriy Biryukov, the founder of the "Wings of Phoenix" volunteer organization was advisor to the President of Ukraine (from August 2014 to May 2019) and advisor to the Minister of Defense (from

October 2014 to 2019); Tetiana Rychkova, the founder of the Dnipro branch of "Wings of Phoenix" and one of the most famous volunteers, started working at the Ministry of Defense in November 2014, heading a new state-owned enterprise engaged in the material support of the troops; and Heorhiy Tuka, the head of the "People's Home Front" volunteer association, was appointed as the governor of the Luhansk regional civil-military administration[53] (from July 2015 to April 2016).[54]

On the initiative of Davyd Arakhamia, adviser to the Ministry of Defense of Ukraine, several volunteers became consultants of the Ministry of Defense of Ukraine ("Volunteer Troops") in the fall of 2014. Members of the Volunteer Troops have been repeatedly criticized by their fellow volunteers. People's deputies of the Ukrainian parliament, the Verkhovna Rada, have accused the volunteers of allegedly sitting on schemes when they should have been fighting. Nevertheless, the volunteers managed to implement a number of systemic projects. However, during the first year of work, most of the volunteers resigned, and their initiatives were transferred to the Reforms Project Office of the Ministry of Defense of Ukraine.[55] According to the Reform Projects Office, "Volunteers still play an active part in the efforts of Ministry of Defense and Development of Armed Forces of Ukraine both as individual activists and representatives of volunteer organizations, or via a collective body of the Volunteer Council of the Ministry of Defense of Ukraine. The role of volunteers in terms of civilian control of Armed forces of Ukraine is still enormous."[56]

On December 12, 2019, Volodymyr Zelensky signed Decree of the President of Ukraine No. 879 which introduced the position of the Commissioner for Volunteer Affairs (non-staff), whose main tasks "are to monitor the situation regarding the guarantees of observance of the rights and legitimate interests of volunteers."[57] This was followed on March 1, 2022 by Decree of the President of Ukraine No. 86 concerning the appointment of a Commissioner for Cooperation with Public Associations and Volunteer Associations, whose task was to establish the "effective interaction of citizens, public associations, voluntary formations formed or self-organized for the defense of Ukraine and voluntarily participating in national security, defense, and defense of the state, with the Armed Forces of Ukraine, other military formations, and law enforcement agencies formed in accordance with Ukrainian laws."[58]

Ukraine has had a register of volunteers since 2014. Registration is not mandatory and its main purpose is to protect volunteers from unfair accusations and minimize all risks in matters of taxation.[59] The co-operation of the state and the volunteer movement has also been marked by the passage of the aforementioned Law No. 2519-IX of 2022 "On Amendments to the Law of Ukraine 'On volunteer activity' to Support Volunteering."[60] In particular, from now on the law allows for additional volunteer assistance during wartime for the following areas: for central

and local authorities and self-governing bodies; for enterprises, institutions, and organizations; for associations of citizens as well as private persons; and for the protection and rescue of animals, among other things. The law also stipulates that volunteer assistance can be provided online via the Internet or other telecommunication networks.[61] Other important changes are:

> If a volunteer receives reimbursement for travel expenses or medical exams or vaccinations, this money will not be considered as income. Accordingly, the volunteer will not pay taxes on them: Personal Income Tax (PIT) and Unified Social Tax (UST). Also, there will be no tax on the costs of participation in events organized by NGOs, Charity Organizations, which is important when it comes to, for example, training volunteers (and not only) in first aid, psychological adap-tation, work with PTSD.[62]

There have been mixed opinions about the "politicization" of Ukrainian volunteering. While noting the undoubted benefits of popularizing the very idea of voluntary activity for the benefit of society, it is often argued that getting even the most reputable volunteers into the "caste of politicians" is unlikely to allow them to change the existing system. Nevertheless, they can significantly undermine confidence in the public sector as a whole, since recognition of the volunteers' merits has demonstrated to the general public the attractiveness of volunteering, factually replacing the non-working "social elevators."[63] Beyond the criticism of co-optation, it is also noted that, while individual volunteer initiatives have been very effective, without a clear organization of interaction between the public and the authorities the potential effect is lost.[64]

3.2. 'Oligarchic volunteering' and possible side effects

In its early stages, the volunteer movement as a new phenomenon had positive elements but was also fraught with problems. According to expert opinion of the above-mentioned Kuras Institute the latter has included the abuse of volunteer status, non-transparent accounting, fundraising to support the army by pseudo-volunteers, the secret resale of volunteer military aid and the facts of its disappearance, misappropriations during demobilization, refusal of the military leadership to register the devices and special equipment provided by volunteers, and the photographing of the locations of individual military units, available military equipment, and the faces of soldiers and their disclosure in public reports, etc. Some of these negative phenomena were typical for the first stages of a war and were subsequently minimalized, while others appeared later.[65]

A special phenomenon has been "political oligarchic volunteering" which concerns the creation and activities of humanitarian and charitable foundations set

up by Ukrainian oligarchs such as Rinat Akhmetov, Ihor Kolomoisky, Hennadiy Korban, and others.[66] In 2014 the country's oligarchs were at the forefront of Ukraine's response to the Russian annexation of Crimea and the beginning of the separatist war in the Donbas region. The business elite financed volunteer battalions and several oligarchs were appointed to serve as governors of unstable regions. Thus, Ihor Kolomoisky was appointed governor of his native Dnipropetrovsk region, which borders the breakaway Donbas, Serhiy Taruta was appointed governor of the Donetsk region. As reported in the *Financial Times*, "They used their authority, resources and media power to mobilise the population against Russia's attempt to destabilise and break up the country."[67] In 2022, with Ukraine's army now battle-hardened, the country's oligarchs have been playing a more passive role in the nation's defense, donating money and supplies like millions of others of their compatriots.

Within a few years after the Revolution of Dignity, the malign influence of oligarchs in Ukraine had become so problematic that the U.S. Helsinki Commission concluded that "Oligarchs have captured the Ukrainian state, crowding out non-corrupt political parties and competing with one another to steal Ukraine's wealth."[68] President Zelensky launched a "de-oligarchization campaign" in early 2021 to insulate political processes and the media from the undue influence of the business elites.[69] According to Andrew Lohsen, on the one hand

> Ukraine's richest individuals are almost uniformly backing the government in the war against Russia. This suggests they understand not only that a Russian takeover would be detrimental to their business interests, but also that the crisis provides an opportunity to improve their standing. So far, oligarchs have provided substantial donations to help Ukraine meet defense and humanitarian needs and have signaled their willingness to play a role in the country's eventual recovery.[70]

On the other hand, as the past eight years have shown, oligarchs have the capacity to block reforms to root out corruption and to undermine Ukraine's path to Euro-Atlantic integration in an effort to protect their personal wealth and influence.

A week after Russian troops poured into Ukraine, a group of volunteers repurposed a large house outside the capital as field hospital. The owner, Viktor Pinchuk, one of Ukraine's richest men, like many of his fellow oligarchs had left the country at the outset of the war. Pinchuk, who has made return visits to Ukraine since then, initially agreed to allow the activists to use the unoccupied building, but the volunteers soon overstayed their welcome and resisted their removal: "We are here until the victory."[71]

The level of volunteering among the Ukrainian population is such that it may well be associated in the future with the problem of the social and post-traumatic adaptation of volunteers, especially the return to a peaceful life on the

part of "frontline volunteers." They may encounter problems in their personal lives, experience various psychological disorders, and may exhibit an increased level of aggression and intolerance.[72]

4. Total defense and the civil volunteer movement after the full-scale Russian invasion (2022–)

According to Daniel N. Posner, there are two models of civil society: the "advocacy" or "watchdog" model, which aims at controlling the state, and the "substitution" model, which aims at providing social welfare.[73] Kateryna Zarembo, who has examined the role of volunteers in defense reform, has pointed to a double effect: volunteering strengthens state defense capacities while also weakening them, mainly by substituting for the state, which is a feature of fragile polities. On the one hand, state capacities have increased in areas where supply and procurement were hampered, and on the other hand, the provision of services more efficiently than the state or substitution for the state has been seen as having a weakening effect. As a result, smaller voluntary initiatives have ceased to operate, while larger forces have reoriented themselves towards meeting basic needs on the front line.[74]

A survey by the Razumkov Centre in September-October 2022 offers critical assessments of how Ukraine was developing before the start of Russia's full-scale military aggression. Thus, in December 2021, the majority (65.5%) of respondents believed that events in Ukraine were developing in the wrong direction. Ten months later, at the time of the above-mentioned survey, the share of respondents having this view had decreased significantly, and 51% of respondents now believe that events in Ukraine are developing in the right direction. Among social institutions, Ukrainians have the greatest trust in the Armed Forces (96%), the President of Ukraine (82%), humanitarian and charitable organizations (78%), and the Church (70%), whereas distrust is most often expressed in political parties (77%), the courts (72%), banks (66%), and the Verkhovna Rada of Ukraine (60%). In choosing between two models of social development, European and Russian, 70% prefer the European model, while only 0.5% favor the Russian one (in 2017, these figures were 58% and 4% respectively). The share of respondents giving a positive answer regarding the readiness to fight for their country in time of war has steadily increased, from 40% in 2011 to 57% in 2020 and to 71% in 2022.[75]

According to a survey conducted by the National Democratic Institute in cooperation with the Kyiv International Institute of Sociology on January 4-16, 2023, 41% of the population of Ukraine has been involved in volunteering, while other forms of assistance also showed exceptionally high values, as shown in the graph below (Figure 1).[76]

Figure 1. Have you done any of these since the start of the full-scale war? (January 2023).

Source: NDI.

Since February 24, 2022, the volunteer movement in Ukraine has intensified significantly and the Volunteer Platform[77] has become one of the main sources of finding opportunities. The platform was launched back in March 2021 by the Ukrainian Volunteer Service, the United Nations Children's Fund (UNICEF), and the IT company SoftServe with the support of the Ministry of Youth and Sports in order to unite volunteers and organizations from all over Ukraine.[78]

"Now in Ukraine everyone is a volunteer objectively," says Natalia Povtar, a lawyer with the Centre for Democracy and Rule of Law.[79] In his evening address video of December 4, 2022, President Zelensky put it this way: "[...] we have to help each other more than ever and care for each other even more. And please don't ask if you can help, and how. Just help when you see you can."[80] The next day, Zelensky signed Decree of the President of Ukraine No. 825 of 2022 establishing the Golden Heart award of the President of Ukraine

> with the aim of recognizing the significant contribution of volunteers to the provision of assistance and the development of the volunteer movement, in particular during the implementation of measures to ensure the defense of Ukraine, the protection of the safety of the population and the interests of the state in connection with the military aggression of Russia Federation against Ukraine and overcoming its consequences.[81]

There have also been reports in the press about the emergence in Russia of volunteering to help the Russian army and war-stricken civilians, but this remained the exception in 2022. According to a co-founder of one volunteer group, volunteering

provided participants a form of psychological relief, adding that "they feel as though they have the power to make a difficult situation better."[82]

Taras Kuzio believes that during the first decades of independence, Ukraine was an "immobile state," which its roots are weak national unity, weak state capacity, lack of serious reforms, political instability.[83] Then in 2014 the political authorities once again proved unable to manage the fateful crisis, and the country was only saved from rapid collapse by the rapidly established paramilitary units—questioning the state monopoly on the use of force, which is one of cornerstones of modern statehood—and the growing role of civilian volunteers.[84] As a result of Russian aggression "volunteers may simultaneously be focused on alleviating immediate needs while also laying the foundation for broader cultural and political change."[85] However, at the present moment, the democratizing function of civil society obviously recedes into the background when the country has to deal with humanitarian crises and military defense.[86] Anne Applebaum draws attention to the fact that

> Ukraine is not a nation of saints. Not everyone with a Ukrainian passport is fighting for the country, or even planning to remain in the country. Not everyone is active, brave, or optimistic. [...] But what matters is what comes next, and voices like those will not be the decisive ones in postwar Ukraine. [...] The *volonteri* will create Ukraine's postwar culture [...].[87]

Unusual as it may seem, part of the assistance provided by NGOs to the army is the purchase of weapons. Such militarism would normally be distasteful among civilians, but at most an activist will quietly add, behind the backs of others, that he does not like it when they wish Russians dead, stating that "we should learn to kill without hatred, so that we do not become like them."[88] At the beginning of the massive Russian attacks on the civilian infrastructure, Ukrainians were more active in supporting the armed forces. According to data from Opendatabot in October 2022 alone, donations to three popular charitable foundations of the country—United24, Come Back Alive, and Charity Foundation of Serhiy Pritula—amounted to UAH 1.5 billion (around USD 41 million). More than 80 percent of the aid went to support the army, while the rest went to humanitarian aid and health care.[89] Natalia Shapovalova's assessment of civic voluntarism during Euromaidan is valid even in 2022 too: "Ukraine's new form of civic activism is striking in its sources of support and its tactics for reaching out to society. Unlike traditional NGOs that depend on foreign funding or support from oligarchs or private donors, new movements engage in crowdfunding and use social media, reaching out to thousands of Ukrainians and encouraging them to participate by giving."[90]

The Ukraine Reform Conference (URC) is an international event organized annually since 2017, the purpose of which is to discuss the progress of reforms in Ukraine with the participation of Ukrainian and foreign officials, including

representatives of the European Union, NATO, G7, civil society, and the private sector. The URC 2022 conference in Lugano was originally planned as the fifth conference, but against the backdrop of Russia's full-scale war against Ukraine, it was reoriented into a broad political process known as the Ukraine Recovery Conference. The end of the conference civil society members presented the Civil Society Manifesto 2022 (Lugano Declaration).[91] Commenting on the declaration, Svitlana Sova, representative of the Union for Responsible Citizens, said on December 2022 that

> We have declared the framework and principles of development. Development in Ukraine is not possible without the principles we have noted in this manifesto—Ukraine with a European identity, with representative democracy, and where decision making processes are transparent, inclusive and participative. We have stated the red lines that cannot be crossed.... To date over 250 organisations have signed this manifesto.[92]

In 2022 the brave people of Ukraine represented by their President, elected leaders, and civil society, were awarded the European Parliaments 2022 Sakharov Prize for Freedom of Thought.[93] Emine Ziyatdinova Crimean Tatar documentary photographer from Ukraine formulated the following reflection:

> [...] in addition to the army, Ukraine's current success is mainly due to civil society. Every single person I know is doing something to help the common cause. And you don't have to think of it in a vertical system where somebody would have told them that this is their duty. Moreover, they are not afraid to take to the streets, war or no war, if they see injustice in the system, they will take to the streets right now.[94]

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Ukraine's Religious Landscape: Between Repression and Pluralism

Denis Brylov and Tetiana Kalenychenko

1. Ideal types of church in relation to the state

The multi-religious landscape of Ukraine and the regular transformation of political and economic regimes against the background of socio-political crises have created a unique context for the study of identity change. The problem of the identity of society, in particular in its religious dimension and under the conditions of church diversity, is what interests us as researchers. And while all attempts to unify the primarily Orthodox environment have led to an increase in religious institutions and a deepening of the political level of the conflict, we will address the methodological typology of the churches with respect to their relations with the state.

In our article, we use the methodological approach established by Bálint Magyar and Bálint Madlovics.[1] They identified three ideal type models for the status of a church in post-communist states under three different types of state regime:

- *Independent church* is the typical form in a liberal democracy where the church in its activities (i.e., the provision of religious services to believers) is independent of the state. In this case, the state seeks to ensure a neutral attitude towards all denominations, and in relation to an independent church can be called a secular state;
- *Client church* is the typical form in a patronal autocracy where funding and state recognition of denominations are placed on a discretionary basis (at the discretion of the state), which makes the church the subject of bargaining and loyalty to the chief patron. The main function of a client church is to agitate for the ruling elite and provide ideological (religious) cover for its actions. Religion in this case is instrumentalized by the elites in order to further their political goals;
- *Repressed church* is the typical form in a communist dictatorship. The repressed church is a religious organization that is either banned by the state or hindered in its activities. As it is not recognized by the state, it is deprived of open (legal) communal functions. The state in relation to the repressed church can be called an anti-religious state, since it persecutes religious groups and churches.

> At the same time, churches that are not completely banned are subject to a nomenklatura that appoints religious leaders and/or infiltrates secret agents into their ranks.

In our study, we adopt this typology while developing it further, based on the specifics of the Ukrainian situation. Primarily, we show that (1) in the history of independent Ukraine, it is not so much the regime but the figure of the President that has been decisive for the formation of domestic and foreign policy, including state-confessional policy (in which primarily Orthodox denominations have occupied the key role), and (2) it is possible to transfer from one type of church to another without a formal change in the political-economic regime.

2. The religious situation in Ukraine on the eve of the Russian-Ukrainian war

Historically, Ukraine has been a multi-confessional country, in which, already in the era of Kyivan Rus' (10th–13th centuries), powerful religious traditions such as pagan beliefs, Christianity, Judaism, and Islam coexisted. Today more than a hundred faith communities are represented in Ukraine, embracing 35,453 religious organizations, 93 religious centers, and 301 religious administrations.[2] Christianity remains the predominant religion, and it is closely linked to national identity and the process of Ukrainian state formation. It is represented primarily by Orthodox churches of several different jurisdictions. The main churches are three: the Ukrainian Orthodox Church of the Moscow Patriarchate (UOC-MP), the Orthodox Church of Ukraine (OCU), and the Ukrainian Orthodox Church of the Kyiv Patriarchate (UOC-KP).

Overall, Orthodox, Catholic, and Protestant religious organizations constitute about 97% of the whole religious landscape. Orthodoxy forms the largest group, with its different branches making up about 55% of Christians. Protestantism is in second place at around 30% and Catholicism is third with approximately 15%. There are a total of 19,860 Orthodox, 10,774 Protestant, and 5,280 Catholic communities. The largest Catholic community in Ukraine, and the second largest religious community overall, is the Ukrainian Greek Catholic Church (UGCC), which numbered around 8.8% of the population in 2021.[3] UGCC followers are located primarily in the Western regions of Ukraine. Religious communities formed by indigenous people, primarily the Crimean Tatars, and national minorities, including Jews, Poles, Hungarians, Romanians, and Volga Tatars, are also traditionally strong in Ukraine.

The level of religiosity among Ukrainians has an expressively regional character. Already back in Soviet times, citizens in the Western regions of the Ukrainian Soviet Socialist Republic showed among the highest levels of religiosity in the USSR

with 86% (consisting of 55% believers and 31% hesitant), while in the Southern regions, in particular in Odessa region, it was 62% (with only 9% believers and 53% hesitant).[4] According to sociological data of the Razumkov Center, a Kyiv-based think tank, in 2018 these regional specificities still played an important role, with up to 91% of residents of Western regions and up to 59% of residents of Southern regions considering themselves believers. The Western part of the country also has the highest number of religious organizations, comprising about 42% of the country's entire religious network, while the Northern-Central regions follow with 34%, and the South Eastern macro-region comes third with about 25%. As shown by religious network monitoring data of the Department for Religious Affairs of the Ministry of Culture of Ukraine, this situation has not changed over the past twenty years.[5]

Thanks to this religious pluralism, the high level of competitiveness between religious organizations, the Ukrainian state's lack of formal support for any of the larger churches, a system of religious "denominationalism" has been established in Ukraine. This means that a strongly pluralist system exists in which all religions have equal rights and compete with one another. This situation stands out by its liberal nature and the scale of its religious pluralism and is very similar to the model that has developed in the US.[6]

3. The Ukrainian pendulum: between a repressed and a client church

Typologically, while Ukraine has been, following the terminology of Magyar and Madlovics, a patronal democracy since gaining independence, various types of churches have co-existed within the country and shown dynamic pendulum movements between the above-described ideal types. The main lever of these changes has been the President of Ukraine and his public and power policy positions toward the various churches.

3.1. Between an independent and a client church under Kravchuk, Kuchma, and Yushchenko (1991–2009)

The first president of Ukraine, Leonid Kravchuk (1991–1994), advocated the idea of a national church separate from the Moscow church. At the same time, he put pressure on the UOC, refusing to recognize the decision of the Kharkiv Bishops' Council of May 27–28, 1992 at which the hierarchs of the UOC dismissed Metropolitan Filaret (Denysenko) and elected a new primate, Metropolitan Volodymyr (Sabodan) in his place. Kravchuk, who had served as head of the ideological department of the Central Committee of the Communist Party of Ukraine before

the collapse of the USSR, claimed that the reason why he refused to recognize the decision of the council was its "inconsistency with church canons":

> I said that if all the canons of the church are not observed, if everything is not done in accordance with the statutes, I will not be able, as the President of Ukraine, to communicate with the Primate of the Ukrainian Orthodox Church of the Moscow Patriarchate.[7]

In fact, Kravchuk supported the creation of a church independent from Moscow, namely, the Ukrainian Orthodox Church of the Kyiv Patriarchate (UOC-KP) headed by Metropolitan Filaret (Denysenko).[8] This meant supporting the schism of Ukrainian Orthodoxy, which still remains an integral part of Ukrainian church life. At the same time, although the UOC-MP experienced pressure from the authorities, it was not so intense that it could be attributed the status of a *repressed church*. The Ukrainian Orthodox Church of the Kyiv Patriarchate during this period was closest to the status of an *independent church.*

During the rule of the next president, Leonid Kuchma (1994–2005), the status of the UOC-KP remained rather unchanged, while the status of the UOC-MP began to fluctuate between an *independent church* and a *client church*. The emergence of patron-client relations between the church and the state has been largely due to the strengthening of the position of the state in state-confessional relations against the backdrop of an intense inter-confessional (mainly inter-Orthodox) conflict. On the initiative and under the patronage of Kuchma, the All-Ukrainian Council of Churches and Religious Organizations (AUCCRO) was created in December 1996 as a representative interfaith consultative and advisory body.[9] At the same time, Kuchma tried to maintain at least a semblance of balance between the UOC-MP and the UOC-KP—for example, he transferred the Kyiv-Pechersk Lavra to the ownership of the UOC-MP, and the restored St. Michael's Cathedral in the center of Kyiv to the UOC-KP. In addition, he repeatedly stated that a single National Church was his cherished dream, while also considering this an important step towards liberation from Russian influence and the strengthening of Ukrainian sovereignty.[10]

Under the rule of the third president of Ukraine, Viktor Yushchenko (2005-2009), pressure on the UOC intensified once again, and its status shifted towards a *client church* as it became increasingly dependent on certain groups of elites, in this case, politicians from South-Eastern Ukraine, represented by the Party of Regions. The president himself, contrary to the "regionals," held the opinion that autocephaly was necessary for the Ukrainian church, and he even made attempts to obtain this autocephaly from Patriarch Bartholomew.[11] However, due to the intransigent position of the Patriarch Filaret (Denysenko) who saw only himself in the position of the patriarch of the future autocephalous church, it was not possible

to reach an agreement with Bartholomew. In addition, the president's brother, Petro Yushchenko, who founded the All-Ukrainian Association "For Autocephalous (Local) Ukraine," actively interfered in the process.[12] At the same time, it is worth recognizing that the intransigence of the Patriarch Filaret in matters of internal church power made it possible during this period to maintain the status of the UOC-KP close to that of an *independent church*—although the UOC-KP itself and Filaret were not opposed to changing this status to that of a *client church*, but only on their own terms.

3.2. Between a client and a repressed church under Yanukovych, Poroshenko, and Zelensky (2010–2022)

The final transition of the UOC-MP to the status of a *client church* took place under Viktor Yanukovych (2010–2013). By this time, a specific religious culture had finally formed in Ukraine, in which, according to Viktor Yelensky, semi-feudal practices were clearly visible, with a "suzerain" (local deputy and/or businessman) controlling an area and manipulating a dependent clergy.[13] During the reign of Yanukovych, pro-Russian businessmen from the presidential Party of Regions became the main patrons of the UOC-MP: first, Viktor Nusenkis, a native of the Donetsk region, and then the Russian citizen Vadym Novinsky.

Viktor Nusenkis has long been considered the main sponsor of the UOC-MP, donating 1 million hryvnias (around USD 120,000 at that time) every month to the church, in addition to founding fifty Orthodox communities at his own enterprises and building all the main churches of the Donetsk diocese of the UOC-MP.[14] Together with Gennady Vasiliev, the former General Prosecutor of Ukraine and vice-speaker of the Ukrainian parliament, he developed "Orthodox television," consisting primarily of the Ukrainian channels *Kyiv Rus*, *Glas* and the Russian children's television studio *TON* (Television Island of Hope). These channels were united by the idea of restoring the unity of Russia, Ukraine, and Belarus in a single Orthodox state.[15] Providing significant financial support to the UOC, Nusenkis sought to influence internal church politics, being an ardent opponent of UOC independence. For example, during the UOC Council of July 8, 2011, at which Nusenkis was a delegate from the Donetsk diocese, he actively opposed decisions that could lead to the autocephaly of the UOC. When the head of the UOC, Metropolitan of Kyiv Volodymyr (Sabodan) tried to limit Nusenkis's influence on the decisions of the Council, Nusenkis took actions aimed at limiting the power of Metropolitan Volodymyr instead, after which the Council stopped funding the construction of the Cathedral of the UOC as well as halting the Metropolitan's personal medical treatment. In addition, it was Nusenkis who was credited with attempting a "coup" at this Council, which consisted in the removal of Metropolitan Volodymyr and his replacement by Bishop Hilarion of Donetsk and Mariupol.[16]

In the 2010s, Nusenkis was replaced as the main patron-sponsor of the UOC by a native of Vladimir Putin's "Petersburg team," a citizen of the Russian Federation, Vadym Novinsky. In 2012, by decree of President Yanukovych, Novinsky received Ukrainian citizenship "for his outstanding services to Ukraine"; in 2013, he was re-elected to the Ukrainian parliament. It was Novinsky who was credited with having a decisive influence on the internal politics of the UOC during the reign of Yanukovych—from trying to remove Metropolitan Volodymyr from the administration of the UOC and lobbying for the rank of metropolitan to Archbishop Anthony (Pakanych), and later his nomination to the post of head of the UOC, to organizing the decisions of the Synod of Bishops to introduce changes to the Charter of the UOC, aimed at reducing its self-governing rights and increasing its dependence on the capital's patriarchy.[17] Even after the events of the Euromaidan and the subsequent overthrow of the Yanukovych regime, Vadym Novinsky retained his influence on the internal politics of the UOC.

Novinsky's influence remained even after the start of Russia's military invasion of Ukraine. During the Local Council of the UOC on May 27, 2022, Novinsky achieved a softening of the wording regarding Patriarch Kirill of Moscow: Metropolitan Onufriy of Kyiv suggested expressing "distrust" in the Moscow Patriarch, but under pressure from Novinsky, the wording was changed to "disagreement." Moreover, during a public dispute with the primate, the main sponsor of the UOC allowed himself to raise his voice to the head of his church (Novinsky is a deacon of the UOC-MP).[18] In addition to Nusenkis and Novinsky, President Yanukovych himself supported the UOC-MP: he built the Church of the Great Martyr George the Victorious in his native Yenakiievo (Donetsk region), organized the delivery to Ukraine of the relics of George the Victorious from the Xenophon Monastery on Athos, and contributed to the Holy Dormition Sviatohirsk Monastery obtaining the status of a Lavra—the highest monastery status in Ukrainian Orthodoxy.[19]

With the strengthening of the pro-Moscow party in power and the maximum favored nation treatment afforded the UOC-MP, the status of the UOC-KP began to shift more and more from an *independent church* to that of a *repressed church* during this period. What it still retained to some extent was its regional character, as well as its concentration of parishes in Western Ukraine, which even during the reign of Viktor Yanukovych maintained a pro-Ukrainian and anti-Russian character.

After the Euromaidan revolution, the status of the UOC-MP under President Petro Poroshenko (2014-2019) transformed from that of a *client church*, first supported by Poroshenko (who was ordained a deacon of the UOC-MP in 2009), to that of a *repressed church*. During the first two years of his presidency, Poroshenko maintained normal relations with the UOC-MP. This changed in 2016, however, after the Verkhovna Rada appealed to Patriarch Bartholomew of Constantinople

with a request to grant autocephaly to the Ukrainian Church (primarily the UOC-KP). In response, the UOC-MP organized a large-scale all-Ukrainian action called the Procession for Peace, Love and Prayer for Ukraine, which Ukrainian officials regarded as an action of the Russian special services aimed at destabilizing the situation in Kyiv. It was then that Poroshenko first spoke out with harsh criticism of the UOC-MP, accusing it of failing to support Ukraine in the confrontation with Russia.[20]

From this moment onward, and especially after 2018 when the Orthodox Church of Ukraine (OCU), which arose on the basis of the UOC-KP and the Ukrainian Autocephalous Orthodox Church (UAOC), received autocephaly, the UOC-MP began to be increasingly marginalized in the power discourse and came to be regarded as a "fifth column," a "branch of FSB," and so on. This marginalization and stigmatization of the UOC-MP was also achieved through the securitization and instrumentalization of Orthodoxy in Ukraine carried out by Poroshenko. This was included in his election program,[21] which earned among his opponents the derisive name ARMOVIR (Army–Language–Faith). At the same time, the newly formed Orthodox Church of Ukraine acquired the status of an *independent church*.

Under the current President of Ukraine, Volodymyr Zelensky, the UOC-MP almost passed into the status of a *repressed church*, as we will show below. At the same time, it is difficult to say what further fate awaits the UOC-MP and which of the trends we have described will prevail.

As we can see, within a relatively short period of time, the Ukrainian Orthodox Church (in canonical unity with the Moscow Patriarchate) has, to one degree or another, exhibited all three ideal type statuses: starting as an *independent church*, transforming over time into an increasingly *client church*, and eventually gradually becoming a *repressed church*. This also means that, while the conceptual framework of Magyar and Madlovics tied each of these church types to a particular type of state regime, in Ukraine these church types have replaced one another even as the regime has remained formally unchanged.

Formally, during the entire period of existence of an independent Ukrainian state, declaring its secular nature, the UOC-MP was an *independent church*. To some extent, this can be considered true, since Ukraine is characterized by a high degree of religious pluralism, due to the presence of several influential Christian churches, each of which creates a counterbalance to other large churches. In the case of Ukraine, these competing churches were the UOC-MP, the UOC-KP (after 2018, the Orthodox Church of Ukraine), and the Ukrainian Greek Catholic Church. However, at the same time, one can see that the real status of the UOC-MP changed from president to president, each of whom brought his own individual understanding of the role and place of religion in state building.

4. Case studies of three Ukrainian churches

4.1. The case of the Ukrainian Greek Catholic Church: the experience of the catacomb church during the Soviet period of time until regional dominance and its claim to be an all-Ukrainian church in the future

The Ukrainian Greek Catholic Church (UGCC) is the third largest church in Ukraine, following the OCU and the UOC-MP, with approximately 5.5 million adherents across roughly 3400 communities. The UGCC is both the largest Catholic community in Ukraine as well as the largest Eastern Catholic Church, existing in a peculiar position between the Roman Catholic and Eastern Orthodox churches.

The UGCC experienced a long underground period *as a repressed church* (1946-1989), when, due to the decision of the Soviet authorities, it was unable to act openly.[22] However, this did not destroy the church but helped it endure and build its own history of modern martyrdom and preserve the pro-Ukrainian national identity that was distinctive for Galicia even in Soviet times. With Ukraine gaining independence, the UGCC immediately changed its status to an *independent church*, as it began to act openly and engage in its own revival and legitimization. Conflicts of a multidimensional nature which flared up in different forms in the 1990s have persisted until today. Besides the historic, national, and religious context which has already been mentioned, the socio-political and economic situation was of great significance. For example, the legalization of the UGCC was a threat to the already influential ROC, one-fifth of whose parishes were located precisely in Western Ukraine.[23]

Already after the Maidan protests of 2013-2014 in Kyiv, the UGCC had acquired a new scale of information publicity, going beyond the framework of churches in the western regions of Ukraine only.[24] Then, against the background of the comparison with the UOC-KP, and later the OCU, the two churches existed in parallel in the public space, both of which remaining within the framework of the Eastern rite and positioning themselves as pro-Ukrainian. The UGCC, however, retains the image of the world close to the Vatican, both through direct submission to the Pope and through a network of support and donations. A vivid example of this is the renewal of the Ukrainian Catholic University in Lviv in 2002 (formally established in 1928). This secular institution, which maintains many compulsory religious subjects for all students, is a reflection of the financial support network of the UGCC, which relies primarily on the Ukrainian diaspora, with Canada and the US as the largest partners, and on Catholic foundations, such Caritas, Renovabis, and others. It is this nature of these connections that prevents the church from acquiring an all-Ukrainian character– something it has been striving for since 2013–and which hinders it from changing either the scale of its activities or the nature of its partners.

The UGCC continues to preserve the model of an *independent church*, as it is not perceived as a significant source of influence on the electorate in various regions of Ukraine. This model has been maintained except in isolated cases involving religious or resource conflicts, such as the return of temples or the building of new ones. One of the examples was in 2009, when a small number of UGCC bishops declared the founding of a new church, the Ukrainian Orthodox Greek Catholic Church (UOGCC), in response to the perceived heresy and apostasy of the UGCC. Though still recognizing the Papacy as the highest authority, the UOGCC sought to disassociate itself from "the contemporary heresies which destroy both the Eastern and Western churches."[25] It also posits that the current Pope is not a valid Pope due to his support of heresy, and thus the Papacy is actually vacant.[26] The Vatican does not recognize the UOGCC, nor does the Ukrainian government, and it could be classified as a *repressed church*.

The UOGCC, in stark contrast to the UGCC, is anti-European Union, anti-Ukrainian nationalist, pro-Yanukovych, pro-Russian, and ardently against homosexuality. It is unclear how many followers the UOGCC has attracted since its founding. Notably, in 2014, UGCC Archbishop of Lviv Ihor Vozniak claimed the UOGCC was funded by Russia to create disorder within the Ukrainian Greek Catholic Church community. This mirrors a reportedly commonly-held belief throughout Western Ukraine.[27]

4.2. The case of the Ukrainian Orthodox Church of the Kyiv Patriarchate and later the Orthodox Church of Ukraine: from an unrecognized church to a quasi-state church claiming to be the country's primary national church

The Ukrainian Orthodox Church of the Kyiv Patriarchate was one of the various orthodox jurisdictions that existed in Ukraine after its independence. It was formed in 1992 when, in the wake of the dissolution of the Soviet Union, a group of Ukrainian Orthodox leaders requested autocephaly from the Russian Orthodox Church. When this request was denied, the UOC-KP refused to remain under the authority of the Moscow Patriarchate and continued operations as an independent church, unrecognized by any other autocephalous church. Still, it represented to some extent a *client* or a *repressed church* during the tenure of various Presidents of Ukraine, as mentioned in the UOC-MP section of this article.

The UOC-KP has historically taken a clear and active position in favor of Ukrainian independence and against Russian aggression. In those periods when the church fluctuated between the status of a *client church* and an *independent church*, it had a chance to receive autocephaly and recognition from the Ecumenical Patriarchate (such as during the reign of Yushchenko), but these attempts were never brought to fruition due to the personal position of Patriarch Filaret, among a number of other political reasons.

The situation changed radically after the former UOC-MP supporter and new president Petro Poroshenko decided to take up the cause of Ukrainian Orthodoxy and initiated a new wave of negotiations with Istanbul regarding autocephaly. This led to the emergence of a completely new church, which, however, did not unite with either the UOC-MP or the entirety of the UOC-KP. The Orthodox Church of Ukraine (OCU) was born from the unification of different pro-independence Orthodox jurisdictions in Ukraine in 2018, including the Ukrainian Autocephalous Orthodox Church, the main part of the UOC-KP, and parts of the official UOC that chose to break away from the Moscow Patriarchate. The OCU is the entity officially recognized as autocephalous by the Ecumenical Patriarchate of Constantinople. However, the UOC-KP quickly re-split from the new Orthodox Church of Ukraine after the leader of the former UOC-KP, Patriarch Filaret, could not find sufficient common ground with the leader of the newly established Orthodox Church of Ukraine, Metropolitan Epiphany, over a number of governance issues in the new church.[28]

Along with the attempt to unite the Orthodox churches, various parishes, bishops, and priests as well as the main church sponsors moved to the OCU. Thus, the main benefactor of the UOC-KP, the owner of the First Private Brewery, Andrii Matsola,[29] began to support Metropolitan Epiphany. A characteristic feature of the new church was its tendency towards public over ecclesiastical activity, which was also reflected in the activity of the parliamentary group "For Spirituality, Morality and Health of Ukraine,"[30] which formally associated itself first with the UOC-KP, and then with the OCU as a "pro-Ukrainian church." It also lobbied for issues of a different nature, such as the language question, anti-LGBT projects (the protection of so-called family values), and patriotic education.

In our opinion, when speaking about the OCU, it is more appropriate to talk about the phenomenon of "civil religion," than about religious identity. On this matter we can agree with Rev. Cyril Hovorun, who states that in order to understand social and political processes in contemporary states which associate themselves with the Eastern Christian tradition (in particular Ukraine), the concept of "civil religion" is a useful hermeneutic key. In his view, we can observe the collision of two types of civil religion in Ukraine: (1) the Russian imperial one, which is propagated as the "Russian world" (represented partly by the UCO (MP)), and (2) a Balkan-style nationalistic one, in which a set of beliefs, symbols, and rituals constitute a quasi-religion of the nation (represented by the UOC-KP and later the OCU).[31] A good illustration of this "quasi-religion of the nation" is the meme "atheist of the Kyiv Patriarchate," which spread widely among the intelligentsia which positions itself as patriotic and was coined by President Petro Poroshenko's advisor Yuriy Biryukov.[32]

At the same time, there is no need to talk about any transformation of the identity of OCU followers since the start of the Russian invasion as their identity had a more pronounced national character from the very beginning. Moreover, one could say that the OCU could become a special civil-religious center of attraction for those pro-Ukrainian citizens who are not active in their beliefs and affiliations and thus maintain the status of an *independent church* for now. At the same time, it could become deconstructive for the OCU as a religious institution, as the "Church of Christ" aimed at confessional affiliation and the satisfaction of spiritual needs.

4.3. The case of the Ukrainian Orthodox Church (Moscow Patriarchate): from quasi-state church status to a persecuted church after Euromaidan and the invasion

Following the Euromaidan revolution, the UOC-MP has found itself in perhaps the most serious crisis of its entire existence. Since 2014 the UOC-MP has been viewed by some Ukrainians as an agent of influence of the Russian Orthodox Church and of Russian influence more broadly. This internal crisis has been further exacerbated by pressure from the independent Orthodox Church of Ukraine (OCU) from the outside, with OCU leader Metropolitan Epiphany actively urging UOC-MP priests to move to the OCU. Cases of the forcible transfer of parishes have become more frequent, primarily in the western regions of Ukraine, sometimes accompanied by the abduction of UOC-MP priests. Judging by the decision of the National Security and Defense Council of December 1, 2022, supported by President Volodymyr Zelensky, the state has also decided to join this pressure.[33]

The Russian full-scale invasion forced the UOC-MP hierarchy and believers to choose: are they part of the Russian Orthodox Church (in the canonical sense) or are they a Ukrainian and pro-Ukrainian church on an independent basis? As such, the head of the UOC-MP, Metropolitan Onufriy, was forced to take a clear position on the war and made an early appeal to believers in which he acknowledged Russian aggression and called for unity in order to protect the sovereignty and integrity of Ukraine.

During the first hours of the Russian full-scale invasion of Ukraine on February 24, Metropolitan Onufriy made an open statement to Vladimir Putin asking him to "immediately stop the fratricidal war."[34] On February 28, the Holy Synod of the UOC-MP asked the Patriarch of Moscow and All Russia Kirill to call on the leadership of the Russian Federation for an immediate cessation of hostilities. In response, the head of the Russian Orthodox Church on March 6, in his sermon in honor of the beginning of Great Lent, actually justified the Russian invasion, stating that

> for eight years there have been attempts to destroy what exists in the Donbass ... rejection, fundamental rejection of the so-called values that are offered today by those who claim world power. Today there is such a test for the loyalty of this government ... this is a gay parade.[35]

Just a week later, on March 13, Patriarch Kirill gifted the icon of the Theotokos to the Rosguard, the Russian National Guard, to help them win the war against Ukraine. Both the Patriarch and the Rosguard leader Viktor Zolotov "pinned their hopes on a 'quick' victory over the Ukrainians in an image of the Virgin Mary, which the Patriarch presented to Zolotov during the service."[36]

At the beginning of the invasion, however, Metropolitan Onufriy was not ready for a direct conflict with the Russian Orthodox Church and its leader Patriarch Kirill. This led to a serious crisis within the UOC-MP, with clergy reacting in three different ways: (1) withdrawal from the UOC-MP and transition to the OCU, (2) maintaining a pro-Moscow position, up to direct support for Russia, and (3) refusal to commemorate Patriarch Kirill and calls for the leadership of the UOC-MP to break the canonical connection with the ROC.

Some UOC-MP priests, shocked by the hardline and pro-invasion position of the Russian Orthodox Church and the deaths of some clergymen at the hands of the Russian military, seem inclined to join the independent Orthodox Church of Ukraine. For example, Anatoly Slynko, a priest from the village of Zazimye, Kyiv region, who moved with his community to the OCU in July 2022, said:

> the Russian-Ukrainian war forced me to reevaluate much of what the Russian Orthodox Church had been offering for the last 30 years .... The main thing for me was to get out of the Moscow Patriarchate, from which the UOC-MP clearly remains dependent even to this day .... I switched to the OCU, because I no longer saw myself in the Church which is connected to the church-murderer.[37]

According to another priest, rector of the Holy Resurrection New Athos Monastery in Lviv, Fr. Job (Olshansky), who transferred with his community to the OCU in March 2022: "our delay makes us Russian collaborators. I want you and me to be just Orthodox Christians who praise God, love their state and pray for it ... to pray for the Ukrainian army, for the Ukrainian state and Ukrainian authorities."[38]

The main reason for the transition to the OCU among this group has been their unwillingness to associate themselves with the Russian Orthodox Church, with the "murderer church," and thus become "collaborators of Russia," that is, civic identity has begun to prevail. At the same time, unlike the communities that transferred before the start of the war, especially in the western region, where religious identity was largely determined by regional and ethnic characteristics, there has been a different understanding of the relationship between religious and national identity since the start of the war.

The second group, which includes some of the high-ranking priests in the UOC-MP, primarily those based in Kyiv, retains a pro-Moscow orientation, but has not declared this publicly. This group also includes those priests of the UOC-MP convicted of collaborationism. The behavior of these priests caused a negative reaction not only from the patriotic segment of Ukrainian society, but also within the UOC-MP itself. On their Facebook page "The voice of the clergy of the Ukrainian Orthodox Church," a group of priests of the UOC-MP published an "Appeal of the clergy of the UOC-MP regarding the manifestations of collaborationism among the clergy in the temporarily occupied territories." This included, among other things, the following:

> Recently, we have all witnessed the disgraceful behavior of certain clergymen of the UOC-MP, both priests and bishops, who, under the conditions of the temporary occupation, showed their true inner self, eagerly siding with the invader and serving his imperial ambitions... we categorically condemn those persons in the sacred rank who by their words and actions **betrayed the faith, the Church, and the people of Ukraine."**[39] (emphasis ours)

Due to cases of cooperation on the part of individual priests of the UOC-MP with the occupying forces, an increasingly negative attitude towards the UOC-MP has been observed on the part of the Ukrainian military, which today has absolute authority in the eyes of society. As noted by another priest who is critical of the wait-and-see position of the church leadership, father Seraphim (Pankratov) from the Sumy diocese:

> In the military administration of Akhtyrka they told me: "We are now watching you and waiting for your reaction to what is happening, but we will not wait for a long time. You don't know the mood among the military towards the UOC. We are now at war, but then, after the war, we will take you out of the temples if you still don't decide which side you are on–Kirill, who blesses this war, or your own people."[40]

While there is an emerging conflict between the military authorities and the UOC-MP, there have been cases of a ban on the activities of the UOC-MP in certain cities, something which is contrary to both the Constitution of Ukraine and religious legislation. However, the initiators of such bans refer precisely to the "legal regime of martial law."[41] The mayor of Konotop (Sumy region) Artem Seminikhin, who banned the activities of the UOC-MP in the territory of his city, generally referred to the head of the military-civilian administration, Dmitry Zhyvitsky, who told the mayor that he considered the Moscow Patriarchate an enemy of Ukraine, and the enemy should be called an enemy.[42]

This confrontation between the security bloc (primarily the National Security and Defense Council and the Security Service of Ukraine) and the UOC-MP was finally resolved in late November 2022, when many UOC-MP parishes were subjected to searches by the SSU. In December 2022, the President of Ukraine took a number of steps aimed at limiting the activities of the Ukrainian Orthodox Church (in canonical unity with the Russian Orthodox Church). By his Decree № 820/2022 of December 1, 2022, the president activated the decision of the National Security and Defense Council of Ukraine dated December 1, 2022, in which it was proposed to "submit to the Verkhovna Rada of Ukraine within a two-month period a draft law on making it impossible for religious organizations affiliated with centers of influence in the Russian Federation to operate in Ukraine."[43]

Moreover, the State Service for Ethnopolitics and Freedom of Conscience was instructed to "conduct a religious examination of the Statute on the Administration of the UOC-MP for the presence of a church-canonical connection with the Moscow Patriarchate and, if necessary, to take the measures provided for by law."[44]

In addition, personal sanctions were imposed against a number of representatives of the UOC, in particular, against the manager of UOC affairs, Metropolitan Antony (Pakanych) and the vicar of the Kyiv-Pechersk Lavra, Pavel (Lebed), and against the main sponsor of the UOC-MP, Vadym Novinsky. In April 2023, Ukraine's security service said it had seized more than UAH 3,5 billion (ca. USD 96 million) worth of Novinsky's assets, who had also been exiled by that time.[45] According to Ukrainian media on December 28, Zelensky also suspended the citizenship of 13 priests of the UOC-MP by decree.[46] At present it is difficult to say how such a stricter policy toward the UOC-MP will end.

The third group, which comprises a significant number of priests, is not ready to move to the independent Orthodox Church of Ukraine but also does not want to remain part of the Russian Orthodox Church. This last group includes those who have advocated for the convening of the Holy Council of Bishops of the UOC-MP to withdraw from their canonical subordination to the Russian Orthodox Church.

According to the Deputy Chairman of the Foreign Relations Department of the UOC-MP, Fr. Nikolai Danylevych, who voiced the official position of the church:

> The statements and actions by Patriarch Kirill, and his assessment of the Russian-Ukrainian war, and both the attack on Ukraine and the open invasion of Ukraine are, to put it mildly, strange, or rather, absolutely inadequate. And his statements have aroused fierce opposition, misunderstanding, rejection, and resistance. Many priests and even bishops have stopped commemorating Patriarch Kirill.[47]

As historian Andrii Fert observes, in one of the strongholds of pro-Moscow sentiment in the UOC-MP, the Kyiv-Pechersk Lavra, they had already partially ceased to commemorate[48] Patriarch Kirill just three days after the start of the Russian invasion. On March 1, the clergy of the Sumy diocese, supported by their bishop, Metropolitan Evlogii, refused to commemorate Kirill. In just a few days, the number of dioceses that refused to commemorate Patriarch Kirill exceeded 15 (out of more than 50 dioceses of the UOC-MP). Even in those dioceses where there were neither collective appeals nor corresponding decisions of local bishops, some priests also stopped commemorating the Patriarch individually.[49] In many ways, this behavior is explained by the position of the parishioners of the UOC-MP. As a sociological survey conducted on March 8-9, 2022 by the Rating group revealed, 52% of the parishioners of the UOC-MP supported "the idea of breaking ties with the Russian Orthodox Church," while only 13% refused.[50] As clergy of the Sumy diocese announced:

> Guided by the dictates of our pastoral conscience, we have decided to stop commemorating the Moscow Patriarch at liturgies. This decision was also dictated by the demands of our flock, which, alas, no longer wants to hear the name of Patriarch Kirill in our churches.[51]

Among the members of this group was the priest Andrii Pinchuk from the Dnipropetrovsk region, who sent an open letter to the court of the Pentarchy, comprising the five heads of the oldest Orthodox Churches, with a request to condemn Patriarch Kirill (to whom the UOC-MP is formally subordinate) for propagandizing the "Russian World" doctrine for years–a doctrine which constitutes the ideological basis for Russia's full-scale war against Ukraine. His appeal collected more than 400 signatures of UOC-MP priests from all over Ukraine.[52]

In mid-May 2022, the Holy Synod of the UOC-MP decided to hold a meeting of bishops, clergy, monks, and laity on May 27 to discuss the challenges faced by the UOC-MP. At the meeting, the head of the UOC-MP, Metropolitan Onufriy (Berezovsky), referring to the reaction of believers, proposed to consider the issue of autocephaly of the UOC-MP. Due to the fact that only the Council of the Ukrainian Orthodox Church can make a decision on changing the church's status, on the same day, Metropolitan Onufriy initiated and successively held a meeting of the Holy Synod, the Council of Bishops, and the Council of the UOC-MP with the participation of laity, monastics, and clergy. As a result, 95% of the participants of the Council of the UOC-MP voted in favor of changing the status of the church.[53]

In its final document, the Council of the UOC-MP condemned the war in the very first paragraphs, and appealed to the authorities of Ukraine and Russia with a call to continue searching for ways to stop the bloodshed. It also expressed disagreement

with the position taken by Patriarch Kirill of Moscow regarding the war in Ukraine and approved additions and amendments to the Statute on the management of the UOC-MP "which testify to the full independence and autonomy of the Ukrainian Orthodox Church."[54]

Given this self-understanding of "autocephaly," the decision of the Council does not lead to confusion. As the head of the Synod Information and Education Department of the UOC-MP, Metropolitan Klyment of Nizhyn (Vecherya) explained, "autocephaly is not proclaimed, autocephaly is received. If we had declared autocephaly yesterday, it would have resulted in a split and a global crisis in Ukrainian Orthodoxy."[55]

Despite the enormous pressure exerted by Ukrainian society, the parishioners of the UOC-MP, and the Ukrainian authorities, the leadership of the UOC-MP was still not ready to violate the canonical rules (as it understands them) in favor of a patriotic pro-state position. Moreover, as one high-ranking priest of the UOC-MP noted, the motives behind Metropolitan Onufriy's actions, as the driving force behind summoning the Council of the UOC-MP and effecting an administrative separation from the ROC, were not socio-political in nature, but rather religious:

> For the Primate, the main thing was not that Russia attacked Ukraine. The Church thinks in centuries. Borders may change, but Orthodoxy remains. The main thing was that Vladyka [Onufriy – authors] decided that Kirill had deviated from Christian values.[56]

Such a position adopted by the hierarchy of the UOC could be perceived as a desire to preserve the purity of faith from the influence of politics, but could also reflect the servile character of the church in relation to its "patrons."

5. Conclusions

The transformations taking place in the Ukrainian churches under the conditions of the war with Russia are comprehensive and multi-layered. The rapid development of humanitarian activities, the loss of communities in the occupied territories, the destruction of religious buildings, and, ultimately, the transformation of identity and the deepening of misunderstandings with Russian ministers and believers—all this has become the everyday reality of Ukrainian churches. At the same time, in recent years, and especially now, there has been an active political instrumentalization of religion in Ukrainian society, primarily due to its connection with identity. Moreover, Ukrainian churches have become dependent not only on political influence, but also on personal or corporate economic support and sponsors ("patrons").

The Ukrainian case is indicative in that sometimes neither a formal change of presidents nor unchanging basic laws in the area of religious freedom guarantee a stable status for a certain church. Rather, this status can change due to the influence of informal socio-economic factors, individual personalities (oligarchs, businessmen and their interests), and critical socio-political events. The demand for the unity of Ukrainian Orthodoxy as an independent ecclesiastical structure against the background of Ukraine's multi-religiosity remains unchanged, but not very realistic from the point of view of practical implementation due to various political and economic fluctuations. It is likely that Russia's military intervention, which has led to a more intolerant attitude on the part of the state towards any disloyal (or perceived to be associated with Russia) institutions, has combined with the return of state bodies responsible for the formation and implementation of state-confessional policy by specialists who worked in similar structures in Soviet times—in the apparatus of the Council for Religious Affairs under the Council of Ministers of the Ukrainian SSR.[57] Accordingly, it can be assumed that certain repressive practices of the Soviet era in a certain modified form have been requested in the current political situation.

All these features have led to the fact that Ukrainian churches, and first of all the UOC-MP, are in an uncertain state regarding their relations with the political authorities. For example, during the short period of independence, the status of the Ukrainian Orthodox Church (Moscow Patriarchate) changed from an independent church into a client church, and later, almost transformed into a repressed church. Such instability of the status of the church, the need for accountability before the law of some ministers, dependence on specific personalities—whether in the form of the president or a special department—reflects the patronal character of the Ukrainian state and, in our opinion, can destabilize the religious landscape of Ukraine, especially during and after the war.

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Transforming Patronal Democracy Bottom-Up: Two Logics of Local Governance in Ukraine

Oleksandra Keudel

1. Introduction

The political regime trajectory in Ukraine has been traditionally studied top-down, focusing on the interaction between the main business-political "pyramids."[1] In line with patronal logic, the argument has been that local sub-patrons use the same principles of eliciting client loyalty as their national patron(s) do.[2] Post-communist multi-level governance structures, largely centralized, have further supported the isomorphism of local and national governance. In Ukraine, the development of patronal democracy has allowed for the relative autonomy of elites in large cities from the national patronal structures.[3] Even before the 2015 decentralization reform, which broadened local government competencies, the political and fiscal autonomy of regional centers enabled local patterns of elite coordination.[4]

The **basic assumption of this chapter** is that the nature of politics—either patronal or not—is driven by the social logic of individuals' coordination around organizing access to political and economic resources.[5] Social logics reflect routinized practices and normative principles behind individuals' interaction.[6] Thus, patronal politics has a specific social logic, according to which "power struggles revolve around extended networks connecting people through actual personal acquaintance."[7] At the same time, I will argue in this chapter that an alternative social logic may emerge even in deeply patronalistic societies, and not necessarily as a result of external shocks. While the full-scale Russian invasion of Ukraine has strengthened the anti-patronal push at the national level,[8] alternative non-patronal elite coordination started developing organically at the local level in Ukraine before this shock. This development is in line with more deep-rooted shifts in the social contract in Ukraine.[9] A non-patronal social logic, which originates bottom-up, is a likely source of a systemic and sustainable anti-patronal transformation in complement with top-down anti-oligarchic measures.

The **central argument of this chapter** is that non-patronal transformation comes from substituting—rather than directly confronting—the patronal logic of elite interaction with a non-patronal alternative. I will show that such an alternative logic, which I call collaborative, bears some resemblance to the patronal one: actors fuse the economic and political spheres of social action, while their interaction

contains a high degree of informality and occurs through networks of personal acquaintance. What differentiates collaborative from patronal coordination is the societally oriented and impersonal motivation of actors. While both logics can co-exist, collaborative social logic results in concrete anti-corruption policies that reduce rent-seeking opportunities and, thus, undermine the benefits of patronal coordination over time. These findings suggest the possibility of a bottom-up anti-patronal transformation—i.e., coming from the same types of actors (business and public officials) as the ones usually associated with patronal politics. I will use the case of Lviv to provide evidence for this argument.

The institutional framework for local governance in Ukraine features structural prerequisites for both patronal and non-patronal elite coordination. On the one hand, the local institutional set-up resembles "presidential rule, with concomitant perils of personalization of politics and a winner-take-all mentality."[10] Mayors are simultaneously the highest officials in the municipality, the heads of the local council, and the heads of the system of executive bodies. Jointly, they regulate business activity, provide administrative and social services, and manage municipal land, enterprises, and real estate assets.[11] Unlike mayors, councilors do not receive remuneration for their work; this makes a combination of political office with activity in other spheres of social action unavoidable. On the other hand, both mayors and councilors are subject to electoral accountability every five years in addition to daily social accountability—as residents can directly judge the outcomes of their governance. Transparency and citizen participation mechanisms, which have been developing in response to public demand for anti-corruption since the Revolution of Dignity,[12] have created channels for new actors (activists, experts, businesses) to directly and openly engage with local authorities.[13]

Methodologically, this chapter relies on a case study of Lviv, a city of 700,000 in the western part of Ukraine. The data for the case study was sourced from 7 semi-structured interviews in 2019[14] and 9 semi-structured interviews in 2021[15] with representatives of local authorities and civil society, including media and international donors. The interview data was corroborated with open-source evidence from databases of politicians, public officials' income declarations, business registers, and protagonists' interviews in media.

This chapter is structured as follows. In the next section, I introduce the concept of social logic and ideal-type patronal and non-patronal logic of elite coordination, based on three types of practices (separation of spheres of social action, network relations, and informality) and elite motivation for coordination. The third section presents and compares two logics of elite coordination in Lviv. I will show that actors pursuing non-patronal logic collaborate towards making the city a more prosperous and comfortable place to live, thus focusing on societal interest and impersonal benefits. This collaborative logic differs from a non-patronal ideal type in that participating actors do not separate spheres of social action, just

like in patronal social logic. The fourth section shows that collaborative social logic can undermine patronalism at the policy level. The concluding part reflects the role of collaborative social logic and anti-patronal transformation as Ukraine fights back against the unprovoked Russian full-scale invasion launched in February 2022.

2. Social logics of elite coordination: the analytical framework

Social logics "capture the sedimented, largely repetitive aspects of social life" and "recover the meaning and pattern of coherence of a discursive formation or a practice, characterise it in terms of what it is about, who participates in it, and what is at stake."[16] There can be, for example, social logics of democracy or an audit regime of a university. Patronalism is a type of social logic whereby "individuals organize their political and economic pursuits primarily around the personalized exchange of concrete rewards and punishments, and not primarily around abstract, impersonal principles such as ideological belief or categorizations that include many people one has not actually met in person."[17]

Social orders can be constituted by multiple social logics, which may be complementary or competing. In this chapter, I will show that a non-patronal, alternative social logic can co-exist with patronalism, and has the potential to undermine patronal logic through changes at the policy level. Bálint Magyar and Bálint Madlovics's theory of post-communist political regimes provides conceptual tools for differentiating key practices and principles of ideal-type patronal and non-patronal social logic (Table 1).[18]

Table 1. Practices and principles of ideal-typical patronal and non-patronal elite coordination. Source: based on Magyar and Madlovics: A Concise Field Guide (2022).

Ideal-typical social logic / Criteria for differentiation	Non-patronal (as in liberal democracy)	Patronal (as in patronal democracy)
Practices of separation of social spheres	Sharp distinction between spheres of social action	No distinction between spheres of social action
Relational practices in the network	Horizontal ties (Normative rules and impersonal benefits or punishments)	Hierarchy (Patron coerces members via personalized benefits or punishments)
Practices of informality	Complement formal institutions (secrecy allows honest discussion)	Undermine formal institutions (informal instruments to coerce subordination to the patron)
Elite motivation	**Societal interest:** using political power for realizing values on a social level	**Elite interest:** personal wealth and power monopolization

First, the Western approach to comparative politics starts with an assumption of a complete separation of spheres of social action, grounded in the Weberian model of bureaucracy as characterizing non-patronal elite coordination. This perspective assumes that political, economic, and communal spheres are populated by autonomous actors practicing distinct economic, political, and communal logics. When necessary, these autonomous actors cooperate with each other through legally defined and often formalized channels.[19] In post-communist societies, individuals do not differentiate sharply between spheres of social action. The absence of such a separation of spheres in elite action, i.e. the mixing of business and politics, it has been argued, underpins patronal politics.[20] At the same time, anti-corruption policies, including those in Ukraine, often force the separation of spheres of social action by limiting the "revolving door" phenomenon or regulating "conflict of interest" for public officials.[21]

Second, relational practices are common in patronal democracies, where networks are both the resources of and constraints on behavior. "As resources, they are channels of information and aid mobilized in the pursuit of certain gains; as constraints, they are structures of social influence and control that limit action."[22] Thus, nothing in the networked coordination per se is a distinctive feature of a patronal social logic. Indeed, liberal democracies practice network governance as a means to reach more widely acceptable policy decisions.[23]

The principal difference between patronal and non-patronal networks concerns coordination rules: hierarchy and coercion versus horizontal ties and normative rules, respectively. Networks, as a patronal practice, feature hierarchies, in which some network members (patrons) maintain power by distributing personalized benefits or punishments to concrete individuals or organizations (clients) in order to sustain network cohesion.[24] Subordination and coercion structure actors' coordination in these networks as much as (expected) personalized benefits. The non-patronal practice of network coordination involves "normative rules and impersonally provided benefits or punishments to certain groups."[25] The basic normative rule in non-patronal networks is that ties are horizontal, and participation is voluntary. Examples are urban governance networks, which include governments and private and civic actors. While the governmental actors arguably have more resources in authority and could try to steer the coordination, they still do so with soft tools (no coercion); the outcomes—such as urban renovation projects—are impersonal.[26] Thus, hierarchy and coercion distinguish patronal networks from governance networks, which are free from patronal social logic.

The third feature to be analyzed is informality, which exists in both non-patronal and patronal systems. The main distinction between their respective practices comes from whether *de jure* decision-makers also make political decisions *de facto*.[27] As a patronal practice, informality means that political decision-making

moves beyond formal political institutions, allowing actors without formal authority to shape or even dictate the decisions of formal bodies. As a non-patronal practice, informality does not undermine the autonomy of formal decision-making actors but helps them coordinate, for example, the introduction of contested policies. By discussing contested policies informally, without public observation, or using platforms without formalized procedures, participants can reveal their concerns openly, exchange arguments, and eventually arrive at a compromise.[28] Notably, such informal pursuits of an agreement are free from coercion, i.e. "neither of [the actors] is made to serve the will of another."[29] This complementary function of informality is conditioned on effective formal institutions or at least when actors pursue outcomes that converge with the intention of formal institutions. Patronal informality is enabled when actors pursue outcomes that diverge from the intention of formal institutions.[30]

Finally, the above differences in the practices of informality and coordination between patronal and non-patronal social logics point to another—arguably fundamental—difference: the motivation for governance.[31] As a motivation for governance, patronal social logic implies "elite interest, which consists of the twin motives of power monopolization and personal-wealth accumulation."[32] Actors using political power instrumentally to gain economic benefits characterizes patronal logic. A non-patronal alternative to governance motivation can be called "societal interest": "*using political power to realize values*, an ideology, to further the interests of social groups outside the political sphere and the ruling elite itself."[33] Such values may include meeting citizens' requirements for properly ordered and productive public institutions as well as fairness and equity in the production and distribution of public goods.[34] Thus, I differentiate between governance motivations driven by collective benefits versus those driven by private benefits.

3. Two logics of elite coordination: empirical evidence from Lviv

The city of Lviv lends itself well to exploring the different logics of elite interaction. First, as one of the largest cities of *oblast* significance, Lviv has the material resources and social capital for developing various business-political networks rather than establishing a system of single-pyramid rule. Previous research on Lviv corroborates the expectation of multiple business-political networks coordinating in the city.[35] Second, the city is home to one of the most robust "creative industries" along with a vibrant civil society[36]—both factors which have prevented the establishment of a patronal autocracy in Ukraine by driving the Revolution of Dignity.[37] This also makes it more likely that alternative elites and coordination logics may appear. Some indirect evidence supports this expectation: Lviv has been working systematically

on the transparency of its institutions,[38] creating some of the better participatory mechanisms in the country,[39] and demonstrating relative "political will" for anti-corruption reforms.[40]

3.1. Signs of patronal coordination: hierarchy, informality, personalized gains and punishments, and elite interest

Mayor Andriy Sadovyi brokers the coordination of business-political networks in Lviv,[41] effectively navigating between networks that follow patronal and non-patronal logic. He has been elected mayor four times since 2006, and before that served as a Lviv City Council deputy in 2002–2006. He is a founder of the Samopomich political party.[42] In 2019, Sadovyi ran for president but withdrew to support a candidate from the "democratic opposition."[43] The consolidation of his network took place between 2010 and 2013, when the Yanukovych administration tried to control the Lviv region through a series of appointments to the Lviv Oblast State Administration, law enforcement, tax authorities, and customs.[44] The mayor mobilized talented executives and urban activists to resist the increased authoritarian grasp of the Party of Regions but simultaneously developed his own cohesive network of loyal executives and politicians. Thus, by 2015 most of the council deputies belonging to the Samopomich party were also in the formal executive vertical under the mayor, either as employees of the council executive departments and municipal enterprises or as advisors to the mayor.[45] For publicity, Sadovyi can rely on the relatively popular radio station called LuksFM (which controls 10% of the national radio market)[46] and the internet portal *Zaxid.net* (one of the top internet news sources in the Lviv region), which officially belongs to his wife.[47] The mayor also reportedly received funding from Volodymyr Matkivskyi via an affiliated company.[48] Matkivskyi is the beneficiary owner of Radekhivskyi Zuckor,[49] a conglomerate of five sugar-producing sites in Lviv and Ternopil regions, [50] producing 20% of Ukraine's sugar, employing 1,300 people, and having paid in 2016–2018 UAH 500 million in taxes.[51]

The other two hierarchical networks have Ihor Kryvetskyi and Hryhoriy Kozlovskyi at the top, respectively. Ihor Kryvetskyi is a businessman-politician with assets in the luxury hotel and spa sectors, the entertainment industry, the rental and sale of real estate properties, construction, the agricultural sector in Lviv and Kyiv, and lithium extraction.[52] He was a Svoboda MP from 2012 to 2014 and one of its primary donors in the period leading up to the Revolution of Dignity;[53] he remains the party's deputy chairman and is responsible for managing its funds.[54] In Lviv, he relies on a network of Svoboda deputies and several direct-action NGOs, which claim to represent the interests of war veterans but reportedly facilitate Kryvetskyi's land claims in the Lviv region, e.g. to develop a resort.[55]

Kozlovskyi is also a businessman-politician. He is an ultimate beneficiary owner Lviv Tobacco Factory,[56] Vynnyky Tobacco Factory, and various companies in real estate development[57] and the hospitality industry. He was a Lviv City Council deputy from the Petro Poroshenko Bloc between 2015 and 2020 and simultaneously maintained his influence over council decisions through "his adopted political family"—people tied to him via business and family ties—which included at least five further council deputies representing UKROP, Samopomich, and Svoboda.[58] For the 2020-2025 term, he was elected to the Lviv Regional Council for the European Solidarity bloc (also Poroshenko)[59] but maintained influence on the city council via his long-time loyal client Petro Adamyk, a Lviv City Council member since 2006 and leader of the council's European Solidarity bloc, comprising the largest faction in the 2020-2025 convocation with 26 seats out of 64.[60] Two of Kozlovskyi's lawyers were elected as European Solidarity council deputies, with one of them chairing the Standing Commission on Architecture, City Planning, and Territorial Development. The other Kozlovskyi's lawyer, a European Solidarity council deputy, then tried to effect changes that would have seen the process for issuing construction permits transferred to the control of the Standing Commission, instead of remaining with the executive committee under the mayor's control.[61]

The interaction between these identified networks features **hierarchical relations and a personalized exchange of rewards and punishments**. For example, patronal logic can be traced in the composition of the city's executive committee. First, it is designed to be under the mayor's control, with three being mayor's subordinates.[62] Second, it accommodates the informal influence of Kozlovskyi by including people linked to him: first, via the above-mentioned Adamyk in 2017;[63] and second, through a representative of the Vynnyky community, where Kozlovkyi's tobacco factory is located, in 2020.[64] Finally, one member of both the 2015–2020 and 2020–2025 council convocations has links to an NGO called Narodna Samooborona Lvivshchyny, indicating the special role of its founder and council deputy Valeriy Veremchuk[65] in providing votes for a situational majority (fluctuating between support for Sadovyi's and Kozlovskyi's initiatives).[66]

Informality, which undermines formal institutions, can be inferred in the relations between these networks by observing the executive committee reportedly "making decisions outside of its competence"[67] when it issues construction documentation and allocates land plots. However, this is a legal prerogative of the city council. Such decisions seal off informal agreements between the mayor and the main construction businesses,[68] such as the Kozlovskyi-affiliated Avalon and many other construction companies.[69] For his part, the mayor uses the executive committee to make decisions favoring his political agenda, bypassing the city council. For example, in response to a "garbage crisis," the executive committee

rushed to allow the construction of a recycling plant on the city's outskirts. However, the committee failed to inform council deputies or local residents of its decision, violating access to information provisions.[70]

Informality also transpires in how the city council votes on land use permissions and the allocation of lease and ownership rights to influential individuals. For example, in 2018, the city council surprisingly voted to grant permission for a company affiliated with Kozlovskyi to start developing a land plot in the city's historical center.[71] The development project ignored legally required public consultations. Similarly, a council deputy surprisingly added a last-minute proposal, which ultimately provided Kozlovskyi with a plot of land in a historical part of Lviv (a UNESCO World Heritage site) for free; this turned out to be a known scheme of privatizing municipal land via a fake mortgage, where the formal beneficiary was Kozlovskyi's daughter.[72]

Elite interest operates as a motivation for elites to engage in patronal coordination. The policy of developing urban territories, including zoning, permits for construction, and the lease of municipal land, lacks strategic vision, much like economic policy. Instead, construction projects linked to several identified entrepreneurs consistently receive approvals in the city and the region despite procedural violations and grassroots citizen protests. For example, the Lviv Regional Administration allowed Kryvetskyi to privatize a substantial land plot comprising a forest and a lake after it had been assembled by having veterans sell their smaller plots to affiliated owners often at submarket prices.[73] The regional prosecutor's office has been going after the sale in the courts since 2022, but with no success.[74] Between 2010 and 2013 the municipal councils in Lviv region were dominated by the Svoboda party. According to some observers, this allowed Kryvetskyi to use party structures to prevent shale gas production in the Lviv region, which directly benefitted the oligarch Dmytro Firtash, who controlled the market for Russian gas supplies.[75] There are numerous cases linked to Kozlovskyi where the pursuit of private enrichment often contradicts the public interest. For example, his business partner attempted to illegally privatize a municipally owned cinema.[76]Another development project of his caught journalists' attention because of urban planning and zoning law violations.[77] Thanks to intrigues and informal influence in the city council, Kozlovskyi acquired a valuable parcel of land to build yet another hotel.[78] At the same time, several council deputies, who facilitated opportunities for Kozlovskyi or were linked to his business dealings, acquired ownership rights to and built housing on agricultural land, reportedly violating relevant land use regulations.[79]

3.2. Signs of non-patronal coordination: collaboration, informality, impersonal benefits, and societal interest

Non-patronal social logic can be observed in the interactions between the city leadership and various economic actors operating primarily in light industry and services. The latter can be roughly arranged around the restaurant and entertainment holding company called !Fest, an event and urban development space called Lem Station, and an NGO called the Lviv Entrepreneurs Committee. The first group comprises the three co-owners of !Fest–Andriy Khudo, Yurko Nazaruk and Dmytro Herasymov. This business has grown since 2007 to include around 30 restaurants and cafes, souvenir shops, tourist agencies, a festival location, catering and delivery services, a dairy farm, and several other projects. It employs around 1,000 people in Lviv, exports some of its products (such as beer), and sells franchises across Ukraine.[80] The most visible persons in the second group are Mark Zarkhin, Oleh Matsekh, and Taras Kytsmey. They are all entrepreneurs in the "creative industries": Zarkhin's main asset is a franchise chain called Fast Food Systems with more than 200 restaurants in 65 Ukrainian cities and abroad;[81] Matsekh specializes in the organization of festivals and urban planning; and Taras Kytsmey is the co-founder of one of the oldest and largest IT companies in Ukraine, Soft Serve, with offices in 13 countries. In 2022, Kytsmey was No. 17 on the Forbes's Top Richest Ukrainians list, worth USD 360 million.[82] The third group includes Yaroslav Rushchyshyn, who owns a group of companies producing clothing for European brands. He is a founding member of the Lviv Committee of Entrepreneurs, which represents medium-sized enterprises and promotes social responsibility among businesses.[83]

These individuals do not distinguish sharply between various spheres of social action: while being entrepreneurs, they also pursue political logic when joining or leading organizations with political aims. For example, one of !Fest's founders, Nazaruk, while working as an external relations manager for the Dzyga art gallery, also co-founded a government-critical newspaper called *Lvivska Hazeta* in 2002. In 2005–2006, he was responsible for public relations for the political party Pora, which grew out of a government-critical social movement and contributed to the Orange Revolution.[84] In 2006–2010, he was a Lviv Regional Council Member of the Our Ukraine party (Nasha Ukraina, Yushchenko). Later, he represented two presidential candidates, Yushchenko (2004) and Poroshenko (2014), in the Lviv region. In 2020, he made a public donation to the Holos party,[85] for which he was also elected an MP in 2019.[86] Oleh Matsekh, a co-founder of Lem Station, is also a founder of the Lviv chapter of the Hromadyanska Pozytsiya party, which aligned itself with Sadovyi ideologically in 2015–2020. Although Matsekh was never a councilor, he briefly led a municipal enterprise as a crisis manager.[87]

The above-mentioned entrepreneurs operate simultaneously in the communal sphere, creating cultural and educational ecosystems in Lviv and facilitating nationwide civic engagement. For example, Yaroslav Rushchyshyn is the co-founder of both Dzyga, one of Lviv's oldest galleries and creative spaces, and the Lviv Business School, which has become a hub for the progressive business community in the city. Rushchyshyn is also a member of the supervisory board of the Centre for United Actions (Centre UA)—one of the NGOs behind the CHESNO project which monitors the integrity of public officials and politicians and which has contributed to the systemic improvement of local governance in Ukraine. Oleh Matsekh founded the Lviv Public Forum in 2005, an informal coalition of civil society organizations and leaders focused on protecting architectural heritage. In 2014, he was one of the co-initiators of the Reanimation Package of Reforms—the largest national civil society coalition in Ukraine and one which profoundly impacted the post-Maidan reforms of 2014–2016.[88] Taras Kytsmey is a co-founder of Lviv IT Cluster, a network whose purpose is to promote IT specialization in Lviv, with the participation of IT companies, IT education institutions, and the Lviv City Council.[89]

The interaction between these economic actors from the service sector industries and the city's political leadership has been historically **horizontal** and **informal**. Participatory elaboration of economic development strategy, facilitated by an external consultancy, and involving most of the economic actors mentioned above, characterizes this type of exchange.[90] Businesses and public authorities set up a Council on Competitiveness which operated in Lviv between 2009 and 2020 as a coordination platform to jointly supervise the implementation of economic development strategy.[91] The Council Chairman underlined the authority of this institution over the economic strategy when referring to it as "Board of Directors"[92] like in a firm. The mayor was not a formal council member but attended the meetings to listen, rather than steer, the entrepreneurs' voices. Beyond publicly available lists of members and occasional media reports, the proceedings of the platform took place without public scrutiny. There were no formal rules of procedure to regulate this closed business-political interface, and no formalized public reporting. Instead, the Council established its own rules for its functioning, with coordination effected by the business representatives themselves.[93] A participant of these meetings recalled in an interview the instrumental role played by the Council chairmen, who facilitated effective and inclusive communication.[94] Thanks to respectful rules of interaction, it was possible to deal with sensitive issues constructively.

Beyond the Council, it is also common for top-level executives in Lviv to attend cluster conferences behind closed doors in order to talk freely about critical issues, such as unduly paid taxes.[95] At the same time, despite the fact that these informal exchanges often occur between people who have close personal acquaintances due

to their professional activities,[96] these arenas are not used for informal deals to be formalized by the city council or on the mayor's orders. Informality does not undermine formal institutions; rather, it provides authorities with inputs from entrepreneurs for better cluster regulations and feedback on existing policies.

The above-mentioned coordination focused on a **societal interest:** making Lviv a city of competitive innovation and the "main technological hub of Ukraine"[97] based on local encouragement and support for the creative class. Exchange in the network involved impersonal rewards and benefits for whole business clusters (IT and tourism).[98] Besides playing a supervisory role in economic strategy, Council members (business and public authorities together) implemented projects in IT literacy and supported the city's opening of an investment hub, alongside a range of other developmental initiatives.[99] One of their latest projects, Lem Station, rents an old municipally-owned tram depot for use as a meeting point to boost start-up community growth.[100] Entrepreneurs from the network are also engaged in streamlining the governance of economic relations in the city. For example, individuals in the network, situated in different institutions (the Committee of Lviv Entrepreneurs, the Lviv Regional State Administration, and the Ukrainian Catholic University), launched Ukraine's first regulatory analysis think tank, the Lviv Regulatory Hub, in 2016.[101] Its purpose has been to guide Lviv authorities in the implementation of corruption-free and economically sensible regulations.

3.3. Comparative analysis of the two logics

Coordination between business-political elites in Lviv indicates the co-existence of patronal and non-patronal social logics, the latter of which I label "collaborative" (Table 2). The **crucial difference** between the two logics is that non-patronal elite coordination takes place in pursuit of defined societal interests, such as economic competitiveness, which have the aim of making Lviv a comfortable place to live. The joint pursuit of such a defined goal justifies the "collaborative" label. This type of engagement has proved fruitful: between 2015 and 2021, the cumulative economic effect from the IT industry in Lviv grew from USD 734 million to USD 1.4 billion. Additionally, the industry employed 30,000 people in about 500 com-panies by 2021.[102] In 2021, the city attracted 1.5 million visitors (a number 50% higher than before the pandemic) and employed 90,000 people, while the city's tax revenues increased twelvefold between 2011 and 2021 (this was the period of the Strategy for Competitiveness).[103] The obtained results suggest that elite motivation for engagement is a real–and not just declared–societal interest. While these actors benefit from their engagement in city politics, it is impersonal and serves not just the industry but also contributes to the public good through increased jobs and tax revenues.

Table 2. Practices and principles of ideal-typical patronal and collaborative elite coordination.

Summary of observations from Lviv / Non-patronal "ideal"	Patronal logic	Collaborative logic
Sharp distinction between spheres of social action	–	–
Horizontal & voluntary network relations	–	+
Informality complements formal decision-making	–	+
Societal interest motivates coordination	–	+

The **striking similarity** between the two logics is the lack of separation between spheres of social action. Individuals who are part of coordination processes involving collaborative social logic do not necessarily operate in separate spheres. Rather, they have mixed identities, and an observer cannot tell in which capacity they are acting at any given moment. Therefore, it is hard to distinguish between them and patronal networks. Yet there are essential differences in the character of network relations and informality practices which **aid in the practical implementation of collaboration concerning societal interests**.

Just as in patronal coordination, non-patronal interaction operates through networks of personal acquaintance. At the same time, the normative rules of network coordination ensure that relations are horizontal and voluntary. Rather than a patron distributing personalized benefits or punishments to impose loyalty, no single individual has command over the rules or motives for coordination. Rules are decided collectively, while participants receive benefits that are impersonal, namely, the possibility of improving business opportunities due to systemic changes. At the same time, non-patronal coordination with collaborative logic features a significant degree of informality: there are no specific rules for membership, procedures for coordination, or regulations for exchange between political and economic actors. There is also little public accountability beyond the voluntary publicity of network members. This, however, does not undermine the decision-making authority of formal institutions, compared to the multiple cases of procedural neglect by participants of patronal coordination.

4. The transformative potential of collaborative social logic: the case of anti-corruption policies

Collaborative elite interaction can foster a demand for non-patronal governance in a democracy, as local communication around anti-corruption initiatives in Lviv suggests. Our latest study on the introduction of anti-corruption policies in six

Ukrainian cities, among them Lviv, suggests that collaborative logic may be used to challenge patronalism—not at the political but at the policy level.[104] Anti-corruption reforms in Lviv also involved the increasing transparency of governance processes and a reduction in local authorities' discretion through the institutionalization of public participation and the introduction of digital asset management tools. The city administration has worked towards obtaining higher scores in the Transparent Cities Index of Transparency International Ukraine, which has entailed *inter alia* the publication of draft regulations, open data asset registers, housing decisions, competitions for executive positions, and so on. Further measures have involved the introduction of an electronic bidding system for the lease and sale of municipal land and property through the *Prozorro.Sale* website, and the adoption of a city charter mandating a range of participatory mechanisms, including public consultations on regulations and construction projects, and the adoption of ethics codes for elected and executive public officials.

Tracing the process of these reforms over the period 2015–2021[105] reveals a cross-sectoral informal network of advocates and enablers of these reforms. Instrumental among them have been the employees of the City Institute who supervised the transparency initiative and facilitated communications within the local authority. They communicated, often during informal personal meetings, a clear impersonal benefit in order to encourage responsible employees of the city council to embrace transparency reforms: the vision of the "most transparent city in Ukraine" according to Transparency International (TI). At the same time, City Institute employees informally vetted their proposed solutions with TI.

The original demand for a systemic change in governance came from the business-political actors who had been pursuing collaborative social logic in their interactions and possibly shaping a new social norm. The Council on Competitiveness turned out to be a platform where tourist businesses expressed their concerns over existing land use regulations as being too non-transparent and confusing, which our interlocutors considered to be one of the prompts for using *Prozorro.Sale*. This happened after the Council had already been working for about six years, suggesting that time is needed to develop mutual trust so that sensitive issues, like the quality of governance, can be raised. The Lviv Regulatory Hub essentially designed the policy for land use, which envisaged the involvement of *Prozorro.Sale*. This NGO, linked to the "creative industries," also developed constructive relations—based on a shared societal interest in better governance—with a fringe party politician and the Integrity Sector, which comprises part of the executive body. They promoted *Prozorro.Sale* together, starting from formulating an impersonal benefit (more revenue for the local budget due to competitive procedures), developing an operative solution that accounted for the nature of procurement corruption in the city, and vetting an elaborated solution and persuading councilors to vote for it.

To promote the solution, they used formal fora like standing commissions of deputies and informal contact with local media in order to mobilize public support for the solution. Among other things, they also piloted the solution and reported its financial advantages publicly. One of our interlocutors even mentioned Kozlovskyi proudly, stating that he had paid the largest sum for renting municipal land through *Prozorro.Sale*.[106] This might point at a possible change in social norms, which this particular actor has sensed and thus decided to respond to in a socially desirable way (notwithstanding his personal convictions).

The findings from Lviv relate to a broader discussion of anti-patronal transformation. First, the emergence of a collaborative social logic driven by societal interest may indicate a fundamental change in societal values taking place in at least some parts of Ukrainian society. While collaborative social logic is similar to patronalism in that it is practiced through informality, the informal institutions of collaborative logic have shown themselves complementary to the formal ones, and have even prompted policies to increase the latter's effectiveness. This is in line with a cultural evolutionary explanation of informal institutional change.[107] Although informal, these institutions essentially support weak formal institutions in achieving societally desired outcomes. And, second, from the perspective of Charles Tilly's democratization theory, the emergence of the Council on Competitiveness constituted a step towards the "binding consultation of citizens at large with respect to governmental activities and personnel."[108] While the Council, of course, did not constitute a venue for a general consultation with citizens "at large", its status as a cross-sectoral platform for the informal supervision of economic strategy imparted it a binding character. Members of this body created an accountability forum,[109] where they raised issues and declared commitments, and followed up on their implementation through communication—without being each other's principal.

5. Conclusion and the strengthening of collaborative logic in wartime

This chapter aimed to shed light on the bottom-up anti-patronal transformation in Ukraine. A case study of Lviv in 2009–2021 showed how local business-political interaction featured collaborative social logic operating parallel to patronalism. It was a systematic but mainly informal process in which actors developed normative rules of network coordination and worked jointly towards impersonal collective benefits. On their way to achieving collective benefits, actors operated simultaneously in the economic and political spheres, defying expectations that non-patronal logic be practiced by autonomous actors with distinct (political or economic) logics of action. Because they followed societal interest, having multiple identities was an advantage that allowed actors to gather diverse knowledge and resources for social innovation,[110] thus driving local economic development.

Collaborative social logic provides an alternative to patronalism in the short term rather than a direct contestation. In the longer term, collaborative logic—driven by societal interest—can potentially undermine patronalism at the policy level. In Lviv, for example, this transpired in the anti-corruption policies that introduced transparency and public participation in decision-making processes around land and real estate allocation. In pursuit of societal interest, a coalition of actors (collaborative logic) pushed for policies that undermined the mechanisms of patronalism. Besides Lviv, similar but more fragmented and informal processes took place in Chernivtsi, Vinnytsia, and Poltava.[111] In these cities, local small- and medium-sized entrepreneurs collaborated with civic activists and individual local politicians to introduce various anti-corruption reforms.

Collaborative social logic, pre-existing before the full-scale invasion, only strengthened during the war. Businesses emerged in 2022 as some of the most active contributors to solving war-related crises, such as internal displacement, power outages, and civil security. Business engagement in solving problems with societal impact only grew compared to 2021.[112] Businesses have not only provided authorities with advice or resources, they have also elaborated joint solutions. In Lviv, for example, IT Cluster cooperated with the local authorities and municipal organizations to create five humanitarian centers for displaced Ukrainians,[113] the largest medical rehabilitation center UNBROKEN,[114] and a mental health center.[115] Such strong engagement on the part of IT Cluster signals not only its members' (natural) desire to protect their homeland during the war but also their trust that these massive investments will be put towards an articulated societal benefit. Collaborative coordination between these actors and the city leadership over the previous decade helped them develop mutual trust, making wartime coordination easier.

The war contains risks and opportunities for anti-patronal transformation. A risk is that overly close and unaccountable relations between individual businessmen and politicians can develop into vertical, patron-client relations where the political leadership presses business for support or, alternatively, business expects favorable treatment in response to a generous donation. An opportunity, however, is that coordination in problem-solving can strengthen collaborative logic as an alternative to patronalism. The condition here is not to separate the business and political spheres, but rather to ensure that the focus remains on societal interest, and even if engagement is highly informal, its rules should remain normative.

Notes

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[2] Bálint Magyar and Bálint Madlovics, *A Concise Field Guide to Post-Communist Regimes. Actors, Institutions, and Dynamics* (Budapest: CEU Press, 2022), 167.

[3] Anatoliy Kruglashov, "Ukraińska demokracja lokalna: Od radzieckiej spuścizny w stronę modelu europejskiego" [Ukrainian local democracy: From the Soviet legacy to the European model], *Eastern Review* 5 (2016); Anatoliy Kruglashov and Oleksiy Kolesnykov, "Буковинська політична еліта: амбіції та владні позиції" [Political elite of Bukovyna: Ambitions and power structures]," in *Електоральні процеси України в регіональному вимірі: Буковина і Закарпаття* [Regional dimension of electoral processes in Ukraine: Bukovyna and Transcarpathia], ed. Anatoliy Kruglashov and Mariana Tokar (Uzhgorod: Uzhhorod National University Institute of Political Regionalism Studies, 2014), 145–90; Andrii Kuchuran, "Local Political Power through the Lens of Urban Regime Theory," 2017 [is this in a book or journal?]; Vyacheslav Yaremchuk, "Spet͡sifika Formuvannia͡ Ta Proia͡viv Regional′nogo Politichnogo Rezhimu u L′vivs′kiĭ Oblasti [Specificity of the Regional Political Regime Formation and Manifestation in Lviv Oblast]," *Scientific Notes of the Kuras Institute of Political and Ethnonational Research of The Academy of Sciences of Ukraine* 2, no. 88 (2017): 112–77.

[4] On local patterns of elite coordination, see Sean Roberts and Oleksandr Fisun, *Local Governance and Decentralization Assessment: Implications of Proposed Reforms in Ukraine* (The Ukraine Mission of the United States Agency for International Development (USAID), 2014); on the relative autonomy of cities of oblast significance, among them regional centers, see William Dudley, *Ukraine's Decentralization Reform*, Research Division Eastern Europe and Eurasia (Berlin: SWP, 2019), 10; local politics have become increasingly more independent from national and regional political machines, as evidenced by the increased incongruence between parliamentary, regional, and local elections in regional centers during the period 2010-2020, see Valentyna Romanova, *Decentralization and Multi-Level Elections in Ukraine. Reform Dynamics and Party Politics in 2010-2021*, Soviet and Post-Soviet Politics and Society (Stuttgart: ibidem-Verlag, 2022), 91–112.

[5] On the concepts of open or limited access orders reflecting different social logics of elite coordination, see Douglass C. North, John Joseph Wallis, and Barry R. Weingast, *Violence and Social Orders. A Conceptual Framework for Interpreting Recorded Human History* (Cambridge: Cambridge University Press, 2009), 13–25.

[6] Jakub Eberle, *Discourse and Affect in Foreign Policy* (London, New York: Routledge, 2019), 22.

[7] Henry E. Hale, *Patronal Politics: Eurasian Regime Dynamics in Comparative Perspective* (New York: Cambridge University Press, 2015), 20–21.

[8] See Mikhail Minakov's chapter in this volume.

[9] See Oksana Huss's chapter in this volume.

[10] Max Bader, "Decentralization and a Risk of Local Elite Capture in Ukraine," in *Decentralization, Regional Diversity, and Conflict*, ed. Hanna Shelest and Maryna Rabinovych (Cham: Springer International Publishing, 2020), 269.

[11] Congress of Local and Regional Authorities, *Roles and Responsibilities of Mayors and Local Councillors in Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus* (Council of Europe, 2016), 28–29, https://rm.coe.int/168071b235.

[12] Oksana Huss, Max Bader, Andriy Meleshevych, and Oksana Nesterenko, "Explaining Variation in the Effectiveness of Anti-Corruption Activism in Ukraine's Regions: The Role of Local Context, Political Will, Institutional Factors, and Structural Factors," *Demokratizatsiya; Washington* 28, no. 2 (Spring 2020): 201–27.

[13] Oleksandra Keudel, *How Patronal Networks Shape Opportunities for Local Citizen Participation in a Hybrid Regime*, Soviet and Post-Soviet Politics and Society (Stuttgart: ibidem Press, 2022), 71–82, 375–78.

14 Keudel, *How Patronal Networks Shape Opportunities,* 462.

15 Oleksandra Keudel, Marcia Grimes, and Oksana Huss. "Political Will for Anti-Corruption Reform: Communicative Pathways to Collective Action in Ukraine." Swedish International Centre for Local Democracy, 2023. https://icld.se/wp-content/uploads/2023/03/ICLD_ResearchReport_22_2023-web.pdf.

16 Eberle, *Discourse and Affect in Foreign Policy*, 22.

17 Hale, *Patronal Politics: Eurasian Regime Dynamics in Comparative Perspective*, 20–21.

18 Adapted from Magyar and Madlovics, *A Concise Field Guide to Post-Communist Regimes*, 9–10, 19–20, 30–33, 35–36.

19 Magyar and Madlovics, 6–10; for a critique of this sharp distinction for understanding the impact of elites in liberal democracies, see Janine R. Wedel, "From Power Elites to Influence Elites: Resetting Elite Studies for the 21st Century," *Theory, Culture & Society* 34, no. 5–6 (September 1, 2017): 153–78.

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21 Alina Mungiu-Pippidi, "Corruption: Political and Public Aspects," in *International Encyclopedia of the Social & Behavioral Sciences: Second Edition*, ed. James D. Wright (Amsterdam: Elsevier, 2015), 49.

22 Chris Ansell, "Network Institutionalism," in *The Oxford Handbook of Political Institutions*, ed. Sarah A. Binder, R. A. W. Rhodes, and Bert A. Rockman (Oxford: Oxford University Press, 2008), 2.

23 Eva Sørensen and Jacob Torfing, "The Democratizing Impact of Governance Networks: From Pluralization, via Democratic Anchorage, to Interactive Political Leadership," *Public Administration* 96, no. 2 (2018): 302–17; Huanming Wang and Bing Ran, "Network Governance and Collaborative Governance: A Thematic Analysis on Their Similarities, Differences, and Entanglements," *Public Management Review* (December 4, 2021): 1–25.

24 Hale, *Patronal Politics: Eurasian Regime Dynamics in Comparative Perspective*, 10.

25 Magyar and Madlovics, *A Concise Field Guide to Post-Communist Regimes*, 19.

26 Signy Irene Vabo and Asbjørn Røiseland, "Conceptualizing the Tools of Government in Urban Network Governance," *International Journal of Public Administration* 35, no. 14 (2012): 934–46.

27 Magyar and Madlovics, *A Concise Field Guide to Post-Communist Regimes*, 19–20, 33.

28 Espen Leirset, "Do Open Meetings Affect Deliberation? A Comparative Study of Political Meetings In Two Institutional Settings," *Journal of Deliberative Democracy* 17, no. 1 (2021): 1–8.

29 Magyar and Madlovics, *A Concise Field Guide to Post-Communist Regimes*, 19.

30 Gretchen Helmke and Steven Levitsky, "Informal Institutions and Comparative Politics: A Research Agenda," *International Handbook on Informal Governance* 2, no. 4 (2004): 728.

31 Magyar and Madlovics, *A Concise Field Guide to Post-Communist Regimes. Actors, Institutions, and Dynamics*, 6–9.

32 Magyar and Madlovics, *A Concise Field Guide to Post-Communist Regimes*, 36.

33 Magyar and Madlovics, *A Concise Field Guide to Post-Communist Regimes*, 35, emphasis added.

34 This is what we called "public value" in Oksana Huss and Oleksandra Keudel, *Open Government in Education: Clarifying Concepts and Mapping Initiatives* (Paris: IIEP-UNESCO, 2020), 60, http://www.iiep.unesco.org/en/publication/open-government-education-clarifying-concepts-and-mapping-initiatives.

35 Keudel, *How Patronal Networks Shape Opportunities for Local Citizen Participation in a Hybrid Regime*, 233–50; Yaremchuk, "Spet͡sifika Formuvanni͡a Ta Proi͡aviv Regional′nogo Politichnogo Rezhimu u L′vivs′kiĭ Oblasti [Specificity of the Regional Political Regime Formation and Manifestation in Lviv Oblast]"; Vyacheslav Yaremchuk, "Mis′kiĭ Politichniĭ Rezhim u L′vovi: Vnutrishni i Zovnishni Chinniki Formuvanni͡a Ta Evoli͡u͡t͡siĭ [Urban Political Regime in Lviv: Internal and External Factors of Establishment and Evolution]," *Scientific Notes of the Kuras Institute of Political and Ethnonational Research of The Academy of Sciences of Ukraine* 1, no. 81 (2016): 88–109.

36 Daryna Pyrogova, *Vzai͡emodii͡a Mizh Orhanamy Mist͡sevoho Samovri͡aduvanni͡a Ta Hromadi͡ans'kym Suspil'stvom u L'vovi [Interaction between Local Governments and Civil Society in Lviv]* (CEDOS, 2019).

37 Magyar and Madlovics, *A Concise Field Guide to Post-Communist Regimes*, 228.

[38] Lviv has been among top three cities in terms of transparency with sustainably improving scores since 2017, see: https://transparentcities.in.ua/en/city/lviv (last accessed 19 February 2023).

[39] Ivanna Fedynchuk et al., *Indeks Demokratychnosti Mist - 2018 [City Democracy Index]* (Kyiv: Ukrainian Center for Independent Political Research, 2018), 1, https://drive.google.com/file/d/1XjK6eC7NHBdVpPn2z2M-IH2o5l7OiJjy/view.

[40] In a survey of 172 anti-corruption NGOs across Ukraine, Lviv scored 1.86 out of 3 (#5 out of 23 regional centers) in response to the question: "To what extent is there political will among the local authorities in your city to fight corruption?" Eight NGOs from Lviv responded. The survey was conducted within the ICLD project "Opening the black box of political will: Local public authorities and anti-corruption efforts in Ukraine," https://icld.se/en/researchproject/opening-the-black-box-of-political-will-local-public-authorities-and-anti-corruption-efforts-in-ukraine/

[41] Keudel, *How Patronal Networks Shape Opportunities for Local Citizen Participation in a Hybrid Regime*, 233–50.

[42] Sadovyi founded an NGO called Samopomich in 2005 as part of his electoral campaign for mayor. In 2012, he founded a party with the same name. The party won 34 seats in the 2014 parliamentary elections while Sadovyi himself did not intend to enter parliament (he was No. 50 on the candidate list). In the 2019 parliamentary elections, Samopomich was not successful, probably, due to the advantage of the Servant of the People party which had a similar message but a more popularly appealing "new face" in Volodymyr Zelenskyi. See: Oleksandra Bodniak, "Znovu Sadovyĭ. Kar'ie͡ra, Statky Ta Peredvyborchi Obit͡sia͡nky Mera" [Sadovy Again. Career, Fortune and Pre-Election Promises of the Mayor]. *Tvoe Misto*, November 22, 2020. https://tvoemisto.tv/exclusive/andriy_sadovyy_kariera_simya_skandaly_statky_115270.html; Oleksandr Salizhenko, "'Samopomich' i vybory: chy vdast'sia͡ partiï povernutysia͡ na politychnu orbitu? " [Samopomich and elections: will the party be able to return to the political orbit?], *CHESNO*, May 25, 2020, https://www.chesno.org/post/4011/. See: https://www.chesno.org/post/4011/.

[43] Bohdan Ben, "Where Are All of Ukraine's New Alternative Political Forces?" Euromaidan Press, February 16, 2019, http://euromaidanpress.com/2019/02/16/do-alternative-new-political-forces-have-a-chance-in-ukraine/.]

[44] Vyacheslav Yaremchuk, "Mis'kiĭ Politichniĭ Rezhim u L'vovi: Vnutrishni i Zovnishni Chinniki Formuvannia͡ Ta Evoli͡utsi͡ï" [Urban Political Regime in Lviv: Internal and External Factors of Establishment and Evolution], 94–95; Serhiy Smirnov, "Poia͡va !Fest – T͡se Naslidok Toho, Shcho Robylo Seredovyshche 'Dzygy'" [Emergence of !Fest Is a Consequence of What the Dzyga Environment Did], Tvoe Misto, accessed February 24, 2019, http://tvoemisto.tv/exclusive/poyava_fest__tse_naslidok_togo_shcho_robylo_seredovyshche_dzygy_94500.html.

[45] Author's calculations based on CEC, "Obrani Na Vidpovidnykh Vyborakh Deputaty Mist͡sevoï Rady. L'vivs'ka Mis'ka Rada" [Elected Council Deputies after Respective Elections. Lviv City Council], Central Election Committee of Ukraine, October 15, 2015, https://www.cvk.gov.ua/pls/vm2015/pvm057pid112=30pid102=3670pf7691=3670pt001f01=100rej=0pt00_t001f01=100.html; and Lviv City Council, "Deputaty mis'koï rady [Deputies of the city council]," accessed February 28, 2023, https://www.lvivrada.gov.ua/deputaty/deputaty-miskoi-rady?isseарch=1&isc=1&ordering=order&category_id=352&xf_7[0]=3.

[46] Olesya Grabova and Marius Dragomir, "Media Influence Matrix: Ukraine" (Budapest: Center for Media, Data and Society (CMDS), 2021).

[47] Mykhailo Mozol and Yuriy Matsiyevsky, "Politychna Sytuat͡sia͡ u L'vivs'kiĭ Oblasti [Political Situation in Lviv Region]," *Slovo i Dilo. Fact-Checking*, September 17, 2018, https://www.slovoidilo.ua/2018/09/17/stattja/polityka/politychna-sytuacziya-lvivskij-oblasti-naperedodni-prezydentskyx-vyboriv.

[48] A firm called *Prombudprylad* provided Samopomich with an office in Lviv and corporate cars, according to a 2017 financial report: Kateryna Davydenko, "Vysoki Zarplaty, Propahanda Ta Restoran. Na Shcho Vytrachaie͡ Derzhavni Koshty 'Samopomich'" [High Salaries, Propaganda and a Restaurant. What Does Samopomich Spend State Funds On], *Glavcom*, September 13, 2017, https://glavcom.ua/publications/visoki-zarplati-propaganda-ta-restoran-na-shcho-vitrachaje-derzhavni-koshti-samopomich-436771.html. One of the beneficiaries of Prombudprylad was

the director of *Radechivskyi Zuckor* Vitaliy Sikorskyi, while the largest individual shareholder of Prombudprylad is Oleh Lavryk, Samopomich MP (2014-2019) (https://opendatabot.ua/c/31588943, last accessed 28 February 2023)

49 See: https://youcontrol.com.ua/catalog/executives/m/matkivskyy-volodymyr-bohdanovych/beneficiary/. Beyond this, he was a beneficiary of several other agriculture businesses and the sugar trade.

50 Diamantsugar, "Radekhivskyi Zuckor [Radekhiv Sugar]. Company History," accessed February 28, 2023, https://diamantsugar.com.ua/ua/page-history.

51 According to the company director's briefing, see Diamantsugar, "Bryfinh Hendyrektora Sikors'koho Vitaliia Petrovycha u Verkhovnii Radi Ukraïny" [Briefing by CEO Vitaly Petrovych Sikorskyi in the Verkhovna Rada of Ukraine], September 24, 2018, https://diamantsugar.com.ua/ua/news/brifng-gendirektora-skorskogo-vtalya-petrovicha-y-verhovnj-rad-ykrani. The firm is among Ukraine's largest taxpayers according to the State Tax Service of Ukraine, see: https://opendatabot.ua/open/large-tax-payers?page=4

52 Inna Semenova, "Lokal'nyĭ kardynal. IAk vdaiet'sia zberihaty vplyv naĭmensh publichnomu biznesmenovi L'vova Ihoriu Kryvets'komu" [Local cardinal. How does the least public businessman of Lviv, Ihor Kryvetskyi, manage to maintain his influence], *NV*, December 19, 2019, https://nv.ua/ukr/ukraine/politics/lokalniy-kardinal-yak-vdayetsya-zberigati-vpliv-naymensh-publichnomu-biznesmenovi-lvova-igoryu-kriveckomu-50060129.html; Kateryna Churylova, "Ihor Kryvets'kyĭ stav spivvlasnykom kompaniĭ z vydobuvannia litiiu" [Ihor Kryvetskyi became a co-owner of a lithium mining company], *Zaxid.net*, July 13, 2021, https://zaxid.net/igor_krivetskiy_stav_spivvlasnikom_kompaniyi_z_vidobuvannya_litiyu_n1522384.

53 Serhiy Leshchenko, "Siryĭ Kardynal 'Svobody' Ihor Kryvets'kyĭ: IA Mih Postoiaty Za Sebe. Ale Tse Ne Znachyt', Shcho Ia - Kryminal'nyĭ Avtorytet" [Gray Cardinal of Svoboda Igor Kryvetsky: I Could Stand up for Myself. But This Does Not Mean That I Am a Criminal Authority]," *Ukrainska Pravda*, March 21, 2014, https://www.pravda.com.ua/articles/2014/03/21/7019774/.

54 Svoboda, "Kerivnytstvo" [Leadership], Svoboda Party Website, accessed February 28, 2023, https://svoboda.org.ua/party/kerivnytstvo/; Viktor Hurniak, "Biznes Sponsora 'Svobody'" [Business Sponsors of Svoboda]," *INSIDER*, March 31, 2014, www.theinsider.ua/rus/business/533570ce5ef9e/.

55 Oleksandra Hubytska, "Chuzhi Tut Ne Buduiut': 'Avalon' Otrymav Dozvil Vid L'vivs'koï Mis'krady Zabuduvaty Topol'nu Bahatopoverkhivkamy Vsuperech Henplanu" [Strangers Do Not Build Here: Avalon Received Permission from the Lviv City Council to Build on Topolna [Street] High-Rise Buildings Contrary to the Master Plan], *Nashi Groshi Lviv*, April 19, 2019, http://lviv.nashigroshi.org/2019/04/19/chuzhi-tut-ne-buduiut/?fbclid=IwAR2nFFVt_CWOqCPunJUlvQw8TwkRmzPw9VOZX2DVPElfIY-z1Qfn9qQPQPw; Nataliya Onysko, "Nova Armiia Kryvets'koho. Pid Brendom 'Rozvytok Hromady' Zibralys' Kolyshni Sylovyky, Sportsmeny Ta Iurysty" [Kryvetsky's New Army. Former Security Officers, Athletes and Lawyers Gathered under the Brand Community Development], *Zaxid.Net*, August 27, 2015, https://zaxid.net/nova_armiya_krivetskogo_n1363418.

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57 They included the city's largest real estate development group, Avalon, of which Kozlovskyi publicly admitted being the ultimate beneficiary owner in 2019 (Onysko 2019).

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povnovazh͡en′ deputata" [The Lviv Regional Council deprived Hryhorii Kozlovskyi of his powers as a deputy], *Zaxid.net*, June 14, 2022, https://zaxid.net/lvivska_oblrada_pozbavila_povnovazhen_deputata_grigoriya_kozlovskogo_n1544455.

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63 Iryna Revunova, "L′vivs′ka Mis′krada Pryznachyla Dvokh Zastupnykiv Mera i Chleniv Vykonkomu" [Lviv City Council Appointed Two Deputy Mayors and Members of the Executive Committee], *Zaxid.Net*, April 6, 2017, https://zaxid.net/lvivska_miskrada_priznachila_dvoh_zastupnikiv_mera_i_chleniv_vikonkomu_n1422585.

64 This representative published personalized birthday wishes to Kozlovskyi using local online media, a sign of an asymmetric relationship as this person formally represents the Vynnyky community in Lviv, see Bohdan Shuster, "Vitanni͡a dli͡a Hryhorii͡a Kozlovs′koho!" [Congratulations to Hryhoriy Kozlovskyi!], *Vynnykivskyi Visnyk*, February 1, 2022, https://vynnyky-visnyk.com.ua/2022/02/01/vitannia-dlia-hryhoriia-kozlovskoho/.

65 Veremchuk led the Narodnyi Kontrol faction in 2015-2020 but switched to Varta in 2020-2025, although the two groups are essentially the same team.

66 Lviv City Council Press Office, "Sesii͡a zatverdyla sklad vykonavchoho komitetu" [The session approved the composition of the executive committee], Lviv City Council Information Portal, February 4, 2021, https://city-adm.lviv.ua/news/government/283895-sesiya-zatverdila-sklad-vikonavchogo-komitetu-2; Taras Rad', "Zvit Za Pidsumkamy Analizu Roboty Stabil′nosti Partiĭnykh Struktur u L′vivs′kiĭ Mis′kiĭ Radi" [Summary Report on the Analysis of Stability of Party Structures in Lviv City Council], *OPORA Elections*, 2020, https://www.oporaua.org/report/vybory/partii/20003-zvit-za-pidsumkami-analizu-roboti-stabilnosti-partiinikh-struktur-u-lvivskii-miskii-radi; Victoria Savitska, "Zakon, Povaha Ta (Ne)Chynnyĭ Sadovyĭ. Shcho Vidbuvai͡et′si͡a u L′vivs′kiĭ Mis′kiĭ Radi" [Law, Respect and (in)Valid Sadovy. What Is Happening in the Lviv City Council], November 20, 2020, https://tvoemisto.tv/exclusive/pro_sesiyu_115323.html.

67 For example, the committee issues permits for the elaboration of construction documentation. In practice, this is a way of avoiding the requirement of obtaining the council's permission to allocate specific land for construction, which often results in conflicts. When citizens notice that construction is being carried out on a children's playground or in front of their windows, it is too late to act against it (Source: Interviewee 22, local council deputy, Lviv, May 23, 2019).

68 Interviewee 19, a civil society organisation representative, Lviv, May 23, 2019; Interviewee 23, a civil society organisation representative, Lviv, May 22, 2019.

69 Hubytska, "Chuzh͡i Tut Ne Buduiu͡t′: «Avalon» Otrymav Dozvil Vid L′vivs′koï Mis′krady Zabuduvaty Topol′nu Bahatopoverkhivkamy Vsuperech Henplanu [Strangers Do Not Build Here: 'Avalon' Received Permission from the Lviv City Council to Build on Topolna [Street] High-Rise Buildings Contrary to the Master Plan]."

70 Nataliya Dulyaba, "Deputaty Prosi͡at′ Sadovoho Vybraty Al′ternatyvnu Dili͡anku Dli͡a Budivnyts͡tva Smittiepererobnoho Zavodu" [Council Deputies Ask Sadovy to Choose an Alternative Site for the Construction of a Waste Processing Plant]," *Lvivskyi Portal*, April 19, 2018, https://portal.lviv.ua/news/2018/04/19/deputati-prosyat-sadovogo-vibrati-alternativnu-dilyanku-dlya-budivnitstva-smittyepererobnogo-zavodu; Iryna Sayevych, "L′viv'i͡any Piketuvaly Sesiiu͡ Mis′krady Cherez

Susidstvo Iz Smittiєpererobnym Zavodom" [Lviv Residents Picketed the City Council Session Because of [Their] Proximity to a [Planned] Waste Processing Plant], *Hromadske Radio - Public Radio*, April 19, 2018, https://hromadske.radio/news/2018/04/19/lviv-yany-piketuvaly-sesiyu-miskrady-cherez-susidstvo-iz-smittyepererobnym-zavodom.

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72 Viktoriya Eismunt, "U L′vovi Vyznachyly, Iakym Bude Novyĭ Hotel′ Na Vulytsi Doroshenka. Vizualizatsiia" [In Lviv, a Visualization for the New Hotel on Doroshenko Street Is Available], June 12, 2020, https://tvoemisto.tv/news/u_lvovi_vyznachyly_yakym_bude_novyy_gotel_na_vulytsi_doroshenka_vizualizatsiya_110383.html; Nataliya Onysko, Mariya Rever, and Oleksandra Hubytska, "GRANDioznyĭ Plan Kozlovs′koho" [Kozlovskyi's GRAND Plan], *Nashi Groshi Lviv*, September 26, 2019, http://lviv.nashigroshi.org/2019/09/26/hrandioznyy-plan-kozlovs-koho/.

73 Nashi Groshi, "Kryvetsʹkyĭ ofitsiĭno perepysav na sebe zemli atovtsiv v seli Strilky" [Kryvetsky officially transferred the lands of the ATO veterans in the village of Strelki to himself], *Nashi Groshi. Lviv* (blog), November 5, 2019, https://ngl.media/2019/11/05/kryvets-kyy-ofitsiyno-perepysav-na-sebe-zemli-atovtsiv-v-seli-strilky/.

74 Tvoe misto, "Sud Znovu Ne Pobachyv Ozera. Prokuratura Prohrala Apeliatsiiu Shchodo Dilianky 'Edem Rezortu'" [The Court Did Not See the Lake Again. The Prosecutor's Office Lost an Appeal Regarding the Plot of 'Edem Resort'], *Tvoe Misto*, February 7, 2022, https://tvoemisto.tv/news/sud_znovu_ne_pobachyv_ozera_prokuratura_prograla_apelyatsiyu_shchodo_dilyanky_edem_rezortu_127546.html. The main issue was that the resort also privatized the lake, which was illegal; the court, however, concluded that the water basin in the resort was artificial, and thus could remain under private ownership.

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76 Nashi Groshi, "Kozlovs′kyĭ Pryvatyzuie Kinoteatr 'Kyïv'" [Kozlovsky Privatizes Kyiv Cinema].

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88 Ibid.

89 Liza Palchynska, "L'vivs'komu IT Klasteru — 10 Rokiv. Rozpovidai͡emo Ĭoho Istoriiu͡" [The Lviv IT Cluster Is 10 Years Old. We Tell Its Story], AIN.Business, 2021, https://ain.business/special/story-of-lviv-it-cluster/. The Cluster was founded in 2011.

90 Oleksandr Kobzarev et al., "L'viv'ia͡ny Pochynaiu͡t' i Peremahaiu͡t'" [The People of Lviv Start and Win] (Lviv: City Institute, 2014), http://city-institute.org/content/uploads/2014/02/broshura-lviv-iany-pochynaiut-i-peremahaiut-.pdf; See also: Nataliya Seredyuk, "L'viv Maĭbutn'oho: Ia͡k Rozvyvatymut' Kreatyvnyĭ Klas u Misti" [Lviv of the Future: How to Develop the Creative Class in the City]," *Tvoe Misto*, December 6, 2016, http://tvoemisto.tv/debates/lviv_maybutnogo_yak_rozvyvaty_kreatyvnyy_klas_u_misti_82479.html.

91 As articulated by Andriy Sadovyi, see *Andriĭ Sadovyĭ pro Pidsumky Zustrichi Rady Konkurentospromozhnosti* [Andriy Sadovyi about the Results of the Competitiveness Council Meeting] (Lviv, 2011), https://www.youtube.com/watch?v=LO92nKgV18c.

92 As stated by the first chairman of the Council, Lyubomyr Zubrytskyi, see *Liu͡bomyr Zubryt͡skyĭ pro Pidsumky Zustrichi Rady Konkurentospromozhnosti* [Lubomyr Zubrytskyi on the Results of the Competitiveness Council Meeting] (Lviv, 2011), https://www.youtube.com/watch?v=aBrjBScqfzI.

93 Lyubomyr Zubrytskyi, director of the Austrian Airlines Service Center for Eastern Europe, and Taras Yurynts, owner of a hospital furniture manufacturer, served as Council chairmen in 2009-2014 and 2014-2020, respectively.

94 Interviewee 433_7, top-ranking local public official in Lviv, online, June 4, 2021.

95 Interviewee 422_7, top-ranking local public official in Lviv, online, June 2, 2021.

96 For example, out of 36 members of the Council on Competitiveness in 2020, three were either business partners or advisors of the mayor; two built successful executive careers under the mayor; two were business partners at the Lem Station creative hub; eight knew each other at least since 2008 and essentially co-developed the strategy; and two knew each other through the Dzyga art gallery as early as 2005. The City Institute provided the list of Council members to the author upon request.

97 According to Stepan Veselobskyi, the CEO of IT Cluster, see Oleksandr Tartachnyi, "IT-iventy pid chas viĭny, broniu͡vannia͡ ta zakordonni vidria͡dzhennia͡ dlia͡ aĭtivt͡siv. Interv'iu͡ iz CEO Lviv IT Cluster Stepanom Veselovs'kym" [IT-events during the war, reservations and foreign trips for IT people. Interview with CEO Lviv IT Cluster Stepan Veselovskyi], *Speka* (blog), October 20, 2022, https://speka.media/it-iventi-pid-cas-viini-bronyuvannya-ta-zakordonni-vidryadzennya-dlya-aitivciv-intervyu-iz-ceo-lviv-it-cluster-stepanom-veselovskim-vr48np.

98 See, for example, how in 2011 Lyubomyr Zubrytskyi stated that one outcome of Council discussions would be the establishment of an investment office at the City Administration and the attendance of world tourist exhibitions: *Liu͡bomyr Zubryt͡skyĭ pro Pidsumky Zustrichi Rady Konkurentospromozhnosti* [Lubomyr Zubrytskyi on the Results of the Competitiveness Council Meeting].

99 City Institute, "Kompleksna Stratehiia͡ Rozvytku L'vova 2012-2025 Rr." [Comprehensive Development Strategy of Lviv 2012-2025.], 2011, 43, https://www8.city-adm.lviv.ua/inteam/uhvaly.

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The Russian invasion of Ukraine in 2022 jeopardizes the country's independence and its chances for Western-style development. However, the heroic attitude of the Ukrainian people, combined with a solidifying national identity, makes the domestic foundations for a western turn stronger than ever. After the invasion, building strong foundations of liberal democracy will be a top priority. In addition to alleviating immediate problems, the country must also address its post-communist legacy and the constraints of its oligarchic structures and patronal democracy.

The authors of this edited volume, leading Ukrainian scholars supplemented by colleagues from Hungary, examine the structural consequences of the war and the chances of building liberal democracy in the aftermath. Adhering to the conceptual framework of the editors' *The Anatomy of Post-Communist Regimes* (CEU Press, 2020), the 13 chapters examine the impact of the war on democratic institutions, systemic corruption, the oligarchs' position and influence and the civic identity and activism of Ukrainian society. This collection is complemented by the book entitled *Russia's Imperial Endeavor and Its Geopolitical Consequences.*

"While many other works in this field focus on one narrow area, this book is unique to provide a comprehensive account of Ukrainian politics, economy, and society. I can't think of any books that are so ambitious in scope, so inclusive of Ukrainian writers, and so people-focused that they would prove to be a competitor."

Jade McGlynn, Research Fellow, Department of War Studies, King's College London

"The reader of this volume will come away not only with a deeply enriched understanding of Ukraine and its possible futures... The chapters here demonstrate the power of an alternative approach that sheds 'Procrustean' frameworks developed to understand certain Western countries and instead takes seriously how local actors in post-communist countries understand their own politics, supplying a vocabulary for this to be more broadly understood."

From the Preface by Henry E. Hale, Professor of Political Science and International Affairs, George Washington University

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