

The Prime and Decline of Post-Soviet Corporatocracy

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*"The Mafia will continue
to develop paramilitary
defensive and offensive units,
corrupt upper echelons of power.*

***The ultimate goal of the Mafia
is the seizure of political power "***

T. Koriagina ("Shadow economy", 1991)

1. Autumn of 2015. My country appears to be motionless in anticipation of the future. The same question is reiterated every day - "What is going on?". How could war, marginalization and decline become the realities in a country, which only a quarter of a century ago had been predicted the role of one of the young European leaders and which was set as a model of social equilibrium amidst the painful collapse of the Soviet system?

The range of emotional and doctrinal answers to this question is wide - from "genetic inability" and "character traits" (the saying about the "three Ukrainians – three Hetmans" springs to mind) to conspiracy theories and the systematic destruction of Ukraine by external enemies in the struggle for the redivision of the world.

This entire palette of answers, versions and emotions has one thing in common - recognition of the weaknesses (as well as deceit, cynicism and so forth) of the ruling political and economic elites, who are essentially responsible for the failures, setbacks and tragedies.

2. Fragments of the overall picture of the socio-economic and political organization in modern Ukraine reflect only some planes of reality. Here are a few of them to illustrate my point (I am confident that every single "image" will be recognized and will not come as a surprise):
 - *"Ukraine is ruled by oligarchy";*
 - *"Parties are maintained by oligarchs";*
 - *"Ukrainian politics are dominated by client-oriented relationships";*
 - *"Corruption is a key issue for the country and is one of the main threats to national security";*
 - *"The shadow economy makes up 40-50% of GDP in Ukraine";*
 - *"Ukraine has a weak middle class, and the main problem is the huge gap between the rich minority and the poor majority";*
 - *"Social justice is the main demand of Ukrainian society";*

- *"Ukraine needs reforms, but reforms are being hindered, simulated or are carried out only in the interests of authorities."*

The row of such "illustrations" could be continued. But the important part is that these fragments of reality reflect only some features that have already become acknowledged in mass consciousness and as it seems at first glance, comprehensible to all. Nevertheless, any such "fragment of reality" appears, in this mosaic picture of the world, as a defect or a complicated but local problem that can be solved by force of will or a proper regulation.

3. In one of the Ukrainian magazines ("New time", 09.18.2015) a well-known journalist and deputy from the ruling presidential party BPP S. Leshchenko wrote: *"According to Mikheil Saakashvili, along with the official government in Ukraine there is also a "shadow one", which decides what direction the country will take and who will profit from this. They had a pretty good life under the old regime, but after Maidan they became its main beneficiaries."*

Two important remarks: this does not refer to the political technologies of the opposition to the government, and this is not even about the list of surnames of the persons mentioned in the article. The presence of a certain real power (represented in the old and the new "official government"), which manages the country, is ascertained. It manages the institutions of government, financial flows, political processes. And the members of the "shadow authorities/government" - are all-party and even all-fractional.

Another quote from a famous Ukrainian politician Yulia Tymoshenko, who belongs to the "first wave" of Ukraine's oligarchy:

*"... The problem is that even the new leadership [of Ukraine - Ed.] is **under the influence of the clans that have formed over the last 24 years**" ("Der Spiegel", September 2015).*

The same evaluation was given by one of the wealthiest businessmen in Ukraine K. Grigorishin: *"What is the current government's approach? Wherever you look, in any industry, we can talk about energy, about transport, about the economy in general, which is virtually non-existent. Basically, we see the preservation of those corruption schemes that were developed under Yanukovich, and **more often that not even before him**. The government does nothing to destroy them, only slightly changes the beneficiaries, but not too much" ... "Once again - we have **a government that heads corruption**. As a result, we can not provide money coming into the budget, we can not ensure the attraction of investments, the economy is being destroyed."* ("Ukrainian Pravda", September 2015).

25, 15, and 3 years ago the topic of the "shadow government" came into focus: the "inner circle", the "ruling oligarchy", the "family" ("have some tea" – the metaphor of the government, has become a classic).

"Shadow rules the light." Organized "shadow".

4. It is human nature to formalize reality, or as is the fashion to say now, convert 3D life into 2D perception. Ranging from a daily calendar (days, months, years) to the circuit design of life

planning and even personal spiritual organization (poetically - "a corner of the soul"). Diagrams, presentations, charts.

At the same time, everyday life (personal, social, economic) does not conform to these charts and cubes. Through formalizations we seem to be "cutting" the living content of what is happening with lines and arrows. And instead of comprehending law, lawfulness we break reality itself into "fragments".

A "fragmented consciousness" driven into the dogma of a chart is a good footing to manage the collective and individual unconscious.

"Time flies," – this is not about the hours, but about the "leap" of consciousness from one fragment to another. An example – the "Revolution of Dignity" and "Ukraine after the Maidan." Demarcation line. And only reality itself forces people to tear away from "fragments" and anew - "light and shadow", "shadow government", "nothing has changed". Once more, the consciousness looks for an unabridged reality, with its history and meaning.

5. The presence of a "shadow government" ("an organized shadow power") in the current post-Maidan Ukraine is viewed as a distortion, a flaw, an "incident" in the modern system of political and economic organization of the country. "A tumor in a healthy body."

But the history and ontology of this "tumor" go far beyond the present. The present for us is measured by the national project "Ukraine", and we identify ourselves not only by national, cultural and political criteria, but also by such an important criterion as the actual historical time (in the individual dimension – the "time of destiny").

Despite confidence in choice and a sense of belonging to the collective destiny many people now and again have a feeling of pre-determination, or rather - a certain duality and prescribed nature of a seemingly obvious common action.

The peak events (and these, for instance, in the current period were the establishment of CIS and the referendum on independence, the 1994 early elections, Maidan of 2004 and 2013-14, the annexation of the Crimea and the war in Donbass), along with collective passionarity and energy of the masses, - are the search for the trigger mechanism, the basic causes of the event. Is this the inexorable logic of the nation's history? External control? The element of political competition of various power groups? In fact, we have been marking time in this precise triangle.

6. The starting point: **"an organized shadow government" - is not just another incident, but a systemic, organic characteristic of the political and economic organization of our contemporary Ukrainian society.** Its constituent. And the systematic expression of this essential characteristics of the system forces us to give it a historical explanation (development pattern) and a projection into the future.
7. In the existing 2D-diagram of contemporary national history the year 1991 became the point of reference. The collapse of the Soviet Union. Approval of Ukraine's state independence and "determination of the new political nation's contour" – along the administrative border, the quantitative and regional structure, the economic and socio-humanitarian infrastructure of the "project's body". This feature has become an integral component of national historical memory. Here starts the chronology of the country's independence and sovereign statehood. At the same time, **from a political and economic standpoint, this line bears a conditional, vague nature and**

disappears altogether when analyzing another history - the history of capital and modern post-Soviet capitalism. Without quotation marks.

8. Capital has no boundaries. A popular expression, which is being increasingly used as either an aphorism, or - as a literal explanation of the interpenetration and interrelations of the contemporary globalized economy. And what about time? After all, in the time plane capital is also infinite, interconnected and intertwined.

The majority of prosperous and successful Ukrainian oligarchs, bankers, "shadow" shareholders with a bureaucratic outer layer, businessmen and politicians having criminal "authority" are related and linked to the past. And not symbolically, but literally. As representatives of the new ruling entity in society, that controls and directs development. As **the ruling class**.

9. In the articles and papers of economists, political scientists and sociologists (both in Ukraine and in the neighboring states of the CIS) the dominant evaluation of the political and economic system is viewed as "neo-feudal", and the order - "bureaucratic (corrupt) capitalism", "market feudalism" and other similar determinations.

It is noteworthy that similar definitions were applied when attempting to determine the nature of the system in the former Soviet Union at the beginning of the transformation of the so-called "Stalin's totalitarianism" into a "society of stagnation." The common element here is, foremost, the connection between "capitalism" and "feudal."

Commodity production of the industrial type - and a distorted, administrative-and-regulatory, both politically and legally secured redistribution in favor of the ruling class.

The total control of the ruling circles over the entire state machine was literally bureaucratic in the past, and as a result of political corruption - in the present.

The administrative market and "shadow activity" meant the huge "shadow economy" and the use of administrative resources of authority to support private businesses; now – it means legislative and regulatory preferences, state procurements and state subsidies, the privileged privatization of state assets and replenishment of working capital through the draining of budgetary funds , etc.

Succession and stability of **the basic composition of government** even after the radical changes at the level of the country's top management – the whole 50-year period.

Can we regard this connection as a manifestation of the successive nature of the political-and-economic system? Including the social-and-class one? We can and we must.

"Industrial feudalism" in the Soviet Union in the mid-20th century (the "new class" as a precursor)

10. The term "industrial feudalism" was already being used in the works of Jean-Baptiste Fourier. In the history of ideas he was enlisted among the ranks of the so-called "Utopian socialists". But in his time - the time of social revolutions in the wake of the 19th century "Spring of Nations" - Fourier was deservedly considered to be one of the best and brightest minds of Europe's intellectuals. "Industrial feudalism" in Fourier's phase sequencing of social evolution refers to "senility" - as the final phase of the decaying feudal society.

The history of capitalism in the 20th century demonstrated the possibility of developing hybrid social systems that, having overcome feudalism, are able to retain its systemic features for a long time to come. The concept proposed by Fourier "lives on" 200 years later and appears to be quite adequate for its time and phenomena.

11. "Industrial feudalism" - is a befitting term to the organization of the Soviet system in the mid-last-century (1950-60, USSR). The systems, mobilization mechanism and the repressive-disciplinary culture that was established in the pre-war conditions of state capitalism and the period of "war economy", political repressions, "internal colonialism" (labor "encampment").

Total state ownership of economic assets, infrastructure, land and resources. Regulation of life and migration of the labor force (place of registration, job placement, "workdays", provision of housing). Social lifts in the management system were directly linked to political hierarchy (levels), whereas the order and "lineage" – with the institute of nomenclature. High industrialization of the economy was accompanied by strict regulation of incomes and living standards (social security, consumption).

All categories - ranging from industrial workers, employees of cooperatives and from the state agriculture sector, budgetary employees of state agencies and up to health-care workers, education, science and culture employees found themselves in the position of **bonded hired work-forces**.

Essentially, the social and class structure had become **binary**: the ruling class, which had complete monopoly over the state, and the diverse class of hired labor, which received "wages" as payment for their work as well as some local, niche privileges (ranging from special premiums for employees of the North up to local freedoms and enhanced possibilities of consumption and benefits - in the field of culture and science).

12. The unique nature of Soviet "industrial feudalism" lay in the special organization of industrial commodity production (industrial production and services are in question here). The market was subordinated to the administrative management of commodity and financial flows ("administrative market"). The cost ratio was regulated and planned. Thus, the created system required constant accounting and adjustment in the economic dimension, whereas in the social plane - it developed into a "routine exploitation" mechanism because of the rigid "lagging" wage system and regulation of limited consumption, its deterrence, "minimization of needs."
13. Total state ownership and formation of the institute of nomenclature (based on the AUCP(b)-CPSU party's monopoly, professional power elites and industrial management, subordinated to bureaucracy) became the basis for the formation of a "new class" - "political bureaucracy" (M. Djilas), "nomenclature" (M. Voslensky) or "ethnocracy" (O. Kryzhanovskaya).

Its polit-economic basis for development was ownership of the state, at the disposal of which, in turn, were human resources (hired and forced labor), industrial assets and management of the state's natural resources. Such was the mature "industrial feudalism" in the mid 1950s-early 1960s.

14. The rise of mathematics, mathematical tendencies in economy, and subsequently - cybernetics has, among other things, a social and historical background – the search for the ideal model of Lenin's "accounting and control". A surprising symbiosis of progressive knowledge with the practice of "industrial feudalism" or as was once the fashion to define it, - "barrack's socialism".

15. In the context of "industrial feudalism", administrative (i.e., non-economic, directive-managerial) regulation of the levels and norms of income and consumption of the hired class provided the new ruling class with "bureaucratic rent", which was redistributed through the public (state) budget. And as part of the national income, it was allocated to the ruling class in the form of "collective profits", which were directed primarily at the maintenance of high standards of living and the position of nomenclature, providing collective and personal benefits (property benefits, provision, standards and levels of consumption, "Stalin's envelopes" with cash for a "second wage").

16. At the same time, market limitations, lack of mechanisms and opportunities for personal capital turnover led to a situation in which personal growth and "accumulations" of private capital were possible only as status in the hierarchy, privileges and personal savings. "Aristocrats with a bag of coins" – this is what the soviet bureaucracy was, with a set of exclusive privileges and an "envelope" under the pillow.

"Nomenclature capitalism"

17. The balance of the industrial and feudal system lasted only a decade. **Scientific and technological progress, growth in the numbers of educated labor forces** (due to the demands of the industrial sector of the economy), Soviet "consumer society" (systematic, though "lagging behind", increment of hired labor incomes, **growth of the purchasing power of the population** in the conditions of limited and regulated supply in the internal market) and **excess of nomenclature's savings** became **the 4 reasons and catalysts of the "industrial feudalism" crisis, its transformation into a new phase - "nomenclature capitalism"**. This also influenced the transformations in the structure and composition of the ruling class.

18. Total state ownership and dependence of the industrial economy on direct government funding, the virtual nationalization of the agricultural cooperation **led to a gap between the dynamics and quality of industrialization** (new productions and new technologies) **and the growth of the unmet needs within the hired labor class in the domestic market.**

The **nomenclature** distributed the aggregated national income through public finances (budget) on business interruption insurance and anticipatory financing of industrial assets (including R&D), infrastructure of the growing industrial base and conservative maintenance of a binary social-class structure.

At the same time, the growing quality and demands of hired labor created a huge hole in "supply and demand".

Even the relatively limited resources and savings of ordinary workmen and their families were not satisfied by the goods and services offered on the domestic market.

The developed industry, which absorbed public investments, and state procurements, and the poor, isolated, deficient internal market – was a paradox, which created a new social tension in the binary social-class system during the decline of "industrial feudalism". The shooting during a labor demonstration in Novocherkassk (1962) was only one of the many tragic manifestations of this tension.

Amidst total deficit a demand was created for domestic investments in the vast empty consumer market. This problem was reflected in the government policy documents and in the cautious recommendations of economists. However, the official economy did not possess substantial potential.

The Hungarian economist Janos Kornai defined this economic system as a "**shortage economy**".

19. Measures taken on the administrative reorganization of the economy (attempts to decentralize power through the creation of economic councils, the end of the 1950s) and experiments on "economic accountability" of enterprises played a dual role: under strict administrative and regulatory restrictions and the attained local autonomy industrial assets became demand-driven. The growing demand amid total deficit gave the **nomenclature** a unique chance to "reinvest" its capital - status and personal savings - into the shadow turnover of the consumer market.
20. The political **bureaucracy and industrial management** found a common interest in the cost-effective "shadow" usage of industrial assets with the aim of obtaining additional profits on the consumer market.

Most sources on the history of the "shadow economy" in the former Soviet Union largely link the development of the "shadow activity" period with exogenous production - "underground manufacturing", smuggling and criminal activities.

At the same time, virtually all the enterprises that were able to respond to consumer demand began integrating into the rapidly developing domestic consumer market – ranging from the clothing industry ("shadow stock") up to the military-industrial complex (plunder and placement of materials in the consumer market).

Within a short time (by mid 1970) the "shadow sector" amounted to more than 10 % of the state's GDP. By the second half of 1980, as the economist S. Menshikov notes: "... *the share of the shadow economy accounted for 15-20% of gross domestic product ... [according to other estimates - up to 25% - Ed.] ... But these figures do not reveal the whole picture, that is, the full interlacing and merging of shadow structures with the official ones. In fact, in the 1980s, it was this interlacing that had already become a central feature of our economy, not its formal planning nature or centralized control.(...) ... almost every state enterprise had a shadow component*" (S. Menshikov, "The Anatomy of Russian Capitalism").

The third participant and co-organizer of "nomenclature capitalism" was organized crime, which provided control over stability of operation ("mafia", protection from competitors), proliferation of "shadow activity" and which participated in the distribution of shadow profits.

21. **The three accomplices in the development of "nomenclature capitalism" in the 1970s were: bureaucracy – corrupted industrial management - organized crime.** The nomenclature resorted to collusion and collaboration with the criminal underworld, creating a criminal ruling syndicate – **corporatocracy**. With ownership of the state. With opportunities for direct and "shadow" management of the economy and gaining surplus-profits.
22. Bureaucracy, the management of enterprises and underground "plants", organized crime created **a system within a system – whole economic clusters**, bound together by shadow

financial, commodity and organizational links. The "light and shadow" economy penetrated every single branch and sphere, creating unique cluster-feuds:

- overstated cotton reports - budgetary embezzlement - low standards of finished goods – placing on the market and state procurements;
- "shadow production" - registry - shadow turnover of unrecorded goods (chemical, garment industries, etc.);
- excessive delivery - using surplus for "underground manufacturing" or unrecorded activities - shadow sales and services;
- smuggling of raw materials and goods - "underground manufacturing" or unaccounted industrial production of consumer goods - the domestic market.

There were many schemes but one purpose - the redistribution of national income through direct embezzlement of public finances (budget, funds of state-run enterprises) and through the shadow consumer market.

The criminal spheres of business activities accompanied the shadow economy and became another sphere of additional accumulation and reinvestment.

23. As was noted by researchers of the "shadow economy" of the former Soviet Union (T.Karyagina, V.Naishul, S.Menshikov and others), there were many forms of shadow activity. However, all of them can be divided into three main groups:

- "**informal activity**", conventionally – "**partially shadow**". These primarily include permitted activities on a legally existing production base, but - the manufacturing of products (goods and services) went unrecorded, evaded taxes and had no government contracts. Additional volumes, counterfeit products, unregulated goods and the like. Their volumes reach gigantic proportions. We can also include all "shadow manufacturers", working with unreported assets but producing licit, short supply goods;
- "**underground activity**" or "**criminal shadow**". The sphere of total control of organized crime with the participation of its bureaucracy-partners in the form of "mafia protectors" and "investors". Strictly speaking, these include illegal activities and goods - gambling, drugs, arms trafficking, smuggling for export, illegal imports, etc.;
- "**fictitious activities**" or "**corrupt shadow**". This group includes direct embezzlement of public funds and state property, which was directed at personal consumption and which replenished the turnover of the two other components of the "shadow economy" - "underground" and "illegal".

It is amazing how accurate and relevant this qualification is applicable to the current situation. The mechanism has changed, however the essence remains the same.

24. "Nomenclature capitalism" went down in political and economic history as a period of "stagnation." A unique term. It reflects the general economic and psychological state of society.

At the same time, the period of "stagnation" - is the time of dynamic changes in the old binary social-class structure, of "social unrest" and movement, the time of new stratification of the binary society into classes, castes and new social groups.

Bureaucracy, the fixed capital of which had previously been brought down to status, privileges and personal savings was gradually turning into the ruling class of "co-investors" of the shadow activity.

Corrupt directorate, "underground manufactures" and the leaders of the criminal world became unacknowledged capitalists-millionaires. An increasing part of industrial assets, directly or indirectly related to the consumer market, turned into **illegal property of syndicate groups, consisting of the Soviet party bureaucracy, management and crime**. Entire market feuds were formed, bringing illegal profits at the expense of public finances and through law evasion.

25. The transformation of nomenclature into "shadow capitalists" (with new, expanded membership) manifested itself in the role significance and behavior of the participants. "Political bureaucracy" (the nomenclature) became the "shadow investor" and the political guarantor of the "shadow economy"; the corrupt industry management and underground manufacturers - became active participants of the growing "shadow" consumer market of goods and services, outpacing the "light" part of the economy in its dynamics and profitability; and organized crime - became the co-investor, co-organizer and the new "security system".
26. From an economic standpoint "stagnation" was the result of a "stagnant loop", which was generated by the "shortage economy". To ensure the growth of capital investments in the most capital-intensive industries (defense industry, mechanical engineering, fuel and energy, infrastructure), to maintain their competitiveness a steady legal income was required, which the shadow domestic market did not provide.

Since the early 1970s the new source of these funds were energy resources, with the profits from sales on external markets going into capital investments (leading industries - MIC, engineering and infrastructure, conventionally - "BAMs"), social compensation and direct embezzlement with the aim of further shadow reinvestment ("overstatement reports", overestimating expenditures and so forth).

27. The binary social-class structure of the bygone era of "industrial feudalism" and state capitalism transformed into a more complex caste-class structure.

The real "centers of power" were in the hands of the partially-"shadow" corporatocracy.

Part of the employees of state enterprises was drawn into the "shadow activities" and was enabled to participate in "shadow" incomes. Redistribution of shadow incomes affected stratification in the spheres of trade, culture and education ...A "new middle class" began to emerge - a category of paid employees with a higher quality of life. The perception of "success" began to change as well, with higher significance given to real income and consumption, personal motivation and emphasis on welfare standards.

"The Soviet citizen - is an eternal child, under the supervision of strict parents. He has but one employer - the state; this is what he had been constantly taught, starting from infancy up to the old age. He dressed as was instructed, ate and drank within the sanitary norms, read books from the approved list and was forcibly exposed to radio processing. As it often happens in family life, the Soviet citizens were, as a matter of fact, disobedient children who did not always give their full attention to their parents' notations, stole pocket money and skipped classes at school. There was no reason to be obedient. A career breakthrough did not look promising nor did a social boost. The hidden inflation and shortage equalized the lower strata of society and the middle class. Back in 1960 an engineer, an officer, a doctor, a university lecturer - were all respectable people and eligible bachelors. But in the 1970-80s the words "associate professor", "engineer", "surgeon", "officer" had already lost their former charm. The privileged position now belongs to barmen, salesmen and car mechanics. It is these people who got

closest to the desired consumer triad: "dacha, a cool set of wheels and a pedigree dog." (E. Vyshenkov, "Krysha").

28. The "stagnant loop" completely destroyed the delicate balance between the "light" and "shadow" sectors of the economy, motivating the ruling class and the young Soviet middle class to accumulation and shadow enrichment.

The shortage on the legal market and the lack of opportunities to increase legal property led to "cash surplus accumulation". During the decline of "nomenclature capitalism", in 1989 one of the high-ranking party officials B. Gidasov (Secretary of the Leningrad Regional Party Committee) made a statement, which became a sensation - 80% of the deposits in the Savings Bank belonged to 5% of the country's population. It is quite likely that the proportion of official deposits in 1970s was the same. A well-known publicist of the late 1980s in the publications of "Ogonyok" magazine claimed that the nomenclature owned personal capital worth hundreds of millions of roubles.

The accumulated funds exceeded the administrative market capacity: there was no market of real estate or land, a limited supply of luxury goods, inability to conduct private legal activities. Even despite the huge part of the "shadow sector" of goods and services.

The historical shield of the "Soviet regime" prevented legalization and status recognition of the **new** ruling class – **corporatocracy**. Bureaucracy and directorate – into legitimate owners and rulers, without the Soviet-party props. Crime – into acknowledged capitalists (in 1989 one in five of the five hundred "thieves within the law" was a member of the cooperative!).

In turn, the petty bourgeoisie middle class held conversations about freedom of speech around the kitchen table, listened to Vysotsky and Okudzhava and seriously considered entrepreneurship.

Most of the population – hired labor and the growing stratum of retired pensioners - spent their incomes on shadow products at speculative prices and were de-motivated regarding social and professional career by "underdogs" (those who put up with the state of events).

Protests were restrained by the repressive and disciplinary culture. Alcoholism and drug addiction, that were spreading among young people, the growth of street crime, youth protest movements - was only a small part of the system crisis.

"We do not know the society which we live in" – this is not a line from the hit song of a popular rock band, but the phrase of one of the Communist Party leaders, the General Secretary of the Central Committee of CPSU in 1982-83 Yuri Andropov.

29. At the same time, the "light and shadow economy" led to a significant increase in the level of exploitation of labor force, income limitation of the "lower classes". Industrial and regional feuds, which were formed in the 1960s, consolidated and strengthened the gap in incomes of hired labor, depending on the region and greediness of the ruling bureaucracy. For example, the standard of living of ordinary workers in the Central Asian republics (those "enslaved" people who picked cotton for a penny and were the real victims of embezzlement and overestimations) was 2-3 times lower than the average standard of living of workers and their families in Ukraine or Belarus.

"Proletarianization" of low-paid labor workers emerged. Stratification occurred among age population – pensioners; a new category of a particularly disadvantaged group were former employees of agricultural enterprises and collective farms, former low-skilled workers and unemployed citizens.

According to the reflections of his contemporaries, Yuri Andropov considered poverty to be one of the main threats to the USSR national security in the early 1980s (in modern terms – a "challenge"). Back then, in a country with a population of 260 million people round 12 million received about 50 roubles of personal income a month (such were pensions, minimal salaries and scholarships), and 50 million - up to 80 roubles a month.

30. The real petty-bourgeois nature of the late Soviet society (1970 – early 1980s) was ideologically stigmatized as the "lower-middle class." But **it is the petty bourgeoisie and the new stratification into the extremely rich half-legal corporatocracy, the wealthy "bourgeoisie" stratum and the tremendously poor majority of hired labor, which paved the way for the rapid collapse of showcase socialism and hurled the former Soviet society into "gangster capitalism" in 1980-90s.**

31. **Corporatocracy, the new petty bourgeoisie and the proletarianized part of the population made a common quest for transformations ("perestroika"). But their interests and expectations were different.** For some - it meant social justice and equalization. For others - it was the legalization of capitalism and private fortunes, registration of assets as private property, legitimation of labor exploitation.

32. The word "perestroika" was originally used in the report of General Secretary Leonid Brezhnev at the 26th congress of the ruling Communist Party in early 1981. Few understood. But those who caught on had already been engrossed in the serious struggle for future power. The signal to redivision had been given. "Cotton cases", corruption in the Interior Ministry, "Romanov affair" and other scandalous investigations of embezzlement and corruption in those days were not attempts to restore order, but **a fierce struggle among competitors.**

33. Economists will debate for many years to come whether the Soviet Union was a failed state or whether its collapse was linked to the crisis of elites and the conflict of nomenclature generations.

The crisis of the late Soviet Union was undoubtedly connected to the revolutionary situation. No quotation marks. Which was interrupted by the "restoration" in an even more harsh and cynical way than during the period of "nomenclature capitalism".

The fast self-destruction of the system in the late 1980s and early 1990s and the co-organization of a new one took place practically without turmoil. This is especially important, given the million-strong army, nuclear weapons and the potential for inter-ethnic clashes.

Vilnius, Tbilisi, Baku, Karabakh and Transnistria – amid all the tragedy of the events - became a sort of warning about the future crimes of capital in the name of profit.

The message fell on deaf ears. And all the "ghosts of the past" with renewed vigor displayed themselves in the new nation-states – the Karabakh and Chechen wars, the armed conflicts in Tajikistan, the Georgian-Abkhazian conflict, the Russian-Georgian war and the hybrid warfare in the Ukrainian Donbass ... We pay in blood for being "blind to history".

34. "Transformational crisis" – this seems to be the accepted, in western and Ukrainian political science, determination of the period of crisis and collapse of the USSR and the formation of the so-called post-Soviet space.

"Capitalist revenge" was the name given to this transition by left-wing intellectuals.

The legacy of "the communist experiment of the 20th century" was a trophy, which bygone colonial empires, pirates and conquistadors could not even dream of.

Preceding: "surrogate capitalism" and the Ukrainian society

"...lacking in heroism as bourgeois society is, it nevertheless had stood in need of heroism, of self-sacrifice, of terror, of civil war, and of bloody battle fields to bring it into the world"

(Marx, "The Eighteenth Brumaire of Louis Bonaparte")

1. "All that glitters is not gold" is a well-known saying. A wise metaphor. And if we were to slightly modify it: not every scene bright and resonant in appearance really becomes an event.

The history of Ukraine, which makes up two and a half decades, beginning with the the first decisions on state sovereignty (Declaration, 1990) and ending with the signing of an agreement on political association between Ukraine and the European Union (2014), is filled with a huge number of events. But, in reality, the history of individuals, their decisions, successes and tragedies – is the craft of historians.

Nevertheless, the subsequent sheds light on the foregoing. 2015 - mirrors the previous 25 years. With multiple enlargement. With devastating clarity. Just like for most CIS neighbors – the "post-Soviet space."

2. The transformation of "nomenclature capitalism" into the so-called market capitalism is far from being complete. **Of the three truly revolutionary tasks of this transformation - the institution of private property, self-government, civil society - not a single one has been resolved substantially and fully.** Furthermore. They have been fetishized and handed over to the propaganda machine as successfully as 50 or 30 years ago - the task of building a "socialist society" and "the victory of communism."
3. The formal legalization of private property and the new tools of governing the state, which still remain in the exclusive control of the ruling class – **corporatocracy**, have little to do with the institution of private property. On the contrary. The transformation of administrative-and-bureaucratic and "shadow" management of the state's major assets without developed relations of private ownership (right, legality, profitability ratios, the market value of labor) has led to the formation of a specific **surrogate private ownership**. Its peculiarity - the combination of legal private assets (obtained as a result of privatization or preferential purchase from the state) with state assets, as well as the use of administrative resources of the state and political power in order to maximize profits.

State procurements and favorable tariffs for private companies, informal management of public enterprises and their "inclusion" into private corporations, preferential use of public finance for the implementation of corporate programs, privileges when using resources (licenses, profit maximization

during realization on the market at market prices), the possibilities for placement of available funds on the especially profitable domestic state bonds market, refinancing of private banks – this is far from a complete list of existing methods and ways of obtaining surplus profits. All of this – is a component of surrogate ownership, the redistributed part of which, in particular the national income, makes a considerable part.

The functioning of this system of relations eliminates free competition as such, establishes an economic and political-administrative monopoly only for a limited range of actors (groups, clans), suggests a lack of transparency, double standards and strong ideological defense (propaganda) as a "smokescreen" through investing into the media and public political lobbying.

"The criminal, corrupt market - is not a market, it is "fried ice". As a result of the reforms, the country has made its way from the administrative-command system to the criminal-bureaucratic one, rather than a market system." (N. Petrakov).

Surrogate capitalism - a more adequate definition for the system of relationships, which replaced the nomenclature capitalism of the recent past.

4. **Surrogate private ownership (interweaved private and public) - is the most effective and appropriate tool of exploitation, keeping in mind the interests of corporatocracy.** The previous system of economic clusters-"feuds" was legalized and formalized as an integral **oligopolistic system of relations**, in which each group got something of its own - an industry, a scheme, an economic complex.

The first stage of oligopolies' formation will remain in history as the development stage of the so-called "Financial-industrial groups" (hereinafter - FIG) in the most profitable and competitive economic areas - energy, mining, agriculture, defense industry, infrastructure and trade. And the "captains of business", legitimate leaders of FIG, received the public definition of "**oligarchs**".

However, the real picture of the modified ruling class in the age of "surrogate capitalism" is somewhat different. The public list of the so-called "oligarchs" is just the tip of the iceberg. Dozens of owners and co-owners of large private corporations, who have legalized themselves on the market, are not less influential in the power system than the public "Forbes" list. Among them – are former directorates, successful managers, representatives of the criminal world. The real oligarchy, co-managers and managers of the surrogacy capital.

But no less important is the second component of national corporatocracy - "**the new political bureaucracy**", partners and shadow co-owners of schemes and corporations, combining public political activity with a stable position in the state corporate machine.

ALL institutions of political power, the leaders of the military and its power units, the judiciary and the prosecutor's office – are under their control.

Plutocracy, reigning wealth. Presidents-billionaires, prime ministers and high-ranking officials from the executive branch, judges-"carollers", generals-businessmen. With semi-transparent capital and shares in big business. Protected by an authoritative post, mandate, national security. Representing their "feuds" at the level of individual institutions of the state.

For plutocracy, just like for their partners-oligarchs the state has become an enterprise – a corporation or LTD.

A unique system. Oligopoly in the economy - and oligopoly in the state. 'A braided plait' of interests, income, multiplied by the ongoing struggle for complete monopoly both in the state machine and the economy. To death.

5. Corporatocracy, which bases its power on surrogate ownership and maintains a monopoly over state power transformed the state itself into a corporate state. Or rather, into a **State-Corporation**. With the division of spheres and state institutions for the benefit of various elite groups within the ruling class of corporatocracy. With the monopolization of the key and most profitable economic spheres (the actual "sources of development": in Ukraine - energy, agriculture, defense industry, domestic trade and national infrastructure).

The consequence of state "corporatization" include:

- corrupt privatization (lack of transparency, preferences, undervaluation);
- shadow control of state-owned enterprises, in fact - the exploitation of state property for the purpose of obtaining additional revenue and strengthening the position of personal corporate capital;
- restraining competition within the boundaries of the national economy - overregulation of procedures for the registration and running of a business, strict administrative and fiscal control over independent enterprise, crippling credit policy (interest rates of the NBU virtually eliminate crediting of non-speculative businesses);
- "a new fictitious economy" in the form of tender corruption, hollow government programs of support and subsidies, tax benefits, etc .;
- retaining monopolies on the domestic market of critical goods and services (electricity, domestic gas and coal, tariffs on housing and communal services, tariffs on transport);
- "political oligopoly" - the distribution of control and influence on whole structures and the institutions of government between different groups (judiciary, prosecutor's office, law enforcement agencies, customs and tax services, etc.), personnel, "political protection" used in the competitive struggle for spheres of influence.

Strictly speaking, these trends had already manifested themselves in the late Soviet Union, on the eve of the collapse. But their "full-length" unfolding took place during the national State-Corporation period and the affirmation of national corporatocracy.

6. **"Surrogate capitalism" - national corporatocracy – State-Corporation – this is the defining triad of the new era.**
7. Nevertheless, the emergence of "surrogate ownership" as a product of transformation of the former state and "shadow" economy into one and corporatization of the post-Soviet state, while maintaining political monopoly of the corporatocracy were accompanied by positive structural changes in society.

First of all, possibilities, even if limited, were created to develop an independent, "capital market" - entrepreneurship, competitive business. It is often referred to as "small and medium businesses."

Abandonment of the party-ideological monopoly forced corporatocracy to take limited measures on the development of political freedoms and the approval of democratic procedures on the formation of government (electoral democracy, the competition of political and ideological projects - parties and associations).

Political freedoms and the accompanying freedoms of speech, religion, behavioral freedoms - all this stimulated the creation of the civilian sector, which by definition is competitive and critical towards the official government.

The strengthening of economic and political markets created conditions for the formation of new groups of influence - the so-called "regional elites", whose interests were localized at the regional level. And because of this, a query was formed "from below" to decentralize political and economic power.

Corporatocracy's response to these risks resulted in:

- arigidly centralized vertical of executive power - from the central government (the president-government-central authority) to the district level (*rayon*) in an area (*oblast*);
- investments into political projects (parties, blocks, parliamentary associations, groups of influence in local government), to ensure manageability and controllability of the political architecture, or at least - its most competitive part;
- systematic incorporation of the most advanced civil asset into government;
- monopoly over media;
- use of the repressive machine - security forces, the fully controlled judicial branch - to deal with competitors and the most dangerous opponents.

8. Supporters of liberal doctrines, playing the role of the main ideologists and propagandists of the transformation processes during the last two decades, sincerely believed that the development of market institutions and the legalization of capital, property would naturally solve the problem of "shadow economy". In their view, the post-Soviet economy of "light and shadow" was a kind of atavism that would disappear as a result of implementing the package of institutional reforms. This only required legislatively authorized economic freedoms of entrepreneurship, optimal administration, overcoming bureaucratic "oppression" in the form of inspections, penalties, development of capital markets, etc. "Shadow" as an escape from the state was to retreat before an effective state, managing. A beautiful myth. From a textbook.

But, despite all the attempts to fit reality into this picture, the "shadow" share in Ukraine's GDP did NOT DROP below the 35-40% index. And as of 2015 the share of "shadow economy" is estimated at 45-50 (!)% and more.

Just like 30-40 years ago practically EVERY subject of economic activity has a "shadow component." To explain this phenomenon by the lack of trust towards the state and/or the high fiscal and administrative burden (especially when it comes to such lucrative sectors of economy as energy or agriculture) would be a mistake.

Furthermore, the "shadow" real sector has acquired new forms. Makeshift coal-mines in Donbass, the amber trade in the Volyn region, deforestation in the Carpathians, unrecorded thousands of hectares of farmland, corrupt customs "green corridors" for goods being transported to huge wholesale markets ("7 kilometer" in Odessa, "Barabashovka" in Kharkiv, and others), "gray assembly" of electronic products for the domestic market – these are only some examples of the organized "shadow real sector" integrated into the legal economy.

In States-Corporations (and Ukraine is a striking example) the same laws of capital apply as in the "open societies" of the West - maximizing profits while minimizing costs. With one essential feature. State power, its institutions are COMPLETELY subordinated to the corporate interests of the ruling corporatocracy.

The result - outflow of capital abroad, shamefaced "incorporation" into the global system of capital turnover. According to Tax Justice Network, in the period from 1990 to 2010 Ukraine witnessed the outflow of USD 170 billion to foreign off-shores. Undoubtedly, over the past 5 years this figure has grown.

Ukraine – is in the top 10 countries of the world in terms of withdrawn financial assets.

And the concern is not what proportion of withdrawn assets is part of the necessary "semi-shadow" turnover and returns in the form of off-shore investments, and which is simply taken out of public circulation through fictitious measures. The problem is that all this capital-flow is involved in semi-fictitious transactions, tax evasion or tax minimization, with the laundering of working capital from the real sector of the national economy, a low legal level of payment for labor and loss of the total national budget (at all levels).

At the same time, the "shadow" part of the economy ensures the stable functioning of the REAL redistribution mechanism of gross national income among social groups and classes.

Shares, bribes, "wages in envelopes", cash-financing – these are not just random financial irregularities, but a necessary part of interclass relations. These **redistributive flows of shadow finances, their volumes and proportions reveal the real social-class state of events and the level of income of each social group in the total national income.**

"Shadow economy" in a State-Corporation is a necessary and integral part of all the political and economic organization of the state. The Russian political economist Boris Kagarlytskiy gave a definition to this system - "trophy capitalism". Trophies are not only economic assets, but also the whole state and all social capital.

9. **Corruption - political, fiscal, state-corporate - is an essential tool to retain power, a way of communication and interaction between plutocracy and oligarchy, a "shadow" means to support competitiveness and business efficiency of the ruling class.**

Thus, **corruption in modern Ukraine is one of the methods of exploitation on the part of corporatocracy to maximize profits.** Down-payments to this "corrupt rent" have to be made by all class groups with no exception, regardless of their will.

In this sense, the so-called everyday corruption is a similar phenomenon, albeit of a different order. Bribes or "shadow services", associated with the use of official positions or providing a "shadow" service – is rather the reaction of individual professional groups to the distortions of the market, the great disparity in salaries.

With the aim of propaganda, domestic corruption or cases of local abuse of authority are presented to the community as the "major ulcers" and the demonstrative war waged against this kind of corruption "covers up" the true state of affairs and the real corruption as a systemic phenomenon.

Policemen, doctors, clerks, officials at the level of the village and region (*rayon*) have become the embodiment of this "epidemic corruption."

The actual level of operation and the rate of the corrupt rent remain behind the scenes of public attention.

Such was the case with the "plunderers of socialist property" and currency-speculators in 1960-1970s, when few comprehended the scale and the actual turnover of the "light and shadow" economy, the income and status of the ruling political bureaucracy and their shadow partners.

10. The wicked irony of history. One of the basic functions of a state is to fight crime as an anti-social activity, including – the "shadow" elements in the economy, which undermine the security of the state. But, **having mutated into a State-Corporation, the state itself has become a "state of organized crime."** A machine of over-exploitation and the promotion of inequitable redistribution of the national income in favor of the ruling class (corporatocracy), by financing corrupt and literally criminal, burglarious schemes with budgetary resources, state assets, national natural resources.

A State-Corporation is "a state of organized corruption." Probably, "as the highest phase in the development of organized crime."

11. Despite the new borders and the emergence of new states, the promotion of a "national project" and media demagogy about national interests the Ukrainian corporatocracy and those of other CIS neighbors maintain international ties, the interpenetration of capital and intergroup interdependence.

Business projects, human ties, interlocking ownership and obligations are maintained despite decades of independence. On the contrary, there is a high level of coordination, supranational corporate decisions. This is clearly manifested when analyzing trade of highly liquid raw materials, ensuring the stability of the newly formed transnational corporations, maintaining markets, financial and credit support.

In 2015, few people remember the names of the companies "SEABECO", "NORDEKS", AG "Ukraine", but in the early 1990s the capital of the ruling elites of the newly formed state was bound and intertwined. Just like today.

And only the desire to obtain full legalization on global markets and the need to play "by the rules" (clean credit history, access to capital markets, capital legality and transparent capital investments) forced national corporatocracies towards new competition and disengagement.

For some, the solution was restoration and "isolation of markets." Example - the Russian model of the restorative mobilization strategy, under the guise of the hyped myth about the "Russian world".

For others - the breaking-off from dependencies and liabilities, the search for new partners, broken ties and conflicts with former partners, including - on the scale of inter-state conflicts.

12. The conservative nature of States-Corporations. In this respect - perhaps only a few theses that are important from the genesis standpoint and the nature of the state's involvement in the global system.

The vast majority of states that were established after the Second World War, the collapse of the colonial system and the transformation of the "socialist camp" (1945-1991) had no choice but to take part in the global technology race and compete with major transnational corporations (TNCs) and global centers of growth.

"Technological imperialism" made autarkies (closed socio-economic systems) and territorial expansions, with the aim of territorial, physical seizure of territory and resources, meaningless and uncompetitive. Rather, these two methods of self-development have ceased to be effective.

Global division of labor forced the new actors to "find application" for their potential and abilities, look for a niche and place in the market. The phenomenon of China is an exception rather than a rule.

The elites of corporate states sought a monopoly over those national resources of development which would ensure them a place and income on the global market, and at the same time – enable them to become the source of power in their own country.

And post-Soviet countries were no exception. Corporatocracy "enclosed" the raw material industry, infrastructure, natural resources and land from the influence of the market and competitors. But, like any monopoly, such a conservative, predatory-protective instinct leads to a slowdown in development and dying of those areas and sectors that require consolidated and advanced investment, competition, attraction of new technologies.

"Secondary savagery" in the economy condemns society to a "secondary savagery" as well - old ways of life, the dying out of science, dependence on imported technology and high-tech products.

13. Recent economists-romantics have been writing about a modernization breakthrough and targeted investment. Corporatocracy, on the other hand, is getting ready for the privatization of land and last state-owned monopolies, and society – for the role of "a global farmer". Or rather, not so much a role, as a fate.

48. The social-class structure of "surrogate capitalism" has become more complex.

- 1) At the top of the pyramid – is the owner of the State-Corporation, **corporatocracy**. Its components - the "political bureaucracy" – include plutocracy and oligarchy, legal owners and managers of big businesses, the media and investors of political projects.

Plutocracy provides a reliable policy, regulatory, administrative cover up to surrogate capital. It is represented in the legislative, executive, judiciary, military organization of the state and in law enforcement agencies. Its actual participation in surrogate ownership is non-transparent and non-public. More often than not, plutocracy has more possibilities (financial and organizational alike) to ensure and support a business than the actual organizers and participants. **Oligarchy** - the leaders of the largest financial-industrial groups – who have legalized themselves and registered their property include management of the former system, former members of the Komsomol and directors, managers and tsehoviks (shadow businessmen), criminal authorities with legalized shares. Individual representatives of the oligarchy are often used as a "label" even in the propaganda machine. This makes it easier to explain to the public who governs, and who is to blame in the event of another crisis and upheaval. But **oligarchy and plutocracy – are two inseparable elements, just like the "plus" and "minus" in a battery.**

Strategic assets of the national economy, the state apparatus, state institutions and state property, infrastructure, public finances (the budget, funds of state-owned companies), state and large commercial banks, state and leased private land resources (land shares) are all controlled and are under ownership rights.

- 2) **The capitalist "layer"** – is the non-consolidated political-economic group, which emerged due to the market environment of "surrogate capitalism". First and foremost – as a result of entrepreneurship and efficient use of private assets (industry, trade, transport, post-industrial spheres of production and services, real estate). This group is most often defined as "medium-sized businesses." The limits of its growth and influence are primarily related to the inability and unavailability of strategic assets and monopolies in areas that are under the control and ownership of surrogate plutocracy. Upon reaching a certain level of capitalization and opportunities on the market capitalists are forced to either incorporate into plutocratic groups (shares, "protection") in exchange for new opportunities and

support, or - sooner or later - lose or sell their businesses. Industrial assets (with the dominant newly created and upgraded production facilities), banks, commercial and residential real estate (construction), land resources (lease of land plots), smart products (IT-business), the objects of trade - are in their ownership.

In a sense, Ukrainian capitalists – are customers and potential investors of deep liberal reforms ("millionaires against billionaires" - sponsors of civil protests and radical reforms), but their duality, "petty bourgeois nature", as determined by the authors of the social theories of the late 19th - early 20th centuries, often limit their activity.

3) **Labor class groups**

– Small business, small entrepreneurship. A very high level of self-exploitation and limits of growth in the economic hierarchy, due to the unavailability of development resources (expensive credits, rigid administrative-bureaucratic and fiscal control). Private entrepreneurs, farmers, households.

Ownership and management of land resources (private and leased land shares), small production, small business objects (small manufacturing assets, transportation, real estate).

– The post-industrial labor group (IT-industry, services). The most educated and most highly paid group of hired labor.

Ownership - shares in intellectual products (intellectual property), equipment and software.

This group is characterized by high social mobility, high creative potential.

- Industrial and agro-industrial group of hired labor.

Ownership - land shares, minority shareholders of joint-stock enterprises.

– State and municipal employees - hired labor incorporated into the system to support plutocracy. The low pay is compensated by social status, shadow financing, a limited set of privileges.

Freedom is limited to the interests of the employer (private capital and power), low social mobility.

4) **Humanitarian marginal (border) group** - workers in the spheres of science, culture, education, the media, the student body. Part of their income is provided by the state. But the main sources - are the possibilities on the market of services, investment and support from corporatocracy (especially - the media sphere), international donors (grants). The student body is partially included in the labor class groups - as additional manpower in various fields of production and services.

The flickering, "marginal" state of these spheres provides their representatives with a "corridor of opportunities" - the development of private businesses, service of public policy and a share in the corporatocracy's political investments. Capitalists act as employers and sponsors. Differentiated sources of income, a high degree of freedom, high social mobility, high creative potential.

Power marginal (border) group - hired labor ("service") in the sector of state security. The combination of hired labor with social dependency (being on the state budget, "enlisted personnel"). At the same time, the highest echelon of the power unit is incorporated into corporatocracy, as it manages huge assets (property, land), is corrupt and has a share in the "corrupt rent". The Prosecutor's Office, Interior Ministry and the Customs, the Security Service, the Army, in essence, function as a corrupt "protection system" of the political regime.

Low social mobility, conservatism and direct dependence on the government as the employer.

5) **The class groups of "social dependants" (maintained by the state)**

– non-working pensioners - a huge social group, whose incomes and status depend directly on state support (pensions).

– the disabled, people with special needs – are in the same situation as the group of pensioners.

Singling out the class group of "social dependants" is not accidental. Almost every third person in the Ukrainian society is DIRECTLY dependent on social incomes (pensions, social assistance), which are provided by the state. "Being on an allowance". This greatly influences the behavior, attitudes and views of the given class groups. One must also bear in mind that the majority of "social dependants" are similar in origin and current situation (possible additional income) to labor class groups, albeit more conservative and showing low social mobility.

49. The Brownian motion of classes and groups clearly shows the active and progressive role of the young capitalist class, small businesses, student body, representatives of the post-industrial sector, humanists, civil activists. In fact, **these community groups now constitute the unconsolidated "middle class"**.

Competitiveness, education, self-reliance, capital, intelligence and technology force these class groups to "stand on Maidans," - to defend their right to self-development. "Millionaires against billionaires" - with a broad agenda, which is supported by the labor classes as well as most of the other social groups. The rise against "surrogate capitalism", a process which began with the protest movements of the early 2000s and was represented by a broad political and social palette, has been vented twice on the Maidan, and every time – it choked in the reaction of the conservative "new/old power".

50. *In the book "Drops of Dew" I wrote about **the phenomenon of Ukrainian Maidan**: "... the Ukrainian Maidan movement – is the last and ONLY in the post-Soviet space civil movement, which constantly, sometimes with a time gap of several years, revives the agenda of "overcoming "(extrusion of) totalitarianism.*

(...)

The 2013-2014 maidan movement in Ukraine, the most tragic and the most legendary of all the years, became a "mirror" for the crisis of the post-Soviet statehood in its criminalized and corporatized, almost ruined version.

(...)

...It was not the protests which led to the crisis of statehood, but the collapse of statehood and the discrediting of state institutions in the eyes of citizens which became one of the main reasons for mass protests.

(...)

The driving forces of future social unrest have been evident since the summer of 2013 - civil activists and the activists of local governments, the new and active media-group, all small and medium businesses, students, the urban class and managerial plankton, which lost even the chance of getting a "lift" in life. The problem was the lack of a national agenda that would unite. And that is why the Vilnius summit of the EU on Eastern Partnership and the unexpectedly sharp reversal/cancellation of the agreement with the EU was a mere enticement for the protest. With the moral motive for further consolidation - the beating of students, "fir tree" ... Russian billions confirmed all suspicions of the collusion between Kiev and the Kremlin, on "selling" ideas of reform and European integration.

(...)

The great wheel of the revolution was launched, and it had a clear "embodiment of evil" - the old regime, the ruling family corporation. It was a matter of days. The attempt to suppress the protests by force and murder - condemned the old regime to a complete collapse. Captivity of the commander in chief and his subsequent flight in February 2014 - became a symbol of shame and defeat.

(...)

The maidan social space is unique historically, socially and psychologically. It has something intuitively in common with the tradition of the Cossack Sich. Symbolically, of course.

It is a society without a state, but even more powerful than one with state institutions. This is a movement, in which the program is being formed while current problems are being solved. Therefore, it can not be headed (a fact that the "three bogatyrs" and former prisoner could not comprehend), and even more so - dismissed. It can fold, even marginalize, but its nature – goes beyond barricades and individual "sectors". The element of the masses, energy of the most active, agenda – come from the mouth of the most confident.

The Ukrainian maidan movement - is the successor of 1848, 1918, 1936, 1968 and 1989 in Europe. Successor, but not an analog. Replications do not work. Because this is the only post-totalitarian, post-Soviet movement which is still very young. Hence, it yields to political speculation and "tricks". (from the book "Drops of Dew").

51. The events of 2013-2014 will go down in Ukraine's history as the "Revolution of Dignity." A bold and responsible definition of the event.

The polit-economic and historical premises for the revolutionary situation were evident.

Unprotected property rights and the rule of "surrogate property".

Declarative constitutional freedoms and actual lack of rights.

Social injustice. Ukraine – is the leader in Europe in terms of labor force exploitation and the gap between the rich and the poor. Facade self-government.

National fragmentation by feudalised regional apartments and artificially inflated differences in socio-cultural, traditionalistic, historical and linguistic characteristics.

Corruption from top to bottom.

High criminality.

Poverty in rural provinces.

Drug addiction, alcoholism, epidemic threshold of the so-called "social diseases".

All of this – is more than enough to motivate mass protests.

At the same time, can we regard the revolution of 2013-2014 as an accomplished event?

A social revolution has four basic characteristics:

- massive nature of events, involvement in protests and uprisings of the overwhelming majority of social classes and groups;
- the actual social conflict between DIFFERENT social classes - the ruling one and its antagonists - are expressed in revolutionary mass events. And no matter how complex the intricacies of the fate of individual participants and groups are, the solution to this conflict turns into - a victory of the revolution, or - defeat and reaction;
- the key political agenda of the revolution – is a radical, systemic change of power. And not only the "composition of government" is in question, but the very foundation, model and mechanism, order of functioning of the government as a management tool of a revolutionary state. Including changes in the form of government, institutional changes, and of course, the composition of the new government;
- a social revolution inevitably leads to historic changes in economic, political and international relations. A "turning point", which is associated with the abandonment of one version of the "collective future" by society in favor of a new one.

The Maidan events have many of the features of a social revolution. As do the events of 2004.

Nevertheless, in both cases the revolutionary events ended with a change in the composition of the existing organization of power and the declaration of "reforms", in other words - modifications of the ALREADY ESTABLISHED social, economic and political organization of society.

The internal conflict, annexation of territory (the Crimea - the Russian Federation), internationalization of conflict and "hybrid warfare" in Donbass (RF intervention) - all this brought Ukraine closer to Europe and deepened the already growing gap between Ukraine and Russia. But, nevertheless - the prospect of a successful European course for Ukraine, just like ten years ago, is directly dependent on internal qualitative changes - a new interclass balance, formation of a socially-oriented and competitive economic model, effective democracy, national consolidation.

As a result - the revolution is not complete. Put on hold. Frozen.

52. In the history of the 1789-93 French Revolution the turning point was the "Thermidorian upheaval". In essence - the reaction. Its main peculiarity was that the grave-diggers of the revolution and the creators of the succeeding Bonapartist empire were neither the defeated enemy nor an external one, but part of the revolutionary government itself. Reactionaries from among former Jacobins at first become the "bureaucracy of the revolution" and eventually replaced the revolutionary agenda with a new dictatorship. They paved "a green path" for the future emperor Napoleon Bonaparte.

The slandered and mythologized Robespierre still bears the burden of the unfair stigma of a dictator. With immense power and popularity, he remained faithful to his revolution to the end. P. Kropotkin is categorical in this respect: "to see a dictator in Robespierre would be completely wrong" ("The French Revolution 1789-1793").

But what is important – the Thermidor chapter in the French Revolution, just like its conditional repetition in the "Soviet Thermidor" (L. Trotsky), is related to the internal processes in the revolutionary elite. And it was the result of the actions and rebirth of the revolutionary government.

In the history of the Ukrainian revolution of the 2000s the "Thermidorian Reaction" occurred at the stage of the struggle for control over the revolutionary masses. To head the Maidan movement - and then to head the "new/old regime" came forward those groups and powers which had no direct relation to the revolution. But they participated in the conflict with the ruling corporatocratic groups and made use of the revolutionary events for their PERSONAL victory. CONSEQUENTLY - as a result of Maidan 2014-2015 - no revolutionary government was formed, and instead of a new course - once more, only "reforms" and revenge over competitors under the slogan - "combating oligarchs".

"The government is engaged in its own affairs - more precisely, preserving the present order of things, the reproduction of oligarchy" - Vsevolod Kozhemyako, businessman (online edition "Left Bank", September 2015).

Hence – another "shadow government in Ukraine" and "nothing is happening"!

53. Not a single revolutionary change has been implemented by the "new/old government" in 2014-2015. The driving forces of Maidan have been mobilized in the war against separatism and the external enemy. Even the declared "reforms from above" remain a mere declaration. Self government – with no new powers and capabilities. The active civil body of Maidan, incorporated into the new government, has lost its former energy, influence and public credibility.

The deepening conflict among elites in the struggle for power is capable of transforming decentralization into disintegration.

The sweeping impoverishment of the working classes and pensioners hold the menace of upcoming riots.

The threat of massive bankruptcy of small and medium-sized businesses is as real as ever.

Exorbitant thievery and record levels of corruption in the current ruling corporatocracy, including corruption in the military budget and the "shadow sector" of the war in Donbass – is a given and an increasingly evident fact.

Preservation of this regime will result in a situation when even the most proven creditors and political allies will turn their backs on it.

54. Futile patriotic calls for action from cabinet governors.

Thousands of volunteers sing "I will not give up without a fight" (group "Okean Elzy"), giving these words a lot more meaning than mere personal love experiences. They are faced with a problem which they had heard about only in the school curriculum, - "superfluous people". Where do they go from here, into the "shadow economy"? Or become professional revolutionaries? All the faces of the revolution have blurred.

Post-revolutionary spiritual void. The vulgar glamorous "aquarium" secular life is almost a thing of the past, with the imitation of high culture, more reminiscent of the cheap balls of the 19th century imperial province, "Gogol's story." With mummers. With its Nozdrevs and Chichikovs, "metropolitan fashion" and the gloss of cheap tabloids.

But its successor - the "people's culture of Maidan", with social "leftism" rock, tearfully-patriotic literature and new heroes, who are a short way off from the Soviet-proletarian "Maxim".

Born by Maidan, in the shortest time possible young rock singers, poets, artists and "creative people" retrace the path of the great - Vinnichenko, Yesenin, Mayakovsky (...).

The new pendulum of hope and disappointment is moving much faster than usual. The feeling of an impending "third Maidan", which is more likely to develop into a peasant-soldier rebellion, seems more realistic than the peaceful victory of conscious and enlightened citizens.

*"... about 50-70% of Ukrainians estimate their current financial situation as critical. But if those who can not endure further deterioration of their financial position for the sake of reforms is indeed about a third, such self-assessment of their capabilities and their patience demonstrates enormous potential for protest. At present, obviously, there is no one to head this potential - no leaders and media resources - but **society is in an absolutely revolutionary state**. Revolutionary not in political terms, but in terms of survival. Part of society faces the question: either survival or change of power. And authorities need to do something about this, because it is a huge challenge for the government," - Ruslan Bortnik, UIAM (RIA News Ukraine, October 2015)*

The revolutionary forces of Maidan are weakened by war and the economic crisis, suppressed by the authorities, drained of blood and ideologically confused. And up until now there have been critically few of these forces to motivate a new revolutionary wave of social groups-allies - the bulk of hired labor, gain the support of impoverished pensioners.

55. After the Maidans of "European choice" and "Dignity" the last straw will be the fight for the right to life, development, freedom to live. This is not a slogan. It is a necessity, because present day survival – is the survival of a country which can be lost forever. And with it – lose oneself, one's world, one's choice, one's freedom.

Three vectors, three paths, three perspectives. Each is measured in a relevant time period of a year or two.

"Revolution of the middle class." With the purpose of basic transformations: from surrogate - to private property, public democracy, local self-government, independent courts, civil liberties. It is plausible, through controlled elections to the new parliament, to hold a National Congress of communities (local governance) and a Constitutional Assembly, activate self-government. Implement qualitative changes in the structure of the ruling elite and adopt a "new course" - an effective policy of advanced modernization of the economy and the country as a whole. Ideally, of course.

Preservation of the situation, delaying radical changes - and a marginal-proletarian revolt similar to the beginning of the conflict in Donbass (March-June 2014), a new round of civil war, battle of the regional "bulldogs" for their resources and "their land", the collapse of statehood. Formation of regional feuds with small-town regional elites in charge. The threat of state disintegration.

Or - authoritarian restoration. Temporary restoration through the dictatorship of a "military-oligarchic regime", and the way to dictatorship - through an ongoing war and mobilization. A mobilization mode in

the economy, high dependence on external creditors and external control. Basis - an alliance of the ruling corporatocracy groups with the power elite (army, intelligence and law enforcement agencies), a rigid administrative vertical. Authoritarian restoration amidst conflict and poverty may drag on for 3-5 years.

56. How do dictatorships materialize? As a rule, inconspicuously. Just like the victory of a cardsharp - either behind a card table, or around a governmental table. France, which has survived more than one revolution, - is a good edifying example. On the 1848-1851 events in France Karl Marx wrote: *"The February Revolution was a surprise attack, a seizing of the old society unaware, and the people proclaimed this unexpected stroke a deed of world importance, ushering in a new epoch. On December 2 the February Revolution is conjured away as a cardsharp's trick, and what seems overthrown is no longer the monarchy but the liberal concessions that had been wrung from it through centuries of struggle. Instead of society having conquered a new content for itself, it seems that the state has only returned to its oldest form, to a shamelessly simple rule by the sword and the monk's cowl."* ("The Eighteenth Brumaire of Louis Bonaparte").

The Ukrainian corporatocracy is still in power. Neither the rise of the labor movement in the 1990s, nor the civil-democratic upsurge in the early 2000s, or both of the Maidan movements have been able to "reset" the corporate state system.

Riots of the elite, the aggression of the Russian Federation and the crisis of statehood have jeopardized the existence of Ukraine as a state and a political entity.

But the postponed agenda of the 2000-2014 social revolution is not forgotten. It has become more acute and topical.

Substantial civil peace, overcoming the threat of a new war in Ukraine and the start of a national dialogue will inevitably form the agenda of the "revolution of the middle class." And its main provision – overcoming corporatocracy. A new statehood. National unity. Liberty and self-government. A new Ukraine.

P.S. Textbooks and first hand experience has taught us how empires die. But the threat of the death of our own country is perceived more as a media horror story and the propaganda product of enemies. "The Manifesto of the middle class" is as crucial now as the young working-class movement of the 19th century in Europe was in need of ... there could have been an already banned notion in Ukraine here.