

Ten Talking Points From a Realist



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UKRAINSKA PRAVDA

This will be a long fight. For the 10th year in a row we commemorate the reinstated Ukrainian Independence being at war, fighting for each next consecutive year of our freedom and the very existence of Ukraine and our people. The objective of Russia, irrespective of what name Russia's dictator has at the time, is to enslave Ukraine. The miraculous fact that we have remained unwavering can be explained by two reasons: this free nation has risen up to protect its country, and the free world has supported our people.

Now we must prevail. Victory as I see it means liberating all occupied territories and reinstating our territorial integrity within the internationally recognized borders of 1991. It means severely punishing the Russian aggressor and receiving compensation from Moscow for all the destruction and losses. It means Ukraine's membership in the EU and NATO...

I believe in our victory. And the primary shaper of our victory is our Armed Forces.

I see no prospects of a so-called «diplomatic settlement» with the aggressor under the conditions of which Russia would voluntarily withdraw from the occupied territories, remove all its claims of owning our lands from its constitution, consent to pay reparations, and prosecute war criminals.

Ukraine's situation remains exceptionally difficult, and the threats and challenges are formidable. We had no right to entertain illusions on the eve of a full-scale war, and in the same vein we now have no right to enjoy groundless complacency. Apart from the many qualities needed to withstand hardships and prevail, we need to uphold two virtues: being realistic and being professional. It is these qualities and virtues that will turn our righteous anger into enduring collective energy. Here are ten brief talking points that detail my view of the current state of affairs.

THIS FIGHT IS FOR THE LONG HAUL

Sadly, there are no reasons to expect victory over the aggressor any time soon. The war against Ukraine enjoys widespread support in Russia from a population bent on endorsing hatred and chauvinism. Moreover, the war against Ukraine is part-and-parcel of the master plan to reappoint Putin in 2024.

Our Armed Forces are waging a heroic fight against a powerful enemy that is deeply entrenched in our soil. I believe it is wrong to transfer all responsibility for the offensive to our Army and fuel hype based on unrealistic expectations. No matter what we are facing, we need to remain united, nation-wide, when it comes to our Armed Forces. This is inviolable rule number one. And rule number two, which relates to other powers, is to carefully and systematically maintain relationships with our allies. This solidarity is of vital importance for us. Alongside implementing a «peace formula», it is imperative to find a way to guarantee a long-term «solidarity formula» for Ukraine and its allies, partners and even international travelers.

International solidarity and unity with Ukraine is not a given or a guarantee.

Without the support of the United States, the European Union, the G7 and all members of the Ramstein group (UDCG) we would not have made it this far. This is an undeniable fact. They each deserve our gratitude. Their support provides us with the hope that their assistance will continue, including signing guarantees of comprehensive assistance to Ukraine and approving the decision to accept Ukraine into NATO.

We need to carefully evaluate and map out the political changes that await us in the international arena over the coming years. We must not allow Ukraine to be dragged into the U.S. election. We need to put a stop to the emotional outbursts and unnecessary conflicts with our allies and systematically expand the number of like-minded people.

NATIONAL UNITY, INTERNAL MOBILIZATION AND AN UNCOMPROMISING ATTITUDE TOWARDS THE ENEMY AND ITS 'RUSSIAN WORLD'

We must sever all ties with the enemy. We must accelerate the process of derussification and decolonization of Ukrainian space and intensify the fight against Russian agents who may still lurk within our government offices. Lastly, we must ban the activities of the Russian Orthodox Church and its local affiliates and minions, who pledge allegiance to the FSS (federal security service) instead of God Almighty.

The government should finance our culture and education. The task of nation-building lies in advancing our language, culture, and history on par with attaining military victory. Ukraine needs a Holodomor memorial and movies about Ukrainian heroes, not garbage that brings us back to a shared 1990s Moscow-style information space. The very essence of our war for Ukraine's liberation can be found in protecting and developing our national cause.

DEFENSE IS EVERYTHING

Defense and security should be a core component of domestic and foreign policy. There are two realities to be aware of: russia will not fall tomorrow, and formal acceptance into NATO may take a long time. This does not mean we should halt our efforts to weaken russia or ease our pursuit towards NATO membership. On the contrary, a sober assessment of the situation will help step up our efforts on both fronts.

It is my belief that Ukraine's membership into NATO would have already thwarted russia's aggressive policy and created conditions for the future liberation of occupied parts of Ukraine. For the time being, we must implement defense strategies including a long-term development plan for the Armed Forces, while at the same time advancing our military-industrial complex towards full compatibility with NATO standards and scaling up defense infrastructure capable of protecting us along the entire border with the russian and belarusian aggressors.

There is a lot of talk today of so-called «security guarantees» outside NATO. I firmly believe there is no alternative to the collective security enshrined in the Washington Treaty that established the alliance. However, prior to Ukraine's full-fledged NATO membership, the country should receive legally binding guarantees of receiving advanced weapons, training, intelligence, financing, and other indispensable resources to defend itself. This should be done regardless of who wins or loses election campaigns in the guarantor states currently providing military and economic assistance to Ukraine. These shouldn't be mere memoranda or statements, they should be long-term bilateral international agreements ratified by our parliaments. The basic principle of our existence for years to come is doing our utmost for the front and our defenses.

OUR PEOPLE ARE OUR MOST PRECIOUS ASSET

This war has led to a demographic disaster. The full extent of its repercussions is still difficult to assess. One thing is clear though, the russians are not only destroying our economic potential and plundering our lands, they are killing our future.

According to various estimates, the number of people currently residing in Ukraine sits between 24 and 34 million, and over 8 million Ukrainian migrants have found shelter abroad. For six months in 2023, 28% fewer children were born in Ukraine than in the respective period in 2021. Experts are predicting further population decline.

We have to be fully aware of the severity of these risks. The most qualified and productive labor forces may not return to Ukraine. This population outflow has affected the domestic consumer market, investments, and returns. In Ukraine, a valuable asset – a readily available and qualified workforce – is disappearing. Changes in age demographics mean a deepening of the Pension Fund's budget deficit, a decrease in business activity and budget revenues, as well as increased strain on the healthcare system.

We need to see the return of at least 3 million of our citizens, ensure an increase in the birthrate at least on par with the level of the late 2010s, and introduce new approaches in migration policy that will attract labor resources. We need to obtain the relevant population data, from which we can develop a relevant economic model and design a recovery strategy for at least the next decade. This means drawing attention not only to quantitative, but qualitative indicators for each person – ensuring a high quality of education, medicine and self-accomplishment. War veterans, our heroic men and women who have been defending this country, who have been maimed physically and psychologically, should be at the center of social adaptation and rehabilitation policies. They should also receive special medical treatment and social assistance coupled with training and employment opportunity programs. Our US allies can share their vast experience in the above programs.

EU AND NATO MEMBERSHIP ARE THE CENTERPIECE OF OUR POLICY PHILOSOPHY

No one presents the right to join the club of the strong and successful on a silver platter. It is a prize that must be fought for.

In addition to the well-known conditions and hard work, this victory will require three things:

Professional leaders in both business and government must navigate our course towards joining the EU and NATO

To properly function within these bodies, integrating into the pan-European economy and NATO security system, working to achieve a synergy of the available opportunities.

Integration «adaptability» in the EU and NATO, tailored to our needs and characteristics.

EUROPEANIZATION OF POWER

Following victory, constitutional reform should be enacted to move to a genuine parliamentary-presidential republic. The authority of the president, parliament, government, judiciary, independent regulators and public institutions must be clearly defined. Furthermore, any duplication of them or fighting over them must be eliminated. A system of checks and balances must be restored.

Decentralization is the basis of regional policy. Authorities at the central level should finally share power and liabilities with regional ones, and the institute of prefects should be established instead of state administrations. Magdeburg law is what sets us apart from moscow's frenzied lawlessness.

THE NEW ECONOMY - THE NEW «MARSHALL PLAN»

In terms of the current economic climate, we are on life support. The basis of our relative economic stability is the volume foreign financial aid we have received, which has allowed us to close the deficit gap in foreign trade and as

well as the state budget. Two-thirds of the budget expenditures are financed by grants and loans received from our allies (since the beginning of the war, we have received \$60.2 billion from international partners, and have been pledged \$28.1 billion this year).

Our exports are weak due to a decrease in global food prices, damaged production facilities, cumbersome transportation routes, and a limited electricity supply. The fixed hryvnia exchange rate, as well as the volume of gold and foreign exchange reserves, have been maintained solely thanks to the influx of international financial assistance and restrictions imposed by the National Bank of Ukraine. State and sovereign-guaranteed debt has increased by almost 40% since the start of the war, and is now at \$130 billion. Before 2028, \$89 billion will be needed to cover debt repayment and debt service obligations, which is 2.4 times the planned budget revenues for the entire current year. Banks receive higher revenue by lending to cover the budget deficit rather than extending loans to the real economy.

Ports are blocked, and many agro-industrial and metallurgical enterprises have been destroyed. In short, our economy should not just be rebuilt, but re-built in a new, much better way. A new «Marshall Plan» is to serve as the key driver. The new «Marshall» is a plan to build a new Euro-Atlantic Ukraine with an economy that is fully integrated into the European Union, competitive in all markets where we are present, and yet dynamic enough to enter new markets as well. This is a complex task, demonstrated clearly by the conflict surrounding our supply of grain to our EU-member neighbors. This is just the tip of the iceberg.

A new «Marshall Plan» means tectonic shifts in Ukraine, and not simply the receipt of the conditional \$411 billion the World Bank writes about, followed by the quick dissolution of funds across construction contracts with notorious consequences. No one's going to pay for that. The sources to fund the new «Marshall Plan» include our allies, international financial institutions, private investors and russian sovereign assets.

Therefore, the issue of «russian money» is particularly acute. We need a single register of all sovereign assets of the russian federation. Decisions must be made regarding the confiscation of russian money. Futile talkfests on this topic occur frequently, but always boil down to listing reasons why these assets cannot be confiscated. Such idle talk is worthless and can be put to bed altogether by one reason alone – this barbaric attack by russia, for which the aggressor must pay and be prosecuted as a war criminal. The world order must protect peace and order, not appease acts of aggression.

Private foreign investors will only turn up if there are guarantees of risk insurance. Domestic investors (primarily banks) should also be offered a risk insurance mechanism, and utilize the well-known tools of interest rate compensation and co-financing.

A word on banks with controlling stakes of the entire sector belonging to the

state and state sector of the economy: a privatization effort for the benefit of Ukraine needs to be conducted here when the time is ripe and the price is right. The above may become an integral component of the overall recovery strategy, whereby a qualified foreign investor gets a financing arm to buy Ukrainian assets.

I dream of Ukraine having the most digitized and advanced economy in the world. But it cannot be achieved without funds. Money can be earned in sectors that are already attractive to investors now – namely, within the agro-industrial, energy, metallurgy, construction, and goods and services markets extended by small and medium-size businesses. The tax system should be left alone, and popular talk about the offshore economy should be forgotten. Local changes needed to support growth points and maintain the overall budget balance can be implemented. However, tax administration and the work of fiscal, customs and law enforcement agencies must be systematically modernized and digitized. For more than a year now, I have insisted on the need for a new comprehensive restructuring of our national debt, which is yet another source of the new «Marshall Plan».

In the energy sector, total energy independence is needed through increased gas production, green energy and the construction of new modular nuclear units, which will provide both us and the EU with Ukrainian energy. The metallurgy sector must also become green and modern, and this is impossible to reach without long-term and cheap loans. The construction sector is self-evident: it includes the reconstruction of infrastructure and enhancing and accelerating economic growth. The agricultural sector, as I see it, is the most investor-friendly as well as the most advanced in terms of raw material production technology, which does however demand further investment in processing and transportation.

Ukraine's agro-industrial complex, like the metallurgy sector, has a so-called «bottle neck» problem: we have items to export, but are struggling to deliver them because of the war and Russia's actions in the Black Sea. There are many theoretical options, ranging from a renewed grain agreement with allowances for metal and other goods to NATO military naval convoys. Alas, it is impossible to resolve this without the safety of free navigation. Nevertheless, it is necessary to proactively develop both rail and road logistics on our western borders.

In addition to logistics and competition in the EU market, there is yet another monumental problem – mined areas, totaling up to 30% of Ukraine's lands. Demining efforts across these territories require significant funds (over \$35 billion), and will take many years. This problem will require significant government efforts and cooperation with international and private initiatives.

Employment in small and medium-size businesses falls under both economic and social policy. Entrepreneurs, in addition to the taxes and loans already mentioned, need consumers – a citizen and an enterprise with money, and the state conducting purchases using a transparent, «Prozorro» system, not one rife with corruption. Exempting business from corrupt taxation is far more important than constantly changing tax rules.

THE TRIUMPH OF JUSTICE

The Russian state should be condemned for committing the act of aggression, war crimes and crimes against humanity. The international legal system is obliged to use existing institutions and create institutions of justice, such as a special international tribunal.

Fair and independent courts and the fight against corruption are issues of national security. The legislative developments made in these areas over the last decade are significant. This is evidenced by the arrest of the head of Ukraine's Supreme Court on corruption charges. However, there are many «buts». The independence and integrity of all judges and courts, including the Constitutional Court, the impartiality and freedom of decision-making in the Supreme Court of Justice and the High Council of Justice, ensuring access to justice for all and a fair trial in the public's eye are the core pillars of judicial reform.

Corruption weakens our state and defense capabilities, puts a financial burden on the economy, destroys our reputation abroad and sows despair domestically. These are moral crimes during and after the war. The existing network of anti-corruption bodies is a system of coercion and punishment. At the same time, mechanisms to prevent corruption, such as the state procurement system «Prozorro», or corporate governance in state-owned companies, need further development and improvement. Prevention is cheaper than treatment.

Institutions cannot be corrupt, just as the state cannot be corrupt. Only the individuals representing these institutions. That is why we need a full-fledged democracy to either prevent such people from entering positions of power, or remove them from their posts altogether.

FIGHTING FOR DEMOCRACY

Waging a war against an aggressor requires a strong state. This principle became the foundation of the public consensus at the beginning of Russia's full-scale invasion. At the same time, the unity of the whole country around the president required another fundamentally important condition – integrity from the government. One element of such integrity is ensuring the reliable and independent functioning of state institutions as responsible policy makers in Ukraine.

Democracy is complicated and sometimes unbearable, especially for authorities. But it is democracy that ensures progress because it promotes competition, freedom of thought and speaking out critically. It fosters complex debates within ruling coalitions, fierce political opposition, uncompromising journalism and independent media.

In contrast to the above, there are primitive solutions that I heartily despise:

authoritarianism (which leads to dictatorships) and totalitarianism. That is why we are waging the fight for the benefit of the entire free world against tyrants. That is why we must preserve our prize: a free and democratic country. Free

elections are at the heart of democracy and represent the hallmark of Ukraine. There can be no elections until the war is over. Full stop. Elections during wartime will not meet any OSCE standards – neither in granting access to media and campaigning, nor in making it to polling stations.

This is a dramatic historic moment, when the current authorities must lead the country to victory at the front, and can under no circumstances get infected with the common cold, let alone the authoritarian fever from our northern neighbors.

As for Volodymyr Zelensky, the way he has managed to rally the civilized world in support of Ukraine is a truly historic achievement. When the time comes for elections, he has the best chance of being re-elected for a second term, and in this way, of finalizing our accession to the EU and NATO. This can happen in a new Ukraine. I firmly believe that the new Ukraine will include all the items I have enumerated as components of a democracy: a balance of powers, parliamentary coalitions and opposition, a coalition government, a strong civil society, a free press and political competition, and that all together these items will make us stronger.

FAITH IN OUR STRENGTH

When we feel fatigued, let us think of those who are on the frontline and remember our forefathers who fought for Ukraine for centuries. Our generation will win this war. We need to look out for each other without losing our sanity and tact in our discussions and disputes, while we continue to cherish the most valuable thing we have: our national identity, mutual trust and our great faith in our joint victory. We need a colossal effort to create a new Ukraine. It should be a new modern state, not a refurbished one, with old rules and practices packaged in a shiny new wrapper. Things cannot be the way they were before. We are facing challenges that require renewed strength. Ukraine's victory, which can be seen as victory of the free world and liberty over Russia and totalitarianism, is inevitable, but the road to it is a long one. We need unity and leadership that can protect Ukraine and secure it as a powerful and influential European state. I believe in all of this as an idealist. And as a realist, I am confident that this goal is achievable.

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