SPECIAL REPORT

Український Тиждень

international edition

The Ukrainian Week

№ 8 (50) APRIL 2013

UKRAINE'S RETURN TO EUROPE

is impossible without

CULTURAL LIBERATION

and **CASTING ASIDE ITS COLONIAL PAST**

DEMOCRACY WILL NEVER WORK IN A SOVIET-RUSSIAN UKRAINE

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Тиждень international edition The Ukrainian Week

The Ukrainian Week № 8 (50) April 2013
Founder: ECEM Media Ukraine LLC **Publisher:** The Ukrainian Week LLC
First published in January 2010
State registration certificate
Series KB No18352-7152ПР of October 24, 2011
Serhiy Lytvynenko, Editor-in-Chief, The Ukrainian Week

Natalia Romanec, Shaun Williams, Editors; Anna Korbut, Translator
Mailing address: PO Box 2, Kyiv, 03067
Publisher address: vul. Mashynobudivna 37, Kyiv 03067 Ukraine
E-mail: office@tyzhden.ua, **Tel.:** (044) 351-1300
www.ukrainianweek.com
Print: The Novy Druk, LLC, 1 Mahnitohorska Str.
Ordering number: 13-6187. **Print run:** 15,000
Sent to print on 30 April 2013
Free distribution

Any foreigner sees a country as a set of certain characteristics – this is unavoidable. These may be more or less accurate, and reflect the country's genuine realm or speculations.

Even a friendly Western observer most likely sees Ukraine as a territory of losers, who failed to capitalize on their historic chance, did not implement a democratic development scenario and thus *de facto* confirmed that they belong to the geopolitical area where laws and values of the modern world do not matter. And there are many Europeans who see Ukraine through a Russian prism by inertia. To them, Ukraine is a typical failed state, a geopolitical misunderstanding. Hence, the verdict: Ukraine is "not quite Europe". It is a fragment of Soviet space, a nation to be talked to from behind a fence. Perhaps, it can get some help or be used as a counterbalance or a buffer zone, but it can't be allowed to join the big guys. In any case, it makes no sense demanding the impossible from it and exerting pressure on the regime that seems to be a perfect fit for the local environment.

There is no point in accusing independent observers of being superficial: they base their views on individual facts; they do not feel, nor should they feel Ukraine's internal logic. The task of this special report is to share an alternative vision from within and convey the essence of this logic.

The first two aspects to explain are the ambivalence of a modern Ukrainian and his electoral behaviour, and the illusionary nature of all Ukrainian institutions which appear to be real – a quasi-market economy, quasi-law enforcement system, quasi-judiciary, quasi-media and quasi-national culture. Another aspect is the carcass of the old colonial system – rust and shabby - that reflects every detail of the old Russo-Soviet Empire machine. And we want to show that Ukrainians remain Europeans in their values and priorities in spite of the unprecedented administrative and moral pressure they experienced in this empire over several centuries with a peak in the 20th century. They prove this in surveys and constant manifestations of civil activity in public life, business and arts even though various formal and informal restrictions suffocate the initiative.

Ukrainians grow ever more confident on the agenda and road map that will allow them to fulfil their European potential. First and foremost, this means decisive, uncompromising decolonization, which requires the rejection of all the civilizational markers that tie Ukraine to the Russian-Soviet strategy of development – or stagnation. Success stories of some of Ukraine's former cellmates in the imperialistic prison that have already returned to Europe prove that this is possible. This scenario involves cultural and mental liberation as an integral prerequisite for the return to a competitive economy, respect for human rights, civil society and a valuable exchange of ideas - everything that will transform the former province of the USSR into a real Ukraine that deserves its history and its dreams.

A Monopoly On Power

Despite the lack of support from most Ukrainians, the Yanukovych regime has no intention of giving up power in the 2015 presidential election and is preparing to extend its rule by artificial means

Author: **Oles Oleksiyenko**

Viktor Yanukovych continues to lose support in Ukraine. According to the polls, he would barely scrape together 33% in the second round of a presidential election if it took place now. Yanukovych would lose 3:4 to Arseniy Yatseniuk, and 3:5 to Vitaliy Klitschko, and win a narrow victory over Oleh Tyahnybok.

The parliament barely worked throughout all Q1' 2013 as the opposition was blocking it to prevent the button-pushing - Party of Regions' MPs voting for themselves and their absent party fellows - while the pro-presidential majority did not have enough votes to pass the decisions it needed. As the political confrontation intensified, the government had to make concessions to the Communist Party. Otherwise, a temporary majority of the opposition and the Communists could emerge, and parliament could start passing laws that would be dangerous to those in power, including the impeachment of the president, dismissal of the Cabinet of Ministers or a number of top officials and the like. Overall, the latest developments in parliament signal that the Family does not intend to lose the power or the assets it has gained so far as well as those it still anticipates to gain. Therefore, efforts are already being made to eliminate any threats to the Yanukovych regime that the 2015 presidential election may pose, if it is conducted under existing rules. On the one hand, the regime hopes to dilute the opposition and integrate some crossovers to the pro-presidential majority through bribery, intimidation or tax attacks on family business, just to name a few. This should give the Party of Regions (PR) a majority without the Communist Party which is currently using its importance to the PR to blackmail it for having its members appointed to top positions. On the other, preparations are in place for an orchestrated referendum to change the election system and the powers of parliament, and subsequently hold an early parliamentary election under the first-past-the-post system – the previous election proved that it is much more helpful in bringing more convenient MPs to parliament.

The regime's tactic is to take small consistent steps to exhaust the opposition. After the government failed to pull through its candidates in the five most disputed districts during the October parliamentary election, it agreed to cancel the results there but has never held a repeat election there, as there is a significant risk that opposition candidates will win them. It appears that the current plan is to hold the repeat election in summer – peak vacation time, ›

when many people are out of town and their votes can be used as required, while older voters who tend to support to the party in power because they are nostalgic for Soviet times – and the government plays on these sentiments - and are easier to bribe, stay in town and vote. A similar plan may be used in the local election in Kyiv. The city has had no mayor for over a year now, and the powers of the current city council expire in May. Sources claim that in the face of poor chances to win the election in Kyiv where its rating in the parliamentary election was slightly over 12%, the PR has decided to postpone it until 2015. Meanwhile, it may decide to hold the mayoral election during the summer vacations period, when the current Head of the City Administration, Oleksandr Popov stands a better chance of gaining a controversial victory through rigging mechanisms, unless the opposition nominates a single candidate. When those in power did not need the Verkhovna Rada to pass necessary decisions, they could live with it being blocked for as long as it wanted. When this threatened to evolve into an early parliamentary election under the scenario that the government would not control, the PR made some "concessions" to the opposition – only to renege on the promises or commitments shortly after.

The inability of the opposition to gain massive popular support for a nearly 10,000-strong rally on April 2, demanding that the local election in Kyiv takes place as scheduled by law, gave the government the green light to increase pressure. "We monitor people's sentiments... There will be no Arab Spring, or Arab Autumn in Ukraine," PR's Hanna Herman, ex-Deputy Head of the Presidential Administration, commented after the rally. "The government will not allow destabilization in the country." On April 4, pro-presidential MPs, headed by Speaker Volodymyr Rybak locked themselves for a session in a parliamentary committee building on Bankova Street, outside the parliament's premises at Hrushevskoho Street. Acting on behalf of the entire parliament, they began to pass laws. However, the session violated the parliamentary procedure that only allows legislative voting within its official premises. The group of renegade MPs had no quorum: members of the counting committee from the opposition were not allowed in to check whether there was one, while the video recording of the session showed many empty seats in the room designated for 250 people at the most, while the quorum to pass a decision is 226 votes. Session orchestrators refused point blank to provide the list of signatures of session participants to the opposition to verify the actual number of those present. Later, sources confirmed that some of the officially listed participants were actually either abroad or at the official parliament during the session. As those in power apparently realized that these illegal actions could be interpreted as an attempted coup, they sped up the pardoning of political prisoners Yuriy Lutsenko and Heorhiy Filipchuk, as a preventive move to avoid possible negative reaction from the public and foreign officials. Both were released on April 7, under a presidential pardon. Apparently, those in power count on using such moves to get a softer reaction from the West to the further, more refined escalation of the authoritarian regime being built by the family.

THE FAMILY DOES NOT INTEND TO LOSE THE POWER OR THE ASSETS IT HAS GAINED SO FAR AS WELL AS THOSE IT STILL ANTICIPATES TO GAIN

DISSOLVING THE OPPOSITION

Another purpose of Lutsenko's release was to aggravate existing conflicts within the three-headed opposition – as stated openly by Mykhailo Chechetov, Deputy Head of the PR faction in parliament. Al-

The Tymoshenko Factor

INFO

On April 27, the Presidential Pardon Committee examined the issue of the pardon of former Premier Yulia Tymoshenko and decided that this would be premature. The justification — outstanding criminal cases and the short term of the previously determined sentence she has served. However, for anyone well-versed in Ukrainian realities, it is clear that all these issues can be resolved quickly, providing there is the political will to do so. The fact of the matter is that Yanukovych is not ready to release her yet, since he obviously still sees her as a strong competitor, capable of disturbing the current calm on the power Olympus. In spite of Tymoshenko's imprisonment, according to a survey conducted in April by the Razumkov Centre, almost a third of Ukrainians consider her to be the leader of the opposition (compared to 22.9% for Arseniy Yatseniuk and 8.9% for Vitaliy Klitschko). However, a possible plan is to tie her release to the signing or ratification of the Association Agreement with Ukraine by the most important EU member-states, in order to avoid ultimately ruining relations with Europe. Rumour has it that Yanukovych & Co are discussing the possibility of releasing Yulia Tymoshenko just before the presidential election, when the current leaders of the opposition will already be on the campaign trail and the appearance of Tymoshenko will not allow her to become a single opposition candidate. Instead, under certain conditions, such a move could bring additional clashes to the opposition camp. This will be particularly pertinent if Yanukovych and his closes allies decide to amend the Constitution and election legislation to have the presidential election in just one round - either through parliament, or via referendum. By doing so, he will significantly increase his chances of victory, in spite of the fact that public support for him remains at 30%.

though earlier attempts to split the opposition have not brought the expected result, the government continues to search for ways to fuel conflicts within it. One signal is the collection of signatures to dismiss Svoboda's Ruslan Koshulynsky from the position of Vice Speaker and recommendations to replace him with someone from UDAR or Batkivshchyna. Another is talk of a one-round presidential election. These are obviously intended to aggravate rivalry among the three opposition leaders who would run for presidency, yet have already declared that they would support any opposition candidate in the second round against Yanukovych. However, it will be much more difficult for them to withdraw from the first round in favour of a single opposition candidate as proven by the 2012 parliamentary election in first-past-the-post constituencies – especially in Kyiv. Meanwhile, the PR's criticism focuses on Svoboda, and pressure on it is mounting: Ukrainians and the West often hear of the threat of fascism and destabilization that Svoboda may bring, while its activists are frequently summoned for interrogations. In fact, however, the image of its radicalism is seriously inflated as none of its rallies ever ended with blood shedding or open aggression from its members, while its rhetoric or platform have no traces of fascism whatsoever. At the same time, Yatseniuk is being pushed out of the arena. One purpose of this is to make the rating of all opposition leaders more or less equal. This will make it difficult for them to choose the likeliest candidate to win the presidential election and subsequently contribute to a likely internal conflict.

Meanwhile, a new wave of opposition MPs jumped ship in April. So far, only Batkivshchyna has been losing crossovers, but this could just be the beginning. The prospect of the government orchestrating a referendum (see more below) to change the election system to a first-past-the-post one and reduce parliament from the current 450 to 150 MPs, as well as the abolition of MP immunity, has become an effective tool of pressure on the many opposition members who came to parliament with a view to attain real short-term gains. With the regime reinforced through a referendum, and the opposition unable to counter this, they see no point in staying in the opposition and find it more sensible to cooperate with the Yanukovych administration. Otherwise, they risk losing their mandate with little chance of regaining it, not to mention their business and own safety. It looks like the part of Batkivshchyna elected under Yatseniuk's quota (Batkivshchyna is a union of several political parties – Ed.) is about to disintegrate, and Yatseniuk is preparing the public for this. "They and their families are under attack. A family member of one first-past-the-post candidate is facing criminal charges... MPs who own shares or are involved in businesses face tough pressure from prosecutor bodies and the tax administration," he explains. Potential crossovers are offered huge sums, he says – "a lump sum of USD 5mn and another USD 100,000 per month."

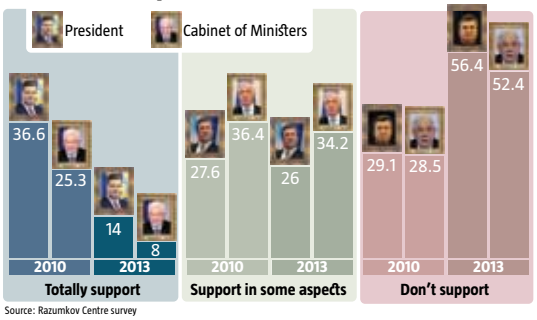
According to The Ukrainian Week's sources, the five Batkivshchyna MPs who have switched to the opposite camp so far, were elected under the quotas of Arseniy Yatseniuk and his close ally Mykola Martynenko, who supervised the funding of the election campaign. The failed no-confidence vote against Mykola Azarov's Cabinet on April 19, when neither Martynenko nor five other MPs linked to him supported the motion, encouraged Serhiy Sobolev, the leader of the Batkivshchyna shadow government in the previous parliament, and the Kyiv City branch of Batkivshchyna – one of the most influential ones – to demand the expulsion of these MPs from the Batkivshchyna faction.

Another factor playing into the hands of the government is the escalating rivalry within the opposition as the Kyiv mayoral election draws closer. Batkivshchyna's Mykola Katerynchuk known for being a solo rather than team player within the opposition has announced publicly of his intention to run and has essentially launched his campaign. Political opportunist Petro Poroshenko, a one-time leader of Viktor Yushchenko's Nasha Ukrayina (Our Ukraine) and ex-Minister of Economy in Azarov's Cabinet, currently presenting himself as a representative of "constructive opposition", is "ready to run if the opposition asks him to". Batkivshchyna's Mykola Tomenko rightly criticizes the prospect of "this opportunist" becoming one, is also ready to run as the opposition's single candidate.

New potential crossovers from Batkivshchyna could be the prologue of a campaign to set up a pro-presidential majority that will not depend on Communists in the new parliament. If true, this will make all PR allies – both crossovers and the Communists – more flexible. Eventually, those in power will even have the opportunity to crush some groups of influence within the PR that currently dare to dissent. Moreover, a split in Batkivshchyna will open ways to attack Vitaliy Klitchko's UDAR – »

The mistrusted government

Over the past three years, public trust for the key authorities has plummeted. While the President and Premier talk about "improvements" in media, public opinion is hardly affected by their campaign. It has won a few more supporters for those in power compared to the end of 2011 when the verdict to Yulia Tymoshenko left society in a state of shock, Razumkov Centre reports based on a survey. Yet the increase does not go beyond the margin of error, while mistrust for the government remains at more than 50%. 39.6% think that the current government is no different from the previous one, and 31.3% think that it is worse.



Source: Razumkov Centre survey

Instead, opposition leaders are not too pleased by the reappearance of Yuriy Lutsenko in their ranks, and in truth, it is doubtful whether they want Tymoshenko to be released, since she is a competitor in the opposition camp. This pertains particularly to Arseniy Yatseniuk, who even without this, is barely hanging on to control of the pre-election conglomerate based around Batkivshchyna – which is, after all, Tymoshenko's baby. In this light, it can be assumed that if the political situation requires this, Viktor Yanukovych will indeed agree to release Tymoshenko, but only in exchange for maximum concessions on the part of the EU. In any case, it will only become an option when Yanukovych and his circle are sure that this will not harm them, or feel that her release will even be convenient for extending the current President's stay in power beyond 2015.

which the government has not yet tried to crush or marginalize. Compared to Batkivshchyna, UDAR is a better disciplined political party, from the very beginning designed for a specific leader and his prospect of running in the 2015 presidential election. As long as Klitchko's personal ratings and chances of beating Yanukovych in the second round of the presidential election are higher than those of other opposition leaders, persuading UDAR MPs to cross over will be challenging. But as soon as prospects for a change in government dim for any reason in the next two years (such as a change in the Constitution based on an orchestrated referendum), this political project may quickly collapse and lose popularity with the protest-oriented electorate as many of UDAR's MPs are linked to oligarchs or place their stakes on Klitschko to help them in pursuing their business interests exclusively.

Notably, Vitaliy Klitschko and six other UDAR MPs were absent at the session where parliament voted to dismiss the Cabinet of Ministers. This also fueled doubts in the party's consistency. The mass media has already kicked off a campaign to discredit UDAR. First, Serhiy Arbuzov, currently First Vice Premier and probable future Premier, said that Klitschko has "matured" politically, hinting at his readiness to cooperate with the government, while online media are spreading rumours of Klitschko's possible appointment as Vice Premier. UDAR's press service reported that fake comments on behalf of party members are being sent to the mass media. Although absurd (Klitschko should take note of the experience of Serhiy Tihipko, who lost 2/3 of his supporters after joining the government), this media campaign signals that having discredited Yatseniuk, those in power will now try to disintegrate and oust Klitschko's party.

If the opposition ends up scattered and fragmented, the government will have much better chances to implement a scenario that could play into its hands – Oleh Tyahnybok as Yanukovych's sparring partner in the second round of the presidential election. It could then terrorize voters with the prospect of a fascist "brown plague" flooding the country if Tyahnybok wins. Similar tactics tested earlier in Ukraine and Russia proved that most voters prefer a bad yet stable moderate government to a radical one.

USURPATION WITH THE VOTERS' HANDS

Meanwhile, the government is preparing to cement its authoritarian rule through an orchestrated referendum as a democratic mechanism to serve its purposes. "If the opposition does not want to work, people will speak their mind in the referendum; parliament has to be reduced in size, and we should switch to the first-past-the-post system," Hanna Herman clarified the changes expected by those in power. Yet, the first-past-the-post component was the key tool used to rig the parliamentary elections both in 2012, and before 2006 thanks to administrative leverage. After the latest election, the PR has 2/3 of all first-past-the-post MPs as its allies in parliament despite gaining just 30% in proportional representation voting. In addition to this, a referendum could open other avenues to amending the Constitution in a way that parliament would never pass. With MP immunity cancelled, elections switched to the first-past-the-post system - thus boosting chances for business owners vulnerable to pressure to be elected - and the balance in parliament shifted to its benefit, the Yanukovych regime may well end up with a defenceless and obedient group of MPs that will pass any decision he needs. Nearly twenty years ago, a national referendum to amend the Constitution brought Aliaxander Lukashenka unlimited power in a confrontation with parliament, and helped him to become a dictator. He justified this by "unsuccessful efforts to mend constructive cooperation with parliament", the need to put an end to "never-ending pointless political battles at the top and focus on the problems which are of the greatest concern among the population". This is very similar to the routine rhetoric of Yanukovych and his party members, which also includes the opposition which "only talks" instead of working.

A number of the Central Election Commission's resolutions dated April 2 signal the launch of preparations for a national referendum. Sources claim that oblast and regional state administrations have already received instructions to prepare for the plebiscite. One of the requirements is to start looking for "reliable" people to work on commissions at all levels. Meanwhile, those in power are purging the media environment (see p. ...). Arranging an intense opposition campaign will be much more difficult without the involvement of free media. Amendments to the Law On Legal Grounds for a State of Emergency listed in a government-sponsored draft law state that "interference in the operation of important state objects (administrative and, defence objects, life support systems and objects that are hazardous to the environment) under the list approved by the Cabinet of Ministers" is enough to impose a state of emergency. Creating an excuse for announcing one will be an easy task for those in power. At the beginning of April, the European Court of Human Rights ruled that the Ukrainian government has violated a number of European Convention on Human Rights provisions and this case has revealed a structural problem, i.e. the gap in the law concerning the freedom of assembly that has remained in Ukraine since the USSR era. Its recommendation for Ukraine was to urgently reform its legislation and administrative practice in order to implement requirements on how peaceful protests should be arranged and held, and on grounds for restricting them. The government made little effort to defend itself. According to sources, it may try to use the verdict to pull through a law on peaceful assembly that would essentially rule out the constitutional right of citizens to protest. Apparently, it will thus prepare grounds for preventing any mass protests –possibly in response to outright fraud in any future elections - under the guise of meeting European demands. It used a similar scenario with the Language Law promoting it as a campaign to protect languages on

THE INABILITY OF THE OPPOSITION TO GAIN MASSIVE POPULAR SUPPORT FOR PROTESTS GAVE THE GOVERNMENT THE GREEN LIGHT TO INCREASE PRESSURE

the verge of disappearance in Ukraine. In reality, the law ended up further limiting the use of Ukrainian and expanding that of the Russian language that faces no threats in Ukraine whatsoever.

According to the State Judiciary Administration, local authorities requested court bans for 358 peaceful assemblies in 2012, 90% of which were banned. The number increased from 2011 when courts banned 237 protests. Obviously, nothing will stand in Yanukovych's way to using courts to ban peaceful rallies legitimately through loopholes in the draft law. In fact, it will bring forth a inexhaustible list of areas where the government can ban peaceful protests. A recent example occurred in Kharkiv, where the motivation for the ban of the Rise Ukraine!, a series of rallies arranged by the opposition in various cities all over Ukraine, would pose the threat of a "transport collapse". In fact, it was the local authorities' attempts to stop it that provoked the collapse.

Meanwhile, those in power continue to consolidate media resources, which will determine what most Ukrainians will see and how they will interpret it. The right dose, coupled with a convenient interpretation of events may have a much bigger impact than the actual events.

At the end of April, Petro Poroshenko sold his share in joint media projects with Boris Lozhkin's UMH, a pro-government media group. Boris Lozhkin now has them under his total control. This is yet another step towards the monopolization of the market for print publications by UMH. Meanwhile, TVi, a TV channel beyond the regime's control that continued to operate despite many efforts to remove it, had a scandalous change of its owners and administration. The situation with TVi remains unclear as both parties to the conflict accuse one another of the intent to sell the channel to one of the groups in power. Yet, the fact that the state register changed the owners and administration surprisingly quickly may signal the interests of someone with the power to influence relevant officials at the state property registry. Now, those in power may use the possibility to quickly change records in the state register – based on, say, a court decision instructed by someone at the top - to blackmail both parties to the conflict.

SIX OF ONE AND HALF DOZEN OF THE OTHER
First Vice Premier Serhiy Arbuzov and Yanukovych's right-hand man, as some call him, has launched a massive PR campaign. Apparently, this is a way to prepare Ukrainian society and the West for a replacement of Azarov's Cabinet with that of Arbuzov. Yet, the arrival of the "young team" will hardly change anything in the country: the first initiatives by Arbuzov & Co prove this – just like the old guard of Azarov, they use Soviet administration tools

Without a real parliamentary opposition (what those in power call "constructive opposition" actually stands for a loyal one) and free to announce a state of emergency under phony excuses, the Yanukovych regime must be hoping to reinforce its position both domestically and in negotiations with foreign partners. This does not involve real European integration as the Yanukovych regime does not really view this as a priority. His objective is to create a country he controls entirely so that his business empire can continue to expand quickly, following the Belarus scenario in some aspects. Unless the opposition resists this, the next election will take place in a new atmosphere, while Ukraine will face the threat of reliving the Belarusian or Russian scenario. This will lead to further distancing from the EU. The likely isolation from the West will fuel the threat of Ukraine of losing its sovereignty and being swallowed by Russo-centric Eurasian entities, even if this will restrict the unlimited power of the Family in the long run. And it is the latter, rather than the interests of Ukraine or its people that currently motivates the Yanukovych regime.

If this happens, the Family will risk losing its unrestricted power, and this, rather than the interests of the state or the Ukrainian nation, is what drives the Yanukovych regime. The likelihood of Ukraine being dragged into Moscow's sphere of influence is still fairly high.

This is being promoted, among others, by numerous pro-Russian organizations in Ukraine, including the Ukrainian Choice, a political platform launched by Viktor Medvedchuk (Vladimir Putin is his daughter's godfather). In Ukrainian circumstances, the 30% of voters who are currently loyal to Yanukovych mostly have their sights set on the Russian socio-political model, support Ukraine's integration in the Eurasian union and oppose European integration. This mindset comes from the fact that most of these voters live in Donbas. Its population emerged during the Soviet era, when Russians were massively resettled to Eastern Ukraine. This gradually diluted the Ukrainian identity. In addition, Russian media propaganda has a huge influence on the local residents, as over 50% of Eastern Ukrainians trust the Russian mass media more than Ukrainian ones, and the region is closed to the outer world – the share of the region's residents who have never travelled abroad is 80%, making it the highest in Ukraine. As a result, their idea of Europe is mostly shaped by the image they see in the Russian media – and that is largely negative. Unsurprisingly, many in the Donbas associate themselves with Russia. Given this unique feature of the PR's core electorate, the further worsening of life in Ukraine, resulting from the deepening socio-economic crisis, will push the pro-Russian residents of Donbas to seek an alternative to the Yanukovych regime that has failed to meet their expectations of "improvement". And the Russian side appears to have started preparations for this a long time ago.

In addition to Medvedchuk's project, the Communist Party that sometimes votes in line with the PR, openly promotes Russian initiatives in Ukraine. The fact that it holds the golden share in parliamentary voting sessions, contributes to Ukraine's vulnerability to Russian influence. If the Kremlin-orchestrated ochlocratic initiatives presented as direct democracy, i.e. referendums promoted by Medvedchuk's Ukrainian Choice and

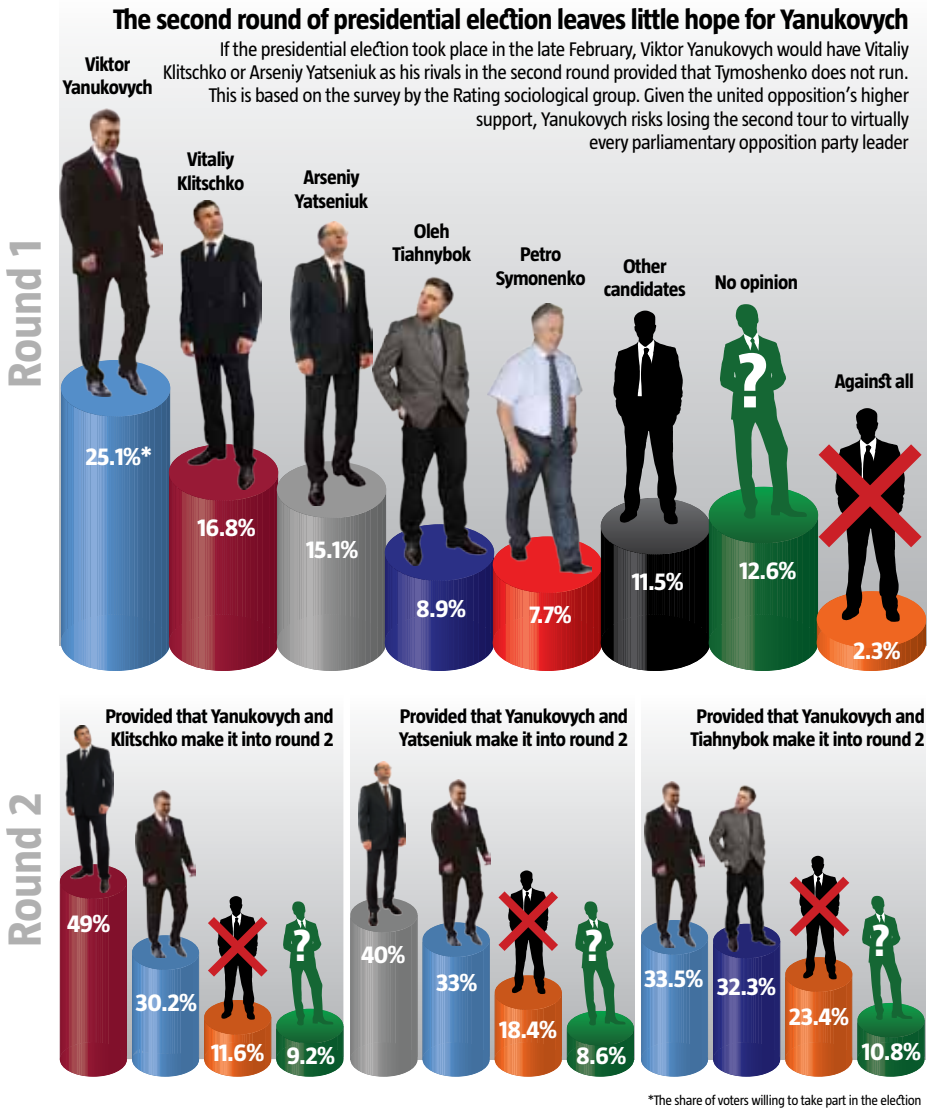
the Communist Party, lead to general destabilization in Ukraine, the Yanukovych regime will probably not be capable of resisting the Kremlin for long, especially with further isolation from the West, internal conflicts between groups of influence within the conglomerate in power and the Kremlin's people in some key law enforcement agencies.

The Kremlin and its fifth column are using the fragmented Ukrainian identity, lack of established and strong statehood institutions, underdeveloped civil society, the low political awareness of many voters, and the strong influence of misleading mass media on public opinion to spread their propaganda in Ukraine.

Meanwhile, Yanukovych's attempts to build "another Russia" for his Family in Ukraine has no proper foundation or, first and foremost a social basis. The permanent risk of the destabilization of the situation in Ukraine will force key officials in the current government to find a new force, capable of stopping the chaos and guaranteeing the preservation of the assets in Ukraine, that they have "gained by their exceedingly hard work". Taking these assets out of the country, not to mention those that are currently being prepared for appropriation, is challenging. Under these conditions, the division in the opposition camp and the passive position of the West regarding the processes taking place in Ukraine pose a serious threat of the destabilization of the situation during the 2015 presidential election or at some convenient time after it, orchestrated by Moscow. For this reason, many Western and Ukrainian politicians feel that the expected return of Ukraine to a democratic European course, will fail. A "contemplative approach" will end with the Kremlin stripping the "almost guaranteed victory" of the democratic forces, simply by giving support to Yanukovych. In return, Putin will gain Ukraine's integration into his neo-imperial projects, through which he will be able to politically influence decisions in Kyiv.

Ultimately, Ukraine and its subsequent fate, as either an authoritarian or democratic country, cannot be viewed as an isolated case, outside the all-European context. The tightening of Yanukovych's authoritarian regime in Ukraine will mean that it will be closed to European business and the loss of a market that is already significant and will become more so in the future. Even if the Free Trade Zone Agreement with Ukraine comes into effect, this will not guarantee that European companies will be able to work normally on the Ukrainian market under current conditions, after all, the current Ukrainian government can successfully apply various informal restrictions and provoke threats, which will force the Europeans themselves to reject the advantages offered by the FTZ Agreement.

No formal international agreements will become a panacea without radical changes in Ukraine itself, and the transition to a real market, competitive and economic model. The defeat of democratic pro-European forces will mean a strengthening of authoritarian and pro-Russian trends in the countries of South-Eastern Europe, the Southern Caucasus and possibly the Baltic States and the countries of Central Europe. These regions could once more come under the direct influence of the Kremlin, with relevant security and economic challenges for Europe. The swallowing up of Ukraine by Putin's neo-imperial project will pose a threat of the return of the European continent to the Cold War-type relations of Soviet times. Conversely – actual European integration of Ukraine can make the Kremlin stop wishing to oppose the West and creating ever-new neo-imperial unions, since they are inferior without Ukraine, which means that they are unnecessary for Russia.



Good News is Not Enough

Author:
Rebecca Harms,
Co-President of the The Greens–European Free Alliance group in the European Parliament

First the good news from Kyiv: the pardoning of Former Interior Minister Interior Yuriy Lutsenko and former Environment Minister Heorhiy Filipchuk, which came very much as a surprise one Sunday, was a big relief to these politicians' many friends in the West. It is good to know that now three out of four former members of the government who were sentenced to jail are again free. President Yanukovych's decision to pardon Yuriy Lutsenko and Heorhiy Filipchuk has been welcomed not only by the families of the opposition politicians in Ukraine — in the European Union, the decision is being counted as another positive result of the work of presidents Cox and Kwasniewski whose achievements also include lifting the travel ban that was in place on MP Serhiy Vlasenko, who acted as a legal counsel to Yulia Tymoshenko. After his MP mandate was annulled, Vlasenko even had to hand in his passport during a dubious trial.

Still, these pieces of good news do not mean we can be satisfied by what we have been able to achieve thus far (also thanks to the efforts of presidents Cox and Kwasniewski). Freedom for Yulia Tymoshenko has not been realized. We are glad that the inhumane and undignified constant camera surveillance has been stopped. This does in fact make her life easier. But we are still very concerned about her health and want her, like other former ministers in her government, to be able to leave prison. It is also for this reason that all political groups of the European Parliament support the continuation of the mission of the presidents Cox and Kwasniewski.

At the same time, the Parliamentary Cooperation Committee between the European Parliament and the Verkhovna Rada needs to return to cooperating again. We need a debate between both parliaments about current issues. The cases of selective justice that presidents Cox and Kwasniewski have pointed out to us and the requirements of the principle of the rule of law need a thorough discussion. That the mandates of three MPs were arbitrarily annulled recently was a new reason for the opposition to block work in parliament. While we understand the reasons for this very well, we are also convinced that Ukraine needs a functioning parliament and we welcome the opposition's recent decision to restart parliamentary work. The fact that the Ukrainian parliament needs rules that will be equally applied to all MPs needs to be in the focus of one of our next meetings.

Another point on the agenda of one of the next meetings between the delegations of the European Parliament and the Verkhovna Rada is obviously also the list that Stefan Füle, Commissioner for Enlargement and Neighbourhood Policy, recently drafted. With this list, Füle makes clear which concrete reforms and steps the EU expects from Ukraine before the Association Agreement can be signed. Ukraine will have to deliver on a number of issues related to the rule of law, like addressing the shortcomings of the recent elections which have been found by many international observers to violate the principle of "free and fair" elections, and allowing for equal media access for all candidates. Also, further judiciary reforms are needed, as the trials against Yulia Tymoshenko and other opposition politicians have again demonstrated. It is of utmost importance that international standards concerning the transparency and independence of the judiciary be respected and that detention conditions be improved. It is also worth mentioning that Ukraine needs to urgently step up its efforts to fight corruption. The Vilnius Summit is approaching rapidly and it is in Vilnius that a decision needs to be taken about how to further proceed with the Agreement. In the face of the deep economic crisis in Ukraine, the achievements in Vilnius will matter for all Ukrainians.

IT IS AT THE VILNIUS SUMMIT THAT A DECISION NEEDS TO BE TAKEN ABOUT HOW TO FURTHER PROCEED WITH THE AGREEMENT. IN THE FACE OF THE DEEP ECONOMIC CRISIS IN UKRAINE, THE ACHIEVEMENTS IN VILNIUS WILL MATTER FOR ALL UKRAINIANS

On the positive side from Brussels was the vote in the European Parliament which improves visa facilitation with Ukraine. With several of my colleagues, I have tried to find ways to improve access to visas and to simplify travelling to the EU for Ukrainians. I hope that this will be achieved by the latest decision, even though it has been overshadowed by sharp criticism of recent draft legislation which poses threats to minorities, especially to the LGBT community. We will now keep up the pressure on the Ukrainian government to respect minority rights and not pass this law. And I hope that easier travelling conditions for Ukrainians to the European Union will contribute to enhancing understanding of functioning democracy in the EU.

Big Demand, Scarce Supply

The Ukrainian majority is waiting for a solid alternative to the Yanukovych regime, but existing candidates from the parliamentary opposition are currently unable to offer one

The October 2012 parliamentary election showed that the majority of Ukrainians once again voted against the Yanukovych regime. Despite the opposition's weak media, financial, organizational and leadership resources, and administrative leverage used by those in power, over 50% of the population voted for opposition parties compared to 30% for the Party of Regions. Having granted this goodwill to the opposition, voters have not provided enthusiastic support for its recent protest initiatives. Very few attended the numerous rallies arranged by the opposition, while Facebook posts and conversations with average voters confirm that people do not go to the rallies of the current opposition leaders because they do not trust them nor do they consider them to be much better than those in power. Most people are generally reluctant to take risks like they did during the Orange Revolution without the assurance that another success will not be wasted. So far, opposition leaders have failed to communicate their advantages to the public, or their ability to offer and implement a positive plan of transformations that would benefit Ukrainian society.

However, resisting the Yanukovych regime is unrealistic without mass popular support, including in protests. Image-making and parliament blocking methods of political struggle under current conditions do not leave the opposition much chance of victory. If necessary, the Party of Regions (PR) can afford to hire many more protesters, ensure that the right picture is aired on TV and that its version of events is published in the media. Also, it can easily get a situational majority with the Communist Party and independent MPs in the Rada. Finally, it controls the courts, including the Constitutional Court.

As a result, the opposition has just two options: act as shell opposition to show the West "the diverse political spectre of Ukraine's democracy" in parliament, or to finally start building up effective popular support; develop a network of local organizations and cultivate party members, who will maintain close contact with society on a daily basis. It could rely on these activists

Some of Yatseniuk's rhetoric raises doubts as to whether he is ready to fight the oligarchy

and the new supporters that they recruit in protest campaigns which could then turn into long-lasting, mass and pan-national events, and in elections at all levels. The activists should also serve as a personified link between opposition political forces and NGOs, particularly trade unions which are now mostly loyal to the government, and the protest potential of which is wasted. To accomplish all this, the activists must be genuine and able to influence decision-making in the party hierarchy – from local and regional offices to the top – in reality, not simply on paper. They must have real motivation for political struggle which is distinct from just receiving a salary from the party fund. Equally important, these activists should be attracted by the party's real political objectives – most of them feasible – rather than the lavish populist promises that the opposition has been feeding to the electorate for a while now.

FATHERLAND'S FATHER

Batkivshchyna's leader Arseniy Yatseniuk has lately intensified his battle in the media for the role of the key alternative to Yanukovych. According to sources, he is preparing to create a joint party based on all political forces within the Batkivshchyna alliance. Unless elected as its leader, Yatseniuk seems to be ready to create a new party that will involve all Batkivshchyna MPs loyal to him.

However, the public has many questions to Yatseniuk and the party he wants to lead. Most voters do not see Yatseniuk as a potential leader. Sociological surveys confirm this as his personal ratings that are much lower than Batkivshchyna's. With his lack of specificity, demagogy, self-adoration, dependence on promotion and constant attempts to evade answering tough questions, Yatseniuk has forced many to think of him as a representative of the "establishment" that is foreign to the interests of most voters and lives a totally different, post-Soviet life. Of course, he seems to be the lesser evil. And that is enough to encourage people to vote for him or his political party in the election, yet insufficient to make the Ukrainian majority believe that he is ready for an open conflict with those in power. Most voters have no idea how Yatseniuk will act, should he take the helm.

The first reason for this is the history of Yatseniuk's political ascent, linked to proactive support from the most influential oligarchs at the time and bringing controversial people to parliament that jumped ship shortly after. Batkivshchyna's human resources policy is equally discouraging, fueling suspicion of internal corruption. As a result of Yatseniuk's poor choice of team members, he brought the first crossovers of the united opposition – father and son Tabalov – to parliament under his quota. They were not the only ones. So far, another five MPs from Yatseniuk's quota have done so, and at least three more vote in line with the government and may announce their exit from Batkivshchyna officially anytime soon, according to sources. Another aspect that forces voters to doubt Yatseniuk's sincerity as leader of the opposition, stems from relations with his current partners in Batkivshchyna and Svoboda. "Tymoshenko - a democrat?! It must be a new definition of democracy…"; "The choice between Tymoshenko and Yanukovych is a choice between two evils. I see no difference" – these are Yatseniuk's quotes prior to the previous presidential election. Even in the summer of 2010, Yatseniuk said: "I want to dispel the myth that the opposition must be united. Tell me: how can I unite with Tymoshenko and Tyahnybok?!"

The second reason is the lack of clear answers from Yatseniuk as to why he wants power. Does he need it to replace the current President or to change the nature of the post-Soviet political and socio-economic model? "My objective is to shape Ukrainian ideology, to shape project Ukraine. And for this I must use all means and methods," said then presidential candidate Arseniy Yatseniuk about his ideology at the 2009 Yalta European Strategy summit. Almost three and a half years later, he has not managed – or wanted – to outline and inform the public of his own vision of transformations in the country, should he come to power. Despite his warlike rhetoric, he sticks to general phrases about "democratization" and "return to the European path of development". These raise doubts about his and the party's intention to break the oligarch-controlled monopolized system that makes Ukraine's development or European integration impossible. His phrase "Don't worry Viktor, you're not an oligarch" to Viktor Pinchuk at the last Yalta European Strategy Summit raises doubts as to whether Yatseniuk is ready to fight the oli-

YATSENIUK HAS FORCED MANY TO THINK OF HIM AS A REPRESENTATIVE OF THE "ESTABLISHMENT" THAT DOES NOT SHARE THE INTERESTS OF MOST VOTERS AND LIVES A TOTALLY DIFFERENT LIFE

garchy. So do his closer contacts with Ukrainian oligarch Petro Poroshenko – another political opportunist who must have felt that the moment is right to try and seek support of the opposition after serving in the Yanukovych-Azarov Cabinet. Or, is it that Yatseniuk does not see – or turns a blind eye to the fact that oligarchs are the key obstacle to Ukraine's development as a normal European state?

Arseniy Yatseniuk has yet to outline his personal vision of Ukraine's geopolitical prospects. Currently, Yatseniuk seems to be one of the most zealous proponents of Ukraine's European integration and opponents of it joining the Customs Union or any other Eurasian clubs – at least in his speeches. But during the last presidential campaign, his views were completely opposite. "The need for total modernization is not unique for Ukraine alone. Other East European countries, including Azerbaijan, Belarus, Armenia, Georgia, Kazakhstan, Moldova and Russia, have the same problems" his campaign platform wrote. The new "East European Project" Yatseniuk wanted to create entailed close cooperation with Ukraine's post-Soviet neighbours, including a common policy for energy, transport, communication, aviation, space, military, foodstuff production and other sectors. The signals that he may support the Kremlin's concepts of a "great Europe" from Lisbon to Vladivostok once again, which will put Ukraine's identity and sovereignty under serious threat from Russia.

Given his current rhetoric, it appears that if Yatseniuk & Co take the helm, they will be yet another change of decoration. If this assumption is wrong, he would be wise to answer difficult questions that are crucial for the country more frequently and clearly, rather than avoid doing so. If Arseniy Yatseniuk wants to become something more than just an acting leader of an artificial political conglomerate, he should declare actual political goals, rather than empty rhetoric and populism.

THE SECRETIVE UDAR

After the parliamentary election, many called UDAR's Vitaliy Klitschko the second Serhiy Tihipko. Before the latest presidential campaign, Serhiy Tihipko created his own political project called Sylna Ukrayina (Strong Ukraine). Proactive promotion campaign helped him land third with 13% in the run, following Yanukovych and Tymoshenko. Both owed success to their image. However, neither Klitschko, nor Tihipko – former vice premier in Azarov's Cabinet, presented a reasonable and specific action plan of profound transformations to implement if they won. Almost six months after the latest convocation of parliament kicked off, they appear to have no clear solutions or actions for key problems, including de-oligarchization, the protection of economic freedom, or the development of national identity. Overall, UDAR's parliamentary activities and the rhetoric of Klitschko and his party-members have all focused on current political issues. These include the distribution of seats in parliament and blocking. To many, this looks like efforts to boost the party's ratings. Klitschko often notes that the key objective is to remove the Yanukovych regime. Meanwhile, he does not explain what exactly he is going to do once the regime is removed, and how he will avoid the mistakes of the Orange epoch. And his party has shown hardly any interest at all in language, education and culture.

Vitaliy Klitschko and his party are hard to identify in terms of ideology. Its party platform seems

UDAR members look more like a conglomerate of Klitchko's old friends and allies, opportunists and oligarchs' creatures – often with virtually opposite views – than a team of people united by a common idea

to be designed to please every group of voters. "Our ideology is European integration, the protection of democratic standards and improved living standards," is how UDAR's MPs describe their platform. Long story short, they support all things good against all things bad. Requests to be more specific often leave them confused. "(Our ideology is – **Ed.**) social liberalism. Right-Centrist," Klitchko said in one of his interviews. Perhaps, the party leader has a hard time expressing its ideology accurately because he has little experience in politics. But his team could have done it as they are the ones who will help him bring it to life. Yet, that's where the problem starts. Most of Klitchko's current allies do not seem capable of filling the nice wrapper of the boxing champion's political project with real content. Different party members often make opposite statements, thus adding to the confusion. While Iryna Herashchenko campaigns to leave Soviet holidays behind, Vitaliy Klitschko greets Ukrainians on the Soviet Army Day and condemns the demolishing of Soviet monuments, even though this is an integral element of de-Sovietization used by all post-Soviet countries that are now EU members.

UDAR members look more like a conglomerate of Klitchko's old friends opportunists and oligarchs' creatures – often with virtually opposite views on the key problems in Ukrainian society and its future – than a team of people united by a common idea. This is a risky mish-mash: it could fail to shape the agenda for Ukraine and implement it consistently, ending up working for self-preservation in politics and personal interests.

Vitaliy Kovalchuk is considered to be UDAR's grey cardinal. Before coming to parliament, he was unknown to the general public, and linked by some to Leonid Kuchma's son-in-law, Viktor Pinchuk, which Kovalchuk denies. During his time in parliament, he has become one of the party's main speakers, and a key representative of UDAR in permanent talks on unblocking parliament. According to ***The Ukrainian Week's*** sources, he defined UDAR's line in political negotiations. It is difficult to say anything specific about his ideology. Just like most UDAR MPs, he expresses generally declarative views; European integration, democracy and welfare, while consistently and suspiciously avoiding any specifics. This is understandable, given the intention to win everyone's affection. But vague priorities entail unpredictable risks for the party's future conduct and political focus. Also, Kovalchuk does not speak of the prospects of a struggle with oligarchs. "Elites (apparently for the most part made up of oligarchs – **Ed.**) will soon be forced to support Klitchko because society will bet on him," he said in an interview. Given this, UDAR's grey cardinal seems to have no plans to change the oligarch system in Ukraine. Overall, it is doubtful now whether UDAR's leaders will drop its populist promises anytime soon.

Against the backdrop of ongoing internal scandals and crossovers in Batkivshchyna, and the constant scandals that Svoboda fuels around itself, the solid-looking UDAR and its leader have a much better image. Some of its initiatives, such as the blocking of parliament to force MPs to vote in person, seem to bring good electoral results. Yet, the first crossover from UDAR – if this should happen – may become the needle that will pop the party's popularity balloon and damage the image of the "new era of politicians". The nation's frustration could mount if Klitschko's party fails to offer a clear roadmap for Ukraine's alternative development, should it come to power.

KLITSCHKO OFTEN NOTES THAT THE KEY OBJECTIVE IS TO REMOVE THE YANUKOVYCH REGIME BUT HE DOES NOT EXPLAIN WHAT HE IS GOING TO DO ONCE THAT HAPPENS

THE FEAR OF HEIGHTS

Svoboda is arguably the major winner of the latest parliamentary election. Over the past five years, it has grown from an outsider with barely 1% of voter support into a party with a decent amount of seats in parliament. However, it owes this success to voters weary of the PR's arbitrary rule and impudence rather than a growing core electorate. Voters expected to have a party in parliament that would be able to resist the PR and react to the rule of force it used in the previous parliament. When Svoboda largely met the expectations in the first months of the new convocation, its activism encouraging opposition partners to decisiveness, it saw its rating grow. Still, it appears that Svoboda will not turn into a party that meets the hopes of most Ukrainians, capable of changing the country. The key reason is Svoboda's reluctance to adjust to the new reality, respond to constructive criticism, and – first and foremost – learn the lessons of its own previous mistakes. So far, it keeps being pulled back to its marginal past.

One of its major problems is the focus on secondary issues, such as protests against propaganda of homosexualism, unconventional gas extraction or initiatives to ban foreigners adopt Ukrainian children, at a time when Ukraine needs radical and deep transformations. The party seems reluctant to develop in line with the new reality, respond to constructive criticism and learn the lessons of their own mistakes. It also attempts to find simple solutions to complex problems as it submits sloppily drafted bills to parliament. The party seems to lack the professional resources – economists, lawyers and diplomats - to implement comprehensive transformations. One reason is that Svoboda has absorbed a huge number of diverse organizations or their members over the past few years. Despite the new membership, these people rarely change their views and ideas. Instead, they communicate their own worldviews, thus shaping the image of a marginal party, often fueling local scandals. Even the members that can be considered as its spin doctors seem to have a simplistic concept of social problems. For instance, Oleksandr Shevchenko, Professor of Law and author of Svoboda's National Constitution Project, said in an interview with the Glavcom online publication, that all Ukraine needs to improve its quality of life is to prohibit oligarchs from taking capital out of Ukraine. "If we cap this, we will instantly become a European country as far as the »

standard of living is concerned," he said. "...we shall pay pensions and salaries at European levels... upgrade industrial technologies, facilitate agriculture! We could eliminate unemployment and bring home ethnic Ukrainians living in misery abroad."

Apart from this, the party seems unprepared to get rid of its image as a xenophobic and anti-European party, largely artificially orchestrated by predominantly pro-Russian forces. However, moderate voters will never support it with its current reputation. It is not taking efforts to push aside part of the old guard that continues to use the rhetoric and actions typical of outsider radicals, as opposed to striving for an influential role in Ukrainian politics.

"We need to replace the government," Oleh Tyahnybok said in a recent interview with The Ukrainian Week. "In other words, real changes along these lines can only start in 2015 or in 2014 if we have early elections." Clearly, the government has to be changed in order to affect any transformations. Yet, Svoboda has no clear plan of changes once it's in power, while focusing on how to get there.

Unless Svoboda changes to fit the sentiments and needs of the majority of voters, it will have 10-13% at the most until they find an alternative party to support. Then, its rate risks dropping to its core 3-4%. But no matter what future is awaiting Svoboda, its emergence in parliament was important as radical circumstances require radical parties.

BUILDING THE THIRD REPUBLIC

No sooner did Yuriy Lutsenko, former Minister of the Interior and a "field commander" of the Orange Revolution, leave the Menska Penal Colony, than he assured the press that he had no intention of leaving politics. About two weeks prior to his release, Lutsenko met with other former leaders of the Orange Revolution: Roman Bezsmertny, Volodymyr Filenko and Taras Stetskiv. All these political veterans found themselves closed out of parliament. "By autumn 2014 we have to form a powerful popular movement involving millions... The opposition will only gain million-

Unless Svoboda changes to fit the sentiments and needs of the majority of voters, it will have 10-13% at the most until they find an alternative party to support

strong support in the streets if it has a plan for achieving positive changes for the entire country and for every Ukrainian. I call it the Plan of the Third Ukrainian Republic," Lutsenko wrote in a speech, which he was not permitted to read in court on 3 April. It is currently considered the key platform document of the new initiative. Its main point is that removing Yanukovych from office or even replacing the regime is not enough. The priorities for the public at large should be, first, European integration (as Bezsmertny put it, "at any price") and second, the fundamental reform of the government, including law enforcement authorities.

A CRUCIAL OBJECTIVE NOW IS TO HAVE A MAINSTREAM PARTY THAT WILL OFFER AN ALTERNATIVE PROJECT WITH PROFOUND REFORMS

At the same time, the "field commanders" emphasize that the new movement will not be an alternative to existing opposition forces. On the contrary, its purpose will be to support their useful initiatives, including through the pressure of street protests which will only be of a peaceful nature. Meanwhile, it is clear that potential disagreements between the current opposition and Lutsenko & Co. do exist. The organizers of the Third Republic already criticize some actions of the parliamentary opposition, including the failure to set elections in Kyiv when due and inert stance on the European integration, off record. Meanwhile, Yuriy Lutsenko seems to be drawing closer to Petro Poroshenko and Batkivshchyna MPs close to him, such as Yuriy Stets. But the story of Narodna Samooborona (People's Self-Defence) funded by Davyd Zhvania, a Ukrainian oligarch of Georgian origin who is now on the government's side, and many other similar projects of the past years, proves that his path is wrong. Given some scattered information currently available, the new project of Lutsenko and field commanders is deciding on whom it will choose. Could the Third Republic campaign thus grow into yet another political project to bring those left outside the current parliamentary opposition back to politics?

Currently, there is a huge gap between Ukrainian majority demanding immediate reset and opposition leaders, most of them feeling perfectly happy in a post-Soviet environment. For a slew of reasons, none of the existing opposition forces will be able to grow into a mainstream party to offer an alternative project including all necessary economic, social and identification transformations and consolidate the majority of Ukrainian voters around it. Apparently, such a political force can only grow from civil society and elites oriented at changing the country rather than getting in power at any price, as it has been for the past 22 years.

How to Come Forward?

Democracy and the rule of law in post-Soviet Ukraine

Author:
Hanne Severinsen

I remember the early 1990s as a fantastic period where new democracies - one by one - attended the Council of Europe. For these countries, membership was a blueprint. For many, it was the basis for taking further step as members of the EU.

For Ukraine it was a wasted period as regards the rule of law. The network of old boys from Soviet times transformed into oligarchs. Other former Soviet Union countries faced similar developments. Politics became a fight for power, not for ideas and values. Privatization became an important tool for enrichment of oneself and his entourage. Eventually, to grab the power became a goal, not a tool. This was cleptocracy, not democracy!

In 1995, Ukraine was eager to get the blueprint of CoE – hopefully before Russia got it - in order to avoid Russian veto of their accession at a time when Russia openly lamented that they Europeans accepted Ukraine's independence. Sadly, if Russia had not continuously talked of its phantom pains, the two neighbour states would have developed positive natural cooperation.

So, as a member-state, Ukraine undertook a long list of commitments in 1995. In conformity with Council of Europe standards, enacted within a year from accession, it had to develop a new Constitution, a framework act on legal policy for human rights protection, a framework act on legal and judicial reforms; a new criminal code and code of criminal procedure, and a new civil code. This meant that it essentially had to start from scratch on its way of getting rid of the Soviet legacy.

"The role and functions of the Prosecutor's Office shall be changed, transforming this institution into a body which meets CoE standards," was the requirement for the Soviet-style prosecutor's office which survived in the new independent Ukraine. This meant that prosecutors would only prosecute rather than control, exert pressure or judge.

The function of Soviet *prokuratura* was that of a watchdog ensuring strict observance of laws by all government officials and citizens. In alliance with the KGB, it enforced all dictates of the communist regime. The State, on behalf of the people, could dictate everything – in the name of the people. This brought overwhelming corruption to power – and it's still there today.

In close contact with the Presidential Administration, the Prosecutor's Office controls all activities – state or private – without anybody to control it. It has room for all kinds of abuse. Therefore, one of the most important demands from the EU before the Association Agreement is that Ukraine fulfills the promise it already gave to CoE in 1995. A way to do this is not through legislation alone. The major demand – and it should be understood that way – is to give up power and stop playing with the rules, but start playing by the rules.

Political repression and arbitrary treatment shows every citizen today the risk of endings up in prison if they oppose the Government. Besides, the definition of a criminal violation is so vague, that any man from the street can be put in a courtroom and sentenced. Ordinary small business owners may face various demands and be forced to pay those with better links to the government.

Nation building starts with the rule of law, trustworthy institutions and freedom of speech. The constitution of a nation should first of all secure limitations of the legislative power. The state has to deliver a predictable, accountable, transparent framework for citizens to be able to work, produce and contribute to the growth. The precondition in a demand-supply-driven society is a stable, transparent framework. Not that the smarter eats the cake.

Ukraine started from scratch 22 years ago, having suffered from a totalitarian history of tsars and communists. It takes time to build up a new nation and it takes time to build real citizenship. People must learn to have a self-reliant national, independent voice in relation to power. It is necessary to have freedom of expression – and it is equally important to have an informed population. There is a need for broad political cultural buildup and awareness-raising based on debate, exchange of experience and broad knowledge of the past and present society.

THE MAJOR DEMAND – AND IT SHOULD BE UNDERSTOOD THAT WAY – IS TO GIVE UP POWER AND STOP JUST PLAYING WITH THE RULES, BUT START PLAYING BY THE RULES

Opinion polls show that this trustfulness in Ukraine is among the lowest in the world, while in my country Denmark people are confident that they have unbiased institutions. Perhaps, this is because Ukraine has had a brutal history, and has experiences arbitrarily rule over and over again.

Ukrainian civil society has to recover the strength it showed on the frosty days of the peaceful street-revolution in November-December 2004. It must build up Ukraine again by uniting efforts at all levels of society. Ukraine can get out of the trap of behaviour stemming from the Soviet era, but optimism is at stake. And it takes time – and dedication - to break bad habits and build up new norms.

Compromise or Capitulation?

Author:
Ihor Losev

The condition Ukraine is in today forces one to ponder why the country has not gone the way of Poland, the Czech Republic and Estonia. Why has Ukraine remained on a path that clearly leads to a historical dead end? Why have the Baltic states, and not Ukraine, succeeded in casting off the yoke of Soviet mentality?

There are plenty of reasons why de-Sovietization has failed to take place in Ukraine. One of the most important aspects is that an unofficial and tacit compromise between pro-Ukrainian and pro-Soviet forces of various political colours has been in effect since 1991. The latter have endeavoured to preserve the imperial Soviet system in Ukraine, even in the absence of the Soviet Union. Clearly, this system would inevitably be transformed in modern times but would remain fundamentally the same.

The compromise was that anti-Ukrainian forces would formally and rhetorically recognize an independent Ukraine while at the same time preserving the status quo that had existed prior to 24 August 1991. Compromises can go a long way in influencing policies by limiting the room for free political manoeuvre. For example, the activities of Viktor Yushchenko as president were largely determined by the behind-the-scenes deal he cut with Leonid Kuchma back in 2004. There is no doubt that an agreement between them existed, but its content remains unknown.

As far as the compromise in the early days of Ukraine's independence is concerned, those who favoured the previous Soviet government and ideology took a more or less calm approach to pro-Ukrainian and pro-European rhetoric and calls to Ukrainize and Europeanize the country, while at the same time mounting fierce resistance when real attempts at implementation were made. They benefited in the process by suffering virtually no major losses, securing their positions against failure and preserving their strength for a future onslaught of revenge.

In contrast, Ukraine as a whole was worse off because the compromise had been more of a capitulation. It blocked de-Sovietization, de-Russification and the transformation of the country's social and administrative institutions on the European model. In fact, what needs to be done in Ukraine today is virtually the same thing General Mustafa Kemal Ataturk did in Turkey in the 1920s and the 1930s. He freed his country from an imperial Asian heritage in the form of a feudal sultanate. Similarly, contemporary Ukraine needs to shed its totalitarian Soviet baggage. But the compromise- -capitulation blocked its normal development, imposing defunct matrices of Eurasian sociopolitical and economic past on the country for many years to come. Without targeted efforts on the part of society these remnants will last for years as models, institutions and social mechanisms that are alien to European civilization.

UKRAINIAN-EUROPEAN OR SOVIET-RUSSIAN CIVILIZATIONAL MODEL WILL WIN OUT: WITH THE FORMER, UKRAINE WILL QUICKLY CATCH UP WITH ITS WESTERN NEIGHBOURS. WITH THE LATTER, IT WILL LIKELY CEASE TO EXIST

Language policy under Kravchuk, Kuchma and Yushchenko is a good illustration of this kind of capitulation. The Ukrainian government made Ukrainian the state language on paper, while in reality, Russian dominated the linguistic landscape. Opponents of the Ukrainian language had to settle for creeping Russification without speaking out against Ukrainization. Formal in nature, this policy did not require public servants to have a command of Ukrainian and to use it as they fulfilled their administrative functions. This tacit agreement on languages lasted until Yanukovych entered the presidential office and the entire edifice was demolished in favour of total Russification.

The unwillingness of Ukraine's political class and a large part of its intelligentsia and experts to truly defend national interests or solve even the most fundamental issues by striking agreements with those who do not want to see any real Ukraine in Ukraine has led the nation to a Soviet-Russian state of being. Ukraine looks suspiciously similar to its northern neighbour, coming across as a kind of clone, Russia II. The authorities that agreed to capitulate obtained an easy solution to their economic, financial and political problems as the country made a transition to privatization, but this very capitulation stripped Ukraine of a chance to rapidly modernize itself like many Central and Eastern European countries did.

PHOTO: UNIAN

Some say today that events in Ukraine are moving "in the wrong direction", but this regression is inevitable given the informal agreement that was struck in the country's infancy. Its nature is such that it cannot be effectively severed in private or behind the scenes, or take the form of a mere declaration. Casting off Ukraine's shackles will require a fierce struggle. These issues cannot be settled through "diplomatic" talks. In 1991, Ukraine gained independence virtually without a fight, owing to a fortunate combination of events, but this apparent ease made Ukraine's progress towards efficient state-building extremely slow and difficult. Current events prove the necessity of more active efforts. Let's face it: either the Ukrainian-European or the Soviet-Russian civilizational model will win out. This cannot be avoided by setting up borders within Ukraine. If the former model wins, Ukraine will quickly catch up with its Western neighbours. Otherwise, it will likely cease to exist as a state.

Has the compromise of the early 1990s brought anything good?

It led to two decades of utterly inefficient state-building,

The activities of Viktor Yushchenko as president were largely determined by the behind-the-scenes deal he cut with Leonid Kuchma back in 2004. There is no doubt that an agreement between them existed, but its content remains unknown

economic stagnation, oligarchization of business life and the decline and poverty of millions of Ukrainians. In fact, instead of eliminating earlier social and mental constructs, Ukraine has seen a revival of the Soviet way of life, which entered a peak phase in 2010. These past and current events are further proof that there should be no room for compromise on pivotal, fundamental issues—especially when national values are at stake.

What turned out to be very handy to post-Soviet party, administrative and business activists proved lethal to the nation and the state.

JACEK SARYUSZ-WOLSKI:

"Our standards in human rights and democracy are what matters. If a country wants to come closer to the EU and sign up, it should fulfill these. Otherwise, sorry"

Interviewer:
Oleksandr Pahiria

Vice President of the European People's Party at the European Parliament and Polish EMP, Jacek Saryusz-Wolski made some clear statements on the EU's stance on the Association Agreement and FTA signing at the Kyiv Security Forum. Thus, the government should take every necessary step to meet the conditions Brussels has set forth in the Füle list, otherwise the EU will not sign an empty document. "Although Mr. Lutsenko was released, and it was very welcomed by the European side, it is only the first step," he stressed at the Forum. "The next step will be the release of Yulia Tymoshenko. EU is not satisfied with the release of one or two prisoners, there should guarantees that political persecution will never be repeated in the future". ***The Ukrainian Week*** talks to Jacek Saryusz-Wolski whose efforts as the first Polish plenipotentiary for European integration and foreign aids in 1991-1996 and in 2000-2001 played a decisive role in Poland's joining the EU.

UW: You outlined two scenarios for further relations between the EU and Ukraine. Under the best-case scenario, the government releases Yulia Tymoshenko and quickly reforms the judiciary and election system. In the worst-case one, it fails to meet the conditions necessary to sign the Association Agreement, and the Vilnius Summit in November brings no success. Which one is more realistic in your personal opinion?

I'm optimistic about it because I think that the choice to the benefit of the Ukrainian nation will be evidently in favour of modernization and Europeanization. The Association Agreement is a leverage in improving the life of society. This is an obvious chance if long-term prospects of Ukrainians and future generations prevail over short-term ambitions of politicians of today.

UW: Does the Ukrainian government have political will to meet all requirements of Brussels necessary to sign the Association Agreement and FTA?

Until recently, the Ukrainian authorities – mainly President Yanukovych and his Administration – wanted to have some minimum accomplishments. But thinking that the liberation of Lutsenko would be sufficient was a miscalculation. They have to take all three preconditions to signing the Associa-

tion Agreement in November very seriously. These include dealing with selective justice and freeing Tymoshenko, as well as electoral and judiciary reforms.

UW: Some Western experts suggest that the EU should take a tougher stance in the talks with the Ukrainian government. Can this tactics be efficient?

It's not about being tough or not today. We always try to stick close to reality and deal with issues professionally. Our standards in human rights and democracy are what matters. If a country wants to come closer to the EU and sign up, it should fulfill these. Otherwise, sorry.

UW: It has been four years since the Eastern Partnership project was launched. Now, we can see that the European community's expectations of the progress of democracy in some post-Soviet states were probably too high. In your opinion, is it the lack of political will or mentality in these countries that hampers their progress to Europe?

When Eastern Partnership was founded, it was something wider than negotiations and commitments on the executive level. It was about the creation of a set of values. Nobody promised that this road would be easy. Any rumours of the death of Eastern Partnership are premature. We were more optimistic at the beginning, but it may now have to go, as they say, in one step forward and two steps back. This path is not treaded very quickly. Some societies and their governments need time to understand what they need, or fail in order to learn. But Eastern Partnership project is still alive. Where do I draw my optimism? When I talk to ordinary Georgians, Armenians or Ukrainians, they want the standards of their countries to be closer and more similar to those in the EU. So do the Russians.

So, this is an objective in the mid- and long-term run. People want to live in freedom, prosperity and secure knowledge that nobody will come in the morning to arrest them, put them in prison, take away their property or stop them at a frontier when they want to travel or study abroad. This is national human factor. We want to accelerate this through Eastern Partnership and a series of Association Agreements and FTAs. Several years after the launch, I see that some countries have made progress faster, while others had it slower. The ones that we thought would be the leaders and pioneers, such as Ukraine, seem to have fallen back. Armenia, Georgia and Moldova have much better chances of signing the Association Agreement in Vilnius than Ukraine at this point. But things may change. The ball is on the Ukrainian side. If people in Ukraine believe that the course to Europe is their choice, they should tell this to the government. The opposition should say it loudly – should express this will in a democratic manner through parliament. If that is blocked, they can have a peaceful demonstration on Maidan.

PHOTO: ANDRIY LOMAKIN

ARMENIA, GEORGIA AND MOLDOVA HAVE MUCH BETTER CHANCES OF SIGNING THE ASSOCIATION AGREEMENT IN VILNIUS THAN UKRAINE AT THIS POINT. BUT THINGS MAY CHANGE. THE BALL IS ON THE UKRAINIAN SIDE

UW: Different EU member-states have different approaches to Ukraine. Former post-socialist countries, especially the Baltic States, Poland, Czech Republic and Slovakia, have been trying to facilitate Ukraine's European integration, while Western democracies prefer a more moderate, pragmatic and critical approach. Is this a steady division in the European Parliament?

The countries of Central and Eastern Europe that are new EU members are more supportive because they have a better understanding of Ukraine's situation and share similar historical experience. It was not easy to convince more distant Western European countries to share this perspective, but we succeeded in doing so. As a result, this Eastern Partnership programme was set up with significant funding from the EU and legal foundation that includes Association Agreements and comprehensive FTAs. These should lead to half-membership in the EU. Twenty years ago, I was negotiating one for Poland. Eventually, it led us to membership. But it is becoming more and more difficult now to convince EU members that are not that enthusiastic about the necessity to extend this offer, pursue and accelerate it, because our partners do not give us arguments to promote this idea. There is no progress in reforms or change in Ukraine. Accomplishments are dubious in many other countries. Belarus is in the state of stagnation. If the two sides share a common goal, they should both take efforts. That's what we need to help us – the countries of the EU's eastern flank – in convincing others to make the process more robust and energetic.

BIO

Jacek Saryusz-Wolski has a Ph.D. in Economics. He has been European MP since 2004 and Vice President of the European Parliament in 2004-2007. Currently Vice President of the European People's Party (EPP) and member of the Committee on Foreign Affairs, Jacek Saryusz-Wolski served as Poland's minister for European integration in 1991-1996 and 2000-2001; founded the Centre for European Studies at the University of Łódz and was Vice Rector at the College of Europe. In 2001, the European Voice publication nominated him for the European of the Year award

Some Tips for Supporters of Ukraine's European Integration

Author:
Oleksandr Horyn

Quite a few Western diplomats, politicians and civic activists, who look with favour on the European integration prospects of Ukraine and consider it to be an integral part of Europe, often ask themselves the question: what benefit can Ukraine offer? Deep disillusion with the democratic setback in Ukraine over the last few years and the unexpected emergence on the map of Eastern Europe of yet another prototype of the Putin-Lukashenka regime after the "Orange chaos", forces many of them to cross their arms, and even more others to express scepticism regarding the possibility of closer ties between Ukraine and the EU. The Yanukovych regime has failed to fulfil the promises to the EU, apart from the pardon of Yuriy Lutsenko and Heorhiy Filipchuk, and some other indecisive steps. It has continued its purposeful pressure on the opposition, civic society and freedom of speech, and the imitation of reform. As a result, the long-standing and increasingly noticeable weariness of the West as regards Ukraine is escalating. As a result, Ukraine is losing the support of many European and American friends. Many are asking themselves: how could this happen and why have all efforts directed towards democratic reform and the establishment of the rule of law in Ukraine come to nothing?

This situation has clearly been partly caused by the West's superficial and simplistic perception of post-Soviet reality in Ukraine, and the lack of understanding of its deep post-colonial traumas, insecurities and problems. Instead, many Western politicians still continue to look at Ukraine exclusively through the prism of their own glasses and problems, not seeing the root of what is really holding it back on its course towards civilised development.

First and foremost, Western leaders should be aware that the difference between Ukraine and other Central European countries lies in the impact of Russia's pressure on Ukraine, including through Bolshevism. While Central European countries, including the Baltic States, enjoyed twenty years of their own statehood during the inter-war period, Ukraine experienced a devastating genocide and massive destruction of alternative elites and environments where new ones could soon appear. The restoration of Ukrainian independence in the early 1990s was accompanied by the continued dominance of the old Soviet elite in the country. Bred and carefully selected in the USSR, it had no qualities required for governing an independent state. Nor have fully-fledged government institutions been established in the last two decades. Those that were, served one or another head of state, bud did not fulfil their statist functions. And most important of all – Russian-Soviet values continue to determine social awareness, mindsets and behaviour models for a significant share of the Ukrainian political elite and population. It is in the totalitarian and colonial past that the problems of the post-Soviet development of modern Ukraine actually lie. If they are not resolved, it will be impossible to truly embrace European values in Ukraine. There is no point in planting the seeds of democracy on lands that have not been cleared of the barriers and scrap of the communist past (see p. 26).

In order to avoid continued manipulation by the Ukrainian government, the West should focus on direct contacts with Ukrainian society more, and thus form its own concept of the processes in Ukraine. After all, the majority of this society continues to stand behind a European democratic course – it simply has to be separated from the Yanukovych regime and more actively engaged in the

European mindset. The current Ukrainian authorities on the one part, and most of its citizens – are worlds apart. In this context, the Civic Society Forum, which was established in 2009 within the framework of the Eastern Partnership programme, should be welcomed. The Ukrainian National Platform has been a part of this since 2011, participating in summits and negotiations between the EU and Ukraine, and has the right to formulate its own recommendations. However, unfortunately, this structure has so far been unable to implement any successful projects and transform itself into a true mouthpiece of the interests of civil society in Ukraine and the driver for its European integration.

It is also worth taking into account that in view of post-Soviet specifics, many NGOs in Ukraine that are sponsored by the West, have become blatant grant-guzzlers who have nothing but profanity for democratic values, rather than being the actual driving force behind society's democratic progress. For this reason, it is necessary to be more critical of existing NGOs, which often take advantage of the lack of knowledge among their Western benefactors and their own monopolistic positions, which both deliberately and inadvertently create an erroneous impression of the situation in Ukraine, playing up to already established stereotypes. It is not only necessary to give money for certain projects, but to also duly control their use and the execution of what has been reported. First of all, it is necessary to rely on those that will be of specific social benefit under Ukrainian conditions, not on those that have a fairly abstract task, for example, democratic development. At the same time, in addition to contact through somewhat ineffective NGOs, it is necessary to search for opportunities to establish thousands of horizontal connections between civil society in EU member-states and Ukraine, as well as help Ukraine develop its own. Only then can a new elite and a strategy of changes be expected in Ukraine.

THE WEST SHOULD FOCUS ON DIRECT CONTACTS WITH UKRAINIAN SOCIETY MORE, AND THUS FORM ITS OWN CONCEPT OF THE PROCESSES IN UKRAINE

Angela Merkel said in negotiations with Estonian Prime Minister that Ukraine is not yet ready for the EU association as it has yet to solve a slew of problems with democracy

The partial liberalization of the visa regime with Ukraine (for certain categories, especially students, journalists, civil activists), is, without doubt, a positive step, which will promote the formation of a new, critically-minded elite in Ukraine. However, much more is needed to overcome the deep mental divide between Ukraine and Europe. First and foremost, it's worth trying to uproot the disdainful attitude in European countries towards Ukrainian people as second class citizens. This largely pertains to employees working at the embassies of EU member-states in Ukraine, who often discriminate against Ukrainian applicants for Schengen visas. Meanwhile, the more Ukrainians visit EU countries and see a life that is completely different from the post-Soviet reality in Ukraine, the sooner will a critical social mass be formed to implement pro-European transformations within the country. In this context, it is vitally important to overcome the intellectual iron curtain and obstacles in communication between representatives of educated social strata in EU countries and in Ukraine, since they are the ones that must become the driving force of all future changes. European integration in Ukraine should be conducted simultaneously, starting at both the top, via negotiations with the authorities, and the bottom, via the expansion of contacts with civil society.

Regarding the tactic for the behaviour of Western politicians and diplomats towards representatives of the Yanukovych regime under current tense and intensive negotiations on the signing of the EU Association Agreement and the Free Trade Zone, it might be sensible to try not to give the Ukrainian government the opportunity to take advantage of these negotiations to legitimize itself in the eyes of both the West and Ukrainian society. Otherwise, the quasi-authoritarian regime in Ukraine will stay, even if it makes concessions on some issues of the Füle list.

Another important move is to significantly restrict the practice of Western governments and international organizations to allocate funds to the Ukrainian authorities for conducting reform and the battle against corruption. After all, as reality shows, most of these funds are not used effectively or according to designation. According to the latest data of the Ukrainian office of Transparency International, the Ukrainian government wastes 95% of funds allocated for its anti-corruption programme.

At the same time, there is no real point in Ukrainian prosecutors and judges going abroad for training, since it is difficult to change the professional approaches of these people to issues, that were set forth in Soviet education and post-Soviet practice, even more so when most of them are directly dependent on the governing hierarchy, built by Yanukovych and his Party of Regions.

New circumstances require a more active position of the West on the issue of Ukraine, since what is at stake is the fate of a battle for an important region, from the geopolitical point of view, in which Putin's Russia is striving to build up its own privileged sphere of influence. To counteract this, the EU has to demonstrate all the soft power tools it has at its disposal, and prevent the inclusion of Ukraine in the neo-empirical integration projects of the Kremlin.

Ukraine in the EU: Asset or Liability?

Author:
Leonidas Donskis,
Lithuania's EMP, political commentator

Ukraine is at a crossroads. The largest and the most pro-European nation in the Eastern Partnership could achieve associated partnership with the EU and the dream of millions of genuine Europeans in Ukraine could come true.

Yet the same applies to the EU which also finds itself at a crossroads. If we miss this opportunity to have a true ally, a faithful friend, and a would-be full-fledged member of the EU close to Russia, we could lose a historic chance to change the entire political architecture of Eastern Europe. In doing so, we would risk missing a chance to turn the last page of 20th century history which found Eastern European nations with their dramas and despair isolated from the rest of the continent.

Conversely, if the EU allows a fast track for Ukraine with the latter's flaws and problems, like selective justice and endemic corruption, a precedent will be set tempting the EU to turn a blind eye to any future, potential member's shortcomings. Lowering standards and seeking easy and tempting catches at the expense of principles and political ethics might be seen as suicidal for the EU whose principal strength lies in diplomacy, soft power, and firm dedication to human rights, civil liberties, human dignity, and all modern sensibilities in general.

To cut a convoluted story short, Ukraine is a litmus test for the EU making a difficult choice between Realpolitik and European values. The eventual accession of Ukraine to the EU would be a turning point in world politics or even in world history. As Andrei Piontkovsky insisted for a long time, this would deal a mortal blow to the Putin regime signifying the end of Byzantine Russia. Such a turn would inevitably force Russia to embrace European politics and to abandon its ambition to restore an empire, as Russia cannot be one without Ukraine.

UKRAINE'S JOINING THE EU WOULD DRAMATICALLY AND IRREVERSIBLY CHANGE THE POLITICAL LANDSCAPE OF EUROPE, END THE DIVISION OF EUROPE AND CLOSE THE SAGA OF THE IRON CURTAIN AND THE COLD WAR

However, the big geopolitical game and the security of neighbouring countries are not the only issues here. With no exaggeration, Ukraine's accession would be as critically important to the national interests of the Baltic States and Poland as was their own accession to the EU and NATO. With its unquestionable political and cultural presence in Eastern and Central European history, along with a fundamental legacy which is pivotal for Russian identity and culture, Ukraine itself would become a symbol of the final unification of Europe.

I've heard critical and rather skeptical remarks by some Western European and American commentators on the need for Ukraine to build its modern European identity and to make up its mind about whether Europe is Ukraine's top priority.

What can I say to this? I had enough when Lithuania was mockingly counted among "quasi-European countries where Europe ends". Time flies, and one has to be foolish today to categorize Estonia as a country bearing any real resemblance to Albania or Macedonia, or to describe Lithuania as inferior to Bulgaria, Romania, or even Cyprus.

On that same note of skepticism, with regard to modern moral and political sensibilities: Can we in the EU claim that Slovakia, Hungary, Romania, Lithuania, or even France, have not had their share of xenophobia, anti-semitism, racism (especially, anti-Roma sentiments) or homophobia in Europe? No one is perfect.

Is Hungary spotless with its profound constitutional and political crisis which increasingly appears to be bidding farewell to liberal democracy? Is Romania faultless with its political crooks in power that plagiarize their doctoral dissertations and poke fun at Romanian intellectuals via a private TV channel owned by a documented informer of the Securitate political police in Ceausescu's Romania?

Was Sarkozy's France with its deportations of Roma on charges of the spread of crime a model for Ukraine? Or Holland with Geert Wilders' incredible suggestion to report on Polish and other Eastern European families if they happen to celebrate their feasts too loudly and indiscreetly?

Or is my own country, Lithuania, flawless with its outbreak of homophobia which has led to some noisy and regrettable figures in parliament attempting to pass a bill to protect minors from the detrimental effects of public information (put simply, this was nothing other than a homophobic law)? We raised our voices against this folly; we did not remain silent on this front. Given this fact, what makes us think that Ukrainian journalists, defenders of human rights, and public intellectuals would not do the same?

Is Ukraine likely to become an asset or a liability for the EU? I say it will be nothing but an asset and a success story – a thousand times I say yes. Ukraine's joining the EU would dramatically and irreversibly change the political landscape of Europe. It would end the division of Europe and close the saga of the Iron Curtain and the Cold War. It would put a well-situated, diverse, rich, and talented nation in the club of European democracies. Last but not least, the EU would substantially invigorate its historic and political narrative, sending a message to the world that big and powerful nations choose democracy.

Ukraine is at a crossroads, and so is the EU.

Petr Mareš: "The harder a country tries, the more assistance it will receive from us"

Interviewer:
Oleksandr Pahiria

In his speech at the Kyiv Security Forum, Petr Mareš, Special Envoy for Eastern Partnership from the Ministry of Foreign Affairs of the Czech Republic, said that the Czech Republic, as well as all the Visegrád countries, has always been optimistic about the prospects of its eastern partners to integrate with the European community. ***The Ukrainian Week*** talks to Mr. Mareš about the Czech Republic's about its opinion and expectations regarding Ukraine's European integration.

UW: Does the Czech Ministry of Foreign Affairs have a strategy regarding the signing of the Association Agreement with Ukraine?

There is a strategy. We haven't changed our standing on it since the very beginning: we have been supportive of the signing all along, yet it should be based on the fulfillment of the Füle requirements. This is one of the reasons for my visit. I was meeting with representatives of the Ukrainian Ministry of Foreign Affairs and telling people that we – not only the Czech Republic but all Visegrád countries – offer our assistance, and if there's anything we can help with, we will do it. That is a priority for us, and we would like to see Ukraine sign the Agreement soon. But it's completely up to Ukraine.

UW: The European community seemed to have inflated hopes about the progress of democracy in post-soviet countries, such as Ukraine, Georgia or Moldova, under the Eastern Partnership framework. But these countries have some problems with democracy now...

That's true. We had higher expectations at the beginning three or four years ago. Now, we have a feeling that the progress towards democracy and reforms has been so sluggish, especially in Ukraine over the past two years. On the other hand, though, we have our own experience. For a certain period, Slovakia lagged behind other Central European countries but it caught up eventually and we entered the EU together with Slovakia, Poland and Hungary. So, it's never too late. In our opinion, Ukraine has unfortunately slowed down. It's a pity because we expected you to be much farther by this point. But you can still do it, even if it takes a lot of efforts.

UW: You have mentioned the "giving more for more" policy regarding countries that integrate into the EU. Can you expand on this?

We have six different countries in Eastern Partnership, and we cannot apply one policy to all of them as they are all different. We were thinking of the criteria to use in designing policies for them. This is a formula we have come up with. The harder a country tries and the more efforts it takes, the more assistance it will receive from us. If there is a country that simply does not show any willingness to get close to our values, sorry, they don't deserve much. But I have to say that we can't apply this principle too rigidly because we can't punish people for the mistakes of their governments. You have a neighbour along your northern border whose government we would like to punish, but not its people.

UW: Why is the Czech Republic interested in bringing Ukraine closer to the EU?

We strongly believe that Ukraine will be very important to European security and future prosperity. At the same time, we feel that we have certain debts. We got an enormous assistance in the 1990s. Without the help of our German, Dutch and other neighbours, we wouldn't have been able to enter the EU. Now, we feel that we should pay them back. And Ukrainians are very close to us – we even understand some of each other's language. We know Ukrainian culture and we believe that Ukraine belongs to Europe, but it's upon you to decide.

UW: How does this Eastern Partnership policy challenge Russian policies?

We don't think it does. The progress to the Association Agreement and FTA is a difficult, sometimes painful process. You have to do a lot to accept all European legislation standards. But I'm sure that the day will come when Russians will start accepting European standards because they will want access to our market. They are not big enough to exist alone with China along one border and the EU on the other. As to Ukraine, it can enter the Customs Union if it chooses to do so, but that will only postpone the process of accepting EU standards because it's a modern way of doing business according to European and American rules, not Russian. So, the earlier you start, the better. And it's not against Russia because we are its trade partner, too, but they don't always understand this.

PHOTO: ANDRIY LOMAKIN

BIO:
Petr Mareš served as a Chairman of the Committee on Research, Education and Culture and Member of the Delegation to the NATO Parliamentary Assembly at the Parliament of the Czech Republic **(1998-2002)**. In **2002-2004**, he was Deputy Prime Minister for Research, Development, Human Rights and Human Resources at Czech government. He also served as an Ambassador Extraordinary and Plenipotentiary of the Czech Republic to the Kingdom of the Netherlands **(2006-2010)**. Since **2010**, Mr. Mareš has been a Special Envoy for Eastern Partnership at the Ministry of Foreign Affairs of the Czech Republic

Author: Oleksandr Pahiria

A Difficult Return

To regain its status as a natural part of Europe, Ukraine needs to break free from Russian and Soviet colonial heritage

Does Ukraine need de-Sovietization in the 22nd year of its independence? The experience of modern state building and post-communist transformations in Central and Eastern European countries shows that this is a mandatory step on the path to European integration. Before joining the EU, the majority of former socialist camp members carried out radical reforms in the early days of their post-socialist histories in order to cast off totalitarian baggage. Otherwise, democratization, the growth of civic institutions and, most importantly, a revival of national state-building traditions would have been impossible. Ukraine bypassed this stage and continues to struggle with a Soviet heritage that has proven difficult to abandon without radical reform. Ukraine was infected with communism at least 20 years earlier than other Central and Eastern European countries, which experienced modern state building in the interwar period. The totalitarian regime became much more entrenched in Ukraine and led to far more traumatic consequences (including the Holodomor) than in its Western neighbours.

CAPTIVE TO ALIEN VALUES

After proclaiming independence on the foundation of the Ukrainian SSR and its government institutions and without clearly separating itself ideologically from its totalitarian and colonial past, Ukraine has continued to stumble ahead through sheer inertia. It has made only superficial alterations to the formal and ceremonial representations of its statement while remaining captive to Soviet-Russian values that dictate the mindset, behavioural models and attitudes of both the political elite and a large part of the population.

This condition manifests itself primarily through deeply entrenched paternalism and an inferiority complex inherited from the Soviet colonial past. For example, surveys show that over 63% of Ukrainians believe that several strong leaders could put the country in order faster than legislation and open debate. The dominant strategy for many citizens is still conformism and a desire to adjust

to the existing circumstances at any cost and without attempting to change the situation. Many people do not believe in real social or political justice. A survey by the Democratic Initiatives Foundation in May-June 2012 showed that 78.4% of Ukrainians were convinced that there was little equality of citizens before the law, if any. To survive, Ukrainians strive to integrate into the current system of relations with the authorities, conforming without initiating any changes. This is similar to what happened under Soviet rule: part of society was able to conform, adapt and learn to coexist with a repressive totalitarian juggernaut by choosing the pragmatic strategy of survival in specific historical and institutional circumstances. Thus, preconditions are in place for the replication and perpetuation of the post-Soviet system.

One of the consequences of long-time isolation during the Soviet era (due to the Iron Curtain) is a lack of mobility and mental openness in society. Surveys show that 77% of Ukrainians have never been abroad and 36% have never left their region. As a result, it is hard for most citizens to compare the realities of their lives with those of other countries and regions and thus comprehend the necessity and value of change. This circumstance undermines social support for any attempt at reform. Continual repression and a system of denunciation in Soviet times made people socially detached, intolerant, and unfriendly for preventive purposes. Today, up to half of all Ukrainians do not trust their social milieu, according to surveys. Post-Soviet mutations led to an odd combination of mutually exclusive values and widespread ambivalence. For example, Ukrainians can think positively of democracy and liberal values and at the same time accept authoritarian methods of governance. Or they may want Ukraine to join the EU and the Customs Union at the same time. Surveys reveal that 59% of Ukrainians would vote in favour of EU accession at a national referendum, and if the issue of joining the Customs Union of Russia, Belarus and Kazakhstan were put to a vote, 57.5% would support it.

Conformism, cynicism, profanity, criminality, and a lack of principles were the distinct features of

STILL BEHIND THE IRON CURTAIN

Surveys show that **77%** of Ukrainians have never been abroad and **36%** have never left their region

the Communist Party and Komsomol nomenklatura in the last decades of the USSR and were then transplanted into post-Soviet life. They have become mandatory characteristics of Ukraine's political, business and cultural-intellectual elites and continue to be replicated at all levels, from NGOs to politics. The post-Soviet period added to this its all-consuming nepotism, favouritism and backdoor deals, leading to total corruption. As a result, personal, clan and corporate affiliations outweigh national interests in Ukrainian politics. Under this system, state power is viewed as a business project for those who are at the helm of the state and the oligarchic groups close to them. This is precisely the reason why the surviving Soviet bureaucracy makes public administration so inefficient at both the national and regional levels, while the services provided by the government are aimed at earning money rather than actually serving citizens.

The two-way street between money and politics is another dis-

AT LEAST TWICE – IN THE EARLY 1990s AND IN 2004-2005 – UKRAINE LOST ITS CHANCE TO LEAVE ITS TOTALITARIAN PAST BEHIND AND END ITS POST-SOVIET AGONY

POST-SOVIET AMBIVALENCE

Surveys reveal that **59%** of Ukrainians would vote in favour of EU accession at a national referendum, and if the issue of joining the Customs Union of Russia, Belarus and Kazakhstan were put to a vote, **57.5%** would support it

tinct feature of post-Soviet Ukraine: money opens the door to power, which in turn provides access to financial flows. Once they reach the top, post-Soviet elites follow the example set by their predecessors in the Communist Party nomenklatura. They attempt to squeeze maximum benefit from their office and access to government resources and surround themselves with various status perks—cadres of security guards, various awards and titles—thus artificially setting themselves apart from the rest of society. Politicians' deeply rooted sense of impunity and lack of responsibility prompt them to enhance their personal comfort while facing only minimal critical outcry by a weakened civic society.

The worldview and values of the absolute majority of contemporary Ukrainian politicians were

shaped in Soviet universities, the "socialist talent foundries". This has a constraining effect on their views and limits their ability to accept and carry out European-calibre reforms. At the same time, post-Soviet transformations caused them to have ambivalent values: they tend to declare liberal values but take undemocratic steps in practice, thus profaning and merely imitating any constructive initiative. This is, for example, why the Orange Revolution failed to trigger any qualitative shifts in Ukraine's development – its leaders remained in a vicious post-Soviet cycle, not daring to radically break out of it.

The transitional state in which the worst Soviet practices coexisted with new vulgarized democratic norms and wild capitalism was ideal for the emergence of oligarchy as the informal source of all power in the country. Having emerged from among the Communist Party and Komsomol nomenklatura, "red directors" (CEOs of big industrial Soviet enterprises), and semi-criminal elements, Ukraine's oligarchs set up their own system of societal power relations and have resisted changes to the status quo. They are absolutely comfortable in this hybridized post-Soviet life as they parasitize society and exploit old Soviet industrial assets while refusing modernization. It would be a mistake to treat them as engines of European integration because their system of values is at odds with that of Europe.

A VICIOUS CYCLE

The Ukrainian establishment and society continue to live in an old frame of reference – a backward Soviet mentality with chaotically superimposed modern memes. One great example of this is the fact that public space in Ukraine still bears Soviet designations. For example, the country has 20 times more toponyms related to the Soviet era and figures of the totalitarian past than to the history of the national liberation struggle. Communist symbols and discursive practices are ubiquitous in the Ukrainian public sphere. Soviet holidays continue to be officially promoted: Red (Soviet) Army Day on 23 February, Victory Day on 9 May, Komsomol Day on 29 October, etc. This practice serves to perpetuate totalitarian complexes in the minds of millions of Ukrainians and blocks the democratization of society. The European choice is out of the question when Ukrainians are still surrounded by thousands of stone and bronze statutes of Soviet leaders, henchmen and butchers emanating the despotism of the past.

In this situation, it would not be an exaggeration to say that Ukrainians continue to live in a slightly modified Soviet Ukraine: the décor has changed, but the content and inner workings are the same. It should be acknowledged that a truly sovereign establishment of the Ukrainian state is yet to take place.

The pathological condition in which Ukraine finds itself is the product of a post-Soviet mutation—the evolutionary transition from one sociopolitical model to another, which led to an ugly hybrid form combining two opposed and mutually exclusive systems of values: Soviet and national European. In the past three years, Ukrainians have been able to see for themselves that the former system has sufficient mechanisms for self-reproduction under modern conditions. To many Ukrainian citizens, the Viktor Yanukovych regime and the rule of the Donetsk clan have come to embody a typically Soviet mentality, way of governance and, at times, impudent restoration of the backward practices of the Brezhnev and Shcherbytsky eras.

A post-Soviet system is unable to transform itself because it has every resource and internal mechanism necessary for self-replication. Former Communist Party nomenklatura and Komsomol leaders and their power-wielding descendants are absolutely content with this system, which permits them to grow rich following virtually the same rules that prevailed in Soviet times. Under such conditions, only a complete dismantling can be effective. The state and all its institutions must be reset and re-launched on fundamentally different principles, values, and frames of reference. Without such measures, Ukraine's development and European integration will be impossible.

THREE D'S

One must bear in mind that Ukraine's de-Sovietization should go hand in hand with related pro-

ON THE WAY TO EUROPE? Ukraine has 20 times more toponyms related to the Soviet era and figures of the totalitarian past than to the history of the national liberation struggle

cesses such as de-Russification and decolonization. Together, these make up three D's for Ukraine. It must finally be acknowledged that the 70 years when Ukraine was part of the Soviet empire were a period of colonial subjugation, and the Ukrainian SSR was not a full-fledged state or even a quasi-state but merely a cover for Bolshevik occupation. The Soviet was always a symbol of the Russian; Sovietization necessarily entailed Russification, and the USSR was just a form of the Russian Empire.

The task currently facing the counter-elite in Ukraine is to break away not only from the totalitarian Soviet past at the level of institutions, mental attitudes and everyday practices, but also from the imperial Russian cultural tradition which keeps Ukrainians captive to its values, norms and civilizational guidelines, perpetuating the hybrid transitional state and blocking Ukraine's European prospects. It is impossible to implement European values and standards and build the "Russian world" in Ukraine at the same time – these are absolutely mutually exclusive things. Ukraine needs to clearly determine its frame of reference and settle on a vector of civilizational development for itself. There is no other alternative.

At the same time, de-sacralisation and de-mythologisation of the Soviet past, as well as a total ban on totalitarian symbols, must go hand in hand with a comprehensive approach to reforming all spheres of life and to building Ukraine's own frame of reference, as opposed to externally imposed ones, which is something that would require a well-defined strategy and an action plan.

At present, Ukraine's major opposition forces, which together aspire to become an alternative to the Yanukovych regime in the near future, lack a specific plan for dismantling the post-Soviet system and resetting Ukraine on a totally new foundation. They either completely ignore the issue of de-Sovietization due to their ideological indeterminacy, fondness of cheap populism and desire to attract various electoral groups (Batkivshchyna and UDAR) or they reduce de-Sovietization merely to dismantling Lenin monuments and de-mythologising history (Svoboda).

The Ukrainian establishment and society continue to live in an old frame of reference – a backward Soviet mentality with chaotically superimposed modern memes

It should be acknowledged that a truly sovereign establishment of the Ukrainian state is yet to take place

The Estonian experience of post-communist transformation is to be followed as the most successful and telling example in the post-Soviet space. While having roughly the same initial conditions as Ukraine, Estonia has been able to effect comprehensive de-Sovietization and build (or, rather, restore) its state based on national and European values by resolutely abandoning the markers of civilizational development set by Russia. This required a political will and a clearly articulated end goal of transformation. The experience of this small Baltic state shows how successful de-Sovietization reform can be if it is carried out rapidly, radically and without looking back.

SOVIET-RUSSIAN VALUES WILL FOREVER INSTALL AN IRON CURTAIN BETWEEN UKRAINE AND EUROPE, THWARTING UKRAINE'S FURTHER PROSPECTS OF EUROPEAN INTEGRATION

So far, Ukraine twice – in the early 1990s and in 2004-2005 – lost its chance to leave its totalitarian past behind and end its post-Soviet agony. Moreover, some of the symbols and practices of the long defunct USSR are now being revived. If it does not undergo a process of de-Sovietization, the country will continue to be flooded with Russian propaganda and pseudo-culture. It will continue to operate within a polarized economic and social model, experience further societal degradation and blocked social mobility for the emerging counter-elite, and ultimately lose its overall competitiveness. Worst of all, Soviet-Russian values will forever install an iron curtain between Ukraine and Europe, thwarting Ukraine's prospects of European integration and keeping it under the influence of its increasingly aggressive north-eastern neighbour, which seeks to realize its neo-imperial Eurasian projects in the post-Soviet space. However, there is still ample opportunity to effect a radical transformation in Ukraine. Most importantly, such fundamental change is in great demand by society.

Estonia: Restoration Meant No to a Soviet Legacy

Author:
Erkki Bahovski

When speaking in Kyiv in March I referred to the de-Sovietization of Estonia as the beginning of the process of accession to the European Union and NATO. To be more precise, I should have described it as a "restoration" or even "resurrection". Why? Because everything Estonia did at the beginning of the nineties revolved around the pre-war republic (1918 – 1940). Consequently, Estonia thought more of recovery than destruction. Or, to be more precise again – everything was about replacement.

Historically, Estonia and Livonia had played the role of a "window to the West" in the Russian Empire. The Baltic Germans filled important posts in the Czarist administration and the literacy rate was highest among Estonians in the late Empire. In this respect, Estonia and Estonians have always viewed themselves as part of European civilization and recovery of the pre-war republic in 1991 meant a return to the Western world rather than knocking on the door of Europe. "We were always there, the Cold War just meant that we were temporarily cut off from the rest of the continent" – that was the main line of thinking.

The experience of the pre-war republic definitely alleviated Estonians' fears that they would not survive alone for long. The stories according to which the demise of the Soviet Union paved the way for an uncertain future were still prominent and many sceptics thought a reunion with Russia would be the only way out. Complete independence seemed a dangerous and destructive path forward.

This was not true for Estonia. The 22 years of pre-war independence had given the restorateurs of the Estonian state enough confidence that Estonia could survive. But perhaps only a few understood that the window of opportunity, i.e. the temporary weakness of Russia would have to be exploited to the maximum extent possible.

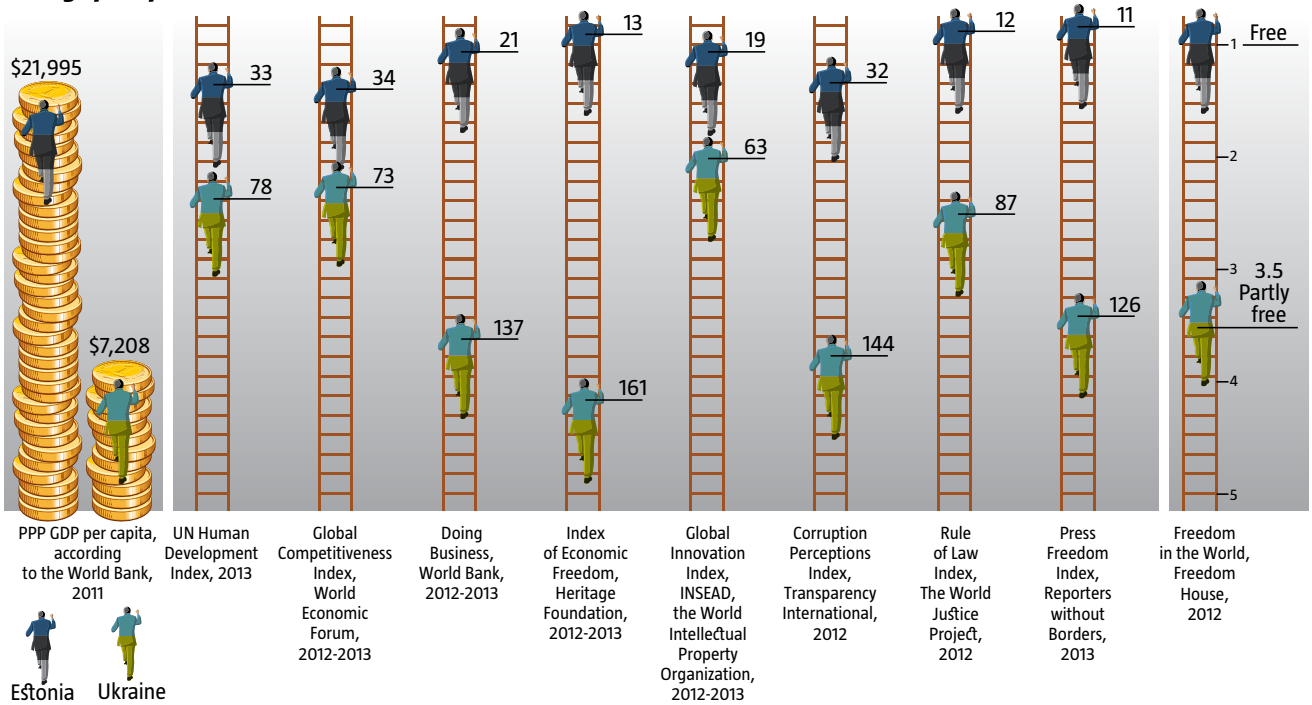
This exploitation meant first and foremost the securitization of economy. The word securitization comes from the Copenhagen Security School and means that once something is securitized in society, it is beyond any discussion. That process happened in Estonia with regard to the economy. Since NATO membership in the 1990s was perhaps only in the minds of the maddest dreamers, the only way to guarantee security was through EU membership. And that meant very rapid economic reforms.

In addition, the knowledge and experience of the pre-war republic meant that no wheel needed to be invented. Of course, exactly how was it to happen and what technicalities would be involved – this was all open for discussion, but basically post-Soviet Estonia knew the basics of a democratic country.

And the "accessories" of a democratic country are the Constitution, the rule of law, the separation of powers and the protection of private property. All those fields were covered by reforms in the beginning of the 1990s.

***Disclaimer:**
Erkki Bahovski works for the European Commission Representation in Tallinn. The article expresses his personal views

The gap in potentials



In Kyiv, I was asked how Estonia got rid of the KGB and why there were no holdovers from the Soviet time regarding the security services. The answer is the same – nothing from the Soviet administration and its institutions was to stay intact. In the pre-war republic, the Estonian secret service was called "political police", now it was renamed "defence police". At any rate, the KGB had to go.

The securitization of the economy, however, might have remained an empty slogan had Mart Laar's first government not carried out very strong and decisive reforms. Those reforms laid the foundation for the Estonia we know today. Unlike many other Eastern European countries, Laar's government meant a real U-turn from the left to the right. Laar was (and still is) very strongly anti-communist, so the government got rid of the Soviet legacy as much and as quickly as possible.

Russia actually contributed much to Estonia's break-up with the Soviet legacy and the country's decisive path towards the West.

When the Soviet Union dissolved, the Baltic States and Russia were in the same boat. After the bloodshed in Vilnius in January 1991, hundreds of thousands of people took to the streets in Moscow to show their solidarity with Lithuania. Nonetheless, perhaps one of the most crucial questions to be asked with regard to Russo-Baltic relations from 1991 on is what went wrong and why Russia had tension with her reborn neighbours as early as 1992. One possible explanation is the way that Russia understood the independence of the Baltic States – Russian leaders wanted those states to be only semi-independent and still greatly depend on Russia. Yet Baltic States themselves understood independence as quite the opposite – a total break-away from Russian influence.

Consequently, Russia was not very keen to withdraw its troops from the Baltic States. However, the Baltic States were considered to belong together with the rest of the Eastern European countries and finally Russia had to comply. The date of August 31, 1994, was a landmark event for Estonia when the Second World War came to an end and the last Russian soldier

Legal and institutional reforms

The new Constitution approved by the June 1992 referendum freed Estonia from the Soviet legal system and laid the foundation for the rule of law, with a clear separation of powers and an independent judiciary. It established the framework for Estonia's sovereignty, reinstating the name and the structure of the Riigikogu, the pre-war parliament, as well as the office of the president. Parliamentary and presidential elections in September 1992 allowed Estonia to part with its communist past and implement a real transition from Soviet authority to its own. In the early 1990s, Estonian National Democrats were not afraid of taking radical action, unlike Ukrainian politicians. This brought dramatic changes to the country over a short period, thus dissociating itself from the Soviet and Russian legacy. Acting as the successor of the pre-war republic, Estonia acknowledged that the Soviet part of its history was an occupation, demolished all

communist symbols and institutions, including the KGB, and launched national ones instead. In July 1994, Estonia succeeded in having the Russian occupational army pull out the last 7,000 of its troops from its territory. It was finally completely free of the military bases of its Eastern neighbour and became a member of NATO ten years later.

Lustration

Unlike Ukraine, Estonia purged its authorities of the partocrats that were involved in the persecution of Estonian citizens, as well as employees and agents of communist security services. This brought about an ideological and professional split with the totalitarian past, and saved Estonia from overwhelming corruption during the transition period. The army of officials inherited from Soviet times shrank by two thirds. Meanwhile, Ukraine wasted its opportunity to do the same. As a result, it is now being affected by the omnipotence of the one-time red bureaucratic elite and people who are happy with the post-Soviet status quo with its bribery, opportunism, nepotism, tribalism and many more ruinous attributes.

Citizenship

In 1995, Estonia parliament adopted a law, whereby "Soviet migrants", mostly Russians, who moved to Estonia after 1940, were not automatically granted citizenship. The law was amended in 1998. The key requirements for naturalization were knowledge of the Estonian language and the Constitution. Non-citizens were issued foreigner passports that limited their access to many sectors.

Restitution

In June 1991, parliament passed the law on the restoration of property rights. It entailed the restitution of property lost by families during Soviet nationalization and collectivization. The reform had an important ideological purpose in correcting historical injustice. As a result, the party and chekist nomenclature that lived in expropriated apartments had to move out of the central districts of big cities.

left Estonia. No doubt, the withdrawal of Russian troops paved the way for Estonia's eventual membership in the EU and NATO.

Nevertheless, Russia tried to keep some leverage on Estonia. In 1995, as a reactionary measure against the alleged mistreatment of the Russian minority in Estonia, Russia imposed double custom tariffs on Estonia practically closing her market to Estonian producers. But the latter did not sit idly by, but turned eyes toward Western Europe. Of course, this was not easy: the competition was tougher and Estonian producers did not know at first how to advertise their goods. But the process had started and it meant another step away from the Russian sphere of influence and one more step towards the West. For those who had their doubts regarding the Western market, the Russian crisis of 1998 was of decisive importance.

The year 1995 also marked the first major step towards the EU when Estonia signed an Association Agreement with the Union. In 1997, a more important event followed when Estonia became the first country of the former U.S.S.R. to be invited to EU accession talks. The decision was a clear sign to Russia that the EU would not play the game of spheres of influence and was ready to take in countries from behind the former Soviet border. An additional explanation comes from NATO enlargement. In 1997, Poland, Hungary and the Czech Republic were invited to NATO accession talks and the West was keen to show Russia that the Baltic States were not a foregone conclusion or eventually to be in the Russian sphere of influence. The EU invitation to Estonia was a clear sign of the opposite.

From 1998 to 2002, Estonia negotiated with the EU on terms of accession. In 2003, Estonia had a referendum on EU membership with two thirds of voters in favour. In 2004, Estonia became a member of the EU. In 2007, the country joined the Schengen visa zone. In 2011, Estonia became the 17th member of the eurozone. In 2018, Estonia will hold the presidency of the EU. The road to the EU has integrated Estonia even more strongly into the West.

The same can be said for NATO. In the 1990s, NATO was quite reserved with regard to the Baltic States as Western leaders were cautious not to irritate Russia. However, the Baltic States' silent and fluent movement toward NATO came to an abrupt end when the U.S. experienced 9/11. The U.S. needed allies quickly and of course NATO membership was a strong carrot to motivate Eastern European nations. In 2002, Estonia received an invitation to join the alliance and two years later Estonia was admitted to NATO.

Being with the West also means having the problems of the West. The crisis inside the eurozone and austerity have created a discussion about the future of the EU. This discussion is also a topic inside Estonia – if the EU is to exit the crisis (and the signs are there that it will) it would be good to know where to exit. We do not know what the EU would look like in several years' time, but we can be more than certain that Estonia will be part of it. "Restoration" or "resurrection" has been replaced by the future.

Privatization

Following the German example, Estonia launched the wide-scale privatization of small, medium and big enterprises through direct sale in the fall of 1992. The difference between Estonian and Ukrainian privatization experiences was transparency and openness to foreign investors. This attracted foreign, mostly Western investment and technologies to Estonia and opened access to new European markets. The voucher privatization practiced in many post-Soviet countries, including Ukraine, at the dawn of their independence, did not bring cash, new technology or innovative management expertise to a country. By contrast, direct sale made it easier for Estonia to upgrade its entire economy, and resulted in faster GDP growth in the short-term and budget stabilization in the crisis years of 1992-1994. It also prevented Russian business – which was still weak at that point – from swallowing important industries and enterprises, and the emergence of a home-grown oligarchy, such as the one in Ukraine.

Language policy

The language issue was a cornerstone of state building and post-communist transformation for all three Baltic States. Estonian was made the single official language. Command of Estonian opened the way to citizenship, education, work, and a better social and economic status. It also served as an instrument for the integration of the Russian minority into local society. In 1997-1999, a system of public language centres was established for Russian-speakers to learn Estonian. The government managed to partly convince them that speaking Estonian was a guarantee of their social mobility. As a result, the share of Russians who speak Estonian to representatives of the Estonian nation grew to 20%. Numerous laws and regulations ensure that the state language is used in various sectors, from record-keeping, education and judiciary to the labour market, advertising, the mass media and more. Thus, unlike Ukraine, Estonia succeeded in improving the status of the national language and encouraging people to learn and actually speak it.

Education reform

The switch from the old Soviet to the new Estonian system of education involved profound structural reforms, pertaining to the organization, funding, education programmes and integration into the international teaching process. Secondary education was reformed in three stages, in 1989-1990, 1996 and 2000. These entailed de-Russification, decentralization, liberalization, and the introduction of a national education programme. In 1997, the government launched the integration of Russian-language secondary schools into the local system. The purpose was to switch 60% of their programmes into Estonian by 2011 and introduce classes on national history and culture.

In 1999, Tallinn joined the Bologna Process and harmonized its higher education with Western standards. Universities obtained academic, financial and legal autonomy, transforming from state institutions into public and private ones. Following the reform of the Estonian Academy of Sciences, academic institutions merged with universities, which boosted their R&D potential. In 1998 and 2006, vocational education underwent reform in order to adapt to Western standards and requirements in training professionals. As a result, Estonia's education shed its Soviet-Russian imprint completely. This did not happen in Ukraine, since the values of a different state are still being instilled in students at schools and universities. This has a negative impact on the building of national identity.

Media & IT

In 1998, Estonia passed a law on the principles of information policy, and updated it in 2004. Its purpose was to protect and develop the national segment of the media, support the Estonian language and culture, and develop information infrastructure, electronic governance, commerce and banking. In 2007, the Estonian Information Society Development Plan until 2013 was launched, eventually making Estonia one of the top twenty countries with the fastest e-governance growth according to UN data for 2012. E-governance has ultimately become a trademark for Estonia. Innovative IT-technologies provided citizens with free access to the information and services of government bodies, making them more transparent, efficient and flexible. This, in turn, reduced the risk of corruption in the public sector and stripped officials of the privileged positions they enjoyed since Soviet times.

The Tycoon Effect

Ukraine's oligarch-controlled economy has no room for competition. As a result, a handful of oligarchs have monopolized the biggest markets, while lack of investment leaves the country lagging behind

Author: Lyubomyr Shavalyuk

After Ukraine gained independence in 1991, it faced the need to transition to a market economy. There was no alternative option for it as people who ended up out of the Soviet Union days ago, their consumption appetites suppressed for many years, were lured by the welfare they saw in developed countries. However, Ukraine had no economists who knew how to effectively lead it to a market economy. Thus, an institutional vacuum emerged in Ukraine, while the intellectual elite experimented on the national economy. It started to be filled with things inherited from its Soviet past and the products of natural selection, including racketeering, bandit wars for assets and overwhelming corruption in government. Over a period of 20 years, these phenomena have become legitimized and have grown into a social norm, their instruments somewhat altered. As a result, Ukraine's economy has yet to transform into a market one. It still operates under an oligarch-controlled model that threatens to leave Ukraine underdeveloped for many years to come.

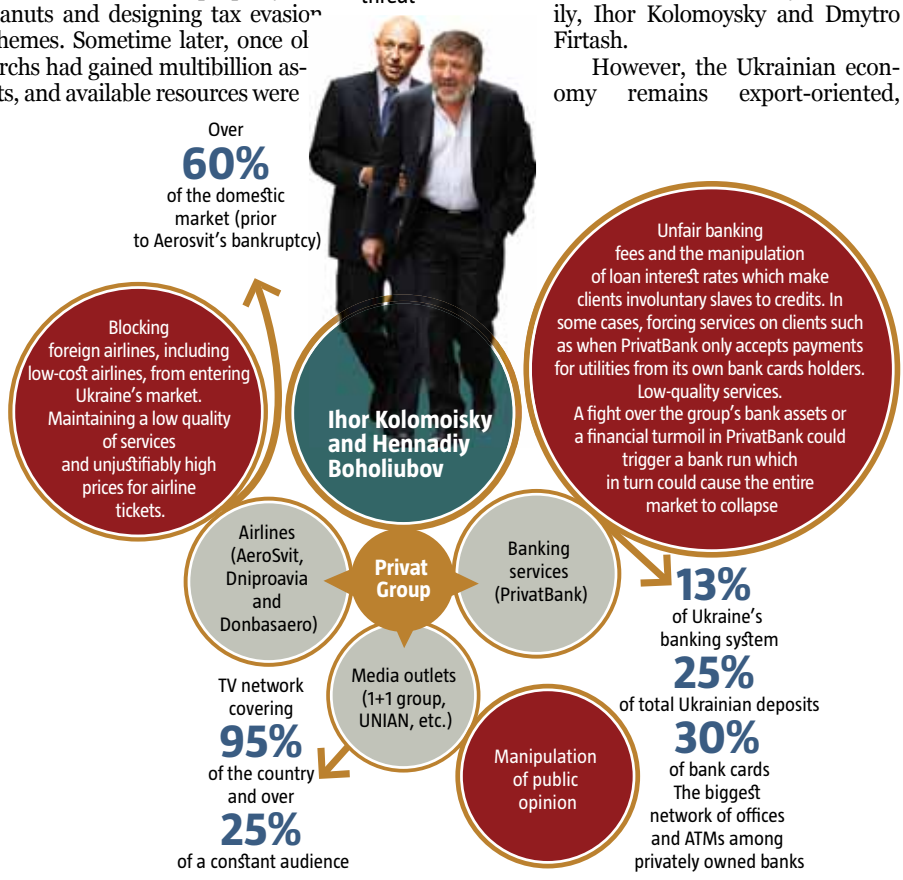
Ukrainian oligarchs generally gained their wealth from commodity-based industries. They exploited Ukraine's abundant natural resources and its developed industrial infrastructure inherited from the USSR, mostly concentrated in commodity production. This did more harm than good: easy wealth and profits did not motivate owners to upgrade the assets generating it. Eventually, oligarchs began to see their business as a cash cow that should bring income instantly. Before 2004-2005, local oligarchs barely invested into projects with a payback period of more than two years. Their business strategy did not entail any new investment ideas, innovations or actual entrepreneurship. Their only interest then and now is quick cash.

As a result, the Ukrainian economy has failed to transform from a commodity-based to a high-tech one over 20 years, since oligarchs bypassed the engineering sector, vehicle manufacturing, the IT sector and the like, which would require billions in investments to develop and a have a long pay-back period. Instead, they proved very inventive in fighting over new portions of assets, establishing win-win relations with those in power, arranging the privatization of state property for peanuts and designing tax evasion schemes. Sometime later, once oligarchs had gained multibillion assets, and available resources were no longer adequate for all oligarch groups, Ukrainian tycoons were forced to channel their asset-accumulating efforts and some of thier cash into less profitable businesses, including retail, banking, power supply, airlines, construction, chemicals production and so on. Through huge inflows, a handful of players quickly monopolized these industries. The government helped them create a comfortable environment to operate in, while turning a blind eye to the growing market concentration. Today, the biggest markets in Ukraine are essentially distributed between Rinat Akhmetov, President Yanukovych's Family, Ihor Kolomoysky and Dmytro Firtash.

However, the Ukrainian economy remains export-oriented,

A COUNTRY FOR FEW

Permanent concentration of Ukrainian markets in the hands of oligarchs puts both the citizens and the economy under a threat

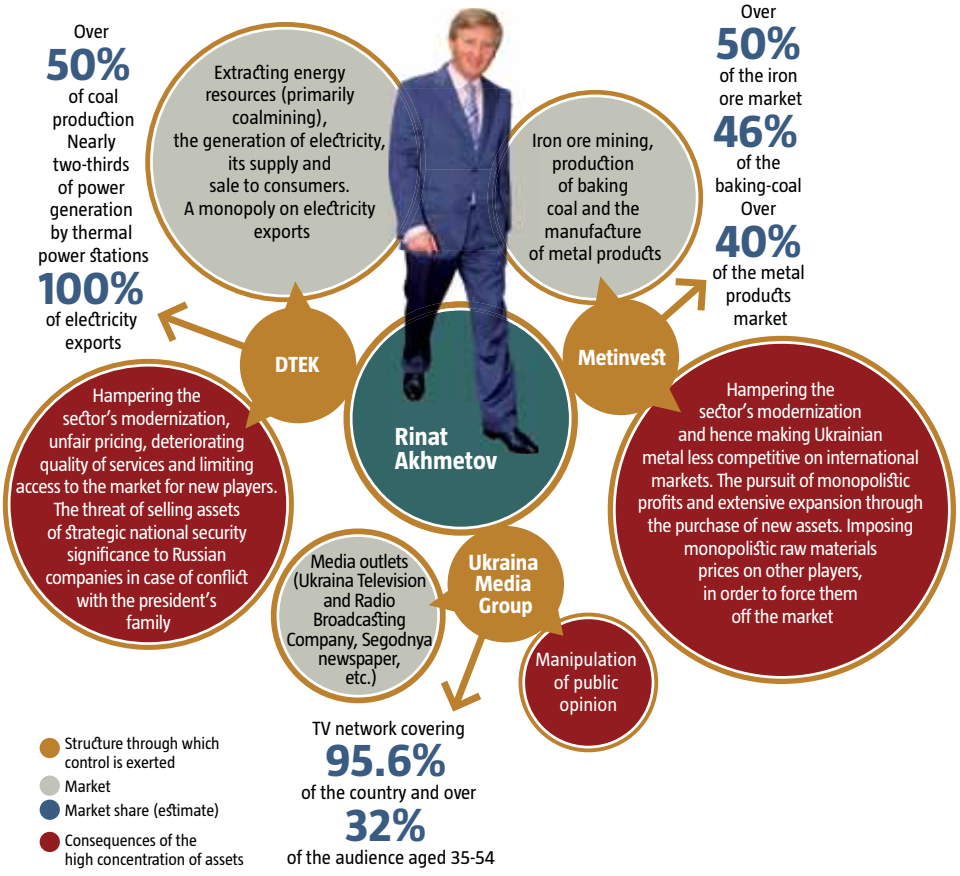


while poor population leaves its domestic market underdeveloped. Unsurprisingly, the oligarchs have opted to grab export-oriented industries. In 2012, exports accounted for 51% of total GDP. 52% of total exports were primary commodities produced by the mining and steel complex, as well as the chemical and agricultural sectors. These are largely in the hands of oligarchs. It is the structure of Ukraine's economy that torments it more than anything else. When the world economic situation makes it hard for Ukrainian owners to sell their goods on foreign markets, exports drop significantly and BoP shrinks, putting huge pressure on the hryvnia on the interbank market. As a result, NBU reserves are often insufficient to support the hryvnia exchange rate, and the national currency collapses along with citizens' real disposable income. This was how Ukraine underwent three massive waves of devaluation over its years of independence. The 2008 one was the easiest of them, knocking just about 1/3 off the hryvnia value. The resulting drop in living standards is so steep though, that most people have started to spend almost 70% of their income on food and residence, while anything else is barely affordable (see **Looming poverty**).

The source of oligarchs' wealth and the mindset of its current Ukrainian owners have shaped the present economic system that barely resembles a market economy. Typical components include highly monopolized markets, obsolete industries and overreliance on commodity-based sectors, administrative support from the oligarch-controlled government that has huge influence on business processes through manual economic management, and the lack of incentives for personal development among the population. This will never change without real reform of the judiciary as Ukrainian courts are currently making their verdicts based on the government's instructions or bribes.

The business model used by most oligarchs today is fairly simple. A major portion of their assets comes from the natural resources that are abundant in Ukraine. Another integral element is big industrial plants inherited from the USSR. They got these literally for free through various privatization scams. However, the problem is that production chains in the USSR industry were fragmented and scattered throughout various republics and most industries in Ukraine were designed to meet the demand of the entire Soviet market. Their capacities now exceed the needs of the domestic economy. They could sell their products to Russia through revived Soviet production contacts, but Russia has undertaken to establish complete production chains in pipe, train carriage, energy and steel production among others, on its territory alone, leaving Ukraine without its closest market. This caused a dilemma for oligarchs. On the one hand, Ukraine has abundant, often unique resources that will always be in demand on the world market. On the other, the world has made a huge leap technologically, while many years with no investment has made Ukrainian production facilities inefficient and extremely costly. At this point, virtually everything has to be built from scratch, while such an investment project will have negative NPV in most industries, given tough global competition.

Oligarchs realize this, so are not rushing to invest into plants that are 70-90% worn out. Domestic raw material companies not only lack investment, but also equipment, efficient technologies, organization and management, so they lose out to their international competitors on all these counts. Their only competitive advantage that knocks down the cost of production and boosts profits is cheap labour force. Labour cost on average accounts for nearly 20% of the original cost. This is two to three times less than in developed economies. Average gross earnings in Ukraine are about EUR 280 per month, and new inexpensive employees keep coming in as they have no other alternative. Oligarch-controlled enterprises pay paltry wages, yet hire 30-50% more people than they actually need. As a result, Ukraine has one of the lowest productivity indexes in Europe. This plays into the hands of oligarchs. Their enterprises lay off employees from time to time, contributing to the army of the unemployed and eager to work for lower salary – this helps the oligarchs

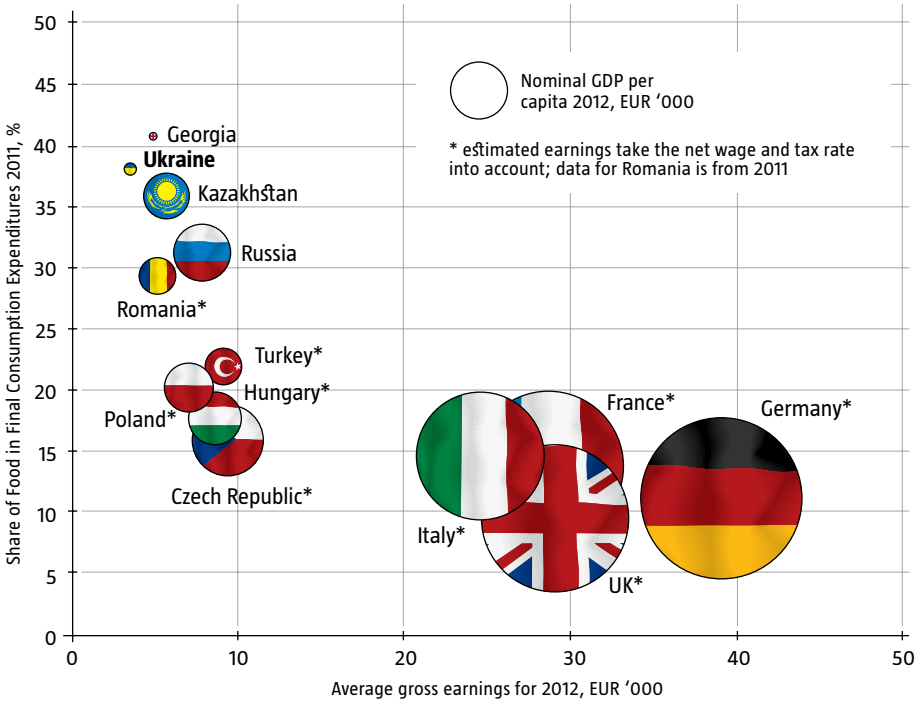


keep the money they offer down. Subsequently, employment in Ukraine has barely grown 1% over the past 12 years and virtually stays at 20 million employees. 5-10 out of 45 million Ukrainians are forced to seek work abroad.

The shortage of investment (kept away by manually constructed barriers) has made major industries so inefficient that even a cheap labour force often fails to generate better profits. Based on the data from three quarters of 2012, 41% of big and medium enterprises in Ukraine operated at a loss. The average operating margin of big and medium enterprises was 4.3% for the entire economy, and 3.4% for the industrial sector. This is several times less than that in developed economies despite much higher pressure on profitability from competition there. In fact, the low operating margin of Ukrainian enterprises comes from transfer pricing in addition to obsolete facilities. Running export-oriented business, virtually all oligarchs use mechanisms to take their capital into safe havens abroad. As a result, Ukraine loses 5-7% of GDP annually, while busi-

Looming poverty

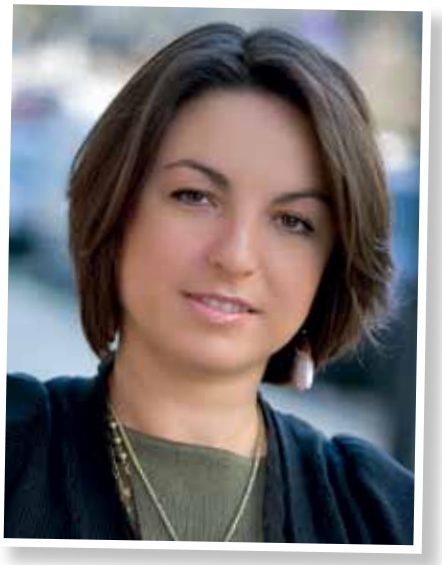
As cheap labour force is the only competitive advantage of Ukraine's economy, the share of food in final consumption expenditures is among the highest in the world. Homegrown foods taken into account, Ukrainians spend 57% of their income on food



Sources: IMF, Eurostat, USDA, National Statistics Office of Georgia, The Agency of Statistics of the Republic of Kazakhstan, Russian Federation Federal State Statistics Service, State Statistics Service of Ukraine

Ukraine's Stifled Potential

Author:
Anna Derevyanko
Executive Director of the European Business Association



Since 2008, the European Business Association has had its own barometer of the business climate in Ukraine – the EBA Investment Attractiveness Index. Independent research is conducted regularly in order to keep our finger on the pulse of recent changes. In the two latest measurements, the index remained unchanged at 2.12 points out of a possible five, which is a certain signal that international businesses operating in Ukraine feel unsatisfied with present conditions. The research reflects economic reality in Ukraine as it is based on evaluation by top managers of Ukrainian businesses. For instance, 85% of respondents think that no positive changes have occurred – the highest ever since the index was started. The major drawbacks of Ukraine's investment climate are traditionally as follows: overwhelming bureaucracy and corruption on the state level and in the private sector; dominance of unfair and unlawful business practices that cause uncertainty; lack of state support to the business sector; redundancy of permits and inconsistencies in the regulatory environment etc.

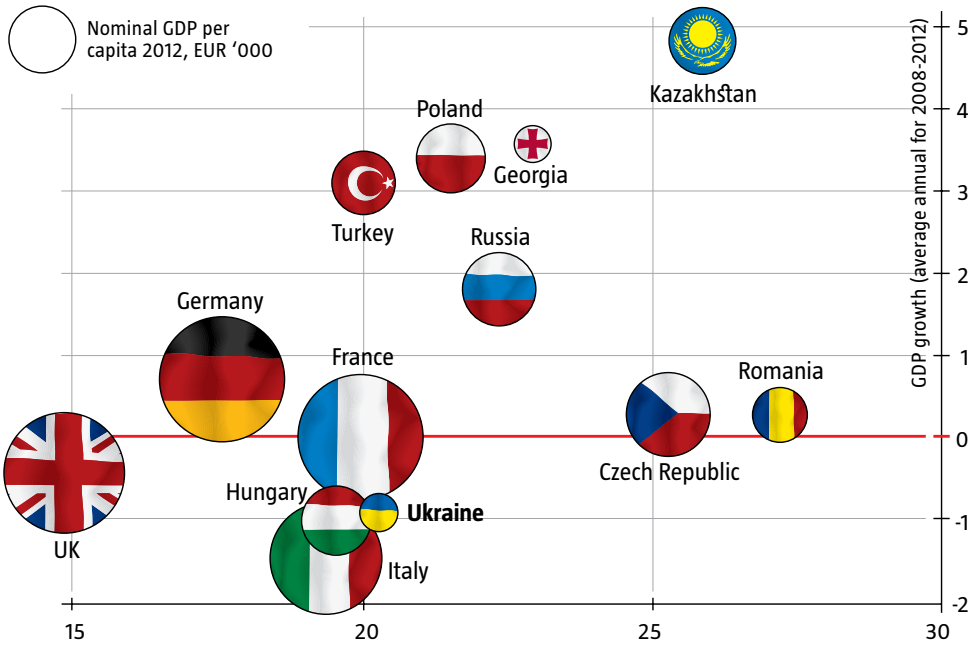
Given all the underlying causes mentioned above, the situation is obviously very complicated and proper measures are needed. As the EBA takes efforts to drive the implementation of European business practices and values in Ukraine, we can see some improvements on the part of the government. For example, as a result of common efforts of both European Business Assocaition and the Ministry of Environment and Natural Resources of Ukraine in the field of IPR protection the procedure of IPR control in agrochemical sector has become more appropriate. Thus, on April 23, 2013, respective Order of the Ministry of Environment and Natural Resources of Ukraine was published and officially promulgated. Still, policymakers need to be more active and be easier to get in touch with the business community.

ness reports low profitability. Transfer pricing is by far not the only scheme used by oligarchs to export their capital – some of them perfectly legitimate. According to different data, 80% of the capital of the top five oligarchs is located abroad. This proves two things. First, Ukrainian oligarchs are not a national business although they persistently attempt to portray themselves as such through their pocket media, in an effort to persuade society that foreign business in Ukraine (their potential competitor) is not a panacea for the economy, while they are its only possible drivers. They do not believe in Ukraine's prospects and fear losing their assets, so squeeze every possible penny out of it. Their personal life reflects this; oligarchs buy up real estate abroad and their families live there most of the time. Second, they invest into Ukrainian enterprises mostly to keep their companies alive and generate cash flow for as long as possible. They exhibit no systematic efforts to create anything new or more efficient.

The business environment designed by tycoons to fit their interests

Mothballed economy

Oligarchs invest far too little into Ukraine and use government officials to suffocate investment opportunities for other players. As a result, Ukraine's economic growth is extremely slow



Source: IMF

Unfortunately, systematic problems continue to affect investor confidence. Reduced purchasing power, limited access to credit, and a lack of equal conditions for doing business coupled with bureaucratic and administrative pressure as well as an unfair judicial system – all these factors reduce Ukraine's attractiveness.

In the meantime we understand that a miracle cannot happen overnight. It takes painstaking daily work. For instance, on April 29 the EBA met with the leading representatives of the Ukrainian government under the framework of the visit of Ukrainian delegation to Brussels. They reached agreement on common solutions of he most burning issues during open discussion. As a result, all attendees agreed to initiate the establishment of respective working groups focused on solving the most important problems faced by business community. Currently, our major priorities are to eliminate the shadow economy, minimise looming fiscal pressures and boost customs and tax reforms.

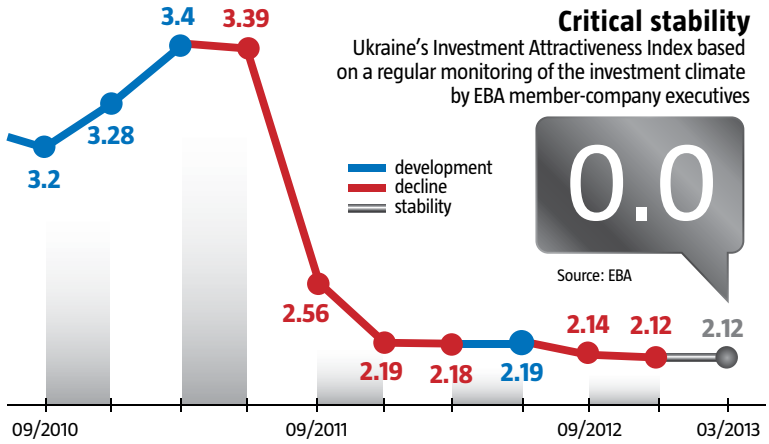
Ukraine has always had huge economic potential and nowadays it is still relevant and interesting in terms of investment. There is no doubt that the agricultural sphere remains a key focus. At the same time there are several other promising spheres for investors.

One is the IT sector that grows the fastest all over the world, not just in Ukraine. The main resource for IT-companies is human resources and salaries for IT-specialists In a few years, the IT-sector may well generate about 10% of Ukraine's GDP growth. That is why it needs a special taxation regime and appropriate privileges for further development.

Another aspect worth mentioning is recent fuel and energy market dynamics in Ukraine. Some foreign experts believe that Ukraine has more favourable investment conditions in terms of the energy sector than, for example, Poland. In fact, Poland launched its own project for unconventional gas production much earlier, but Ukraine's is potentially more successful. The deal Ukraine and Shell signed in Davos earlier this year was a positive signal for the investment climate. It could give a much-needed fillip to Ukraine's economy and reduce its energy dependency on Russia.

Critical stability

Ukraine's Investment Attractiveness Index based on a regular monitoring of the investment climate by EBA member-company executives



ests best, essentially blocks the access of foreign companies to Ukraine, or the emergence of new startups capable of growing into real competitors of big business. This is why many local markets have no competition whatsoever, since they are dominated by oligarchic monopolies. The most highly-monopolized industries include chemicals (Dmytro Firtash), passenger airlines (almost all under the total control of Ihor Kolomoyskyy's entities), metallurgy (Rinat Akhmetov), and coal mining (entities close to Yanukovych's family).

All this makes Ukraine lag behind European countries as regards investment inflow **(see Mothballed economy)**. As a result, GDP growth is sluggish and the escalated lagging behind of the economy. In Q3-4'2012, the real investment rate in the Ukrainian economy shrank by 22% and 23% respectively, while investment into fixed capital fell by 7% and 8%. 2013 doesn't lookany better, as construction is down 17% year over year in Q1'2013.

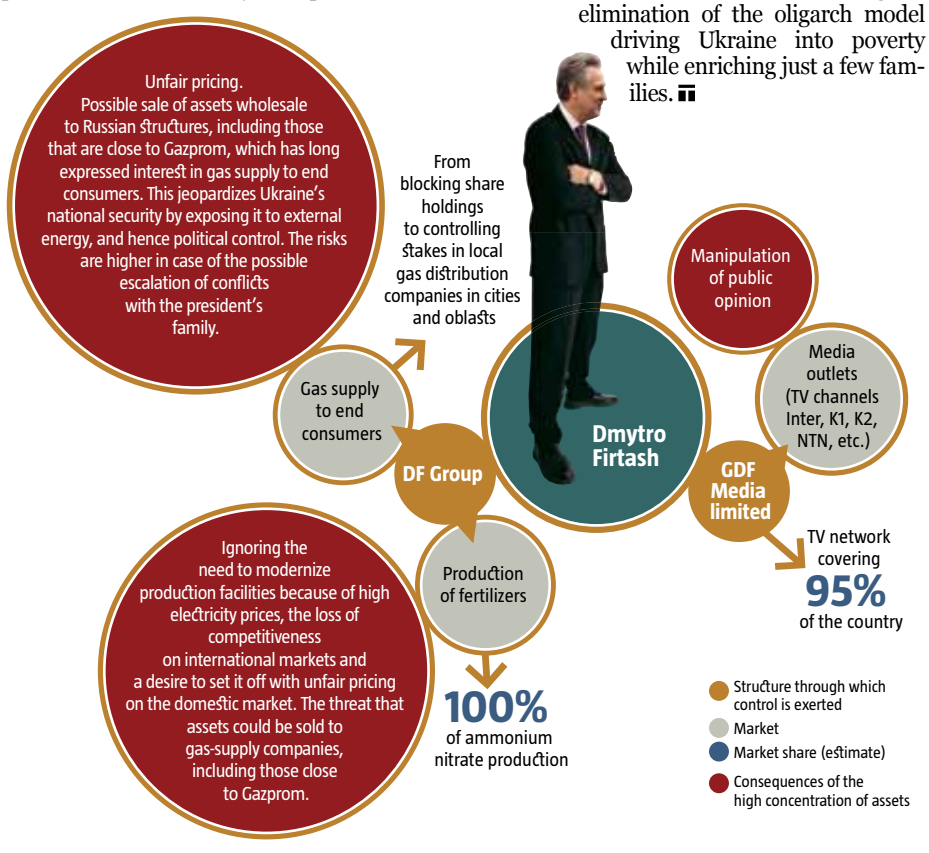
The oligarchic system has a very strong grip on the economy as tycoons have firm support from authorities and officials. Big business owners have good contacts both in the government, and the opposition. As a result, they stay afloat even when governments shift in Ukraine. Whenever this happens, they can swap their political interests easily, taking over the political forces that come to power. The army of underpaid civil servants is always willing to serve the interests of oligarchs, too. The transfer pricing law is one example of the tycoons' close ties with those in power. The original concept was to stop massive capital outflow and add another UAH 20bn in revenues to the budget. After discussions and amendments, initiated by oligarchs among others, this amount went down to a mere UAH 0.5bn.

This knot of tycoons, government and officials persistently aggravates Ukraine's investment climate and ousts all other investors willing to invest their cash here, given the vast potential of the local market. This is a piece of cake in Ukraine. Tax authorities can exhaust non-oligarchic businesses with inspections, courts can rule to change owners, law enforcers will help raiders take over a company as per the government's instruction, while local officials will hold back the piles of licenses and certificates one needs to run a business in Ukraine. Even state-owned companies sometimes contribute to ousting disloyal business: when required, they can cause troubles with transportation, electricity, gas supply and the like.

As a result, most non-oligarchic projects, including those with foreign investment, have a negative NPV. This implied FDI stock per capita to EUR 906 in early 2013, which is five times lower than that in Poland and 8-14 times less than in developed countries. Cypriot investments account for 32% of this. These are mostly the funds of Ukrainian oligarchs taken out earlier, or stakes gained by Cypriot companies through shadow schemes rather than for real money. The model works to ensure that non-oligarch investors do not see the economic sense or benefit of investing in Ukraine and turning into competitors of the local oligarchs. The latter prefer this status quo as it rules out competition for a labour force that would sooner or later increase employee pay to a level whereby oligarchic business would become unprofitable and ultimately collapse.

Meanwhile, oligarchs are unable to develop the economy and make it more efficient on their own, because they pursue different objectives, such as quick cash that they can turn into expensive real estate in London. Rinat Akhmetov, for instance, owns the most expensive apartment in the heart of the UK.

The current structure of Ukraine's economy essentially rules out any development, the transition to higher efficiency and the emergence of new industries with high value-added production. All the players that could significantly change the system are not interested in such change, giving priority to short-term gains. Tycoons expect windfall profits and fear losing their property if anything changes. Government officials focuse on returning whatever it spent on the election campaign, and earning more – and fears the ascent of opponents. It sees its term in office as a business project with a high ROIC. Bureaucrats direct their efforts to earn some shadow bonuses to their low wages inventing more and more new ways to obtain bribes from business. Ukraine's social and economic systems are profoundly rotten and corrupt. The only option now is radical reform including the elimination of the oligarch model driving Ukraine into poverty while enriching just a few families.



Investing in Ukraine's Future:

Removing barriers to open opportunities

Author:
Jorge Zukoski,
President at American Chamber of Commerce in Ukraine

Improvement of the investment climate is of the utmost importance both for Ukraine and for all the companies which have chosen this country as one of their investment destinations. Ukraine's potential is simply amazing and a success story that is waiting to be written. We see new opportunities arising not only in the agricultural sector but also within fuel & energy, food & beverage, healthcare and infrastructure development. What are these opportunities?

Properly tapping into Ukraine's hydrocarbon resources is opportunity No.1. Ensuring successful exploitation of domestically available hydrocarbons is Ukraine's chance to replace imported energy resources and pave the way for securing energy self-reliance in the long run, as well as attract large scale investments into the energy sphere. Increasing domestic hydrocarbon extraction will not only bring money to the national economy but will also have a positive overall impact on the country's economy by creating jobs, adding much needed revenues to the national budget, stimulating economic growth and increasing Ukraine's international competitiveness. As of now this opportunity has not been fully taken advantage of.

Along with successful development of Ukrainian hydrocarbon exploration and production opportunities, establishing of a transparent and competitive gas market is one of the success factors to secure future investments. Creation of an open gas market with a level playing field for all market participants, including effective and non-discriminatory access to gas transportation, distribution, and storage systems, and the adoption of legislation which complies with the European Energy Community Treaty will be a positive sign for the investment community. Ukraine and its citizens need to understand that investments are not donations and while helping the Ukrainian economy to succeed investors need to be confident that their capital is safe and will bring advantages to both the economy and the business.

National food & beverage industry shows stable and positive dynamics of a gradual growth and we believe that the expansion of this sector is Ukraine's opportunity No.2. With the increase in volume of foreign direct investment into production of foodstuffs in Ukraine by 1.7 times over the last three years, the food processing industry is the second most attractive industry for foreign investors in Ukraine. The increased attention can be explained by a strong united effort of the Ukrainian government and business community to bring the national legislation in compliance with international standards of food safety and quality which leads to a significant growth of the competitiveness of Ukrainian products both in domestic and external markets. A lot remains to be done to fully take advantage of the opportunities. The Ukrainian government is currently developing the Law of Ukraine on Food Safety aimed at improvement and modernization of production processes of Ukrainian food and beverage producers to facilitate proper quality control of produced goods. One of the key ideas of amendments to the existing regulations is to introduce the Hazard Analysis and Critical Control Points (HACCP) tracking system which

AFRICAN LEVEL

Conditions for conducting business in Ukraine are among the worst in the world – the evaluation of international institutions:

- **137th place (of 185 countries)** in the Doing Business rating (index on the ease of doing business) compiled by the World Bank and the IFC (Russia – 112th, Estonia – 21st and Georgia – 9th)
- **144th place (of 176 countries)** in the Corruption Perceptions Index – 2012 from Transparency International (together with Bangladesh, Cameroon, Central African Republic, Congo and Syria)
- **152nd of 183 countries** with regard to the total tax rate. In Ukraine, it constitutes 57.1% (World Bank and PricewaterhouseCoopers research)
- **161st place (of 179 countries)** in the Economic Freedom Index – 2012 (Wall Street Journal and the Heritage Foundation)
- **181st place (of 183 countries)** in the ease of paying taxes ranking (World Bank and PricewaterhouseCoopers research)
- **4.43 on the 10-point scale** of the Investment Activity Index in Ukraine in October 2012, based on the results of a survey of the managers of 253 American, European and Ukrainian enterprises, conducted by Research & Branding Group

- **73rd place (of 144 countries)** in the Global Competitiveness Report (World Economic Forum, 2012)

- **Down to 2.14 on a 5-point** scale – the level to which the Investment Attractiveness Index for Ukraine in Q3'2012 has fallen. The level of Ukraine's attractiveness for investors, which has been evaluated by the European Business Association with the support of InMind marketing research company since 2008, has fallen to the lowest level in the last three years.

would enable producers and exporters to obtain relevant certification of foodstuffs considering technologies, state of hygiene at factories, etc., in order to enter the European market on good terms as well as to be competitive on the domestic market due to high international standards of quality. This task is crucially important in the context of signing the Association Agreement with the European Union which is one of the largest markets in the world.

I am also a firm believer in the capacity of Ukraine to attract more foreign direct investment into the pharmaceutical sector which is an opportunity No.3. Bearing in mind the main aim of providing better care for patients and insuring their access to safe, effective and high-quality medicines, a strategic approach must be applied in the process of reforming the healthcare system in Ukraine. Full-fledged functioning of a reimbursement system as well as obligatory medical insurance are the key milestones for further reforms in the sector. It goes without saying however that regulatory policy in this regard should be transparent and predictable, providing equal opportunities for both domestic and international producers and avoiding creation of any unnecessary barriers for innovative medicines which are demanded by Ukrainian patients. For Ukraine to get its share from the annual global investments in the innovative pharmaceutical industry, the regulatory system should be in line with international best practices. We are now witnessing a willingness of Ukrainian authorities to align Ukrainian legislation with EU standards and in this regard we hope for technical assistance and experience-sharing from our European partners.

Last but not least – implementing concessions which is widely used by many countries as an effective mechanism for the operation and modernization of existing public assets and infrastructure is Ukraine's opportunity No.4. Infrastructure usually entails a long time horizon and large investment and unfortunately the current state of affairs with national legislation still leaves a lot to be desired. Only the good will of the government to become a partner with private companies will help to achieve this strategic task. The adopted Law On Sea Ports that the American Chamber of Commerce was advocating for, identifies concession as one of forms of business projects in the port sector, and indicates that Ukraine is focused on the latest global experience in this area, which certainly is a positive factor for companies who consider to invest in that business. The legislation is in place, so now it is time to implement it.

BLOCKING OPPORTUNITIES

Even though we see a number of investment opportunities on the horizon at this point there are still quite a few barriers that need to be taken care of in the sphere of tax and customs policies as well as real estate.

Many of the positive accomplishments related to tax and customs simplifications that took place recently were directly attributable to the constructive engagement of the business community with the tax and customs authorities and their readiness for an open and constructive dialog. On the other hand, we all know that there remains a number of issues that need our joint efforts to find constructive solutions – for example, further development and proper implementation of transfer pricing rules, introduction of the fiscal unity concept, improvement of the corporate income tax advance payments mechanism, assignment of right of demand operations. As for the customs sphere we believe that a number of steps are required to improve the country's 'Trading across Borders' rating. These steps include implementation of e-declarations; introduction of the one-stop-shop concept for receiving permits by subjects of foreign economy activities; development of risk-oriented approach during customs control; further development of post-audit control and a number of others.

Another important aspect of doing business and attracting additional investments is properly functioning real estate sector. Along with the number of improvements that took place over the last years I would like to highlight the issue of legitimacy for Ukrainian companies with 100% of foreign investment to acquire and own non-agricultural lands. This important matter was addresses by the Draft Law On Amending the Land Code of Ukraine regarding Acquiring Land Ownership aiming to fix problematic Article 82 but it was returned to Parliament with Presidential suggestions. We strongly support this legislative initiative as it will make the Ukrainian land market more transparent as well as attract additional investment from investors who are already working in Ukraine and new investors who would like to enter the market.

Moreover, rule of law is a cornerstone to all successful and competitive economies. To achieve rule of law in Ukraine, the judicial branch must be perceived by citizens, business and government as transparent, staffed with well qualified professionals who understand the importance of their role. Transparency is one of the key factors and a way to achieve this goal is by assigning court cases randomly and publishing all verdicts in a public forum. Also, judges should be independent and not reliant on their livelihoods or professional appointments at the whim of civil servants.

Systemic work with enforcement of intellectual rights protection is also needed – especially for development of the healthcare sector – to secure the accession to international treaties and their proper enforcement.

UKRAINE'S POTENTIAL IS SIMPLY AMAZING AND A SUCCESS STORY THAT IS WAITING TO BE WRITTEN

In 2012 the Ukraine's state budget lost over **USD 2.5 bn** due to corruption offenses

Finally, in one of his recent speeches President Viktor Yanukovych said that in 2012 the state budget lost over USD 2.5 billion due to corruption offenses. This statement is not surprising given that according to the latest international survey of corruption risks made by Transparency International, out of 174 countries Ukraine was ranked 144th sharing the position with Bangladesh, Cameroon, Republic of Congo, Syria and South Africa. corruption touches the lives of every citizen at every level from education and healthcare to business and government. In the years since Ukraine's independence much lip service has been paid to combating corruption but little has been done to accomplish this monumental task. Corruption is the biggest impediment to Ukraine moving forward in economic development, becoming more competitive and attracting much needed domestic and foreign investment.

Mass Media: Between Propaganda and Prestige

Ukrainian newspapers, magazines, radio stations and TV channels are anything but business. Their purpose is anything but the foundation of democracy in society

Author: Yuriy Makarov

To an outsider, the Ukrainian mass media may seem to thrive in an environment of free speech. Indeed, opposition MPs appear on at least three TV talk shows every week. Numerous print and online publications criticize the government. The community is abuzz about intriguing new media projects, including The Capital, a Russian-language daily newspaper on pink paper with the Financial Times logo on front page. There is no public information about its owners, but the content gives the impression that it is loyal to Serhiy Arbuzov, First Vice Premier whom some describe as Yanukovych's right-hand man. It is hard to see what is the product of prevailing market trends – or of resistance to them – and what is a misleading illusion.

This difference is crucial - similar to that between live and fake flowers, freedom and imitation thereof. Current processes in Ukraine are a simulation of the market, competition, the free exchange of ideas and social responsibility. The government finds the outcome satisfactory as it does not ruin the status quo in society.

The current structure of the local media market reveals surprising disproportions. The number of business publications is high, despite a sluggish business environment. Glossy magazines have a huge market share. Tabloids are weak, while good quality influential press is almost non-existent. Ukrainian-language publications face strong discrimination as almost 60% of the total print run is in Russian despite 2/3 of the population listing Ukrainian as their native language.

Television looks fairly diverse, but is dominated by six virtually identical entertainment TV channels owned by four oligarchs, including Dmytro Firtash, Rinat Akhmetov, Ihor Kolomoisky and Viktor Pinchuk. Seeking any useful information there is futile, especially at times of political turmoil or before elections. The top channels focus on "trash news", manipulative political talk shows, comedy shows and criminal series produced in Russia – often sprinkled with a pinch of propaganda.

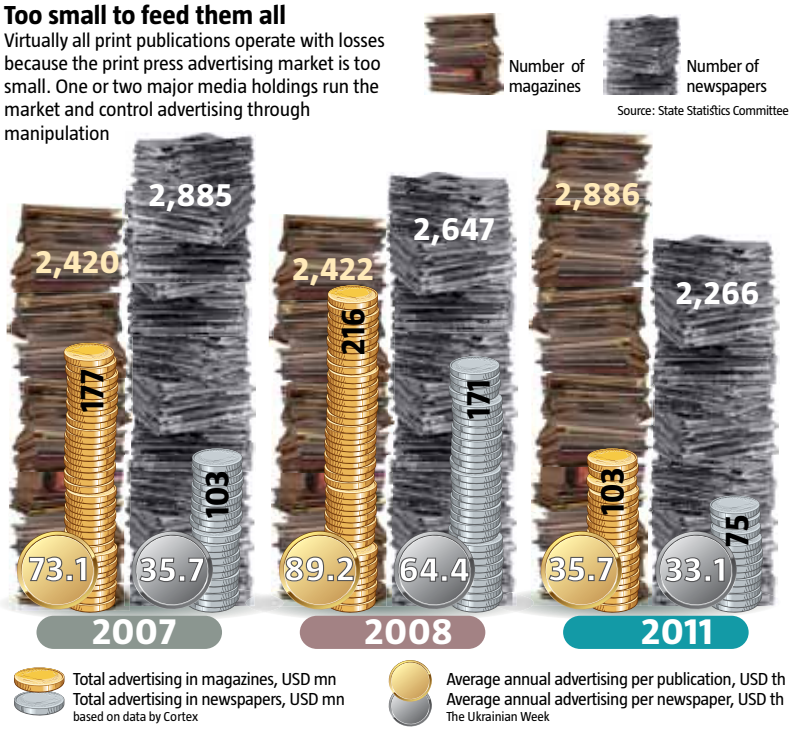
Qualifying radio as mass media in Ukraine is neither reasonable nor possible. An absolute majority of radio stations are purely for entertainment. Radio Era, the only socio-political radio channel in Kyiv, does not even try to hide its miserable state as it gives away its air-time to "joint projects" with foreign broadcasters, mainly Radio Rossii (Russian Radio), a state-owned radio station, and their relevant impact.

What causes these fluctuations, which are hard to imagine in any modern country? Why are some key media functions, such as investigative journalism, almost completely absent in Ukraine? Why does it not offer any educational product? Why are the media, especially online ones, rapidly turning into tabloids for a primitive audience? Why is there no public outcry about the number of published wide-spread and accepted paid articles? They are not even marked as advertising.

There are several explanations. Firstly, a country that has no real market economy cannot have indi-

Too small to feed them all

Virtually all print publications operate with losses because the print press advertising market is too small. One or two major media holdings run the market and control advertising through manipulation



vidual fields with a favourable environment for business. In fact, Ukrainian media are not business projects because all media projects, publish at a loss, save for a few women's glossy magazines, sports and car publications . At year-end 2012, Valeriy Khoroshkovsky, ex-vice premier in Azarov's Cabinet and former owner of Inter, one of Ukraine's leading TV channels, was forced to sell it under pressure from the government after his demonstrative switch to the opposition. The deal was officially reported to cost over USD 2bn. It later emerged that Inter's annual income was nearly USD 100mn compared to expenses of USD 170mn.

Secondly, opportunities for administrative pressure on any disobedient publication are limitless. It can face charges of failure to pay taxes. Someone mentioned in its article can sue it for libel. Authorities can withdraw its license to broadcast – in the case of television. All this is because courts, police, tax authorities and the television and radio regulator are all part of the government machine and obediently fulfill its orders.

Thirdly, there are no rules to protect ownership - this is true for any other sector in Ukraine. Ultimate owners hide behind numerous interim offshore companies to ensure personal security or evade taxes. In the end, this can do them more harm than good. A brand new scandal: at the end of April, TVi, an independent TV channel that had suffered significant government persecution, suddenly ended up in the hands of new unknown owners. After a week-long strike, virtually all of its journalists quit. Who plotted this, and why, is yet to be seen. The change of owners leaves the impression that all of this was in the interests of a pro-government group of influence.

Fourthly, direct foreign influence strongly affects the local market. In 2012, the official budget for the Russian Cooperation, an organization acting to support media and "NGOs" abroad, grew fivefold to USD 323mn. The amount may not look striking, but it equals over a quarter of what Ukraine's advertising market is worth. This fuels the suspicion that some Russian-language – and pro-Russian publications are above market competition.

Overall, the media "market" in Ukraine is totally monopolized. For instance, UMH Group is a media holding that owns several dozen diverse print and online projects, almost all of them in Russian. The giant dictates its rules in the newspaper and magazine sector – and to advertisers, while its portfolio includes several publications that are direct competitors, such as Korrespondent and Focus, both news weeklies. Notably, most publications in UMH's portfolio operate at a loss. Hence, the question: what is their purpose, other than propaganda? Still, monopolization continues: several weeks ago, UMH bought Petro Poroshenko's stake in Korrespondent. As a result, UMH has taken over virtually all advertising on the market, thus squeezing out independent media since advertising is the only way to make profit in the Ukrainian media industry.

In addition, hardly anyone in the industry has an objective concept of its performance. Key players have been resisting the implementation of an independent print run and sale certification for a decade now, while advertisers have only dubious "popularity" ratings to rely on, measured by the local branch of TNS. This is despite a number of scandals revealing that its data does not always reflect the reality. For instance, TNS employees refuse to poll Ukrainian-speaking readers in telephone surveys, thus underestimating the readership of Ukrainian-language publications. Mechanisms to measure television popularity ratings are also far from perfect. Manipulations revealed last year pushed advertisers to stop using GfK Service. In 2014, it will be replaced by Nielsen to do the job. Still, the change of one player is not likely to change the overall process.

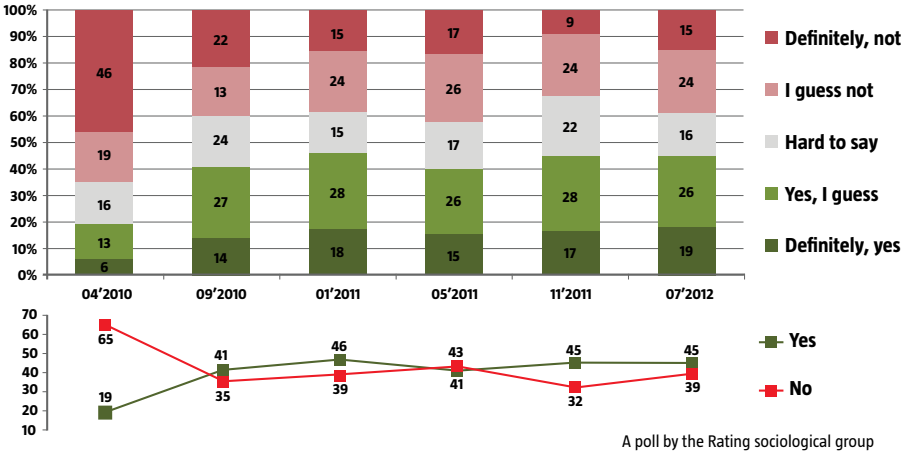
Given these factors, the mass media become tools to manipulate public opinion (only a few are actually commercially successful projects), an element of an oligarch's or a politician's influence, or an expensive toy such as a football club. As a result, Ukraine has no public broadcasting, while state-owned media work only to service top officials.

If the mass media are not a commercial business, they turn into a mouthpiece. In Ukraine, they cannot act as a business because the funding of advertisements is scarce on the monopolized market, and rules are distorted everywhere, regardless of the industry. This plays perfectly into the hands of the government that prefers to keep people starved of information and opinions, also foists its values that are far from democracy or humanism, on the electorate.

Ukrainian society realizes that it has been deprived of its fourth power in yet another crisis period of its history. People have no option other than to escape to the internet, which they do, at a rate of 5% annually in big cities. Today, over 50% of adult Ukrainians have access to the internet. So far, its commercial aspect is extremely underdeveloped, as online publications barely account for 2% of the total advertising market. But the government has limited ability to control it. As long as Ukraine does not turn into another Belarus or China, it can at least count on its territory of freedom – online. However, this does not guarantee good quality journalism.

Silence is golden

Do you feel that freedom of speech declines in Ukraine?



A poll by the Rating sociological group

Linguistic Discrimination in Modern Ukraine

While Russia accuses Ukraine of "forced Ukrainization", Ukrainian-speakers face discrimination today, just like they did in times of colonial dependence

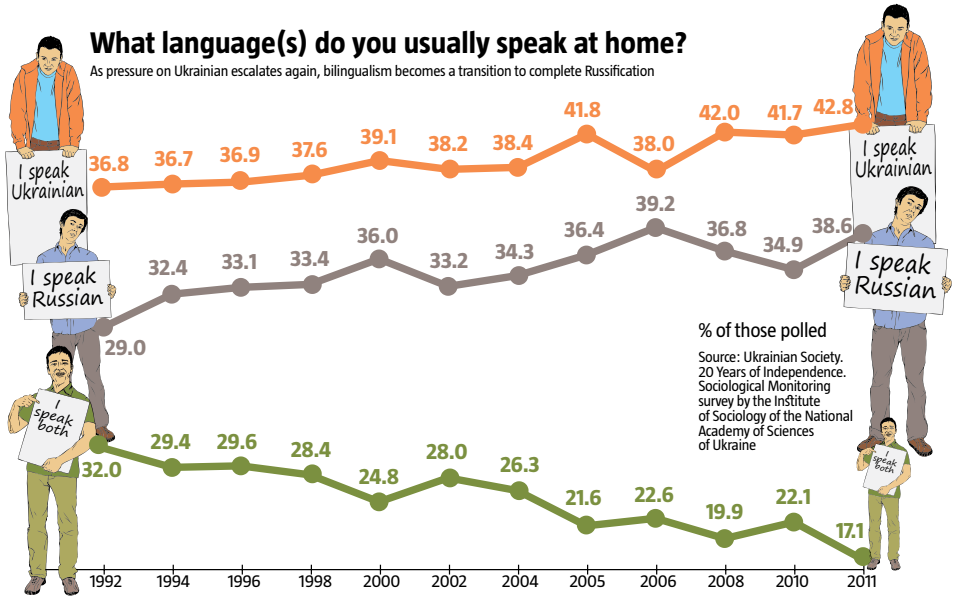
Author:
Oleksandr Kramar

The campaign to promote the Russian language in Ukraine is escalating. This has been possible because the domination of Russian and discrimination against Ukrainian continued after the collapse of the USSR and Ukraine gained independence. This is the product of Ukraine's colonial past: in the Russian Empire and the USSR, switching to Russian was key to social, financial or political success for Ukrainians. Today, Russian still dominates business and the mass media. Most books and publications, other than school books, are still printed in Russian. Although the Constitution states otherwise, most middle and top civil servants speak Russian informally, only switching to Ukrainian for official occasions. Many universities, especially technical ones, lecture in Ukrainian while workshops, practical classes and consultations with students – a major portion of academic process - are often in Russian. As a result, Ukrainian-speaking students have no access to education in their native language in a number of areas.

A HOMELY LANGUAGE

Nationally, the share of those who speak Ukrainian in everyday life and at home grew from 36.8% to 42.8% over 1992-2011 compared to 29% to 38.6% for Russian, reports the Sociology Institute of the National Academy of Sciences. This change is owing to people who previously said that they spoke both languages at home – their share decreased from 32% to 17.1%. The switch to one language – Ukrainian – only prevails in Western Ukraine, while Russification has occurred elsewhere: 4% of the 5% of bilingual people in Central Ukraine switched to Russian; 9% of 10% in Southern Ukraine. Meanwhile, the newly-bilingual group is mostly comprised of Ukrainian-speakers. According to SOCIS surveys from April 2002 that correlate with the findings of the national census held several months earlier, the group of people using two languages mostly comprises those who list Ukrainian as their native language. Overall, 65% of those surveyed indicated Ukrainian as their native language compared to 34% for Russian. Meanwhile, 34% said they spoke only Russian everywhere, while the group of Ukrainian-speakers split into 44% for those who spoke Ukrainian only and 21% of those who switched back and forth depending on circumstances. The share of young and middle-aged bilinguals who switched to Russian in everyday life was several times higher than that of the same-age bilinguals who gave preference to Ukrainian. According to a research by the National Institute for Strategic Studies, this is mostly because Ukrainian-speakers are reluctant to be treated like black sheep in a predominantly Russian-speaking urban environment. The research also points out that Ukrainian-speaking youth switch to Russian more readily when spoken to in it compared to their young Russian-speaking compatriots, especially in South-Eastern Ukraine. In some cities, like Odesa, local authorities conduct targeted Russification policy despite the fact that 46.3% of the city and multinational oblast population list

IN THE RUSSIAN EMPIRE AND USSR, SWITCHING TO RUSSIAN WAS KEY TO SOCIAL, FINANCIAL OR POLITICAL SUCCESS FOR UKRAINIANS



Ukrainian as their native language. Solomia Zakharia, a Drohobych-born student who is getting her degree in history in Odesa, has sometimes experienced discrimination as a Ukrainian-speaker. "You're considered a nationalist, a Bandarite if you speak Ukrainian," she quotes a wide-spread opinion. "Sometimes people tell me to speak Russian to them because they don't understand Ukrainian." Yet, Solomia believes that everyone in Odesa understands Ukrainian, even if some pretend they don't.

Switching from one language to another is not a sign of courtesy, says sociolinguist Larysa Masenko. "There is an established Russian-speaking environment in big cities and it exerts pressure on people," she claims. "They think that they will not belong to it if they speak Ukrainian." Born to the family of Teren Masenko, poet and author of the memoirs about the writers of the Shot Renaissance, Larysa was raised in a Ukrainian-speaking environment at home amidst the deeply Russified Kyiv. By her teenage years, Larysa spoke Russian more than she did Ukrainian. She made her deliberate choice in favour of Ukrainian later. Very often, people raised in Ukrainian-speaking families who switch to Russian at a young age have a much harder time switching back as adults. By that time, they are already involved in a community that starts treating them differently. "Most prefer to blend in society. They don't have the courage to stand out, if only linguistically," says psychologist Hanna Boichenko. Moreover, people seek comfort and tend to be lazy, while cultivating a new language habit requires constant control over the speaking process.

SO, WHO NEEDS PROTECTION?

Education

Under the official government statistics, the number of school students educated in Ukrainian dropped to **81.9%** in 2011/2012 from **82.2%** in 2010/2011. This is the first decline over the years of independence

In 2012, **285** Ukrainian-language schools were shut down

For many years now, Crimea has had only **7** Ukrainian-language schools, including just one in Sevastopol

Book publishing

The share of Ukrainian-language books out of all books published in Ukraine shrank to **43.8%** over the past two years

According to the Book Chamber of Ukraine, the total of **24.7mn** books and brochures were published in Ukrainian. This makes **54.8%** of all books and brochures published in Ukraine that year. In 2011, the share of Ukrainian-language books and brochures dropped to **23.5mn**, i.e. **50.5%**

Print media

According to official statistics, the share of publications in Ukrainian dropped from **50.4%** to **28.7%** over 2012

The share of Ukrainian-language of magazines and other periodicals, except for newspapers, is **16.9%**

Radio & TV

TV programmes in Ukrainian and Ukrainian/Russian have **28%** of total airtime each, while Russian-language programmes take up nearly **44%**

In late October 2012, the Space of Freedom NGO monitored eight top TV channels and six top radio stations in Ukraine to find out how much of their airtime is in Ukrainian.
Out of total 64 hours of prime time on weekdays and weekend, eight most popular TV channels spoke Ukrainian for **17h51min**, Ukrainian and Russian for **18h7min**, and Russian for **28h2min**.

3.4% of all songs played in the prime time at six most popular radio stations are in Ukrainian
59.6% are in Russian

Out of **208** songs played in prime time, only **7** were in Ukrainian, **124** in Russian and **77** were in other languages

BUSINESS TALK

The disappearance of Ukrainian from a large part of the country today – a process that looks natural to a contemporary observer – is the product of the large-scale campaign to Russify Ukraine and discriminate its own language, which was launched in its colonial past. However, even today, according to the census, Ukrainian is considered to be the native language of over 2/3 of the population and surveys show that more than 50% speak it in everyday life. According to surveys conducted by the Institute of Social and Political Psychology, 44.7% of those polled felt that it was the Ukrainian language that was suffering from discrimination – both in Soviet times, and now – and that it needs government protection and support. 25.3% said this about Russian in Ukraine.

A vast majority of business owners, as well as top and middle managers today are from the Russian-speaking environment. Ukrainian-speaking employees coming to work at such businesses are forced to switch to Russian in order to have career prospects – just as they did under the Russian Empire or the USSR. Ukrainians who have little command of Russian or refuse to speak it, often fail to get a job. Olena Voronova had this experience when she applied for a waitress position at a Kyiv coffee shop. The administrator told her that she should switch to ›

Russian if she wanted to work there.

The Russian language is mostly used by default in communication in all big cities other than those in Western Ukraine, and most smaller ones. For instance, whenever you call a mobile operator or visit a restaurant or a store, the staff will most likely speak Russian to you – few will switch to Ukrainian if asked. In many cases, such requests are ignored, often defiantly, as the staff is reluctant to speak in a "second-rate" language. "I was at a restaurant," says student Hanna Yushchenko. "They didn't have a menu in Ukrainian. When I asked for one, they waiter answered snootily that they only had it in English, French and Russian. I wrote a comment in their book of complaints and left. Half an hour later, a woman called – she saw my phone number in the book. 'We are sitting at this art café you just left, and heard the waiters laugh at your complaint. I was shocked: my friend and I left complaints, too. Tell me what we should do now' she said." Hanna believes that dozens of such complaints will eventually encourage restaurants to think about meeting their clients' linguistic preferences. "I've been ignoring products with no Ukrainian labels, and restaurants with no menus in Ukrainian for three years now," says Dmytro Dyvnych, the founder of They'll Get It Anyway! Facebook community. Its members write requests, letters and complaints to companies asking them to use the official state language when operating in Ukraine. Online companies and software developers are also among the top violators of the rights of Ukrainain-speakers.

Sociological surveys show a huge gap between the number of those who speak Ukrainian at home and those who also use it at work and in public. For Kyiv, this is about 50% to 20% accordingly. This can only be explained by the inferiority complex that has been implanted in several generations, paradoxically making many Ukrainians the drivers of Russification today.

More importantly, many primary and secondary schools in cities and towns de facto remain Russian-speaking by inertia, even though Ukrainian de jure. Thus, Ukrainian-speaking children do not speak their native language to avoid rejection by the rest. The staff in educational institutions often speaks Russian. As a result, children grow up with the concept that Ukrainian is the language to be used within the family, especially with their grandparents.

Mass culture and media are another source of influence on linguistic preferences, especially with young people. In Ukraine's underdeveloped media and book market, a handful of monopolist media owners – predominantly Russians or their Russian-speaking top managers – essentially shape the demand for media and printed products produced *en masse* by their businesses and sold at knockdown prices. Since they are unprofitable, these businesses require subsidies from the owners, and the latter are willing to support them, using them as mouthpieces rather than commercial projects. As a result, it is not demand that shapes supply,

*The total number of those polled is 1,088. They could choose only one sector. This is not a sociological survey

HOW KYIV TURNED INTO KIEV

Ukraine's linguistic situation is very different from that in almost any European country, so having two or three official languages, as many EU member-states do, is hardly a solution for Ukraine. Its colonial past made Russian the prevailing language in large and medium-sized cities, while Ukrainian is the language of choice in villages and towns throughout Ukraine. The few exceptions where Russian is also widely-spread in rural areas, include Crimea and some parts of Eastern and Southern Ukraine, while Ukrainian prevails in the big cities of Western Ukraine.

Ukraine became bilingual not because several ethnic communities found themselves living in one state, as in Belgium or Switzerland. It is a product of Moscow's demographic policy, and long-lasting consistent efforts to oust Ukrainian from the public sphere. First and foremost, the demographic campaign targeted big and mid-sized cities. A few centuries ago, these were home to just a handful of people. When Ukraine came under Russian rule in the 17th century, less than 15,000 people lived in Kyiv. Adding another five or ten thousand Russian-speakers was not difficult. Given the privileged status of the Russian language in the official domain at that time, this was just enough for the gradual Russification of Kyiv. The task was less of a challenge in Eastern and Southern Ukrainian cities: the urban population there was even smaller than in Kyiv, and many cities were just emerging, often founded as the footholds of the Russian Empire in its Ukrainian conquest. Thus, most of their population was initially made up of the military, representatives of the imperial administration, Russian merchants and noble land owners who had been granted property by the Russian government, as well as their servants and staff who had to adjust to them. Meanwhile, serfdom restricted access to cities for peasants who were not free to choose where to live. When serfdom was abolished in the late 19th century, the newly-freed peasants flooded cities that were already Russified. At that, the pressure on the Ukrainian language escalated with the Valuev Circular in 1863, which banned the publication of religious and school literature in Ukrainian, followed by the Ems Decree in 1876 that

but the supply produced under a dumping policy that generates demand.

Today, there is hardly any Ukrainian-speaking show business or television in Ukraine. According to research by the Space of Freedom volunteer campaign, the top eight Ukrainian TV channels broadcasted only 22.2% of their prime time content in Ukrainian in October 2011. Only 4.6% of songs played by the top six radio stations were in Ukrainian. The share of films dubbed into Ukrainian shrank to 47.8% in 2011. The total print run of Ukrainian-language newspapers dropped to 30%. In 2012, books and brochures published in Russian in Ukraine, save for those imported from Russia, exceeded the number of those published in Ukrainian. Maksym and Ivanna, a young Kyiv-based couple, take efforts to change this. "We subscribe to a dozen Ukrainian-language publications," Maksym says. When newspapers and magazines started piling up in the apartment, they thought that they could share them with their neighbours who can't afford them or don't know they exist. Maksym started putting out magazines on the ground floor of their building. "Neighbours take them eagerly," he comments. "We leave them in the morning and they're gone by evening."

A NEW STEP TO OUST UKRAINIAN

To remove the few legislative barriers to the Russification of Ukraine, passed earlier as requirements and quotas for radio, TV, film distribution, advertising and the public sphere, the Yanukovych regime has bulldozed through a new law On the Principles of Language Policy in 2012. The official motivation was to comply with the European Charter for Regional or Minority Languages. Once enforced, however, it did not protect languages that could disappear in Ukraine. Instead, it facilitates Russification, while ousting Ukrainian and minority languages in Ukraine. The Venice Commission commented that the draft law contradicted the Constitution of Ukraine and posed a threat to the Ukrainian state language, and recommended that it not be approved. Since the President signed the law on August 8, 2012, Russian has been the only language to be made an official language in some regions. Meanwhile, Mykhailo Chechetov, Deputy Head of the Party of Regions' faction in parliament, disclosed the motivation of the ruling party: "46 million people understand two languages: Russian and Ukrainian. Not Bulgarian, nor Hungarian, nor Romanian, nor Hebrew... Only a handful of people understands these languages. We are talking about the two languages that the entire nation understands." Subsequent decisions by local authorities where the Party of Regions prevails, has proven that this is not his personal opinion, but the concept of the party in power. The Ismail City Council in the Odesa Oblast passed a decision on August 15 to make Russian an official regional language, yet refused to grant equal rights to Bulgarian, the language of the ethnic minority that accounts for over 10% of the local

banned the use of Ukrainian in print, education and theatres.

Under Soviet totalitarianism, the Russification of Ukraine swelled to a grander scale. It was now based on the concept of the "conflict of two cultures" – Russian as progressive and proletarian, and Ukrainian as obsolete, retrograde and peasant. To reinforce its domination with a demographic foundation, Moscow sent Russian migrants to Ukraine in great numbers, while killing an estimated 3.5 to 5 million Ukrainian peasants in the 1932-33 Famine. According to the reports sent to Rome by Sergio Gradenigo, the Italian consul in Kharkiv at that time, the Soviet administration did not hide "the need and convenience ... of de-nationalizing districts where Ukrainian identity had awoken, fueling the risk of political complications. It is better for the Russian population to prevail in it (Ukraine – Ed.) to cement the empire". According to official statistics, the number of those who arrived from Russia to settle in the Donbas alone was 1.34 million more than the number of people who left it in 1927-1936. This migration policy also continued after Stalin's rule. From 1959 to 1965, another 3 million people from the Russian USSR were re-settled in Ukraine as part of the centralization campaign. At that point, Ukraine's population was nearly 40 million people. As the newcomers settled almost exclusively in cities and married there, their influence multiplied. Given that most urban schools in Eastern and Central Ukraine conducted lessons in Russian, and the latter dominated the public sphere, virtually all children in mixed families grew up as Russian-speakers. As a result, the ratio of Russians to Ukrainians in Soviet Ukraine grew to 1:3.3 in the 1989 census compared to 1:8.7 on the same territory under the 1926 census. Further urbanization (Ukraine was predominantly agrarian until the 1960s) involved the linguistic assimilation of Ukrainians as an integral, and seemingly natural, element of their inclusion in city life. It also spread far beyond cities. As Ukrainian-speakers arrived in cities and towns where Russian was already the main language, further reinforced by its status as a key language of the USSR, they had to switch to Russian to adjust to the new environment.

population and thus is entitled to having its language as an official regional one under the new law. It's enough that "Russian was and still is the language of inter-ethnic communication in Ismail, home to more than 80 nationalities," commented Ismail Mayor Andriy Abramchenko, who is also in the PR. Another PR member, Andriy Fedoruk, Chairman of Donetsk Oblast Council, warned subordinate town councils that they should "think about funding for such an initiative" if they happen to make, say, Greek an official regional language. Since most local budgets rely on transfers from the oblast treasury, they should obviously take this as a veiled prohibition. Crimea, where the share of ethnic Russians exceeds 50%, has not yet enforced the law. This is probably because authorities are reluctant to grant a relevant status to the Crimean Tartar language which is also entitled to it, given the number of people who speak it.

While local councils are entitled to decide on their official regional language, decisions passed by oblast councils prevail. As a result, the decisions of the latter on Russian as the official regional language automatically cover Ukrainian-speaking rural areas in South-Eastern Ukraine. These include rural parts of Luhansk, Donetsk, Kharkiv, Dnipropetrovsk, Kherson, Odesa, Zaporizhia and Mykolayiv Oblasts. This is where Ukrainian faced greater discrimination even before the law was passed. Between the 1989 and 2001 censuses, the number of Ukrainians in Donetsk Oblast grew by 6.2%, while those listing Ukrainian as their native language decreased by 6.5%. The number of Russians fell by 5.4% - mostly because they moved to Russia after the USSR collapsed, rather than due to assimilation – yet 7.2% more people listed Russian as their native language. In Luhansk Oblast, the number of Ukrainians grew by 6.1% over the same period, while that of Ukrainian-speakers fell by 4.9%. The share of Russians shrank by 5.8% while that of Russian-speakers grew by 4.9%. Other regions where the PR and Communists introduced Russian as an official regional language saw a similar trend.

PHOTO: VALERIA BURLAKOVA

I'm Russian and I don't ask for protection. It's equally dangerous to give a sword to an insane man and power to a crook

NOSTALGIA FOR THE EMPIRE

Russia anticipates that the status of the Russian language in Ukraine will reach the level it had during the Soviet era. The frustration of Russia or some pro-Russian politicians in Ukraine with "forced Ukrainization " comes from the reluctance of the representatives of what was once the dominant nation of the empire to accept the status of an ethnic minority rather than from the actual violations of Russians' rights in Ukraine. According to a 2008 survey by the Razumkov Centre, 75.2% of those polled in Crimea said that they were undergoing "forced Ukrainization" while only 17.9% of ethnic Ukrainians in Crimea list Ukrainian as their native language compared to 95% of ethnic Russians who continue to list Russian as theirs. One in every four people in Crimea speaks Ukrainian to some extent, while 43.4% do not understand it at all. The Russian leadership, striving to restore the single Eurasian space, is proactively supporting the frustration of Russian-speakers in post-Soviet states with the rights they now have.

MANY SCHOOLS IN CITIES AND TOWNS REMAIN RUSSIAN-SPEAKING. AS A RESULT, CHILDREN GROW UP WITH THE CONCEPT THAT UKRAINIAN IS THE LANGUAGE TO BE USED WITHIN THE FAMILY

In 2012, Dmitri Medvedev encouraged efforts to promote Russia's interests and influence in the world through the Russian language and people speaking it in everyday life. It looks like the Kremlin and pro-Kremlin forces will only be happy if Russian gets a legitimate dominant status similar to that in Soviet Ukraine or the USSR. This is why overcoming total Russification is a key condition for post-colonial Ukraine to walk away from the sphere of Russian political influence.

Many Russian-speakers in Ukraine are subject to an intense media campaign by the Russian government-controlled mass media. As a result, they often still identify themselves with Russia while rejecting Ukrainian identity as such. They do not distinguish between Ukraine and Russia. Meanwhile, many Ukrainians living in Central and Eastern Ukraine, for whom Ukrainian is their native language, speak Russian in everyday life. They would like to switch to Ukrainian, but have no opportunity to do so in this Russified environment. They do not have free access to products and services in Ukrainian. In South-Eastern Ukraine, this is the result of a consistent targeted policy of the Party of Regions that has controlled the region for years. Its members, including Donetsk City Council Secretary Mykola Levchenko, Donetsk Mayor Oleksandr Lukianchenko or Odesa Mayor Oleksiy Kostusiev, often discriminate against Ukrainian in public, saying that "it's only suitable for folklore". "89% of the Odesa population prefers to speak, write and read in Russian," said Kostusiev, to validate Russian as an official language in Odesa at a City Council session on August 13, 2012. Meanwhile, when selecting the language in which their children should be educated, 52% of Odesa parents, whose children were enrolling in first grade, requested Ukrainian. This is clear evidence that the Yanukovych regime needed the language law to prevent the natural return of Ukrainians, Russified under the Russian Empire and the USSR, to their native language. It also proves that the rights of Ukrainian citizens, previously Russified through discrimination against the Ukrainian language and with no opportunity to use it freely today, to learn it and use it in everyday life, should lie in the foundation of the state's language policy.

Should the Volyn Crime Be Condemned?

A terrible thing took place in Volyn 70 years ago. Ukrainians diplomatically call it the "Volyn events" or "tragedy". The Poles are more outspoken and use the words "massacre" and "ludobójstwo" (the Polish equivalent of genocide; some in Poland have recently started saying it was a "terrible crime" rather than "genocide". – Ed.). Polish historians, the political elite and society more or less agree that the OUN and the UPA were responsible for this crime committed against the Poles. One can argue whether the leadership of the Ukrainian guerilla movement made the decision to destroy the Poles in the early days or simply wanted to make them leave, but events somehow unfolded "on their own".

The Polish People's Party (Polskie Stronnictwo Ludowe ¬– Ed.), which is part of the ruling coalition in Poland, has prepared a draft resolution to condemn the genocide committed by Ukrainian nationalists and recognize OUN, UPA, SS Galician Division and the Ukrainian police in German service as criminal organizations.

This proposal needs to be considered on three levels – moral, political and pragmatic. Morally, evil must, no doubt, be condemned. Whether it is up to parliamentarians to judge, and exactly what evil must be condemned and what needs to be silently ignored, is a different matter. In Poland, there are tens of thousands of mostly illegal abortions every year, but for some reason, the Sejm does not pass special laws to address this issue.

The political dimension of the draft law is also familiar. The Polish People's Party, which has been exploiting the Volyn topic for several years now as it courts the electorate in the eastern (largely poor agrarian – **Ed.**) regions of Poland, wants to take advantage of the 70th anniversary of the tragedy to boost its political standing. Another contributing factor could be its recent tensions with the Civic Platform, the major and largest coalition partner.

Pragmatically, the question is whether the Poles, Poland and Ukraine will benefit from the passage of this draft law. The Poles and the Ukrainians interpret history differently, and this is not only about differing views on the same historical events, which is normal. For Ukrainians, especially in Western Ukraine, the history of Polish-Ukrainian relations is like the "Punic Wars", to use an apt description offered by my colleague, a scientist.

What does Viktor Yanukovych want? First and foremost, just like any politician, he is after power and the prosperity that comes with it. But to succeed, he still needs the support of the electorate. Voters are currently interested in seeing Ukraine's cooperation with the European Union, albeit without particular enthusiasm. For this reason, Yanukovych is not officially rejecting European integration and is counting on Poland to help him in the process. He is probably willing to pay a high price for the further promotion of Ukraine's interests in Brussels and photos in which he will appear next to Bronislaw Komorowski, thus proving he is not isolated in the EU. If history is the price he has to pay to the Poles, then why not?

I would not want to be misunderstood. I do not condemn the fact that Poland is cooperating with the Yanukovych-ruled Ukraine. I believe this cooperation serves the interests of both Poland and, to a certain extent, Ukraine. We have to engage Ukraine. I would not want the EU to apply the Belarusian scenario in Ukraine. What I am trying to point out is that history could become the victim, sacrificed in the interests of Polish and Ukrainian authorities this year. Just like it was under Leonid Kuchma in 2003.

This kind of approach pursued by the Polish side does not seem to be well thought out. In the name of moral values, historical truth and appeasing the victims' families, we are demanding that Ukrainians and the Ukrainian authorities condemn the UPA. As I stated above, Yanukovych may comply willingly. However, this will be a tragedy for many Ukrainians and for Ukrainian national identity, which is still weak and in some regions in statu nascendi. Ukrainians have a choice between national and (post-)Soviet identity. An important element of the former is the history of the insurgent struggle during the Second World War. True, the UPA was nationalistic. Yes, it killed Poles. But it also fought against the Soviets. It waged a hopeless and absurd struggle under circumstances that the Polish anti-communist underground could not even imagine. Nationalism is one of the teething problems of European nations, at least in our part of the continent. Poles have already gone through this stage – look at Roman Dmowski, for example. Why are Ukrainians being denied this? Perhaps, we are listening to our heart, while our mind tells us something different. If Ukraine is to turn into an important Central European state, rather than a post-Soviet post-colony like Belarus, it must have its own history – a national history, not one dictated by Moscow. And the Ukrainian Insurgent Army, UPA, is one of its elements. Those in Poland who believe that they can strike a deal with the Donetsk clan over the graves of the Banderites, in spite of their apparent success, are acting against the long-term interests of both states.

UKRAINE MUST HAVE ITS OWN NATIONAL HISTORY, NOT ONE DICTATED BY MOSCOW. AND THE UKRAINIAN INSURGENT ARMY IS ONE OF ITS ELEMENTS

Author:
Andrzej Szeptycki,
Institute of International Relations, University of Warsaw

Author:
Oleksandr Butsenko,
Director of Democracy Through Culture NGO; member of the European Cultural Parliament

WHERE WE ARE

On reflecting upon the intellectual situation in Ukraine today, I found myself unintentionally recalling *Catch 22*, a brilliant absurdist novel by Joseph Heller. "Dunbar sat up like a shot. 'That's it,' he cried excitedly. 'There was something missing—all the time I knew there was something missing—and now I know what it is.' He banged his fist down into his palm. 'No patriotism…' 'You're right,' Yossarian shouted back. 'You're right, you're right, you're right… There's no patriotism, that's what it is. And no matriotism, either."According to various sociological studies I have read recently, Ukrainians have become more patriotic but feel less happiness and have less freedom of expression. How is this connected – and why? Every day we find a number of strangely interrelated statements and messages.

It is a mess of opinions, concepts, ideas and discourses that contradict, overlap and exclude one another. That is really a daily dispute, or, in Ernest Renan's words, "a daily referendum", one would say. In his famous essay *Qu'est-ce qu'une nation?* (What Is a Nation?), the well-known French philosopher and writer presents nation as a community of shared memory and shared forgetting. The present Ukrainian reality is a combination of a lot of different memories – or is it better to say, a lot of different ownerships for the memory, contradictory and adversarial, which cannot ever be shared since it is used in a struggle for a short-term political victory, with all the attendant vocabulary repeated enthusiastically by politicians: "our fighting men/women", "bayonets", "field commanders". The only option here is to have no memory at all. But "whereas one can live happily without memories (as all animals do), it's well-nigh impossible to go on living without forgetting," writes Zygmunt Bauman, a great modern philosopher. "Hans-Georg Gadamer wrote that 'forgetting is not only an absence and lack, but, as shown by Nietzsche, an elementary condition of mental life. Only thanks to forgetting does the mind have the chance of full renewal".

This renewal means the ability or even the art of designing the future. Take South Africa with Nelson Mandela and the Czech Republic with Vaclav Havel – both succeeded in that. In one of his interviews, British historian, writer and journalist Timothy Carton Ash says that the project is defined by where we are and where we want to be. "And not at all where we were?" Polish journalist Michał Bardel asks him. "Correct. We have to make a new argument – from the future."

Over the past few decades, we - not only Ukrainians - have in general accomplished what we longed for all second half of the past century. However, we continue to discuss the past challenges as if they still represent all our aspirations. Meanwhile, we have a new generation and they long for other things and are imagining their own prospects, and asking other questions. Oleksiy Tolkachov, lawyer and public figure, wrote a book about his vision of Ukraine's future. In it, he also points at the necessity to answer the question of where we want to be. In *Desired Ukraine* he writes that we have a system without an objective in Ukraine. In my opinion, it is rather a non-system without an objective. The chaos of concepts and discourses results from the fragmentation of different fields and sectors even within one sphere. It's really a non-system since the system is characterized, among other things, by the various components working jointly; the result of one component is a contribution to the work of another; one component in the system is not sufficient, all components are necessary.

To integrate all components could be the task and role of culture – if it were not as fragmented, too. Experts on culture are unanimous in one thing: there is no comprehensive and long-term cultural policy in Ukraine – in culture and arts, or state strategy on the whole. When we first tried to introduce the term "cultural policy" at parliamentary hearings on culture in 2004, the then VR speaker was frankly surprised, asking: "Could there be a non-cultural policy?" Now, after eight years, the term is widely used, but the cultural policy as the glue and a driving force for the system of state strategy is still missing.

PARADOXICALLY, I THINK THAT THE MISSION OF YANUKOVYCH'S RULE IS TO AWAKEN UKRAINIAN CIVIL SOCIETY AND SHARPEN ITS SENSITIVITY IN SEEING A DEPARTURE FOR THE OPPOSITE

A state strategy is based on main objectives and priorities – any textbook on strategic planning will tell you this much. What is the mission of the current authorities in Ukraine? Paradoxically, I think that the mission of Yanukovych's rule is to awaken Ukrainian civil society over his first five years – or later on. All government or Party of Regions' acts are directed at one principal objective – to impart European values to Ukrainians, open their minds, sharpen their sensitivity in seeing a departure for the opposite.

Perhaps the most difficult challenge for Ukraine today is to overcome general social distrust, distrust of all government entities, public institutions, parties, groups and opinions – including distrust for each other. Consequently, the main objective of a cultural policy should be a dialogue with the country to develop Ukraine's cultural integration. Only one major prerequisite can make this possible: a shared language or vocabulary where human rights, democracy, equality and dignity will have the only, single meaning, irrespective of status, wealth or position. The only, single meaning secured by the law and social agreement. Culture's creativity and available infrastructure could provide such a prerequisite. And so the answer to the question "where do we want to be?" is in the cultural rather than geopolitical or geographical domains.

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