

THE LAW ON LANGUAGES OUTRAGES  
THE PUBLIC AND REVEALS NEW  
POLITICAL SCENARIOS **PAGE 4**

FREEDOM HOUSE PRESENTS  
ITS LATEST REPORT ON UKRAINE'S  
FRAGILE DEMOCRACY **PAGE 6**

THE HISTORY OF NATIONAL  
SYMBOLS FROM KYIV RUS  
TO INDEPENDENT UKRAINE **PAGE 36**

international edition

# The Ukrainian Week

№ 11 (34) JULY 2012

## SINKING DEMOCRACY

**UKRAINE'S LEADERS HAVE  
STEERED THE COUNTRY  
DANGEROUSLY CLOSE  
TO AUTOCRACY**

**The  
Economist**

Featuring selected content  
from The Economist

[WWW.UKRAINIANWEEK.COM](http://WWW.UKRAINIANWEEK.COM)

FOR FREE DISTRIBUTION



hotel

SUPERIOR  
GOLF & SPA RESORT

## SUPERIOR EXPERIENCE



The prestigious Superior Golf & Spa Resort is located only fifteen minutes away from the historical center of Kharkiv city. Surrounded by the beautiful landscape of the golf course and oak forest, our Guests will discover a unique place of relaxation from the busy city life. Exclusive interior design and the highest level of service will create a feeling of absolute comfort and superior experience in the elegant luxurious atmosphere.

1A Ak. Kurchatova Ave., 61108, Kharkiv, Ukraine t: +38 057 349 50 50 f: +38 057 349 50 45  
[info@superiorresort.com](mailto:info@superiorresort.com) [www.superiorresort.com](http://www.superiorresort.com)



## BRIEFING

## Parliament Gone Wild. Again.

Using the language bill and the scandal around its illegitimate passing as a cover, the party in power is pushing through other initiatives that would otherwise be met with resistance by the voters



## FOCUS

David Kramer and Robert Nurick talk about nations in transit and Ukraine, how much the memory of a democratic experience matters and how painful democratic transformations may be

## A Fragile Democracy

Freedom House's new report raises the alarm about Ukrainian society and government as Ukraine's post-Orange Revolution progress continues to plummet

## POLITICS



## The Father of His Country?

By presenting Ukraine's top officials as patriots and statesmen, the flattering media are doing society a disservice

12



## What are they thinking?

Ukrainian leaders ignore the requests and demands of Western officials despite growing tension

15

## NEIGHBOURS

## Cold Peace:

Putin's pole of power challenges Europe

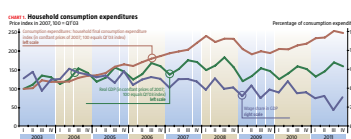


16

## ECONOMICS

## How Much is Confidence Worth?

The heavy impact of public distrust for politicians on consumption, the banking system and savings



20

## INVESTIGATION



## Financial Pyramid Reincarnated

Many young Ukrainians fell for the notorious 1990s Ponzi scheme run by a once-jailed Russian fraudster

23

## SOCIETY



## The Soviet Echo and the Ukrainian People

Barely knowing what to expect from Ukraine, foreigners are surprised by the exotic combination of old architecture, great food, leisure and the soviet imprint they discover

26

## Hope Springs a Trap:

The absence of optimism plays a large role in keeping people trapped in poverty



30

## Why Don't Ukrainians Smile?

*The Ukrainian Week* digs into the nation's insecurities that stem from too much patience, a defensive reaction to what is happening in the country and the inability to find joy in life

32



## HISTORY



**Symbols of Independence:** Ukraine's flag, emblem and anthem have a long history and national status, but have yet to become true symbols of the nation

36

## CULTURE &amp; ARTS



## Going Home to Find Yourself

Film director Taras Khymych talks on documentaries and his film about Zakarpattia in 1919-1939

40

## Ukrainian Hercules

Find Ukraine's funniest folk tales retold in a new series of cartoons *The Adventures of Kotyhoroshko and Friends*

42

## Children's Dream Factory

Masha Ellsworth, a Ukrainian who is now part of the Pixar team working on the recently released *Brave* and upcoming feature cartoons, reveals her path to where the magic happens



44

## NAVIGATOR

## 10 Emails From Rivne

tell the legends of its name, underground rivers and ghosts fishing in them, surrealistic pubs, historical controversies and much more



48

international monthly edition  
**The Ukrainian Week**

**The Ukrainian Week** № 11 (34) July 2012

**Founder:** ECEM Media Ukraine LLC **Publisher:** The Ukrainian Week LLC

**First published in January 2010**

State registration certificate 16412-4884P of March 13, 2010

Bohdan Andriytssev, Director, ECEM Media Ukraine LLC

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:** TOV SKIMP, TOV ART STUDIYA DRUKU; vul. Boryspilska 15, Kyiv

**Ordering number: 94-07/12. Print run:** 15,000

Sent to print on 5 July 2012

**Free distribution**

8 June

**The Euro 2012 football championship officially kicks off in Warsaw. Spain and Italy play the final match on 1 July in Kyiv**



12 June

**The March of Millions 2 takes place in Russia. Under different estimates, 20,000 to 100,000 people take to the streets**



14 June

**The broadcasting of football matches in the Russian language is banned in Kazakhstan**



# Parliament Gone Wi

**O**n 3 July, the majority of MPs ignored more than 2,000 recommendations for amendments to the draft language law and bypassed parliamentary procedures when passing the law, which significantly limits the spheres where the Ukrainian language is used as an official state language. 248 votes in its support came from all but one MP from Volodymyr Lytvyn's People's Party and the Party of Regions' (PR) MPs from Western Ukraine, who had refused to support it in the first reading. On the following day, Speaker Lytvyn who had previously insisted that parliament would only consider the draft law in autumn due to the huge amount of amendments to it, said that he had been betrayed by his coali-

tion allies and filed a letter of resignation. Within 24 hours of the passing of the law, a slew of MPs whose cards were used to vote in support of the law, announced that the result was falsified, since most of them were not even present for the voting. Volodymyr Lytvyn, who is still the VR Speaker de jure, might refuse to sign the bill as a result of the violations that occurred during the voting. To make this easier for him, the opposition has already drafted a resolution that can serve as a basis for conducting a second ballot on the language law. However, it appears that the government has some compromising information concerning his involvement in the murder of reporter Georgiy Gongadze, therefore it remains to be seen whether he will dare to make this bold move.

The passing of the law has triggered a parliamentary crisis that could explode into a political one. Ukraine has already seen a wave of protests and clashes between protesters and police using tear gas. More and more local authorities strongly condemn the move. Even Viktor Yanukovych mentioned the possibility of early parliamentary elections, while the opposition insists on a complete reboot of the government, proposing a combined parliamentary and presidential election. Moreover, the effect of the passing of such an extreme law on the electorate is questionable, as it pushed the voters who view it as a threat to Ukraine's statehood and identity to rise in protest; the PR electorate includes quite a few opponents of any special status for the Russian language, and the share of the Russian-speaking electorate that is skeptical about the law is becoming more irritated as they have absolutely no problem speaking Russian in everyday life, yet foresee more difficulties as a result of the government's policy. A survey held by the Razumkov Center in the second half of June shows that 65.1% of voters view the passing of the law as the PR's pre-election move, while only 25% support the idea of making Russian the second official state language in some regions.

There are several scenarios to explain why parliament took this bold move, blatantly bypassing the



The month  
in history

21 June 1897



**Yuri Kondratyuk (Oleksandr Shargel), pioneer of astronautics and spaceflight who, in the early 20<sup>th</sup> century, foresaw ways of reaching the moon, is born**

23 June 1917



**The Tsentralna Rada (Central Council) passes the 1<sup>st</sup> Universal in Kyiv thereby declaring Ukraine's autonomy**

28 June 1996



**The Verkhovna Rada passes the Constitution of Ukraine**





26 June



**Higher Court of Limited Jurisdiction confirms the illegality of the criminal case initiation against Leonid Kuchma concerning the murder of Georgiy Gongadze.** Gongadze's widow will appeal against the ruling in the European Court

3 July



**The European Court of Human Rights deems the arrest of ex-Interior Minister Yuriy Lutsenko to be illegal**

4 July



**Volodymyr Lytvyn and Mykola Tomenko, the VR Speaker and Vice-Speaker, file letters of resignation after the infamous law on languages is passed**

# Id. Again

voting procedure. Mr. Yanukovych could be interested in a short campaign period. This will give the candidates in first-past-the-post constituencies "processed" by the party in power a competitive advantage, unlike candidates from the united opposition who are not even determined yet. Using the language bill as a cover, the party in power is pushing through other initiatives, which would otherwise be met with resistance by society. It passed the law that limits privileges for people in the first reading and the law that removes tenders by state-owned enterprises from the jurisdiction of the Law "On State Procurement" thus opening new ways to grab taxpayers' money through uncompetitive tenders with just one participant for those linked to the government.

There is another possible reason behind this hasty scenario. Sergei Ivanov, the Head of Mr. Putin's Presidential Administration, visited Ukraine before the vote. On 12 July, Vladimir Putin himself is coming to Yalta to revise gas deals, as has already been announced by the Ukrainian government. Last time Russia took pseudo-concessions, it was in exchange for part of Ukraine's territory: the location of the Black Sea Fleet in Crimea was extended until 2042. This time, the Russification law may be viewed as the price for a gas discount, since it is an important factor in Mr. Putin's priority to build the Russian World and reintegrate post-soviet territory.

## INFO

Some countries have an official native language and English as a temporary official language. Hindi, for instance, has been India's official language for over 60 years now but English that was temporarily made official as the language of international communication in the multi-ethnic post-colony is now essentially used as the single official state language. Unlike English, the main international language that has had a positive effect on a country, the domination of Russian has preserved soviet heritage in Ukraine, causing it to lag behind developed countries and guarantees that it will never be integrated in Europe.

## Euro 2012 is No Cure for Isolation

As planned, the government is trying to convert the positive impressions of the "great football celebration" into political dividends before the election. Viktor Yanukovych wants to convince people that fans have seen Ukraine as a "modern European state" while First Vice Premier Valeriy Khoroshkovsky insists that official Kyiv is now one step closer to Europe. In fact, though, Mr. Yanukovych's regime has not overcome its international isolation. Western media stated that Euro 2012 will not improve Ukraine's relations with the EU even though it was instrumental in Europeans learning more about Ukraine. European politicians boycotted games

played in Ukraine: other than the representatives of Poland as the co-host and Italy and Spain whose teams played in the finals, very few leaders visited the games, and those that did were generally from post-soviet states. In protest against political repression, Vivienne Redding, Vice-President for Justice, Fundamental Rights and Citizenship, and Elmar Brok, Chairman of the European Parliament Committee on Foreign Affairs, blocked the signing of the agreement on simplified visa rules with the EU, which the Ukrainian Ministry of Foreign Affairs expected to happen on 23 July. Even Poland, Ukraine's most loyal proponent, said that Ukraine's European integration is under a huge question mark, due to its domestic political situation and uncertain development of events prior to the election. On 27 June, the PACE Monitoring Committee supported the recommendation of Co-Rapporteurs Mailis Reps and Marietta de Purba-Lundin of the necessity to abandon the idea of calling the election undemocratic and illegitimate if individual opposition members are not allowed to run. However, if the opposition loses the election and succeeds in convincing the West that it did so as a result of manipulation and falsification by the party in power, this could trigger a tougher reaction from the West. Meanwhile, the US will have its presidential election and the White House is likely to pay more attention to FSU countries if a republican wins. The cooling of key markets for Ukrainian products will affect Ukraine's economy and aggravate the hunger for loans from international financial institutions mostly controlled by the US and Europe, since Kyiv will still lack the funds to cover multi-million repayments of foreign debt. And Mr. Azarov's hopes for renewed IMF lending, once Ukraine fulfills its requirements by taking unpopular action after the election, are unlikely to come true, as international financial organizations made themselves quite clear last year: talking about renewed cooperation while democratic norms are not met in Ukraine, is impossible.



1 July 1989



**The People's Movement of Ukraine is founded as a civil-political movement that grows into a major party after the USSR collapses**

2 July 1918



**Hetman Pavlo Skoropadsky approves the law on the citizenship of the Ukrainian State**

8 July 1709



**The Battle of Poltava brings a decisive victory to Peter I of Russia over Swedish forces and those of the Cossack Hetmanate led by Ivan Mazepa**

14 July 1947

**Viacheslav Briukhovetsky who initiated the revival of the Kyiv-Mohyla Academy is born**



PHOTO: REUTERS

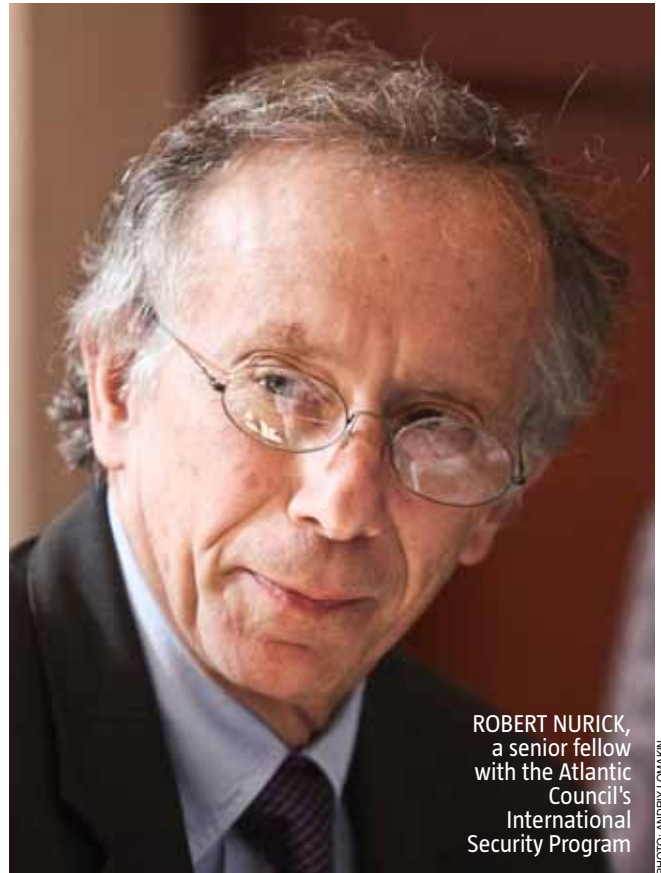
DAVID KRAMER,  
president of  
Freedom House

PHOTO: ANDRZ LOMAKIN

ROBERT NURICK,  
a senior fellow  
with the Atlantic  
Council's  
International  
Security Program

# Ukraine Still Stands a Chance

David Kramer and Robert Nurick talk about the latest Freedom House report on nations in transit, including Ukraine, how much the memory of a democratic experience matters and how painful democratic transformations may be

**Interviewer:**  
Hanna Trehub

**UW:** USSR collapsed 20 years ago and the impression was that imperialistic and authoritarian trends are in the past. Yet, the latest Nations in Transit report by Freedom House says that trends represented by Putin's Russia have anchored not only in Eurasia and become fashionable in Central and Eastern European countries, mainly Orban's Hungary and Yanukovich's Ukraine. What are the key reasons behind this situation?

**DK:** Mr. Putin and all people around him aren't interested to see neighbours moving towards democracy or European integration. I think that memories of 2003 with Georgia and 2004 in particularly with Ukraine are still very fresh in Putin's mind. It's contributed to paranoia that the West is trying to sparkle similar movements in Russia. This paranoia was further fueled by events in the Middle East and Northern Africa in early 2011. It partly explains Mr. Putin's position on Syria. He doesn't love

Assad, but he doesn't want see Assad going as leader fallen from power. Some leaders in the region, including Ukraine, have taken the bad example he set in the region showing consolidated control of the media, pressuring civil society, trying to create a rubber stamp parliament, all of the going after opposition. With the upcoming election here there is a possibility to reduce the consolidation of power. As for me, Mr. Yanukovich has discovered that Mr. Putin is not such a warm friend of his or of Ukraine's.

**UW:** In the report Ukraine's scores declined in 5 of 7 Nations in Transit categories. For example, weak judicial independence has not improved while corruption is close to the level of autocratic regimes. What can be the threshold of no return for Ukraine?

**DK:** Any country can cross over threshold and return back. I don't think that there is anything irreversible. Moving in democratic direction isn't a linear path. For instance, we saw Hungary's great progress in democratic development and a reverse recently. Ukrainians had unrealistic expectations after the Orange Revolution and Orange leaders badly disappointed them. Mr. Yanukovich came to power through democratic elections, but his means of government have not been democratic. But the situation here isn't irreversible. It isn't too late. One of the reasons why we have done this report is because we feel that it is still changeable. Ukraine's scores are going down, no question, but it doesn't mean that it can't recover. It's our hope that our reports can help governments and Ukrainians themselves bring more positive changes here.

**UW:** You meet with Ukrainian government officials as you work on each annual report about Ukraine. Freedom House is known to be very critical towards the situation in Ukraine. How willing are Ukrainian authorities to answer your questions?

**DK:** None of us started this assessment last and this year with an automatic view that Mr. Yanukovich would be a democratic leader. Actually we were very critical towards Orange leaders. We do not try to present Orange authorities as good and democratic and the party led by Mr. Yanukovich as bad and undemocratic. This has been a slow deterioration for years and he has picked up speed in the past two years. Yet, we have been very pleased and impressed that Ukrainian top officials agreed to meet with us this year and last year. I think this is a positive thing for Ukraine. If we tried to do this report in Russia, we wouldn't have the same access there at all. If we tried to do it in Belarus, we probably would not be allowed to the country. It suggests that Ukraine is very different from those two countries.

**UW:** Human rights NGOs, such as Ukrainian Helsinki group, claim the increase of government pressure on them while Freedom House reports the improvement of the civil society criterion in Ukraine in the past year...

**DK:** There are two trends here and they may seem contradictory but they can actually co-exist. In one of them civil society is more active and animated than it was a year ago. When we were here a year ago, we were struck by the sense of hopelessness and frustration. This year, people seem more energized and active. Having the election in October helps because this is a specific event coming up which they can focus on. The second trend is that the government is applying more pressure and this gets to the issues of the freedom of association and assembly. These

## TRANSITIONS ARE AFFECTED BY PEOPLE'S EXPERIENCES AND THAT'S SOMETHING YOU CAN'T EASILY ERASE

trends are not mutually exclusive. You can have active civil society that can actually increase the government's desire to crack it down because they may view it as a threat. That partly explains why we cite both the increase in civil society activity and recognize that a number of organizations are facing more pressure and harassment.

**UW:** Why are FSU countries or nations in transit so vulnerable to anti-democratic models of power that include monopolization of economy and politics? Are democratic institutions in Ukraine weak and unstable due to the lack of liberal background, impact of the financial crisis or Russian impact?

**RN:** The reasons vary from country to country but there are some broader trends. One is that culture matters, and by culture I mean history, not genetics. There is a difference between countries which have had some memory of a democratic experience and those which have not. It's one of the reasons why we've seen such positive results in the Baltic states. These are people whose vision of what their country should be is wrapped up in the memory that includes democratic institutions, even if not perfect. Their experience is very

different from that in soviet states. For them, part of becoming a post-soviet country was the sense of returning to what they saw as the true Latvia, the true Lithuania or Estonia that had been interrupted. The memory of culture and values associated with that were very important. It's different for countries that don't have that memory even with people that have healthy instincts on political issues. It's harder when this is something in their heads that they very much believe in but not something they've experienced in their lives. And transitions are hard and painful because they are affected by people's experiences and that's something you can't easily erase. But it's not irreversible. Experiences can change and generations change. In this part of the world, though, these transitions coincided with deep personal insecurities and impoverishment for many people.

**DK:** This is one of the most important factors. It's not to say that people in those countries don't want to live in freedom. But the transition from the system in place to the new form of government is a very tricky process. We shouldn't underestimate the terrible impact of the soviet system where millions of people lost their lives. If you compare countries in East Central Europe and, I don't like this term, but for the lack of a better one, FSU except for the Baltic states, East Central Europeans have followed more of a parliamentary system. Sometimes, it's not the most efficient system but it tends to reduce chances that one person will come and establish dominant control. In this region, Ukraine, Russia and Belarus are presidential systems. With the experience of the past 70 years here, perhaps it's best to not concentrate so much power in one position or, as it turns out, in one person. Unlike Uzbekistan or Kazakhstan, Ukraine has had several transitions of leaders. Being in power is not a matter of life and death in Ukraine, but it could be the difference between staying free and being thrown in jail. Ukraine needs to move away from this artificial choice. It's important to have opposition figures, free press and strong civil society. I don't think there is sufficient appreciation among the leaders of this region that those are important elements to democratic development. ■

Read  
the whole  
interview at  
[ukrainianweek.com](http://ukrainianweek.com)



# A Fragile Democracy

Freedom House's new report raises the alarm about Ukrainian society and government as Ukraine's post-Orange Revolution progress continues to plummet

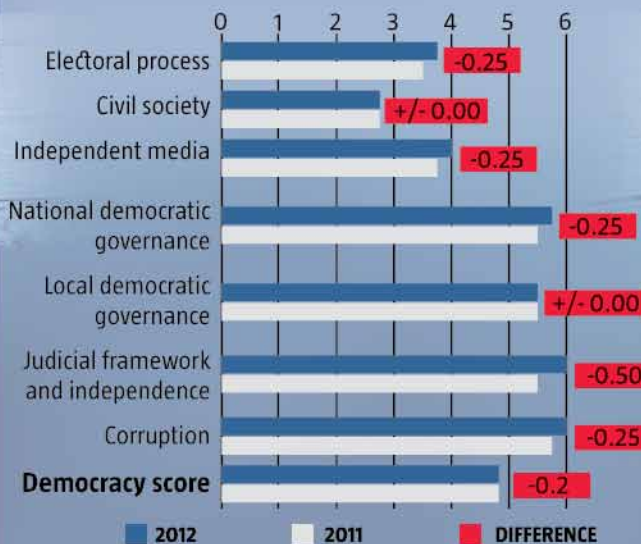
**Author:**  
**Orysia**  
**Smereka**

**A**ccording to their latest report called *Fragile Frontier: Democracy's Growing Vulnerability in Central and Southeastern Europe*, Ukraine's post-Orange Revolution progress in aspects that include national democratic governance, an independent

media, the electoral process, independence of the judiciary and fighting corruption, continues to plummet. Moreover, the negative trends listed in Freedom House's *Freedom in the World 2011* report from last year continue, with the last remaining free country in the region grad-

ually sliding down to the group of partly free countries. Two years of Viktor Yanukovich's presidency clearly show the process of unfolding initiatives for the revival of a state system based on the authoritarian schemes implemented by Russia under Vladimir Putin.

**UKRAINE'S DECLINE IN FIVE OUT OF SEVEN CRITERIA IN 2012 COMPARED TO 2011**



1 - THE HIGHEST LEVEL OF DEMOCRATIC PROGRESS  
7 - THE LOWEST LEVEL OF DEMOCRATIC PROGRESS



## 70 YEARS OF STRUGGLE FOR FREEDOM

Freedom House is not a new or unknown phenomenon to Ukraine, but for the most part, for Ukrainians, this knowledge is limited to the awareness of the existence of such an institution. In fact, it is one of the most powerful and proactive institutions for the promotion of democracy in the world. Its experts deliver regular reports to the US Congress, hold briefings for the Presidential Administration and State Department, and work closely with the world's leading media, as well as scientific and education institutions.

The history of Freedom House goes back to 1941. It was established in New York, supported by Presi-

dent Roosevelt who was trying to boost public support for America's participation in WWII, as isolationist sentiments peaked in US politics. Its founders were influential American journalists, academics, business and trade union leaders, as well as one-time civil servants.

Initially, this organization was set up to counteract totalitarian ideologies, such as Nazism and Communism through the promotion of democratic practices throughout the world, endorsing the post-war Atlantic Alliance, as well as key policies and institutions, such as the Marshall Plan and NATO. In the 1970s, Freedom House implemented a series of programmes to promote democracy in Communist and anarchist regimes in Asia, Africa, Central Asia and Latin America, combining research, human rights campaigns and direct involvement in crisis zones, such as Vietnam or Cambo-

odia. Each of the 7 criteria has a specific meaning. The **national democratic governance** index shows the extent to which the state system is democratic and sustainable; the independence, efficiency and responsibility of the legislative and executive branches; and the democratic oversight of the military and security services. The determination of the quality of the **election process** is based on analyses of national elections, the development of the multi-party system and public participation in elections. The development of NGOs, their organizational capacity and financial stability, and the legislative and political environment in which they exist; as well as the development of trade unions and groups of society involved in political processes constitutes the **civil society** index. The **independence of the media** is based on the assessment of freedom of speech, including laws on libel, the persecution of journalists, level of editorial independence, public access to the Internet and the amount of financially viable privately-owned press. **Local democratic governance** is considered to be the extent of the decentralization of power, responsibility, electivity and capabilities of local governance, as well as the transparency and accountability of local authorities. **Judicial structure and independence** is determined via the analysis of the national reform of the Constitution and the Criminal Code, the protection of human rights, level of judiciary independence, the treatment of defendants and compliance with

of which was published in 1995. This year's report is an extensive analysis of democratic changes in 29 Central and East European, Balkan and FSU states from Russia to the countries of Central Asia. The reports are based on the analysis of 7 major criteria, including the electoral process, civil society, the independence of the media, national and local democratic governance, judicial structure and independence and the level of corruption. Annual ratings are based on a scale of 1 to 7, where 1 is the highest level of democratic progress and 7 is the lowest. Freedom House experts stress that every index takes into account the practical effect of the protection of rights and freedoms by government or non-government forces, not only government initiatives or legislative analysis.

## TWO YEARS OF VIKTOR YANUKOVYCH'S PRESIDENCY SHOW THE REVIVAL OF A STATE SYSTEM BASED ON THE AUTHORITARIAN SCHEMES IMPLEMENTED BY RUSSIA UNDER VLADIMIR PUTIN

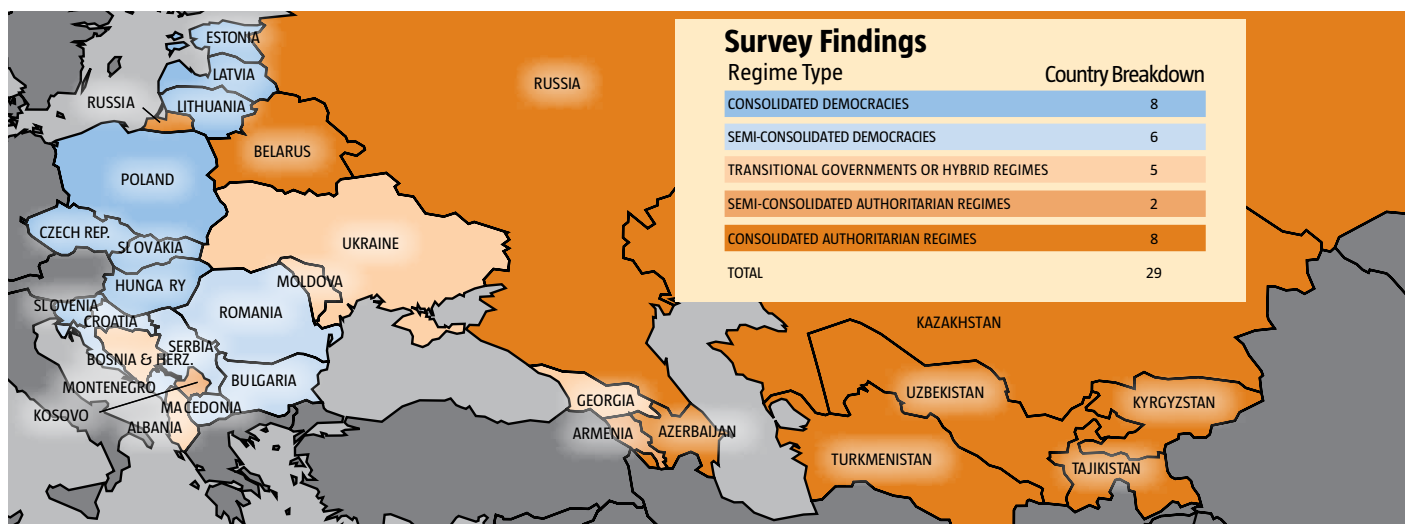
dia. At this time, Freedom House also arranged a hearing for Andrei Sakharov and other soviet dissidents in Washington and was among the first supporters of Poland's Solidarity movement.

Freedom House has had a representative office in Ukraine for nine years now. In 2004, it published *Countries at the Crossroads*, a report focusing on democratic governance and compliance with the rule of law in a range of countries, including Ukraine. During the 2004 presidential election in Ukraine, it helped coordinate the first regional public monitoring of the election process, by mobilizing thousands of representatives or reform-oriented monitoring groups.

### THE WEIGHT OF CRITERIA

*Fragile Frontier: Democracy's Growing Vulnerability in Central and Southeastern Europe*, published in 2012, is a continuation of *Nations in Transit*, a series of Freedom House's annual reports, which is directly dedicated to the situation in post-Communist states, the first





court verdicts. **Corruption** is measured through the research of public perception of corruption, the business interests of top officials, laws on financial confidentiality and conflict of interests, as well as the efficiency of anti-corruption initiatives.

### WHERE IS UKRAINE HEADING?

Last year, Freedom House's special report on Ukraine *Sounding the Alarm: Protecting Democracy in Ukraine* claimed that "Ukraine under President Yanukovich has become less democratic and, if current trends are left unchecked, may head down a path toward autocracy and kleptocracy". Now most of the key concerns remain the same, and in its latest report, Freedom House experts focus on three obvious trends in the behavior of the current government: an increase in the lack of transparency in reporting and growing corruption in government institutions; turning the judiciary into a pro-government tool, selective prosecution of oppositional figures and the granting of more extensive privileges and powers to executive authorities; and attempts to suffocate a wide range of socially critical institutions, from higher education establishments to the news media.

The major new developments since the last Freedom House report concern the so-called familization and corruption in Ukraine. The term was first used by the assessment mission in April 2012 to underscore the degree to which those in power, particularly President Yanukovich and his inner circle, have made a fortune and whose family members have become wealthy and influential at an astonishing rate. Some observ-

ers have referred to this trend as the creation of "The Family" in which the sons, other relatives and friends of the president increasingly concentrate political and economic power in their own hands.

Notably, the Presidential Administration is doing its best to take the judiciary under even greater control and restrict its already limited autonomy. Courts have already become tools of repression against the political opposition and civil activists. Just like Hungary, Ukraine is now experiencing the direct political manipulation of court processes and the growing interference of special services in social processes. In December 2011, for in-

stance, Verkhovna Rada expanded the powers of the SBU, Ukraine's security service, in investigating cases that qualify as "mass unrest" under the Criminal Code. As a result, Ruslan Zabily, the Director of Tyurma na Lonskoho (the Prison on Lonskoho St.) in Lviv, the National Memorial Museum of Victims of Occupation Regimes, was accused of "disclosing state secrets", labeled as the "Case against Ukrainian Historians"; criminal cases were initiated against the leaders of the Tax Maidan; the cases against Yulia Tymoshenko and Yuriy Lutsenko and nearly ten more people from Tymoshenko's Cabinet, half of which have spent 8

to 12 months in detention centers, have caused a major uproar.

The Ukrainian government is actively fighting to gain control over the Ukrainian media and exert pressure on freedom of speech. One visible fact is that the journalists and editors at most Ukrainian publications now express themselves more carefully when addressing politically sensitive issues. Another innovation in Ukrainian broadcasting, obviously implemented by the current pro-government regime to strengthen its positions in the media, is the nationwide replacement of analog television with digital broadcasting. The process is due to be completed by 17 June 2015. Essentially, this is the government's attempt to monopolize television, as is the case in authoritarian countries, including Russia. Freedom House experts note that this transition allows Mr. Yanukovich's regime to gain comprehensive control over the flow of information transmitted by TV channels. TV continues to be the source of latest news for most Ukrainians.

It should also be noted that the vast majority of those who own broadcast and print media outlets in Ukraine are closely tied to or are members of the current government and are busily consolidating and expanding their control over new outlets. This warm relationship between media owners and political power has led to media outlets pursuing the agendas of their owners at the expense of objectively and responsibly covering current events, as well as meeting the demands of the public. As the result, censorship in Ukraine generally results from

## THE MAJOR NEW DEVELOPMENTS SINCE THE LAST FREEDOM HOUSE REPORT CONCERN THE SO-CALLED FAMILIZATION IN UKRAINE

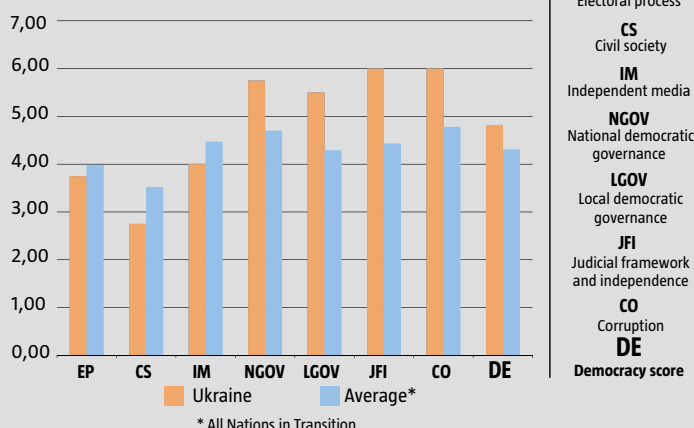
stance, Verkhovna Rada expanded the powers of the SBU, Ukraine's security service, in investigating cases that qualify as "mass unrest" under the Criminal Code. As a result, Ruslan Zabily, the Director of Tyurma na Lonskoho (the Prison on Lonskoho St.) in Lviv, the National Memorial Museum of Victims of Occupation Regimes, was accused of "disclosing state secrets", labeled as the "Case against Ukrainian Historians"; criminal cases were initiated against the leaders of the Tax Maidan; the cases against Yulia Tymoshenko and Yuriy Lutsenko and nearly ten more people from Tymoshenko's Cabinet, half of which have spent 8



The map reflects the findings of Freedom House's Nations in Transit 2012 survey, which assesses the status of democratic development in 29 countries from Central Europe to Central Asia during 2011. Freedom House introduced a Democracy Score—an average of each country's ratings on all of the indicators covered by Nations in Transit—beginning with the 2004 edition. The Democracy Score is designed to simplify analysis of the countries' overall progress or deterioration from year to year. Based on the Democracy Score and its scale of 1 to 7, Freedom House has defined the following regime types: consolidated democracy (1–2), semi-consolidated democracy (3), transitional government/hybrid regime (4), semi-consolidated authoritarian regime (5), and consolidated authoritarian regime (6–7).

[www.freedomhouse.org](http://www.freedomhouse.org)

## Summary



economic pressure on media owners, rather than from direct government interference. However, Freedom House observers accuse the government of instigating economic pressure and applying it to owners – who in turn apply pressure on individual journalists – to curb critical media coverage.

Whereas most areas have worsened, as noted in both last and this year's reports, civil society appeared more animated and less

dispirited in the reporting year than in the previous year. Every country on Earth has just four real powers, such as state government, the opposition, NGO's and the international community. Currently, only last two are trying to improve the situation in Ukraine.

The level of democracy in Ukraine has now hit the 2004 level when Leonid Kuchma was president. The situation is unlikely to change without the proactive im-

pact of society. The government that has just passed a law, essentially making Ukraine officially bilingual, is unlikely to take any real steps towards democratization and will falsify the upcoming election. The time has come for Ukrainians to make a stand and protect their achievements, because a nation with the status of a transitional regime could easily slip into the category of a country with a consolidated authoritarian regime. ■

## BUSINESS IN KYIV... MADE EASY.

Located in the city centre, InterContinental Kiev offers all guests business centre services, personalised concierge service plus free WiFi in all areas. Additionally you can order a limousine transfer or upgrade to access our Club lounge while our team look after your comfort and safety.

So when work is done, you can relax in the Spa, visit b-hush, our rooftop night spot or help yourself to free beer and soft drinks from your minibar. You take care of business; let us take care of the rest.

*Do you live an InterContinental life?*



INTERCONTINENTAL  
KYIV

For more information or to make  
a reservation please contact us at  
+38 044 219 1919

In over 170 locations across the globe including KYIV • LONDON • NEW YORK • PARIS

# The Father of His

By searching for non-existent features of patriotism and statesman-like quality in Ukraine's top officials, journalists are doing society a disservice

**A**ccording to public opinion polls conducted by virtually all sociological services, from two thirds to three quarters of the population think that the country is moving in the wrong direction. Experts compete to coin new names for Ukraine's current status in the international arena: "Multi-vectored isolation", "mild disdain" or "elimination from the playing field" are some of the more flattering terms

Indeed, it is difficult to offer different comments on the government's unprecedented efforts to unite the electorate against it and making all leading powers, from Washington and Brussels to Moscow, share a common attitude towards Kyiv, albeit for different reasons. At the very least, the official statements of top officials in countries and organizations that are international players, all focus on the same problems, which include selective justice, corruption and the destruction of the investment climate.

## WISHFUL THINKING

In the middle of all this, articles are being published in the Ukrainian mass media which reflect the exact opposite. They draw flattering portraits of the government, interpret its failures as the result of a pessimistic attitude towards the Yanukovich team and exalt forced decisions as geopolitical or economic insights.

Pro-government or tycoon-controlled media are not the only ones that come up with such articles. They can also be found in well-known and respected media. *Dzerkalo Tyzhnia* (Mirror Weekly) published an article entitled "The Self-Reliant Yanukovich" that appears to reassure the readership that the Ukrainian government and President Yanukovich personally are seeking a way out

**Author:**  
**Ivan**  
**Halaichenko**

of international isolation, are at a stalemate stage in relations with Russia, and try to solve domestic problems. By saying that the main groups in power are "counting on the stars-and-stripes" the author means that they are ready to align with the American interests in the region and links recent tenders for shale gas extraction won by Shell and Chevron, as well as the prospects of Exxon Mobile's possible coming to the Ukrainian market, with a "struggle for resources" which, according to the author, is taking place in the world. The article gives an impression that US authorities have so much interest in Ukraine's resources that they may provide Ukrainian government with "an exit from international isolation." The author goes as far as mentioning an "Obama-Yanukovich deal" which presumably entails American support for Yanukovich

**SOME UKRAINIAN MASS MEDIA  
EXALT FORCED DECISIONS  
OF THE GOVERNMENT  
AS GEOPOLITICAL OR ECONOMIC  
INSIGHTS**

in exchange for access to Ukrainian natural deposits.

Clearly, everyone wants to live in a country run by a government that knows its role and commitments, rather than a group of people with notorious backgrounds who don't even understand the scale and the importance of the tasks they undertake. It feels so much better to think that the people at the top know all about domestic and foreign affairs and can implement complex combinations to meet national interests, as opposed to getting yet another industry under their own control.





# Country?



However, wishful thinking can be naïve and dangerous, especially when the government tries hard to disprove doubts in its capability to act reasonably with the language status issue, the business environment and preparations for the election, while taking steps that make Ukraine vulnerable to external interference in its domestic affairs and putting the country's sovereignty at risk.

The illusion of "adequacy" could be the thing that will keep the current team, with its anti-Ukrainian agenda, afloat, especially given its projected strengthening in parliament by the end of the year, through falsification and dissent in the opposition. Why then should it create the image of intellectual competence, thus legitimizing what is going on in the country?

On the other hand, Ukraine has seen enough rhetorical questions and whining about its fate. They don't help to change things, unlike a sober analysis of the regime's actions based on the understanding of its nature and essence.

## IS IT POSSIBLE TO GO AGAINST NATURE?

*The Ukrainian Week* has written much on how unpromising the reforms carried out by those in power are. Leading the country out of the crisis requires moves that are completely opposite to the government's basic interests and actions.

Thus, efficient government entails the elimination of corruption and the establishment of playing rules where everyone is equal and protected by an unbiased court. There is no other scenario, as proven by Singapore, Hong Kong, Georgia and others whose experience Ukrainian leaders are studying hard. However, these reforms would leave them without the benefit of using the court for political revenge, monopolizing the markets in the hands of the "Family" or one of the richest oligarchs and viewing law enforcement authorities as a tool against competitors.

In no other country has monopolization co-existed with long-term sustainable development or selective justice with growing investment (since "investments" from Cyprus and similar places are hardly long-term or efficient). Moreover, the Ukrainian government should not have rushed to grant the UAH 6bn "bonus" allegedly promised to big Western companies - winners of the shale gas extraction tenders in Ukraine. The signing of relevant contracts can take longer than the government and some experts expect, as they entail investment that should have a long-term effect and no Western company, such as Shell, Chevron or Exxon Mobile, will hurry to start cooperation until they are sure that Ukraine's government understands their terms, which will not be revised under the "misinterpretation of the parties' rights and liabilities" excuse.

Moreover, these companies' relations with the government of any country they work in, have nothing to do with their relations with the US administration. Claiming that companies are entering Ukraine under a mysterious "Obama - Yanukovich deal" means transferring post-soviet government-business-mafia decision-making schemes to international politics and economic relations. Such experiments have often put top Ukrainian officials and experts in a difficult position in the past.

"Multi-vectored isolation" seems to have become a consequence of the fact that at 10 Bankova St., the Presidential Administration, as well as the experts advising

it, have formed the impression that “they will eventually get over it and accept it, just like people have here”. This approach was reflected in the Ministry of Foreign Affairs’ statements that “relations between states matter more than the life of an individual”. It is difficult to dream up something that is further from the Western political mindset.

The expectation that others will work with Yanukovich because of Ukraine’s geopolitical significance, abundant resources and fertile soils, stems from the romantic early 1990s. George Soros once called this “geopolitical bargaining” and called on Ukrainian leaders to stop such attempts before it was too late. Yet, the myth proved to be resilient and facts are now being adapted to it. Even if they are simply adjusted in accordance with the required response, they will do Ukraine no good. The modern world is indeed ruthless, especially for those who face it without understanding its reality.

### REALPOLITIK AND “PERMANENT INTERESTS”

Firstly, neither the Ukrainian government, nor experts, should overestimate the role of Ukraine in the geopolitical balance of the key centres of power. Foreign policy has never dominated US election campaigns. Candidates relying on geopolitics lost the elections. The major battlegrounds were domestic affairs and the economy. Moreover, candidates tend to focus on “values and standards”, seeking for the tiniest crack in their opponents’ campaigns.

According to Western experts, the last thing candidates want during an election campaign is for voters to associate them with transnational energy companies or the support of foreign dictatorships. Given the tough struggle in America’s presidential campaign, it is difficult to imagine that Obama would risk supporting Yanukovich, thus promoting the interests of energy moguls.

After all, he doesn’t need to. It is Yanukovich & Co who need the cash badly, which is why they gladly welcome Shell, Chevron and (potentially) Exxon Mobile. This process requires no support from Washington. Moreover, thinking that US policy is all about serving the interests of huge corporations is too simplistic. If the latter happen

to run into trouble, the US will use all possible leverage to help them out, but entering new markets and operating there is entirely up to the companies, not the US government. Their budgets exceed Ukraine’s GDP, so they don’t really need any deals between the relevant politicians.

Secondly, Ukrainian experts often project their post-soviet idea of stability onto the whole world. They assume that Western democracies will inevitably accept any regime in the country they are interested in. This approach misses a slew of important factors, however. Over the past decade, the concepts of realpolitik and permanent interests have undergone dramatic changes. They now take into account soft factors, such as a regime’s legitimacy, social moods and the security of humanity.

A regime based on repression, raider attacks and biased justice, is unstable by default, because it provokes resistance. If the latter cannot be implemented through legitimate procedures (competitive election), violence will ensue sooner or later. States that build strategies decades in advance, will not accept



## YANUKOVYCH CANNOT AFFORD TO BE ANYTHING OTHER THAN PRO-RUSSIAN

a country where a group of people temporarily has all the leverage in its hands. Too often has this sort of stability turned into a sudden and unexpected shift of government in virtually all parts of the world.

This is what the inflexibility of the US and the EU, as regards election standards, is associated with. Numerous officials have warned Ukrainian leaders in public and private conversations that an attempt to steal the election, thus laying a mine under the regime’s stability, will ruin the government’s relations with the democratic world. It will subsequently be futile to expect any support from abroad. And none of the boycotters are going to open any doors for Yanukovich. The government will not receive any IMF loans or systemic investment. It will have to live through all the economic and political consequences of its governance alone.

Thirdly, many Ukrainian observers tend to overestimate the role and the importance of the Ukrainian government’s declara-

tions and moves in international politics. Talks on issues such as the supply of energy resources have been going on for years based on a serious foundation of mutual systemic interest and long-term expectations from cooperation. The signing of any protocol on gas supply does not automatically mean that it will be supplied.

Foreign businesses and governments calculate the risks, evaluating the real moves of top Ukrainian officials. Why invest in “alternative energy supply means” in Ukraine, if the latter takes no direct actions to decrease its dependence on Russia by introducing economically reasonable prices for its own energy (with relevant reimbursement to households that require it), or a comprehensive national program to save energy and support energy-saving technology? Will Ukraine really be able to guarantee demand for “additional” energy sources?

The past two years have proved that the government’s sporadic attempts to “gain energy independence from Russia” are nothing more than an imitation, the efficiency of which is only apparent to the government and experts who are prone to wishful thinking. After all, as premier and president, Yanukovich made it clear: he is leading the country towards Russia.

Governed by his soviet mentality, building a Russian model of government-society relations in Ukraine, burning all bridges for a dialogue with the majority of Ukrainians and suppressing any expression of discontent and opposition, Yanukovich cannot afford to be anything other than pro-Russian. In his relations with Vladimir Putin, all he does is demonstrate bitterness about not being treated like a homeboy, and all Yanukovich seeks, given his moves, is a gas price discount for the tycoons that are close to him. Without comprehensive changes in Ukraine’s economy, the discount will make Ukraine more, rather than less dependent on Russia as the only gas supplier, ultimately leading it to a repeat of the Belarusian scenario.

Therefore, Ukrainians, particularly so-called opinion leaders, do not have the right to construct the image of “a real president of his country” out of the material currently in power in Ukraine. It could bring tragedy to its disoriented society. ■



# What Are They Thinking?

**A**s the confrontation between the Yanukovych Administration and the West intensifies, top foreign statesmen have addressed requests to and made demands of the President and Prime Minister Mykola Azarov, but the Ukrainian leaders have simply ignored them.

Worse still, they make promises to Western powers and then, quite in the style of local con artists, forget all about them. The civilised world is politely asking that imprisoned opposition leaders be released, political repression stopped and the basics of democracy and political competition maintained. The reply is either silence or hysterics: "Don't teach us how to live! It would be better if you helped us financially!"

Now the situation has reached an impasse. Speaking on Yevgeniy Kiselov's show on the Inter channel, Russian observer Aleksandr Baunov aptly called the official Kyiv policy "disastrous", and noted that in his opinion, Ukraine was cutting itself off from Europe.

This may well prompt one to wonder how Ukraine's financial-economic elites, the richest Ukrainians, feel – they can be seriously hurt if things come to an open confrontation with Europe. It will lead to sanctions and barriers on Ukrainian products' way to Western markets. And this is just the first possible sign of the overall deterioration in our relations. What do the 200 richest citizens of Ukraine think about the current situation? I mean those who are worth \$10 million to \$10 billion or more? Do they want to be known as pariahs west of Ukraine?

Journalist Vitaliy Portnykov believes that unlike the president, the Ukrainian elite are beginning to understand that things are headed for a disaster, and the day is not far off that the country will be isolated and suffer all of the ensuing consequences. Either Yanukovych will grasp as much or the Ukrainian establishment will have to do some thinking... Incidentally, Rinat Akhmetov is rumoured to be trying to distance himself from the ruling party, particularly from any kind of involvement in the 2012 parliamentary election.

It is becoming evident that the West has exhausted all rhetoric in its efforts to influence Yanukovych and his family. This means that other measures – more brutal and easier for the "simple Donetsk fellows" to understand – are now on the agenda. First, financial and legal leverage is likely to be employed. Action may be taken against the bank accounts of Ukrainian oligarchs, primarily those who are believed to be closely linked to the president. Uncomfortable questions may be raised about the legality of specific purchases or the origin of money paid for immovable and other property across the world. Those who have the reputation of being the Party of Regions' donors will be exposed the most. Some seem to have sensed which way the wind is blowing. The wife of one of Donetsk's richest natives is reportedly seeking British citizenship.

Moreover, very severe restrictions may be placed on foreign travel, especially to countries where our elites are used to spending at least as much time as in Ukraine. They have grand homes, yachts and planes there, their children study there and they travel there for medical treatment. Essentially, that is where they live. But if they suddenly disappear abroad, they will not be able to keep track of their assets in Ukraine and that may lead to lamentable consequences, given the corporate raids and appetites of the Family in Ukraine.

The smell of catastrophe is in the air. Some of the rich may try to convince themselves that they will be left unscathed, but such incidents always strike like a bolt from the blue. So instead of running one by one from this Titanic, the so-called elites should come together to tell the president that his current course is not good for them. Or is it better to sit and wait for the inevitable collision with the iceberg? There is little time left to change course...

If a Lukashenko-style dictatorship is established in Ukraine, it is bound to cause a redistribution of property in favour of the Family, which is today the main pillar of power and demands to be encouraged and fed. So what will the oligarchs outside Yanukovych's inner circle do? It will be too late to appeal to the world community. Thus, the choice is actually fairly simple: either fall into an abyss together with this regime or try to normalise the situation in Ukraine.

Some marginal figures in the Party of Regions – fixtures in various talk shows – regularly identify their party with the country and increasingly call on Ukrainians to be patriotic and join with their political force to confront the "damned West" and thus win the right to build a sovereign prison.

To them, sovereignty means the legal right to freely and brutally settle accounts with political opponents and competitors as the world silently stands by. However, these mouthpieces that speak on behalf of the ruling party are not, of course, oligarchs. They do not face the far-reaching consequences that are confronting the country's 200 richest persons. That is why these small fry can afford to act the way they do.

Meanwhile, the clock is ticking for important people to make up their minds and speak up. They should keep in mind that there is only one oligarch in neighbouring Belarus, and everyone knows his name. Is it possible that one person in Kyiv will decide that one owner is enough for Ukraine, too? Every despotic ruler craves the absolute power that rules out any opposition or even a competitive environment with powerful players who have their own economic basis out of his reach. In all circumstances like this, the situation in the country can only deteriorate in the near future. Nothing will straighten itself out on its own. ■

**INSTEAD OF RUNNING ONE BY ONE FROM THIS TITANIC, THE SO-CALLED ELITES SHOULD COME TOGETHER TO TELL THE PRESIDENT THAT HIS CURRENT COURSE IS NOT GOOD FOR THEM**



**Author:**  
**Ihor**  
**Losev**

# Cold Peace

Vladimir Putin's pole of power challenges Europe



**Author:**  
**Janusz Bugajski**  
*Senior Associate in the Europe Program at the Center for Strategic and International Studies in Washington D.C.*

**P**resident Vladimir Putin is seeking to establish Russia as a “pole of power” in a multipolar world. This strategic objective will necessitate tighter supervision over various Euro-Eurasian sub-regions, including Eastern Europe, the Baltic and Black Sea zones, the Caucasus, and Central Asia. Above all, Moscow seeks to dominate the former Soviet Union countries and expects the U.S., the European Union, and all major West European states to accept its pre-

eminent position on these territories. However, acquiescence to Moscow's strategy will not only destabilize and divide many of Russia's neighbours, it will also pose a challenge to the security of the new EU and NATO members, while simultaneously undermining European unity and trans-Atlantic cooperation.

## MOSCOW'S STRATEGIC AMBITIONS

Russia's administration is engaged in an ambitious project to

restore Moscow's regional dominance, undermine U.S. global influence, divide the NATO alliance, neutralize the EU, and prevent further NATO and EU enlargement. Moscow's overarching goal toward the West is to reverse the global predominance of the U.S. by transforming “unipolarity” into “multipolarity” in which Russia exerts increasing international leverage. No longer a credible global superpower, Russia aims to be the pre-eminent Eurasian “pole of power.”





PHOTO: AP

Kremlin officials believe that the world should be organized around a renewed global version of the 19<sup>th</sup> century "Concert of Europe" in which great powers balance their interests and smaller countries orbit around them as satellites or dependencies. Russian officials depict this strategy as "multipolarity." Russia's neo-imperial project no longer relies on soviet-era instruments such as ideological allegiance, military force, or implanting proxy governments. Instead, the primary goal is to ex-

**VLADIMIR II.** Mr. Putin's new term as president will bring forth a new phase of struggle for FSU reintegration around Russia

ert predominant influence over the foreign and security policies of immediate neighbours so they will support the Kremlin agenda.

While its goals are neo-imperial, Moscow's strategies are elastic. It employs flexible methods, including enticements, threats, incentives, and pressure where Russia's national interests are seen as predominating over those of its neighbours. Indeed, it is useful to distinguish between Russia's actual national interests and its state ambitions. These legitimate interests revolve around maintaining territorial integrity and forestalling foreign military intervention. In this context, Moscow's security is not challenged by the NATO accession of neighbouring states. However, its ability to control the security policy and international orientation of these countries is undermined by their NATO membership.

Among the top priorities Putin set out for his third presidential term is the reintegration of the former soviet republics, based on tighter economic links and culminating in a political and security pact centered around Russia. Putin's concept of a Eurasian Union will be central to his efforts to forge a legacy as a gatherer of post-Soviet lands. Moscow is evidently fearful that the territory of the defunct USSR will permanently divide and drift into European and Asian "spheres of influence." Hence, Putin seeks to create a Eurasian bloc that will balance the EU in the West and China in the East, and contain a strong security dimension as a counterpart to NATO. These economic and security linkages will create political ties, making it less likely that Russia's neighbours can join alternative alliances.

### THE EURASIAN PROJECT

To achieve its Eurasian ambitions, Moscow needs to assemble around itself a cluster of states that are loyal or subservient to its interests; it has been encouraged in this endeavor by several developments in recent years. First, as a by-product of the Barack Obama administration's "reset" policy toward Moscow launched in early 2009, Washington has curtailed, if not completely discarded, its campaign to enlarge NATO and secure the post-Soviet neighbour-

hood within Western structures. This has left the post-Soviet states more exposed and vulnerable to Moscow's pressure and integrationist maneuvers. Moreover, Belarus, Moldova, and Ukraine are not priority interests for the current American government.

Second, the financial crunch and political stresses within the EU have diminished Brussels' outreach toward the post-soviet countries. This has decreased the momentum of the EU's Eastern Partnership, an initiative launched in May 2009 and which was designed to harmonize the European post-Soviet states with EU standards. Russia's authorities have concluded that the Union is in serious disarray and decline and will be preoccupied with its internal problems for several years, if indeed it does not actually fracture.

Thirdly, there is visible disillusionment with the EU within many of the post-soviet capitals. They do not possess the roadmap, direction, or commitment to full integration with the West, unlike the vision and promise that was given to the Central Europeans after they liberated themselves from Moscow in the early 1990s, or to the Western Balkan countries through the EU's Stabilization and Association Agreements (SAA). Conversely, in the case of Belarus and Ukraine, there is tangible frustration in several EU capitals over their political regression and stilted economic reforms.

Fourthly, the return of Putin to the Kremlin is re-energizing Russia's neo-imperialist ambitions, through such grand geostrategic objectives as the formation of a Eurasia Union. And as an added bonus, an assertive foreign policy helps to distract attention from domestic opposition and the convulsions inside the Russian Federation. Putin's renewed presidency has been presented as vital to Russia's national security in two ways. It will allegedly protect Russia from internal turmoil generated by disruptive public protests, and it can rebuild Eurasia under Russia's management and remove unwanted Western influence that purportedly challenges the security of the Russian Federation.

Russia's ambitions toward its neighbours, including Ukraine, »





are twofold: foreign policy subservience to Russia and integration in Moscow-directed security and economic organizations. The major multi-national initiatives promoted by Moscow to enhance integration and centralization include the Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CSTO), the Eurasian Economic Community (EEC), the Customs Union (CU), the Common Economic Space (CES), and the planned Eurasian Union (EAU).

The CSTO, a military alliance that includes Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, is designed to counter NATO aspirations in Eurasia. Its main charters are currently being revised. The current charter requires unanimity to pass a decision, but under the planned revisions only states with an interest in a given decision would be allowed a vote, thus curtailing any potential opposition to Kremlin policy in case a military mission in its neighbourhood is deemed necessary by Moscow.

The EEC was created in October 2000 at a summit in Astana, Kazakhstan, and is viewed in Moscow as a stepping-stone toward the Eurasia Union. It includes Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. In July 2011, Russia, Belarus, and Kazakhstan launched a Customs Union to remove all trade barriers between

**PLAYING ON VULNERABILITY:** Moscow is using energy leverages to win over European major powers



## THE PRIMARY GOAL IS TO EXERT INFLUENCE OVER THE FOREIGN AND SECURITY POLICIES OF IMMEDIATE NEIGHBOURS SO THEY WILL SUPPORT THE KREMLIN AGENDA

### RUSSIAN ENERGY COLOSSUS ON CLAY LEGS

*The Foreign Policy*, a US publication, projected the decline of oil prices to USD 40 per barrel which will hit hard the budget of fuel export relying countries, such as Russia, Venezuela, Iran and Middle East monarchies. According to Andrew Kuchins, a senior fellow at the Center for Strategic and International Studies (CSIS), USD 40 or even 60 per barrel will be a disaster for Russian finance.

the three states. In October 2011, Putin hosted a meeting of prime ministers from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, and Ukraine in St. Petersburg and announced an agreement to form a free-trade zone after years of fruitless negotiations. On January 1, 2012 a formal agreement was signed to create the CES, an undivided common market embracing the

three Customs Union economies together with Ukraine and open to other post-soviet countries. On the eve of accession to the CES, the Presidents of Belarus, Russia, and Kazakhstan also signed the Declaration of Eurasian economic integration. President Dmitry Medvedev invited all other EEC members to join the CES, including the three EEC observer states of Armenia, Moldova, and Ukraine.

Business entities of the three CES countries are guaranteed freedom of movement of goods, services, capital, and labour. Thus far Kyiv has resisted these enticements fearful that they would subvert Ukrainian sovereignty. All

these plans called for the ultimate establishment of a Euro-like single currency system. The transition to the Eurasian Union has been described as the final goal of economic integration. It envisaged a free trade regime; unified customs and non-tariff regulation measures; common access to internal markets; a unified transportation system; a common energy market; and a common currency. The Moscow summit of the EEC on 19 March 2012 charted a detailed integration strategy, with a view to having the EEC reshaped into a fully-fledged economic union by 2015. These integrative economic measures would also be undergirded by a tighter political alliance.

Within the first two weeks of his renewed presidency, Putin hosted an informal CIS summit with most of the former soviet states as well as an extraordinary CSTO session. In both events, the Eurasian Union lurked in the background. Putin's notion of a Eurasian Union, according to his own words, is of a "powerful supranational association capable of becoming one of the poles in the modern world and of serving as an efficient bridge between Europe and the dynamic Asia-Pacific region." Putin believes that this organization should be built on the inheritance of the Soviet Union: "infrastructure, a developed system of regional production specialization, and a common space of language, science, and culture."

## EUROPEAN DISUNION

It is debatable how successful Moscow's re-integration plans will prove in practice. Nevertheless, the pursuit of these goals is itself damaging to the security and sovereignty of states neighbouring the Russian Federation. Due to pressure from Russian officials, these countries are prevented from fully realizing their independence by freely choosing their international alliances. One can also expect that a more aggressive integrationist approach toward the post-soviet states will be mirrored by a more assertive policy toward the Central-East European (CEE) countries based primarily on economic entrapment, energy dependence, and political neutralization. Any successes registered in reintegrating the European post-soviet countries within a Eurasian economic, political, and security system will encourage Moscow to pursue a more intrusive policy toward its former CEE satellites and new EU members.

Russia's leaders do not view the EU as a major strategic power but as a valuable twofold instrument: an economic engine from where Russia can tap investment, technology, and trade; and a U.S. partner that Moscow can help decouple and maximize its own influence to decrease the American presence in Europe. Russia's policy toward the EU is built around three approaches. First, it seeks direct relations with Union institutions as an equal partner, not as a candidate or member state in which its influence would be diluted. Second, Moscow concentrates on forging bilateral political, business, and energy ties with the larger EU states, such as Germany, France, and Italy, whose governments have proved more accommodating towards Russia. This approach also undermines the emergence of a coherent, consistent, and common EU policy.

And thirdly, the EU is viewed as a potential competitor in Russia's "near abroad" as it can lure various post-Soviet capitals away from Moscow's orbit. For instance, in the Black Sea region Moscow is not interested in collaborative neighbourhood projects under an EU umbrella as it seeks to maintain a more exclu-

sive zone of influence and has criticized the EU's Eastern Partnership program as a mechanism for undermining Russia's alliances. Because of its emphasis on human rights and pluralistic democracy the EU also threatens the Kremlin's sovereign democracy model and even the long-term survival of the undemocratically structured Russian Federation. Additionally, the EU's business standards centered on transparency, competition, and accountability undermine Russia's business model resting on the three pillars of opaqueness, monopoly, and secrecy.

By gaining monopoly positions in the transit and supply of natural gas and crude oil to Europe, Moscow aims to enhance its political leverage within the EU. The dispute between proponents of the EU-supported Nabucco pipeline, part of the projected Southern Corridor project, and backers of the Russia-sponsored South Stream proposal has been the most glaring indication of the struggle for energy security in Europe. Despite the growing criticisms over the viability of the South Stream, Moscow continues to employ various tactics to scuttle Nabucco or diminish its importance, whether by locking gas producing countries into long-term supply contracts, undermining stability in the South Caucasus to discourage foreign investors, or offering lucrative deals to potential transit countries.

The EU will be severely tested over the coming decade as it has failed to ensure its position as a global power and its economic performance has experienced heavy strains given the indebtedness of several EU governments and persistent doubts about the future of the monetary union. Many analysts conclude that it was due to America's global hegemony that the EU emerged on the world stage as a significant power. The U.S. security umbrella enabled the Union to focus on economic development and political integration without developing military power. However, as America's dominance diminishes, the EU will become more exposed to global security competition but without its own coordinated "hard power" capabilities and with

steadily weakening soft power tools.

The Russian authorities are well aware of the EU's vulnerabilities and will use various opportunities to weaken trans-Atlantic relations while pursuing security

## ACQUIESCENCE TO MOSCOW'S STRATEGY WILL NOT ONLY DESTABILIZE AND DIVIDE MANY OF RUSSIA'S NEIGHBOURS, IT WILL ALSO POSE A CHALLENGE TO THE SECURITY OF THE NEW EU AND NATO MEMBERS

linkages with individual EU capitals. They are encouraged by President Obama's decreased focus on Europe as a strategic priority and by the EU's internal political fractures. Western weaknesses, divisions, and indecisions have been encouraged and promoted by Moscow as they directly assist the Putinists in developing their Eurasian project to create a Russia-centered "pole of power." ■

### VLADIMIR PUTIN'S AGENDA

#### Quotes from Mr. Putin's 2012 election platform

"Our national and migration problems directly result from the collapse of the USSR, essentially the historical Great Russia established back in the 18<sup>th</sup> century. From the decline of state, social and economic institutions that followed inevitably. From the huge gap in development in the post-soviet territory.

The Russian people is identifiable as a multi-ethnic civilization tied together by the Russian cultural core. The Russian people confirmed this choice over and over again with blood, not at referendums. Throughout its entire thousand-year long history."

**Russia: The National Issue** (*Nezavisimaya Gazeta*, The Independent Newspaper, 1 March 2012)

"We realize that we have historical experience nobody else has. We have powerful foundation in the mindset, culture and identity that nobody else has.

We will strengthen our "historical state" we inherited from our predecessors - the civilization-state capable of integrating various ethnic and religious groups seamlessly.

We had lived together for ages. We won the most terrible war together. And we will continue to live together. Those who want or try to divide us will hear only one answer from me: This will never happen."

"That's how we see some aspects in the behaviour of the US and NATO that do not fit into the reason behind modern development and are based on the block-mindset stereotypes. Everybody knows what I mean. This is NATO enlargement that includes the dislocation of new military infrastructure objects, the Alliance's US-initiated plans to create the missile defense system in Europe. I wouldn't tackle this issue if only these games were not being played right next to the Russian frontiers undermining our security and working against stability in the world."

**Russia and the Changing World** (*Rossiyskaya Gazeta* (The Russian Newspaper), No. 5718(45), 27 February 2012)

# How Much is Confiden

The growing troubles in Ukraine's economy result from the low level of popular trust for the government

**Author:**  
Liubymyr  
Shavaliuk

**A**s the election season draws closer, the government is generously giving gifts of promises and budget funds to the electorate, the opposition pours criticism on the government, and sociologists present voters with the results of surveys, some of which reflect the true rating of the government and the opposition. However, what the ratings fail to show is the level of public distrust in politicians which has built as a result of the failures and idle periods of all the governments in the independent Ukraine. This distrust has grown to such an extent, that it impacts the way people behave and expresses itself in the material economic disproportions described below.

How does a person who trusts the government and its policy behave? First of all, such a person is a confident consumer, buying whatever he or she can afford without worrying too much about tomorrow. Secondly, he/she tries to avoid working in any shadow business due to the belief that all taxes and deductions from his/her earnings will be used to meet the needs of society as a whole. In some coun-

tries, this confidence is enough to justify huge taxes. Thirdly, such a person saves money on a regular basis, not fearing to lose it to inflation, and trusts his/her money to financial intermediaries investing in securities at best, or bank deposits in a worst case scenario. Finally, a person who trusts the government will buy real estate without worrying that an upcoming economic downturn will knock down its price. People in developed countries still trusted their governments in crisis periods, since at least three of the above elements of behaviour were preserved. In Ukraine, the confidence situation is much worse.

## CONSUMPTION

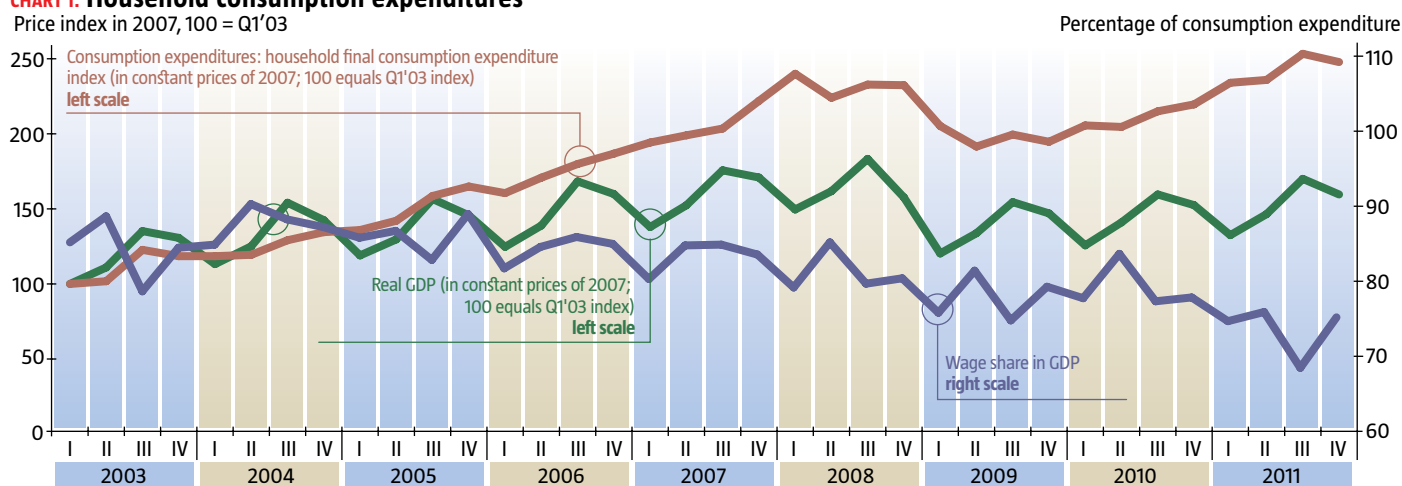
Based on State Statistics Committee data for 2011, the consumption rate in Ukrainian households was at its highest of all the years of independence. Household consumer expenditure in real terms exceeded pre-crisis peak rates by 4.8%. Meanwhile, real GDP is still 7.2% short of what the country needs to fully recover after the crisis. The first question these numbers bring to mind is where should the reve-

nues come from to trigger growth at this difficult time? The logical answer would be that the crisis has reduced the revenues of Ukrainian companies, therefore the growing share of wages and pensions in GDP should have been sufficient for the population to consume more until now. In fact, though, the wage share, which includes all salaries and most pensions, has declined from 49.6% to 47.7% of GDP. This is in line with the dynamics of wage share in consumption expenditures (see Chart 1) meaning that a big part of consumption in Ukraine has little to do with wages and pensions, which requires other explanations, several of which are outlined below.

Firstly, Ukrainians began to save less in order to support the decent level of their own consumption as well as that of family members who lost their source of income as a result of the crisis. This looks credible as the share of personal savings in cash and deposits has plummeted (see Chart 2). Nearly 20 million Ukrainian employees with average monthly salaries of UAH 2,633 (about USD 330) in the past year and nearly 14 million more pensioners with av-

**CHART 1. Household consumption expenditures**

Price index in 2007, 100 = Q1'03





# ce Worth?

average pensions of UAH 1,152 (USD 144) who often have to support their children and grandchildren, can hardly save anything from their income, and even if they do, the saved money has little effect on consumption.

Secondly, people who receive non-labour income, such as rent, interest on deposits and dividends, have begun to consume more. This passive income is considerably higher than average monthly salaries or pensions, so the amount of consumption and the choice of goods and services differ significantly from that of the average Ukrainian. Statistics confirm this scenario as the ratio of such income (gross and mixed income) to GDP has changed by merely 0.1% over the past three years, staying at a level of about 38% all that time. Since the average rate of non-labour income allowed its recipients to save before the crisis as well, they had every reason to increase personal consumption, and they continue to do so, regardless of the economic situation. Therefore, the belt tightened by various politicians many times over the past few years, is not on the waist of those who could significantly improve the balance in Ukraine's economy with their savings. Instead, it is being tightened around the neck of those who have nothing to spend any-

way. And this negatively impacts the trust of most of the population in the government.

Thirdly, the considerable growth of visible consumption stems from the equally considerable growth of invisible income from the shadow economy. In addition to salaries in envelopes the government has been abashed with lately, this income includes unreported revenue from grey imports, trade and production, as well as all kinds of bribes that are not accounted for in official statistics. Such revenues add up to a significant amount, that matches the gap between real accounted consumption and GDP in Chart 1. In 2008, a large amount of loans, mostly issued to fund imports and having no impact on GDP, was used to justify that gap. After the crisis, however, households are only repaying loans (see Chart 2), not obtaining new ones, while the gap continues to grow. It is entirely possible that of the 14.8% that was the official decline of GDP in 2009, at least one third did not disappear, but was quietly transferred into the shadow sector, where it currently continues to operate and increase successfully, generously affording the owners visible consumption, and increasing the gap. Hardworking average people, living on their salaries or pensions alone, seeing the sumptuous life of their inventive neighbours, first and foremost, blame this imbalance on the government and the level of order it maintains in the country, some-

thing that in no way boosts their confidence in the government.

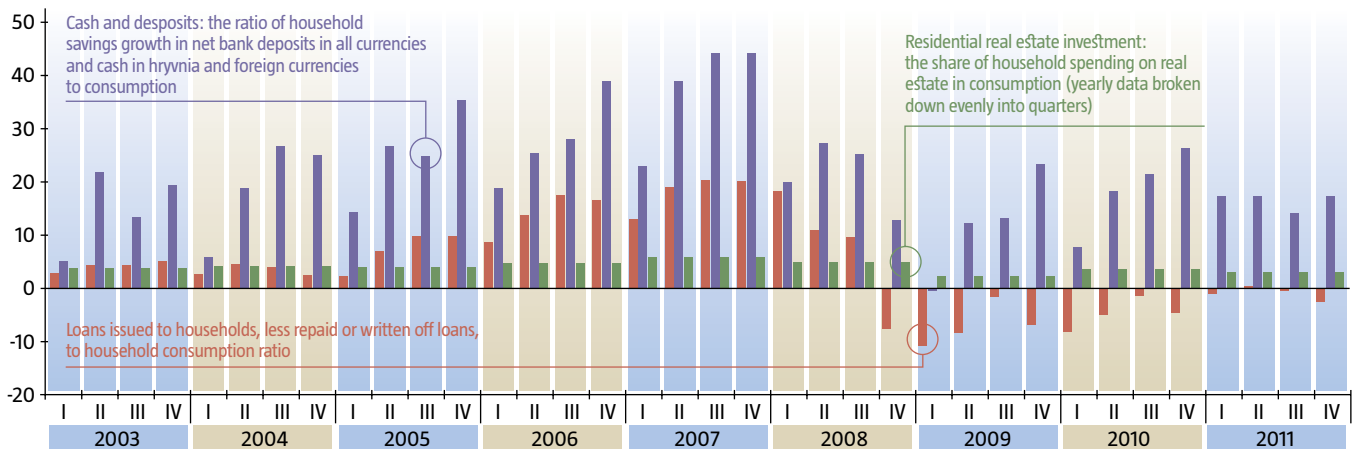
Fourthly, increased lending can theoretically boost consumption, but this does not pertain to Ukrainian statistics in the past two to three years. Chart 2 shows that loans issued to households in 2007 amounted to almost 20% of consumption, being a weighty factor boosting consumption growth. After the crisis though, households have been repaying old loans more than they have been taking new ones. This backs the above three scenarios since people who live off of their salaries alone consume less as they repay their loans. Meanwhile, the total consumption rate is growing due to non-labour and shadow income.

## OTHER INCOME FACTORS

Household lending shapes opposite trends on the opposite sides of the crisis. Obviously, lending flourished before the crisis and credit leverage in the private sector shrank after the crisis in most economies. Therefore, there is nothing the government can do about them in Ukraine. Something similar is happening to residential real estate investment. It is now at the very end of the consumer priorities chain, as most people buy apartments when they can afford to satisfy their current needs and put some money aside. When the crisis hit Ukraine four years ago, it created a sort of vacuum on the residential real estate market. Those who used to have a higher income bought apartments with a mortgage before the crisis, while those whose income

**CHART 2. Secondary factors of income used by households**

% of consumption



was somewhat lower, even lost part of it, not to mention the fact that they lost the opportunity to obtain a loan and buy an apartment. As a result, residential construction dropped to 2.0% of GDP in 2011 from 3.4% in 2007. This also leaves little room for the government to act. Even if it subsidizes part of the mortgage interest rate while earnings remain inadequate, the initiative will not lure enough buyers. Even if the government buys and distributes apartments worth 1-2% of GDP, this will be a significant burden on the budget and will not really change macroeconomic trends.

Yet, there is still much that the government can do about some of the other components of household expenditures. One is savings and Ukrainians do not have much choice of assets in which to save their money. It is composed of some basic options, such as keeping cash in foreign currencies, the hryvnia and deposits, and some the less common ones, including real estate, land, securities and bank metals. The dynamics of the key saving options available to Ukrainians shows some interesting trends (see Chart 3). Firstly, savings in cash and deposits fell from 22.0% of GDP in 2007 to 10.9% in 2011 as a result of the crisis, even though these are the most liquid categories of assets. Savings in other assets should have declined at a more rapid rate. As noted above, the income of most Ukrainians does not allow for many savings, therefore the largest decline in deposits probably

falls to those who could have saved something, but opted not to restrict their consumption. Secondly, households opt for saving in cash rather than in other assets that are most liquid. At their peak in 2007, deposits amounted to 8.0% of GDP compared to only 3.0% in 2011. This signals public distrust in banks and the government's ability to support them in times of temporary difficulties. Thirdly, Ukrainians tended to opt for foreign currencies for their savings, not the hryvnia. In 2007, the ratio of deposits in foreign currencies to

tion of people's uncertainty in the future.

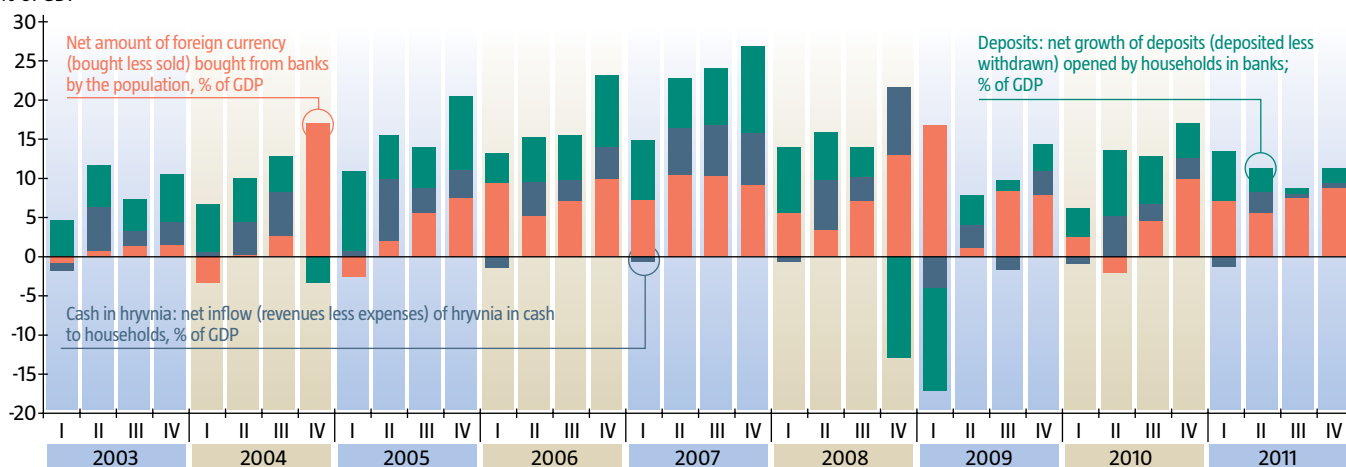
The above arguments prove how macroeconomic disproportions continue to grow in Ukraine in the post-crisis period, some being the direct consequence of plummeting trust in the government and its policy. It becomes ever-more clear that most Ukrainians living on their salaries and pensions alone are forced to make significant cuts in consumption, while the recipients of non-labour income are not going to save, even if the economic system needs them to. One of the few key ways to ensure their prosperity is to switch to the shadow sector. Meanwhile, with the current level of trust in Ukraine's financial system and hryvnia, most Ukrainians prefer to exchange their hryvnias into dollars or euros, which they save for better times. With such trends, no matter which political party is in power, popular trust for the government will only be revived when the government starts taking action on a regular basis to balance these disproportions. If a government manages to direct popular savings into the financial system (7-10% of GDP), encourage those better-off to tighten their belts a little (5-7% of GDP) and draw shadow income into the official sector of the economy (5-10% of GDP in extra tax revenues), such government will end up with a huge reserve that will make it possible to revive Ukraine's economy in just a few years and restore the level of trust that is so lacking in Ukraine today. ■

## SAVINGS IN CASH SIGNAL PUBLIC DISTRUST IN BANKS AND THE GOVERNMENT'S ABILITY TO SUPPORT THEM IN TIMES OF DIFFICULTIES

those in the hryvnia was 9.4% to 4.6% of GDP. In 2011, this changed to 7.2% to 0.7% of GDP respectively. Despite the decline in earnings and savings, household savings in foreign currencies were just 0.1 of a percentage point less than in 2008. On the one hand, this signals a lack of trust in the hryvnia and the ability of central government authorities to keep it stable. On the other hand, no matter what currency Ukrainians choose to save in, they still "hide it under the mattress", away from economic turnover and reducing potential total demand, because the mere fact of savings in cash is a reflec-

**CHART 3. Components of household savings**

% of GDP



Source: State Statistics Committee, NBU, own estimates

# Financial Pyramid Reincarnated

Many young Ukrainians are joining the MMM financial fraud run by an infamous Russian. *The Ukrainian Week* finds out why...

**S**ergey Mavrodi was the mastermind behind the massive MMM pyramid scheme in the 1990s. When he announced, in early January 2011, the launch of a new financial pyramid called "We Can Do a Lot (My Mozhem Mnogoe, or MMM in Russian), it sounded like a joke. But the reincarnated MMM attracted 30 million participants in the post-soviet territory and continues to grow, according to its official site. There are already signs that it will soon yield to the laws of economics and begin to collapse. A correspondent from *The Ukrainian Week* pretended to be fooled into the scheme and became an MMM investor in order to study it from the inside.

## THE WAY OF MAVRODI

"Any pyramid always rests on fraud," says financial analyst Andriy Bychynsky. "A pyramid is empty money that does not generate any social goods. The principle is very simple: the more people you can recruit to the scheme, the more you'll earn. Initially, your contribution will go to other, older members. And then you will get a certain percentage of investments made by new members. The accumulated money is not invested but is simply moved from the lowest level to the highest."

This is the principle MMM-2011 lives by. It lives on, even though it was believed that it would collapse quickly due to its inglorious founder. Mavrodi's first pyramid collapsed in 1994, bankrupting at least 10,000 people, while 50 committed suicide over the financial disaster they experienced.

**Author:**  
**Bohdan**  
**Butkevych**

Mavrodi's first  
pyramid collapsed  
in 1994, bankrupting  
at least  
**10,000**  
people

According to MMM  
representatives,  
**3-4mn**  
Ukrainians joined the  
pyramid in 2011-2012  
contributing  
an average of  
**UAH**  
**1,000.**  
Thus, the Ukrainian  
version of the Ponzi  
scheme has collected  
**UAH**  
**3-4bn**

Mavrodi was on Interpol's wanted list in the early 2000s when he founded another online pyramid – Stock Generation (SG), a virtual stock exchange for trading virtual stock in virtual companies. Several million people in the West (the USA, the UK and a number of European countries) were defrauded. Finally, he was arrested in Moscow in 2003. He was on trial for four years, sentenced to 4.5 years in prison and released a month after the verdict was delivered. For a while Mavrodi wrote books in which he claimed to have fallen victim to "the system" and said he was pulling himself together. In January 2011, he launched a reincarnation of MMM.

The essence of his latest organisation is very simple and even somewhat refined. All money invested is kept on the accounts of investors themselves. They are divided into rank-and-file members, *desiatniki* (literally, supervisors of ten members), *sotniki* (supervisors of a hundred), *tysiachniki* (supervisors of a thousand) and *temniki*. This does not mean that *desiatniki* have exactly 10 people under them – they may have 20 or 50. The ranks have to do more with degrees of responsibility: *desiatniki* are responsible only for their group and the money flowing in it, while *sotniki* and higher-ups have authority over various groups. But *desiatniki* are exactly the ones who recruit new members, receiving 10% of each new contribution. They also carry out all direct financial transactions: payouts to pyramid members, acceptance of new contributions, etc. They are controlled by *sotniki* who are in turn managed by *temniki*. The latter re-

port to a regional director personally appointed by Mavrodi.

This time around, Mavrodi built a pyramid in such a way as to protect himself as best as possible against any criminal charges. In the 1990s, all the money contributed to his pyramid flowed to one account. Once it was blocked, the entire system collapsed. Now money is scattered across many thousands of private accounts in dozens of banks across the world. Moreover, all transactions in the system take the form of money transfers between private accounts.

However, there is one important nuance which law-enforcement agencies are beginning to pursue and which Mavrodi cannot ignore: he lacks a licence to carry out financial transactions. In particular, Ukraine's National Commission for Regulating Financial Services Markets notes: "As of today, no information about MMM-2011 has been entered into the register of financial institutions. The organisation has not received the status of a financial organisation or a licence to provide financial services, so its operations are pure fraud." Furthermore, the Law "On Consumer Rights Protection" contains the definition of a (financial) pyramid scheme and bans such pyramids. Meanwhile, MMM has unfolded an aggressive advertisement campaign, which should be impossible to do without a licence.

Instead of real shares issued in the 1990s that became one of the cornerstones for the prosecution's case, the reincarnated MMM uses an internal currency called *mavry* which is purely virtual money. Its value always changes, and a participant can sell his share at any



time. His income is what he earns on the price difference.

The rate of the MMM currency is set for many months ahead as can be seen on the pyramid's official site and on Mavrodi's webpage. The interest rate of the *mauro* depends on the duration of one's membership in the system: the longer your contribution has been in, the more you receive – 20, 30 or even 40%. Thus, the system permits the smart and agile member to quickly get his money back and more, while stripping the feeble and slow-thinking of their entire investments.

### FIGHTING THE SYSTEM

For me as a correspondent of *The Ukrainian Week*, immersion into the MMM structure began with its website in Ukraine and a simple registration procedure – it was easy to use a fake name, because no passport data was required. Five minutes after registration I received a phone call from my supervisor, someone called Serhiy, with contact information. I dialed the number, said I wanted to become an investor and asked how I could make the initial contribution. Within 10 minutes I received a text message with a *desiatnik's* bank account details. The publication decided to invest UAH 300 in the affair. At the time, the monthly return rate on investments in the pyramid was 40%. According to MMM's conditions, I was to receive UAH 300 after two weeks and a bonus

for joining the system after a month, i.e., on 16 June. I was promised UAH 375 on that day (my initial deposit plus 40%) and a UAH 160 bonus for the initial payment – a total of UAH 535, which means UAH 235 of net profit in just one month.

A week after my registration, I met with my foreman in a Kyiv café. I told him I wanted to work in the MMM structure like he did. "In fact, I am a coach in business technology," I said without batting an eyelid. "I have a large human resource that I can get involved here. But to do it, I have to be convinced

myself that it is indeed beneficial and absolutely safe for me."

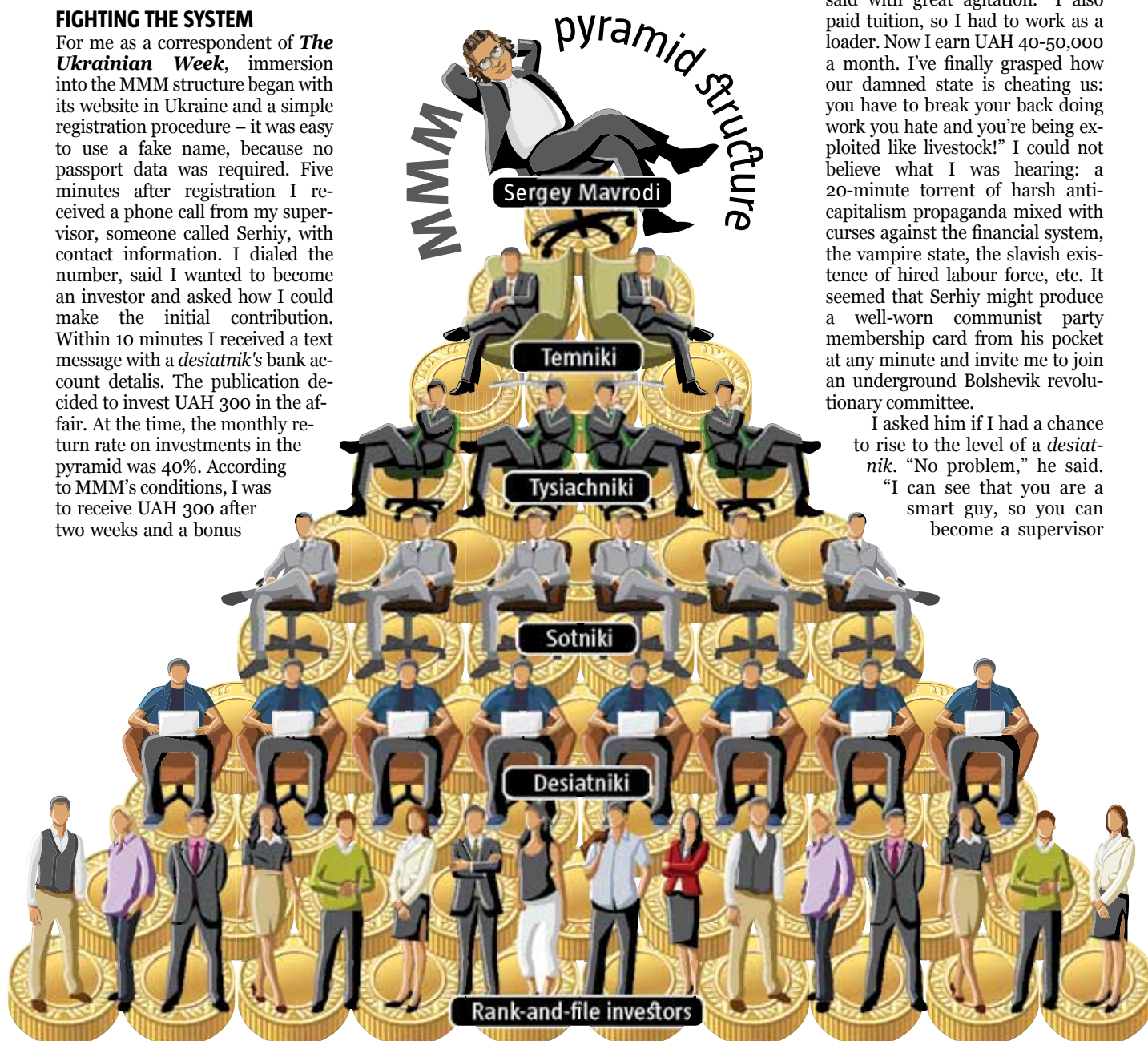
I expected my vis-à-vis to produce standard rhetoric aimed at average simpletons in the style of videos posted on MMM's official webpages. "I used to work for UAH 2,000 a month," my interlocutor

## THE REINCARNATED MMM ATTRACTED 30 MILLION PARTICIPANTS IN THE POST-SOVIET TERRITORY AND CONTINUES TO GROW

said with great agitation. "I also paid tuition, so I had to work as a loader. Now I earn UAH 40-50,000 a month. I've finally grasped how our damned state is cheating us: you have to break your back doing work you hate and you're being exploited like livestock!" I could not believe what I was hearing: a 20-minute torrent of harsh anti-capitalism propaganda mixed with curses against the financial system, the vampire state, the slavish existence of hired labour force, etc. It seemed that Serhiy might produce a well-worn communist party membership card from his pocket at any minute and invite me to join an underground Bolshevik revolutionary committee.

I asked him if I had a chance to rise to the level of a *desiatnik*. "No problem," he said.

"I can see that you are a smart guy, so you can become a supervisor





THE POSTER WARNS: Pyramids are bad for your financial health

over at least five people. Open your own account and go ahead. You'll also have preferential conditions to buy mavros and the right to 5% of the sum deposited on the account of your group." We agreed that I would give him a list of my people two days later and he would register me in the system of *desiatniki*.

Then I suddenly changed the topic: Was he afraid that MMM could soon collapse? Not in the least, Serhiy insisted. As long as the state stays away from MMM's affairs, everything will be great: the system has unlimited potential for growth. "Even a serious bank will collapse if there is a bank run," he said. "A campaign has been launched against us in the media. They are slandering us and calling us fraudsters. But where's the fraud? Mavrodi himself and every *desiatnik* immediately warn that you can lose everything and there are no guarantees. So why isn't playing cards for money considered fraud? It all depends on luck in cards, too." In fact, organising card-playing for money is a crime under current legislation, but I did not bring that up.

The day after I talked with Serhiy, Mavrodi announced the start of Operation Phoenix under which returns on deposits were to be drastically cut from 40 to 10% per month. Moreover, he cancelled bonuses for

**HUNTING THE NAÏVE:** Mavrodi invested nearly USD 10mn in the promotion of his new pyramid

newbies and declared that the parts of the pyramid that owed money to its participants were to be scrapped. He also said that the operation was a response to "endless provocations and hysteria in the press" and "active government counteraction" against MMM-2011. This immediately caused a chain reaction and panic among investors ensued. It has been reported that many branches of the pyramid completely discontinued payments on investments and many offices were closing. Mavrodi later unveiled another pyramid, MMM-2012, allegedly aimed at helping out the old one.

However, Serhiy assured me that I could withdraw my money at any moment and that rumours were nothing else but "a slanderous campaign against MMM". His overall message was that the situation was normal, even though there was a bit of strain. He also informed me that I had become a *desiatnik*. I decided to keep my money in to see what would happen to the most daring financial scheme in Ukraine after the epic frauds of Elita Centre and King's Capital. It would be interesting to know if, by the time this article is published, the police or prosecutor's offices will have received any complaints from MMM's investors.

### THE YOUNG AND CYNICAL

The motivation of people who are joining MMM now is totally different from that which prevailed in the 1990s. Today, most of these people are below 30, while in 1994 most investors were middle-aged people, with 30-35% of pensioners. So it turns out that the recent massive advertisement campaign has not tricked the older genera-

**PEOPLE SEE HOW THINGS ARE RETURNING TO THE REALITY OF THE EARLY 1990s AND THIS ATMOSPHERE FOSTERS THE REINCARNATION OF OTHER ELEMENTS OF THE PAST EPOCH, INCLUDING MMM**

tion, the category that is most vulnerable to fraud. Meanwhile, active and pushy young people seeking a quick and easy buck have come to the pyramid on their own.

"The young always want to try their luck," says Yevhen Holovakha,

deputy director for research at the Institute of Sociology, the National Academy of Sciences. "They are better informed than two decades ago and understand that any pyramid indeed brings huge profits to begin with and then collapses. So they try to calculate things perfectly and pull out before it crumbles."

But why did Mavrodi decide to launch a new pyramid right now? Of course, it may be assumed that he had been waiting for people to forget about his previous fraud scheme. But why, according to MMM itself, has Ukraine been the driving force behind of this scheme over the past six months?

"The arrival of the current team to power caused a certain rollback of the overall social atmosphere which is similar to the first post-soviet years," Holovakha explains. "The similarity is not in outward manifestations but in people's attitudes. They see how different things are returning to the reality of the early 1990s on a daily basis, essentially to the system of soviet bureaucracy amidst post-soviet lawlessness. And this atmosphere naturally fosters the reincarnation of other elements of the past epoch, including MMM."

According to scientific calculations, the lifetime of a pyramid is a year or eighteen months at the most. Thus, MMM-2011 is now in the turbulent zone anyway, and the chances that Mavrodi's scheme will survive until autumn are slight. But what is next? "The key problem of MMM's operation is not even that it cheats people out of their money," social psychologist Andriy Strutynsky says. "The main thing is that pyramids like that foster cynicism in people, whether or not they participate themselves. Remember that after the original MMM pyramid collapsed in the 1990s, opinion polls showed that confidence in the banking system and reforms in general had plummeted. The reason is that a quest for personal gain makes every pyramid member defraud new members. And he will do it even he when knows that they will lose everything. Later, after the collapse, this will show in other spheres and projects. This undermines trust in the financial system of the state as such. Since this system rests exclusively on people's trust in it and in each other, any state must fight pyramids with any means it has at its disposal." ■



# Soviet Echo and Ukrainian People

Because of a lack of information, foreigners expect the worst of Ukraine and are generally pleased with what they see. Meanwhile frequent foreign guests are surprised by the fact that old soviet habits are dying so hard in Ukraine

Author:  
Natalia  
Humeniuk

"At least our girls improve the country's image," Ukrainians commented, having heard the first impressions of foreign fans who have come for Euro-2012. Beautiful girls, old buildings, cheap beer and tasty but fatty food were the first observations of Europeans.

Even though seven years have passed since Ukraine introduced a visa free regime for citizens of the EU and several other developed countries, there are few tourists and employees of international companies in Ukraine, who have long been present in Nairobi, Beijing, Amman or Sao Paolo. Our compatriots, just like the people of any country that has been closed for an extensive period, are interested in the opinion of foreign guests, and the positive impressions of tourists are cause for national pride. At the same time, foreigners are able to notice that, which we have stopped paying attention to, and their comments give Ukrainians the opportunity to take a critical look at themselves. *The Ukrainian Week* was interested in learning such views, thus spoke with guests who have come for the championship – both first-time visitors and people who have lived in our country for many years.

## LITTLE YELLOW BUSES

Austrian journalist Michael Riedmüller visited Ukraine for the first time five years ago. At that time, he found great pleasure in the "little yellow buses, which can be stopped anywhere", called *marshrutkas*. But the amazement has faded after several weeks of spending hours stuck in these crowded buses on the bridge connecting the Kyiv housing area called Troeshchyna to the Right

Bank. He now considers the lack of comfortable public transport to be the capital's main problem. Michael has something to compare it to – Viennese public transport is considered to be the best in the world, and every year, the Austrian capital is recognized as one of the three most comfortable cities to live in. Having spent five years in Kyiv, the foreigner is amazed by the lack of progress. After all, it is not that difficult to create a public transport timetable, while traffic jams are largely caused by Kyiv residents, who stubbornly get behind the wheel, even though it's quicker to travel on the metro (underground). For the residents of Vienna, who live in the suburbs and commute to work by car, it is standard practice to leave their cars near the closest underground station.

Hank and Janet are pensioners from the Netherlands, who have never previously been "so far East". Before their visit, they wondered how they should dress in order not to provoke thieves. Having come to Ukraine they have realized that even dressed in the most expensive clothes, they would have a modest appearance, compared to the female residents of Kyiv.

They fell in love with Kyiv at first sight. The city reminded them of "Berlin with a greater number of ATMs", and having seen numerous street musicians they began to talk about "the atmosphere of freedom, whereas in Amsterdam, it is necessary to take an exam at the municipality in order to play music in an underground passage – everything is excessively regulated".

Some Dutchmen were concerned about safe nourishment in Ukraine, but within several days, they discovered that any Ukrainian fast-food

serves better coffee than European coffee shops. However, impressions of restaurants were not so favourable, with prices being equal to those in average European restaurants and portions being really small. Smaller portions can only be found at resorts in the Côte d'Azur. Foreigners residing permanently in the capital, complain that other than fast-foods, Kyiv has perhaps three or four restaurants which offer value for money. Restaurants invest money in constantly changing their interiors, rather than improving their cuisine.

Jorun worked in Moscow as a Dutch television journalist during "the crazy 1990s". He admits to being too critical and says that every time he comes to our country, he tries to point out its drawbacks to everyone. "Sometimes they serve several dishes at the same time; *borsch*, together with salad and *varenyky* (a traditional dish of meat, potato, fruit or curd dumplings). In my view, this can be explained by the fact that many post-soviet people still consider work to be a burden and are too lazy to make an effort and pay attention to the customer", he says.

## THE RESIDENTS OF CONCRETE JUNGLES

That people from the former USSR never smile, is a fact for any foreigner, just the same as seeing bears on Red Square in Moscow. Nevertheless Janet and Hank could not grasp why even children do not smile in Ukraine, 20 years after the collapse of the USSR.

Corinne, a French photographer, spent many years in Africa. She came to Ukraine, which became her gateway to the east of Europe, on the eve of the championship. She took pictures of the golden domes of



## IMPRESSIONS

## Gains and losses for Ukraine's image



PHOTO FROM: HTTP://KARP.PLANETA2.ORG

**Generosity and cordiality.** In general, foreigners had the following impression of us: as a society, Ukrainians have many problems, but individually, they are exemplary. "Ukraine is the only country where I have ever seen such a kind, sincere and friendly attitude towards guests," commented British human rights activist Clare Dimyon, adding that she did not notice any traces of racism in spite of the scare-mongering of the British media.

**Beautiful girls.** "Every other Ukrainian woman looks like a model," say astonished European guests.

**Prices.** The price of most food products, alcoholic drinks and cigarettes in Ukraine have come as a pleasant surprise for guests either from the West, or from the East. Most of all, foreigners liked the cheap, but, in their view, good quality beer. However many were shocked by unjustifiably high prices in restaurants (particularly in Kyiv) and hotels (largely in Donetsk).

**Food and drinks.** Foreigners who had the courage to try Ukrainian dishes, did not think of them as being exotic, while they say that coffee is much better here than in West European coffee shops.

**Nature and old architecture.** Foreign guests were amazed by the churches, old buildings and green cities. "In Kharkiv I can see nature and beautiful buildings. Take a walk along this street, there is a church which you have to see," this is what Manfred Walter advised to the Die Zeit journalists. Mr. Walter lives in trailer in the centre of the former Ukrainian capital. Meanwhile many people disliked the grey-ness of Soviet housing estates. Modern skyscrapers in residential areas have also shocked many people, who wondered: "How can such awful building be constructed!"



**Political prisoners.** Many Europeans knew a lot about the political situation in Ukraine. "I don't see one person here," Swedish fan, Olaf, told *The Ukrainian Week*, "her name is Yulia Tymoshenko". Fans were pleased to visit the camp of supporters of oppositionist Tymoshenko on Khreschatyk Street and put on T-shirts with an inscription saying "Free Yulia". Meanwhile during the Germany-Netherlands match in Kharkiv, German members of the European Parliament, Rebecca Harms and Werner Schulz, together with 50 other activists, raised posters saying: "Release all political prisoners" and "Fair play in football and politics".

**Communication problems.** Incomprehensible road signs on city streets and on public transportation (with the exception of the underground) were not translated into English, while policemen and service workers mostly learned sign language instead of English.



**Potemkin villages (fake settlements).** When taking just one step out of city centres, with their repaired roads, foreigners have been totally shocked by dilapidated roads, neglected villages and toilets "with a heart-shaped hole instead of a proper toilet bowl!!! These Ukrainians are really creative!" (Mark shares impressions on Facebook). Many foreigners have also been shocked by the way local officials in several cities, trying to please VIPs, have organized entrances to the stadiums for ordinary fans. For instance, Lviv ensured easy access to the stadium for UEFA representatives and VIPs on days when matches were held, by closing down all but one of the roads in the vicinity of the Lviv Arena. This know-how resulted in traffic jams and many foreigners could only get to a group stage match at the end of the first half.

**Bribes.** All foreigners know about them, and many tourists have personally encountered this phenomenon. On the internet, (mostly) Swedes and Germans complain that "Ukrainian



policemen" extorted EUR 50-100 from them, calling the bribe an opportunity to avoid a "fine of several thousands".

**Service.** Many foreigners were unhappy with the small portions in restaurants, slow service and personnel with a negligent attitude towards customer preferences. In addition, foreigners noted that sales clerks in shops were unfriendly. "Having asked in English if I could use a payment card at a gas filling station, I was given a dark look in response, as if to say 'Where the hell have you come from?'" - I gathered that she doesn't understand what I'm saying. I showed her the card. She started to explain something in her own language, frequently using the word "nalichka" (cash, in Russian) and giving me a withering look. She must have wondered how on earth it was possible not to know such a simple word. I think I would definitely have been late for the match in Kharkiv if an English-speaking Ukrainian hadn't helped me. From now on I will never forget the meaning of the word "nalichka," German fan Thomas wrote on Twitter.





PHOTO: NATALIA HUMENIUK

churches and managed to find several homeless dogs. When traveling, she is particularly interested in communicating with people, so she stays with friends, rather than at hotels. According to her, Ukrainians are hospitable, but cold and closed. "It is very difficult to make people let you in their world. I'm used to living in Africa. There, once the locals have opened their doors to you, they no longer treat you as a stranger. Here, on the other hand, a barrier remains, even after much time has been spent together."

Oliver from Britain appears to have been bewitched into coming to this region, simply because "the locals are more humane, the problems more real, as is life". Kyiv reminds him of Moscow and St. Petersburg at the end of the 1990s, where he lived for five years. Oliver has a positive comment: "Moscovites have become artificial, they bluff too much, everything is for show, there is less and less sincerity, which is something that you still have here", he said.

For him, the biggest shortcomings of post-Soviet cities are dismal housing estates, which cannot even be brightened by the green banks of the Dnipro River. "I guess that it is because of these boxes that people are so depressed. Architecture of this sort gives no inspiration and even destroys it", he said. Leaving a new residential complex on the Left Bank, the British man was shocked to hear that it had only been built just seven years ago. "Isn't it a building from the 1970s, isn't it a relic from the Soviet era? That's im-

possible. No-one builds anything like this anywhere in the world today, after all, people's mood depends on their surroundings. Every new building in London has to have a certain aesthetic value," he says.

Another never-ending subject addressed by expatriates is the unreasonably high cost of real-estate. Young Europeans are often most surprised by the number of Ukrainians of their age getting a mortgage to buy apartments. A 30-year old Frenchman wouldn't take a EUR 100,000 loan, not only because it is unaffordable, but also because he does not want an apartment, or in other words, the repayment of a mortgage, to be the meaning of his life.

### UKRAINIAN TEST DRIVE

Norbert from Berlin is responsible for logistics at the German representative office of RTL, the Dutch TV channel. His camera crew is following Dutch fans. These guys drove a minibus from Berlin via Warsaw and Kyiv to Kharkiv, where the Dutch national team was playing.

**FESTIVE POSING.** Donetsk girls were happy to pose for a photograph with French fans near the Donbas Arena

**EXTRA WORK.** The minibus of the camera crew of RTL, the Dutch TV channel was urgently repaired in Kyiv



Norbert's greatest concern was not even the condition of the roads, but the Ukrainian police, however, the minibus was not stopped a single time. Meanwhile other fans complained that when approaching Kharkiv, they did not notice a policeman trying to pull them over, so did not stop in a timely manner. The police pursued the car and demanded a fine in the amount of EUR 160, of which EUR 25 was returned after a five-minute discussion. The Dutchmen, who had heard a lot about bribery in Ukraine, were not so much surprised by the demand for money, as by the incomprehensible "discount".

When preparing for his trip to Ukraine, Norbert packed an electric generator and a solar battery lamp, just in case. But he could not be prepared for everything and had to repair his broken minibus in Kyiv. "This would have been impossible in Germany or the Netherlands," he says, really pleased, "We called the service centre in the afternoon and picked up the repaired bus at 21:00. The most important thing for our mechanics is to be home by 18:00. Nobody would stay at work until 21:00".

At the same time, he had trouble understanding why, in a country where people are ready to work deep into the night, the road near Kharkiv was not ready the day before the start of the championship.

In Kharkiv, the German-Dutch camera crew was more interested in the impressions of the locals regarding foreign fans rather than vice



**A FAN OF UKRAINE.**  
Austrian Michael Riedmüller did not shave as long as Ukraine was playing in the championship

PHOTO: NATALIA HUMENIUK



PHOTO: NATALIA HUMENIUK

versa. "I guess the march of 10,000 Orangemen dressed in bright carnival costumes came as a positive cultural shock to the Ukrainians.

Becky Gamester, a British journalist and fan from Nottingham called Donetsk a "city of roses". "Girls, parks, beer" – was the impression of the nearly thousand French fans who came to the east of Ukraine. Guillaume from Paris says that two weeks in Donetsk was enough for him to fall in love with the city, the reason for this being its flowers and fountains. Though in his view, the people of Donetsk appeared very constrained. "The people are pleasant and hospitable, but very cautious and completely unemotional. Although they paint their faces for the match, they are quiet, there is no impression of something uniting them. The city lacks atmosphere," he says.

Dutchman Arien's company, which operates throughout Europe and North Africa, installed the sound systems at stadiums for Euro-2012. Arien has been visiting Ukraine for 10 years. During a break caused by rain during the Ukraine-France match at the Donbas Arena, he said that our stadiums are the best in the world. "I'm really happy to cooperate with Ukrainians. If the client has money, he can get high quality and quick results here," he said. Meanwhile western "punctuality" is not always beneficial for the client. Arien was worried he would miss his plane because of the delays in the match, only to discover that the flight was delayed. "Ukrainians

**FAMILIAR EASE.** French journalist Sébastien Gobert feels at home at Hostynnyi Dvir, located in an old building in Kyiv

can be flexible, while our schedules never change," the Dutchman concluded.

All Ukrainian hopes were focused on the attraction of Lviv for tourists. Austrians said that the city looks like "Vienna 100 years ago". Security concerns faded when a guest from Vienna forgot to lock his old car and found it undamaged two days later in the city centre. Lviv seemed dear not only to the citizens of the former Habsburg Empire. A group of Portuguese fans had a hard time finding their bus stop, then squeezing into their "marshrutka". The fans seemed unhappy and could not understand how to pay for the ride. But as soon as the driver noticed the Portuguese flag, he explained everything in fluent Portuguese. The thing is

a disaster for Ukraine. Due to a lack of information about Ukraine, their expectations were low. But most impressions turned out to be very positive, especially in respect to Ukrainians themselves. However, we will only know for sure if foreigners enjoyed their vacations in Ukraine if they want to come back after the championship.

French and Austrian journalists Sébastien Gobert and Michael Riedmüller supported the Ukrainian national team, referring to Ukraine as their second home. During the championship they were pleased that their countries' media finally took an interest in Ukraine and decided they could also write about the history of the traditional Ukrainian soup called "borsch", give portraits of the oligarchs who own football clubs, and print an investigative article on the notorious presidential residence in Mezhyhiria. During the last few weeks, Sébastien and Michael took every opportunity to visit Kontraktova Square instead of the noisy fan zone on Khreshchatyk, the main street of Kyiv. The thing is that there are plans to rebuild an old building on Kontraktova called Hostynnyi Dvir, and opponents of this plan are trying to create a new cultural space, organizing various artistic events. According to the journalists, for the first time after all these years in Kyiv, they "really feel at home, sensing an atmosphere of freedom and ease, which can be found in Paris, Vienna, Lille or Brussels, but had always lacking in Kyiv". ■

## WHY, IN A COUNTRY WHERE PEOPLE ARE READY TO WORK DEEP INTO THE NIGHT, THE ROAD NEAR KHARKIV WAS NOT READY THE DAY BEFORE THE START OF THE CHAMPIONSHIP

that he had worked as a builder in Portugal for several years.

### AN ATMOSPHERE OF FREEDOM

No large-scale event changes a country like the revelation of a country's advantages and defects, as if on a projector. During the last two years Europeans kept asking whether Euro-2012 would become



# Hope Springs a

An absence of optimism plays a large role in keeping people trapped in poverty

**T**HE idea that an infusion of hope can make a big difference to the lives of wretchedly poor people sounds like something dreamed up by a well-meaning activist or a tub-thumping politician. Yet this was the central thrust of a lecture at Harvard University on May 3rd by Esther Duflo, an economist at the Massachusetts Institute of Technology known for her data-driven analysis of poverty. Ms Duflo argued that the effects of some anti-poverty programmes go beyond the direct impact of the resources they provide. These programmes also make it possible for the very poor to hope for more than mere survival.

She and her colleagues evaluated a programme in the Indian state of West Bengal, where Bandhan, an Indian microfinance institution, worked with people who lived in extreme penury. They were reckoned to be unable to handle the demands of repaying a loan. Instead, Bandhan gave each of them a small productive asset—a cow, a couple of goats or some chickens. It also provided a small stipend to reduce the temptation to eat or sell the asset immediately, as well as weekly training sessions to teach them how to tend to animals and manage their households. Bandhan hoped that there would be a small increase in income from selling the products of the farm animals provided, and that people would become more adept at managing their own finances.

The results were far more dramatic. Well after the financial help and hand-holding had stopped, the families of those who had been randomly chosen for the Bandhan programme were eating 15% more, earning 20% more each month and skipping fewer meals than people in a comparison group. They were also saving a lot. The ef-

fects were so large and persistent that they could not be attributed to the direct effects of the grants: people could not have sold enough milk, eggs or meat to explain the income gains. Nor were they simply selling the assets (although some did).

So what could explain these outcomes? One clue came from the fact that recipients worked 28% more hours, mostly on activities not directly related to the assets they were given. Ms Duflo and her co-authors also found that the beneficiaries' mental health improved dramatically: the programme had cut the rate of depres-

employee to mind the shop. As a result, they often forgo even the small incremental investments of which they are capable: a bit more fertiliser, some more schooling or a small amount of saving.

This hopelessness manifests itself in many ways. One is a sort of pathological conservatism, where people forgo even feasible things with potentially large benefits for fear of losing the little they already possess. For example, poor people stay in drought-hit villages when the city is just a bus ride away. An experiment in rural Bangladesh provided men with the bus fare to Dhaka at the beginning of the lean season, the period between planting and the next harvest when there is little to do except sit around. The offer of the bus fare, an amount which most of the men could have saved up to pay for themselves, led to a 22-percentage-point increase in the probability of migration. The money migrants sent back led their families' consumption to soar. Having experienced the \$100 increase in seasonal consumption per head that the \$8 bus fare made possible, half of those offered the bus fare migrated again the next year, this time without the inducement.

People sometimes think they are in a poverty trap when they are not. Surveys in many countries show that poor parents often believe that a few years of schooling have almost no benefit; education is valuable only if you finish secondary school. So if they cannot ensure that their children can complete school, they tend to keep them out of the classroom altogether. And if they can pay for only one child to complete school, they often do so by avoiding any education for the children they think are less clever. Yet economists have found that each year of schooling adds a roughly similar amount to a

**MS DUFLO ARGUED THAT THE EFFECTS OF SOME ANTI-POVERTY PROGRAMMES GO BEYOND THE DIRECT IMPACT OF THE RESOURCES THEY PROVIDE**

sion sharply. She argues that it provided these extremely poor people with the mental space to think about more than just scraping by. As well as finding more work in existing activities, like agricultural labour, they also started exploring new lines of work. Ms Duflo reckons that an absence of hope had helped keep these people in penury; Bandhan injected a dose of optimism.

Ms Duflo is building on an old idea. Development economists have long surmised that some very poor people may remain trapped in poverty because even the largest investments they are able to make, whether eating a few more calories or working a bit harder on their minuscule businesses, are too small to make a big difference. So getting out of poverty seems to require a quantum leap—vastly more food, a modern machine, or an

© 2012 The Economist Newspaper Limited. All rights reserved

# Trap

person's earning power: the more education, the better. Moreover, parents are very likely to misjudge their children's skills. By putting all their investment in the child who they believe to be the brightest, they ensure that their other children never find out what they are good at. Assumed to have little potential, these children live down to their parents' expectations.

## THE FUEL OF SELF-BELIEF

Surprising things can often act as a spur to hope. A law in India set aside for women the elected post of head of the village council in a third of villages. Following up several years later, Ms Duflo found a clear effect on the education of girls. Previously parents and children had far more modest education and career goals for girls than for boys. Girls were expected to get much less schooling, stay at home and do the bidding of their in-laws. But a few years of exposure to a female village head had led to a striking degree of convergence between goals for sons and daughters. Their very existence seems to have expanded the girls' sense of the possible beyond a life of domestic drudgery. An unexpected consequence, perhaps, but a profoundly hopeful one. ■



# Why Don't Ukrainians Smile?

*The Ukrainian Week* digs into the nation's insecurities that stem from too much patience, a defensive reaction to what is happening in the country and the inability to find joy in life

**Author:**  
**Valeria Burlakova**

**T**he absence of smiles on the faces of passersby in the streets. This is the most common impression that foreigners have of Ukrainians. Does this lack of positive emotions on people's faces signal psychological problems?

Experts point out a dramatic change in the attitude towards professional psychological help. Ukrainians are ever more often turning to psychologists for help in dealing with stress, life traumas, fears, phobias, depressions and addictions. Age crises are another widespread reason. "Do you know what is most frightening?" comments Nadia Steklova, a psychologist and psychotherapist, director of Amatey centre and member of the International Positive Psychology Association. "Most often, their troubles stem from negative attitude towards themselves, lack of confidence, an unhealthy dependence on what other people think and hesitation." According to psychologist Natalia Shevchenko, most of her clients use almost the same words "I don't know what to do", as they complain about conflicts in the family and at work, as well as the state of depression of individual people.

## WHAT IS NORMAL?

There are no official statistics, therefore it is impossible to discover how many Ukrainians don't know what to do when they don't know what the sense of life

## Distorted priorities

"En masse, Ukrainians highly appreciate influential family and friends (37.2% and 27.8% respectively), the skill to bypass the law when necessary (33.8%) and background in a family with high social status (29.3%), ranking only good health and intellect higher with 41.2% and 39.2% respectively," Natalia Soboleva reports in *the Ukrainian Society. 20 Years of Independence. A Sociological Survey* by the National Academy of Sciences' Sociology Institute. Meanwhile, they list intellect and talent (62.9%), good education (53.2%), as well as integrity and the ability to stand to ones principles (33.4%) as the necessary components for becoming successful in the West.

is or have no idea of how to deal with an unhappy marriage. "For objective reasons, statistics does not allow a credible estimate of the relevant reality," says Semen Gluzman, President of the Ukrainian Psychiatric Association. "The frequency of such illness probably does not differ from that in other countries. The main difference between our country and most civilized countries is widespread alcohol and drug addiction and related mental disorders. However, in actual fact, the government continues to ignore this serious problem."

Psychologist Volodymyr Selivanov also notes that alcoholism, partly caused by depression, is a very urgent problem in Ukraine, as is anorexia. "Girls think they are fat, even though they look like skeletons," he explains. "Western culture fuels this, promoting certain body-type standards. It used to be rare here earlier."

Overall, any psychological problems are potentially life threatening as they often trigger physical illnesses, mostly affecting the cardiovascular, endocrine and respiratory systems. "Heart attacks, asthma, diabetes, etc., can be the result of psychological troubles," he says. "These are psychosomatic disorders that are widespread in Ukraine."

But, everything depends on how the mental state affects the physical state. "As far as the above is concerned, my teacher, a professor of psychiatry, used to say that there is a dialectical







PHOTO: ANDRIY LOMAKIN

line between healthy people and those with disorders,” Mr. Selivanov explains. “In other words, it’s a philosophical issue.” This also pertains to psychological problems. The only guideline can be a person’s internal state: does he/she live in comfort, is he/she capable of being happy, setting goals and normal interaction with other people.

### THE ILLNESSES OF THE STATE

“Many Ukrainians are not sure of their future,” Semen Gluzman insists. “They are unable to find a decent job, feel stressed out whenever they visit obnoxious civil servants and cannot get proper medical service, free or paid. They feel weariness, apathy and anger.” These are the people that make up Ukrainian society, Mr. Gluzman notes, “Only they are not sick. This is the reaction of perfectly normal people to an abnormal state. The sickness of the latter cannot be cured by a pill. The only effective medicine for this is the proactive civil position of society as well as proactive, well-thought out and balanced participation in the elections.”

Sociologists confirm that positive or negative expectations about the country’s fate also affect the way Ukrainians feel about their own future. *Ukrainian Society. 20 Years of Independence. A Sociological Survey*, conducted by the National Academy of Sciences’ Sociological Institute reports that most Ukrainians hoped had good expectations after 1999. In 2011, however, the share of optimists plummeted to just one third, hopes replaced by worry and fear. In 2011, fear and pessimism increased, along with concern about the country, while confidence and faith in personal life and the life of the country declined.

### SURVIVAL AS A NATIONAL MINDSET

Ukrainian patience comes from the multi-century need to survive. “Our northern neighbour had ideas of subjugation, expansion, creating an empire and ‘rescuing the world’,” Mr. Selivanov comments. “In Ukraine, by contrast, everything was defined

by the need to survive the Tatars, the Poles and the Russians. It makes people tolerant, especially in relations with others, because they need to group together and stay in touch to survive. Even looking for a partner is always for a reason, a purpose.”

The need to survive often keeps Ukrainians from leaving their partner in an unhappy marriage. This family model also extends to other aspects of life, the attitude to government for instance. “They are bad but we still tolerate them. What can be done about it? Nothing! That’s the kind of wife I have. And that’s the government,” Mr. Selivanov quotes the typical responses of his patients. This unhealthy patience, intertwined with fear of change and responsibility, hampers personal development.

Why don’t the new generations, which no longer need to survive, change anything? “They follow psychological models of relations that have only intensified over the past few generations, rather than biological factors,” Ms. Steklova explains, although psychological models vary by region. “Look at a person born in Lviv and one in Donetsk, and you’ll see different people,” Volodymyr Selivanov notes. “People from Donetsk are more of the Russian type: straight forward, outgoing, direct and aggressive. People in Lviv are more refined and constrained.”

Ukrainians are not divided by their psychological differences, yet some reasons for East-West dislikes could lie in their minds, such as the search for an enemy. Enemies can be useful to both politicians and average people, who feel that life is easier when there is someone to resist. They can blame all their problems on an opponent, someone with different skin colour or ethnic background, and it makes it easier for them to find the purpose of life, excuses for their troubles and even support. “Look at racists or radical nationalists,” advises Mr. Selivanov. “They are solidly in the middle, against the world that surrounds them. Within a group, they get stronger support than average people do from each”





other, because they have an enemy. Wars tend to make people have a greater appreciation for the likeminded." Moreover, diversity among people living in different regions is characteristic for virtually every country.

### GLOOM AS DEFENSE

Looking gloomy in the street is a neurotic defense, psychologists explain. Ukrainians tend to expect others to fool, rob, insult or mock them, so they believe they should always be alert for aggression from others, have a serious facial expression and be suspicious. To a certain extent, this can be explained by the high crime rate in the country. "The America portrayed in the Gangs of New York did not smile the way it does now," is the comparison made by Mr. Selivanov.

Fortunately, Ukrainians' suspiciousness will not evolve into an epidemic of mental disorders. "In the mid 20<sup>th</sup> century, socio-

psychiatric research showed that the frequency of Schizophrenia, this is the disorder that was researched, did not depend on the duration of daylight, the surrounding temperature or the nature of food, etc." Semen Gluzman says. "Political regimes,

quotes a Russian saying. "Ukrainians tend to think of pleasure and fun as something that's not very good. Work, for instance, is toil. They see it as something they should suffer, not enjoy. They'll think there is something wrong with you if you tell them, 'I'm having fun at work!'"

If you want to change the world start with yourself, goes a popular quote that is also applicable for Ukrainians. "Society should break the vicious circle and move to a new stage of development," Nadia Steklova says. "and this is only possible when an individual is ready to accept new information and willing to change his/her habits."

Ukrainians should learn to not tolerate terrible personal relations or a bad government. They should not be embarrassed to smile in the street or find satisfaction every single day. They should learn to live rather than survive. ■
















































## LOOKING GLOOMY IN THE STREET IS A NEUROTIC DEFENSE, UKRAINIANS TEND TO EXPECT OTHERS TO FOOL, ROB, INSULT OR MOCK THEM

such as despotism or democracy, do not affect the frequency of mental disorders, either."

What affects the behavior and psychological state of society, though, is stereotypes. Ukrainians also do not smile because of their distorted attitude towards fun in life. "Work done, have your fun," Mr. Selivanov

# Pessimistic tendencies

## How Ukrainians feel about their future and the future of their country

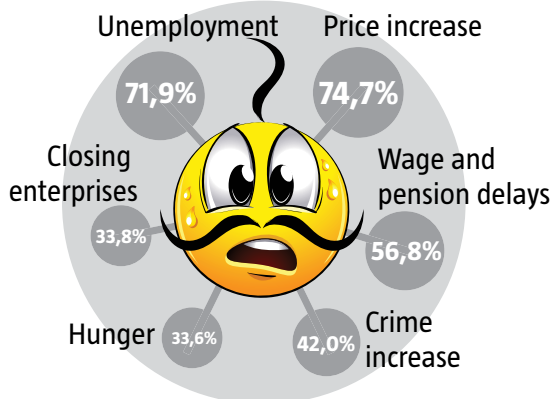
	1999, %	2001, %	2002, %	2003, %	2005, %	2006, %	2010,%		2011, %	
 Hope	 56.5	 51.4	 55.8	 58.8	 61.2	 50.7	 56.4	 58.8	 35.5	 43.8
 Anxiety	 48.3	 46.0	 33.2	 46.9	 24.4	 34.4	 29.1	 26.4	 42.8	 36.1
 Fear	 20.7	 23.5	 15.1	 22.8	 8.1	 11.0	 16.4	 12.9	 25.6	 21.5
 Optimism	 16.9	 14.3	 23.0	-	 33.8	 25.5	 25.1	 28.3	 21.6	 27.5
 Confusion	 13.7	 14.3	 9.4	 19.8	 10.5	 16.0	 17.1	 12.1	 22.6	 18.7
 Despair	 9.7	 13.3	 8.6	 14.6	 6.1	 11.2	 13.3	 6.2	 20.3	 13.4
 Indifference	 3.2	 3.4	 3.5	 2.9	 2.7	 2.8	 2.4	 2.0	 5.9	 5.6

The total exceeds 100 because those polled could choose more than one answer

Source: Ukrainian Society. 20 Years of Independence. Sociological Survey by the National Academy of Sciences' Sociology Institute

## Feelings about personal future

## Top 6 fears of Ukrainians



Source: National Academy of Sciences' Sociology Institute, 2011

## Happy Planet Index

The New Economics Foundation (NEF) measures how content people are with their lives by analyzing their subjective opinion on everyday life, life expectancy and energy consumption in 151 countries



1. Costa-Rica
2. Vietnam
- ...
55. Georgia
- ...
99. Zambia
100. Ukraine
111. Sudan
- ...
120. Lithuania
121. Russia
- ...
150. Chad
151. Botswana

Source: NEF



A blue-and-yellow flag before being taken into the building of the Verkhovna Rada on 23 August 1991



# Symbols of Independence

Ukraine's national flag, emblem and anthem have a long history and national status but have yet to become true national symbols

**Author:**  
**Andriy**  
**Rukkas**

**T**his year marks the 20<sup>th</sup> anniversary since Ukraine's symbols of state were officially approved. They are young but have deep historical roots.

## THE ORIGINS OF NATIONAL SYMBOLS

Ukraine's national coat of arms, the trident, goes back to the

times of Kyivan Rus' and the Rurik dynasty. Its original meaning has become obscured over time and now there are dozens of academic papers to explain it. Some see it as a code for the Greek βασιλεύς (Vasileus, or tsar), and others believe it represents a church candlestick, a gonfalon, the portal of a

church building, an anchor, a hawk, the upper part of a sceptre or three natural elements. One thing is clear: the trident was featured in princes' seals in pagan days, so it should not be viewed through the prism of Christianity. At the same time, it could not be a purely pagan symbol, because it continued to



PHOTO FROM HTTP://KARELIN.ORG.UA/DERZHANNI/PRAPOR-NAD-UKRAJINU

by Ukrainians in Galicia and later in regions along the Dnieper, thus turning into a true national symbol.

The lyrics to the national anthem '*Shche ne vmerla Ukraina*' (Ukraine Has Not Yet Died) were written in autumn 1862 by poet Pavlo Chubynsky and the music was composed a year later by Greek-Catholic priest Mykhailo Verbytsky. The first public presentation took place in 1864 in the Ukrainian People's Theatre in Lviv. The song became immensely popular and so widely known that Chubynsky's friends had to defend his authorship and prove that it was not a folk song.

Ukraine's national symbols were conclusively established during the Liberation Struggle of 1917-21 when the national emblem and flag were legally fixed and the anthem obtained recognition de facto (see Varieties of Ukrainian symbols).

After Ukraine lost its statehood, these three national symbols were not forgotten or lost. On 15 March 1939, when Carpathian Ukraine in Transcarpathia was proclaimed an independent Ukrainian state, it adopted them as its state symbols. The UPA (Ukrainian Insurgent Army) and underground fighters also used them, and after the Second World War they became truly national symbols of all Ukrainians in the "free world."

### SOVIET SYMBOLS

During the period of over 70 years of soviet rule, the Ukrainian SSR had its own state symbols which differed little from the soviet state's symbols and underscored its dependent condition: a red flag with the abbreviation "USSR" or a hammer, sickle and star, and a narrow blue strip was added in 1949. The Ukrainian SSR did not have its own anthem for a long time. One was produced — also in 1949 — by composer Anton Lebedynets and poet Pavlo Tychyna.

Ukrainian national symbols were banned in the USSR, and their use was punished as "anti-soviet agitation and propaganda." Heorhiy Moskalenko and Viktor Kuksa were convicted of this crime when they raised a self-made blue-and-yellow flag in Kyiv on 1 May 1966.

**A MYTH**  
Some people say that the Ukrainian anthem was copied from the Polish one. But they only have a similar first line, which was common practice in the 19th century when the anthems of most European nations were written. The Polish anthem was especially popular among non-free Slavs, inspiring, among others, Croats, Slovaks and Sorbs to compose their own patriotic songs that also started with the line about a country that had "not yet died." Note also that "God Save the Queen" inspired other anthems, such as those of Austro-Hungary, the Russian Empire and Latvia.

### THE TURBULENT PERESTROIKA

Opportunities for reviving national symbols came only with the start of democratic changes in the USSR. The trail here was blazed by the Baltic states — Estonia, Latvia and Lithuania adopted their pre-war flags as national (but not yet state) symbols in 1988. Moldovans, Georgians, Armenians and Azeris followed their lead.

The conservatively minded leadership of Ukraine, however, protected the soviet symbols. The Commission of the Supreme Council of the Ukrainian SSR for Patriotic and International Education and International Relations held a meeting in summer 1989 and decided that the soviet symbols could not be abandoned during perestroika. For example, writer Yuriy Mushketyk, who is now a Hero of Ukraine, noted resentfully that certain individuals carried blue-and-yellow flags during Shevchenko Days in Kyiv. "We should not replace the proletarian colours of our flags, the communist symbols ... [because] the people's government fought and put the ideas of the Great October into life under them," he emphasised.

Leonid Kravchuk, chairman of the Commission and head of the Department for Ideology in

## THE NATIONAL SYMBOLS BECAME A KIND OF BATTLEFIELD BETWEEN TWO MODELS OF IDENTIFICATION

the CC CPU (Central Committee of the Communist Party of Ukraine), summed up the prevailing position: "The blue-and-yellow colour in the history of our Republic, to say nothing about the Bandera era in western regions of Ukraine, is compromised. Everyone has concluded that it is tainted with fighting and resistance against our red-and-blue flag... These dirty and bloody symbols are alien to the Ukrainian people. They have always been equated with exploitative statehood."

### ON THE WAY TO ADOPTION

Despite the convulsive ideological gestures of the party nomen- ➤

be used long after Kyivan Rus' was Christianised.

The Ukrainian national flag as a symbol for the masses (unlike banners that were identified with specific individuals or groups) emerged together with the Ukrainian nation which had a clear desire for political self-determination, societal self-consciousness and a standard language. The Chief Ruthenian Council, the first political organisation of Ukrainians in Galicia founded in May 1848 in Lviv, was instrumental in establishing the blue-and-yellow flag. On 2 June 1848, it was presented at the Slavic Congress in Prague and was quickly and widely adopted

# Varieties of Ukrainian symbols

## Coats of Arms



**The Small National Coat of Arms of the Ukrainian National Republic (1918)**  
On 12 (25) February 1918, "the emblem of the Kyivan State under St. Volodymyr" was adopted as the UNR's coat of arms. The graphical design of its small and great versions were approved on 22 March



**The Great National Coat of Arms of the Ukrainian National Republic (1918)**



**The Coat of Arms of Pavlo Skoropadsky's state (1918):** a Cossack with a musket in a Baroque cartouche with a trident on top. It was not officially established but was featured in the small state seal and bills of exchange



**The Coat of Arms of the Western Ukrainian National Republic (1918)**



**The Coat of Arms of Soviet Ukraine (1919).** The main elements are a hammer and a sickle lit by sunbeams placed in a cartouche of a complex form with ears of wheat wrapping it on both sides



**The Coat of Arms of Soviet Ukraine (1937)**



**The Coat of Arms of Soviet Ukraine (1949)**



**The Coat of Arms of Soviet Ukraine (1949)** is a combination of the coat of arms of Subcarpathian Rus' (a bear in the red semicircle to the left and four blue and three yellow stripes in the right semicircle) with the national coat of arms (the trident of Volodymyr the Great with a cross on the middle prong)



**The Small National Coat of Arms of Ukraine (1992)**

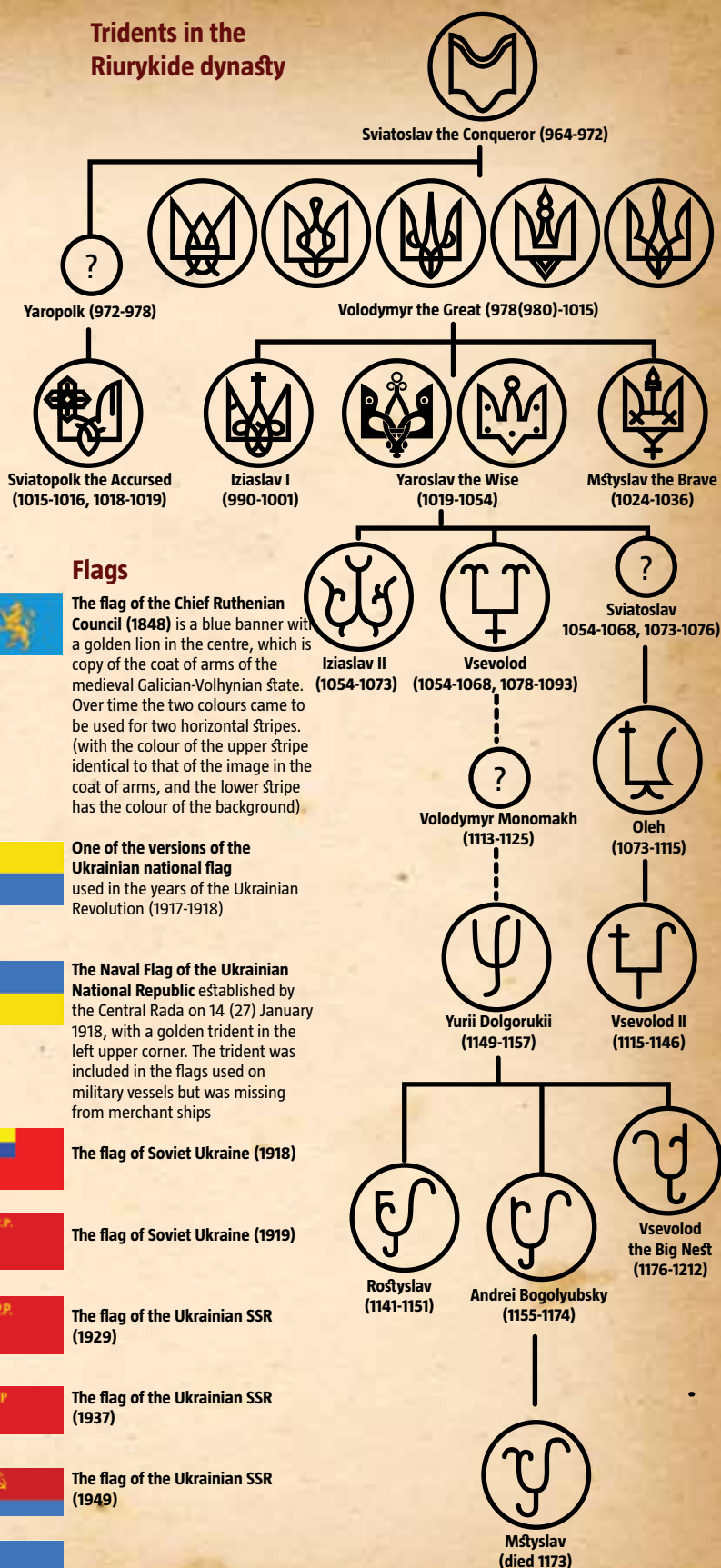


**The draft of the Great National Coat of Arms of Ukraine** approved by the Cabinet of Ministers and submitted to the Verkhovna Rada for approval (2009)



**An alternative draft of the Great National Coat of Arms of Ukraine** proposed by MPs Oksana Bilozir, Hanna Herman and Kateryna Vashchuk (2009)

## Tridents in the Riurikide dynasty



## Flags



**The flag of the Chief Ruthenian Council (1848)** is a blue banner with a golden lion in the centre, which is copy of the coat of arms of the medieval Galician-Volhynian state. Over time the two colours came to be used for two horizontal stripes. (with the colour of the upper stripe identical to that of the image in the coat of arms, and the lower stripe has the colour of the background)



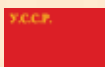
**One of the versions of the Ukrainian national flag** used in the years of the Ukrainian Revolution (1917-1918)



**The Naval Flag of the Ukrainian National Republic** established by the Central Rada on 14 (27) January 1918, with a golden trident in the left upper corner. The trident was included in the flags used on military vessels but was missing from merchant ships



**The flag of Soviet Ukraine (1918)**



**The flag of Soviet Ukraine (1919)**



**The flag of the Ukrainian SSR (1929)**



**The flag of the Ukrainian SSR (1937)**



**The flag of the Ukrainian SSR (1949)**



**The National Flag of Ukraine (1992)**



klatura, soviet symbols in Ukraine were doomed. In spring 1990, blue-and-yellow flags were raised in Lviv, Ivano-Frankivsk and Ternopil regions after the opposition forces led by the People's Movement of Ukraine obtained a majority of seats in the local councils there. On 23 July, the Ukrainian national flag appeared next to the soviet Ukrainian red-and-blue flag in front of the Kyiv City Council.

In the last years of the Soviet Union, the issue of national symbols in Ukraine was more than a debate about colours and emblems. It became a kind of battlefield between two models of identification and visions of future development. Society essentially split into the hammer-and-sickle camp and the supporters of the trident. The former demanded keeping Ukraine in the USSR, while the latter called for independence.

After the failed Moscow coup, opposition MPs solemnly brought a large-sized blue-and-yellow flag into the session hall of parliament on 23 August 1991. The National Flag of Ukraine holiday was instituted in 2004 to commemorate this event. Ukraine declared its independence the next day. The operation of the Communist Party of the Soviet Union was banned in Ukraine and the Communist Party of Ukraine temporarily suspended its activities.

The utterly compromised Communist Party symbols were soon seeing their last days. On 4 September 1991, under the insistence of Verkhovna Rada Speaker Leonid Kravchuk, who quickly read the situation, MPs passed a resolution to raise "the historical blue-and-yellow flag that symbolises the peace-loving Ukrainian state through the colours of a clear sky and a field of wheat" over parliament. As of 18 September, this flag could be used in all official events. Parliament completed the rehabilitation process after the 1 December 1991 referendum by establishing the blue-and-yellow banner as Ukraine's national flag on 28 January 1992.

Settling on the national emblem turned out to be more complicated. Most MPs agreed

that it had to include a trident but disagreed on its specific design. Parliament adopted a compromise resolution on 19 February 1992, and fixed this historical symbol as Ukraine's Small Coat of Arms, which was supposed to become the main element of the Great Coat of Arms. The existence of two coats of arms is fixed in the Constitution, which says: "The Great National Coat of Arms of Ukraine shall be established incorporating the elements of the Small National Coat of Arms of Ukraine and the Coat of Arms of the Zaporizhian Sich". However, the country still does not have a Great Coat of Arms.

In more than 15 years since



## **A CHANGE OF COLOURS DOES NOT MEAN THAT POLITICAL ELITES FROM THE OLD PARTY NOMENKLATURA ACCEPT THE SYMBOLS AS MARKERS OF SEPARATION FROM SOVIET PAST**

the Constitution was adopted, four government commissions were formed to prepare and hold competitions to design the Great National Coat of Arms, but only a handful out of hundreds of submissions reached the stage of a draft bill.

A somewhat similar situation arose in adopting the national anthem. The Presidium of the Verkhovna Rada adopted only Verbytsky's music as the score for the anthem in the intersession period on 15 January 1992. It was played, but not sung, for 11 years. The anthems of Russia, Belarus, Bosnia and Herzegovina and Spain were also wordless. The text was finally adopted on 6 March 2003. The communists, inspired by the restoration of the soviet anthem in Russia, had tried to do the same in Ukraine, but the Ukrainian parliament passed a bill sponsored by President Leonid Kuchma. The lyrics of the anthem consisted of the first verse and the refrain of Chubynsky's song. However, the first line was slightly modified: "Ukraine has not yet perished, nor her glory, nor her freedom"

became "Ukraine's glory and freedom have not yet perished".

Today, Ukraine is still in the process of adopting its state symbols. It still lacks a law on the National Flag and the National Coat of Arms. Their use is so far regulated by parliament resolutions.

### **THE DANGER OF REINCARNATION**

Unfortunately, in the 20 years Ukraine has been independent, its national symbols have failed to consolidate society. Despite its chief mission of uniting the country's citizens regardless of their nationality, religion or political preferences, they are still viewed by many as a modern invention and are used mechanically, without any emotional link to history. On the one hand, there has been a positive trend since the fall of communism in that society no longer has negative or openly hostile reaction to the blue-and-yellow flag and the trident unlike in the early days of independence. On the other hand, a change of colours does not mean that Ukrainian political elites, which evolved from the old party nomenklatura and the red proletariat, truly accept the national symbols as markers of Ukraine's separation from soviet past.

There have been increasingly frequent attempts in the past two years to restore the old soviet symbols. The communists are no longer alone in their cause. In May 2010, the Verkhovna Rada passed a law on the Victory Flag, and a wave of attempts to revive totalitarian symbols swept across Ukraine. Contrary to a Constitutional Court ruling which pronounced these actions illegal, red banners are hung out next to blue-and-yellow flags on the local council buildings in eastern Ukraine, and not only on May 9, but also to mark days when the Nazis were driven out of individual settlements, as well as on June 22, the day when Germany attacked the USSR.

With the current government promoting communist symbols, we can only hope that the more patriotic football fans will be rooting for our national team under blue-and-yellow, rather than red, flags. ■

# Going Home to Find Yourself

Film director Taras Khymych talks about documentaries and his film about Zakarpattia in 1919-1939



**Interviewer:**  
**Oleksandr**  
**Horyn**

**I**n early March, Taras Khymych presented his documentary *Silver Land, The Chronicles of Carpatho-Ukraine 1919-1939*, in Uzhhorod, Lviv, Ivano-Frankivsk and Ternopil. Critically acclaimed in Western Ukraine, the film got a standing ovation from the audience in Zakarpattia. *The Ukrainian Week* talks to one of the most innovative directors in the Ukrainian film industry.

**UW: How did your study in the US affect your professional growth?**

— When I went to college in Minnesota, students often met with teachers. They explained to us what problems we had with creativity. I was surprised when they told me that my works revealed a psychological problem and a sort of insecurity. That was when I began to change completely. All I had done before was

okay, but limited. I was told that I had to start thinking out of the box, to loosen my mind, to shed my insecurities to fully discover myself. That's when changes began in my work.

**UW: Why did you go back to Ukraine after your experience as a designer in the US? Didn't you want to continue your creative career abroad?**



– My stay in the US encouraged me to return to Ukraine. A creative person should not be tied to circumstances, life troubles or some sort of planning. If I had followed the main stream, I would no longer be an artist. True artists should be in a state of permanent searching and development. The best option for me at that point was to go back to Ukraine and revise my creative capacity, in other words, find myself at home. I had a promising job back in the US, and still I made this decision. Ukraine is developing while the US is already developed in all respects. This is what American teachers used to tell me, by the way, that I would have better chances to implement my creative ideas in Ukraine.

**UW: You started your career as a painter. Were you successful?**

– I arranged a few art shows when I studied in Ukraine and even sold some of my paintings abroad. I entered a US college as a painter. But everything changed when I tried shooting videos in 1994. I felt right away that camerawork, together with the sound and 3D artwork, is a complete art that expands creative limits.

**UW: After working with many Ukrainian bands, what can you say about the music video industry in Ukraine?**

– I can't really talk about specific formats. A music video is a short film for me. I started making them right after I returned to Ukraine. I had a dream to shoot a video with a Ukrainian band. My friends helped me. They were also interested in music video making and we created a concept for the video of *Broken Wings* by Skriabin. I really like working in different genres, including film making. The basic principles of music video and film making are similar: you have to keep the audience interested all the time. Content is what matters in a film while aesthetics is what matters in a video. The latter is a format that plays with associations, images and improvisations rather than an ad for a band.

**UW: What is your approach to creating documentaries?**

– Structure is what really matters, apart from the creative part.

**HISTORICAL BACKGROUND**

The film *Silver Land* shows the interwar history of Zakarpattia as part of Czechoslovakia. From 1919 to 1939, Zakarpattia experienced a national and cultural renaissance that peaked in the autonomous Carpatho-Ukraine in the post-Munich Czechoslovakia Agreement. After the federation collapsed, the Carpatho-Ukraine 'Seim', the parliament, declared its independence and approved Ukrainian national symbols, yet no country in the world recognized the newly-declared republic, while neighbouring Hungary launched an occupation of Carpatho-Ukraine. The resistance of Carpatho-Ukraine defenders was the first armed revolt against the Hitler coalition's plans in Central and Eastern Europe.

**BIO**

**Taras Khymych**

Ukrainian painter, film and music video director was born in 1976 in Lviv. Taras Khymych went to Lviv Academy of Arts. He received a Bachelor of Fine Arts degree at the College of Visual Arts, Minnesota, and later worked as a free-lance designer in the US. In 2001, he returned to Ukraine to work as a music video and documentary film director. He has directed over 50 music videos for some of the top Ukrainian bands, including Skriabin, Tartak, Haydamaky, TNMK, Fleet, Motorolla, The Telnyuk Sisters, Ot Vinta and many others. His documentaries on some fragments of 20<sup>th</sup> century Ukrainian history include *Under the Framework of Destiny: The History of the 1<sup>st</sup> Ukrainian National Army Division, 1943-1945*; *The Golden September. The Chronicles of Galicia, 1939-1941*, and *Silver Land. The Chronicles of Carpatho-Ukraine, 1919-1939*.

That's what they taught us at college: to describe things and put them in a structure. Documentaries should be based on a careful design of a variety of information, that's the foundation of a documentary for me. The genre is a great opportunity to practice systemizing information. It's interesting to combine creative details with facts and layer one over the other. The way I see it, a documentary has the ground, let's say historical background, on which I can layer my artistic interpretation. This ground somehow brings an artist together and inspires him to search for, reflect on, and shape his artistic vision. Documentary is not a popular genre; it is oriented at a specific segment of the audience. Documentaries are much more intense than popular films; therefore people often need to watch them over and over again.

**UW: What message did you want the audience to see in your *Silver Land*, the documentary about historical developments in Zakarpattia before World War II?**

– It was an exotic story for me. I knew nothing about it before I began working on the film, and I was impressed by the developments in Zakarpattia at that time. We're talking here about a phantom country that emerged out of the blue and disappeared from the map of Europe as unexpectedly as it had appeared there. I felt like a foreigner when I worked on the film, as if I had discovered a new part of the world. This tiny place went through extremely intense and turbulent changes over 1938-1939. It was hard to fit them into one logical frame. This encouraged me to

take a deeper insight into what was going on in order to understand the developments better and present them to the viewers in a comprehensive format. The film taught me how to fit this huge amount of diverse information into one framework.

The film has three lines. The first is the dry unemotional part: the facts presented by a narrator and visually backed by archival sources. The second is a live part that is comprised of stories from eye witnesses and participants of those historical developments. It creates the effect of presence in conversations with them. The third is the artistic side, aesthetic and emotional. It is based on associations, not fully confirmed and supported by documents. It largely contains artistic interpretation of historical developments. It helps people feel the atmosphere of that time, see the routine, the clothing and the lifestyle of those people and hear their language. It's sort of a soft version of the first two parts that makes it easier for the viewers to digest the film as they relax before the new flow of structured information. Yet, it also sharpens emotional perception of the film. The film gives the feeling of the drama that the *Silver Land*, a poetic name for Zakarpattia, went through.

**UW: Actors and historical characters speak six languages in the film. Is this an attempt at political tolerance or the historical diversity of the Silver Land?**

– I'd say it's the latter. To feel the true spirit of Zakarpattia, you have to hear the languages spread among its multi-ethnic population. At that point, Carpatho-Ukraine was inhabited by various nations and peoples. We wanted to show that in the film by portraying the common human factor rather than showing a conflict of one nation against another. People from one village would go to different churches yet helped each other in the meantime, appreciating a good attitude to work most of all. I think this could be a good model for the modern Ukraine. Back then, ethnic animosity was exported by external regimes who were preoccupied with the idea of conquering other territories. ■

# Ukrainian Hercules



Ukraine's funniest folk tales are retold in a new cartoon series called *The Adventures of Kotyhoroshko and Friends*

**Interviewer:**  
**Yaroslav**  
**Pidhora-**  
**Hviadzovsky**

**T**he project evolved from *The Magic Peas*, an extremely popular Ukrainian cartoon of recent years. It tells the story of Kotyhoroshko, a boy who is magically born out of a pea pod to parents who have always wished for a child. He goes on to slay an evil sorcerer and become a hero. The 13-minute long cartoon was finished in 2008 but was leaked onto the Internet before being released on the 8-disk *Collection of Modern Ukrainian Cartoons 2000–2008*. Eventually, it became one of the most viewed Ukrainian short cartoons on the web. Yaroslava Rudenko-Shvedova, creator of *The Magic Peas*, seems indifferent to its sudden popularity. A true cartoonist, she remains fixated on her work alone rather than the honors it has received. Three seasons of *The Adventures of Kotyhoroshko and Friends* will be produced, each with four 13-minute episodes.

**UW:** So, what came first? Did *The Magic Peas* inspire you to create

**a series or did you already have the series in mind and *The Magic Peas* was the first episode?**

– *The Magic Peas* is not really a pilot project. It's a complete film with a beginning and an end. I added the phrase "There is still much evil left in the world and we'll meet again and again" to the final scene as the characters were departing after their adventures, although I didn't have anything particular in mind. I just needed a nice ending to the story. And when good friends say goodbye, they definitely need an excuse for another meeting, so I came up with the battle against evil. A little later we found that we'd come up with so many plots and stories for *The Magic Peas* that we had enough for an entire series.

**UW:** Your plans look optimistic these days, don't they?

– No! I have no right to think that way! I had a fantastic team: artist Eduard Kyrych, script

writer Vadym Shynkariov – a godsend, really – and great cartoonists Oleksandr Lavrov and Mykhailo Tytov. They all have a great sense of humor, know the art of comedy and are willing to work with ethnographic themes. Take Kotyhoroshko, Vernyhora the mountain sorcerer, Vernydub the tree sorcerer, and Vernyvus who can turn water into whirls with his moustache. They are all strongmen, giants, legendary super-heroes, and still Verhyhora's wife gets the better of him. The Straw Calf is an eager dancer in one of our episodes that sheds golden hay and coins when he dances. When Pudia, a young giant, steals the Straw Calf, Kotyhoroshko and his friends end up making new straw toys for him in exchange for the Straw Calf. Our approach was to find eccentric and funny elements in fairy tales, myths and legends, turning them into independent stories and presenting them in animated cartoons.





**UW:** The series has become a trivial form of animation. Stepan Koval launched his *My Country Ukraine and Professionals* series, while Oleksandr Bubnov is about to finish the second sequence of his *Sherlock Holmes*. How will the series format make your cartoon different?

– I'll let you in on a secret: we won't have a chance to make a bad series the way many others do. We were supposed to simplify everything for the series, yet my team is so full of ideas and inventions that we couldn't help but make every episode like a feature film. Moreover, we now know

where we're going and when we'll finish it. The project is planned for three years and we are supposed to make four episodes each year, starting this year.

**UW:** The State Film Administration supported and approved your cartoon. Would you rather have had private funding? Public funding in Ukraine means insane red tape...

– Everything depends on what you do and how you treat your work. The funds they've allocated will hardly buy us a fancy life, yet we can use it to create a film, our own film. I see nothing wrong with that. Stepan Koval, for instance, does what he wants to do using public funding and he does a great job. With private funding, however, say from a bank, there's a good chance that you'll get into trouble. I used to work with a director on *Until the Second Advent* funded by a private investor. We did a great job, it was fun and creative, but the bankers didn't like it and the cartoon was soon lost and forgotten.

**UW:** The State Film Administration's rules entail lawsuits and fines for late reports and late project completion. One production company is already undergoing this procedure right now. Do you think you'll be able to meet the deadlines? Four 13-minute episodes every year is a lot of work.

– A long time ago, when I was young, I worked at the Borysthene studio. It was my first job. I was art director for a video called *Welcome*. I took too long to draw the backgrounds. I thought that's how it worked while people waited for me and relied on me. They wanted to take the film to Cannes. And I

blew it for them, broke the deadline. It still bothers me. Now, I see a broken deadline as a catastrophe, nothing less than that, you can't imagine how bad I feel about breaking deadlines!

**UW:** *The Magic Peas* is a great success anyway. Yet, half of any film's success is the names of those involved. The pilot project was dubbed by OŃap Stupka and Bohdan Beniuk, both popular Ukrainian theater and film actors. Will you continue to work with well-known actors?

– It's too early to talk about that now. We'll talk to the actors once we begin shooting. The work on *The Magic Peas* was fun, emotional and our actors were happy as well. Moreover, everyone on the set contributed so much to it and we don't want to lose anyone. I think Bohdan Beniuk will want to do it again, or so it seemed back then. We already have consent from OŃap Stupka who dubbed the Hoopoe. Foma, leader of the band "Mandry" provided the voice of the grandfather. He would just turn into a creaky old man as soon as he entered the studio. He made us laugh until we cried. Vadym Shynkariov did the cat voice, he did a great job. In short, we'll stick with everyone who is willing to keep working on it, and we'll find the new actors to replace those who aren't.

**UW:** How do you see the future of your cartoon?

– You know, everyone has his or her role. I'm the director who proposed the idea. I was entrusted to produce it and I'm trying to do my best. The future is up to those who ordered the series. It would look great on Ukrainian TV channels. ■

## THE ADVENTURES OF KOTYHOROSHKO AND HIS FRIENDS

### Characters

Kotyhoroshko is a popular character in Ukrainian folk tales, endowed with super strength with the mace as his key symbol. The name is used everywhere, from games to furniture, kindergartens and a bar in Lviv. There is a bronze statue of Kotyhoroshko in Kyiv and an oak one in Chernivtsi. In 1970, the Kyiv Science Film Studio produced a Kotyhoroshko cartoon directed by Borys Khranevych.



### Yaroslava Rudenko-Shvedova

is an art director, film director, scriptwriter and cartoonist. She started her career at the Ukrainian Animation Film Studio in the late 1980s and worked at the Borysthene studio beginning in the 1990s. She has worked on French, British and Italian cartoons and cartoon series. The deadline for the Kotyhoroshko series is winter 2013, so her team completed all preparations for the first season back in April.



### Technique

The cartoon is made using classical hand-drawn 2D animation. *The Magic Peas* was made in the Ukrainian Animation Film Studio style, while the Kotyhoroshko series will be closer to Disney-type cartoons with more detail and realistic backgrounds. In contrast to *The Magic Peas*, the Kotyhoroshko series will involve effects produced in Adobe After Effects, while Toon Boom Animate Pro is used for contours and silhouettes.



# Children's Dream Factory

Masha Ellsworth, a Ukrainian-born artist at Pixar, talks about *Brave* behind the scenes and her path from a Chernihiv college to one of the world's leaders of animated cartoons

Interviewer:

Yaroslav Pidhora-Hviazdovskyi

**Y**ou need to be brave to send your CV and portfolio to Pixar. Ukrainian-born Maria Martynenko, now Masha Ellsworth, did just that. On 21 June, Pixar released its new feature cartoon *Brave*, whose team included Masha. **The Ukrainian Week** talked to her in Sacramento, California.

**UW:** The only Masha Ellsworth Google finds is a wedding photographer. **Imdb.com** says just a few words about you. Could you please tell us more about yourself? How did you end up in the artistic paradise of Pixar?

– I grew up in Chernihiv, Northern Ukraine. I went to the local technical university and moved to a Utah college after my second year there. I graduated with a degree in computer programming and fine arts. Then I sent my portfolio to Pixar just like thousands of other applicants and they chose me for an internship. I worked as an intern for four months and they continue the training if they like you, and then they hire you if you continue to work well. That's what happened to me.

**UW:** Your bio says that you used to be a technical intern on *Ratatouille*, a cartoon all Ukrainian kids are in love with. How did you get to work on the project?

– It's very simple. I sent them my student video portfolio. When I was still in college I worked on many short cartoons, including *Pajama Gladiator*. Released in 2008, it was directed by Glenn Harmon and won several festival awards. It tells the story of a little boy fighting the monsters from his dreams...

**UW:** Two years later, you worked on *Up* as a character colorist, and

worked as a costume supervisor on the short film *Play by Play* after that. How did you manage to combine all these different tasks?

– Pixar has a studio university: all employees can take part in different projects in their free time. *Play by Play* was one of them. It's a real short film, not an animated cartoon. I had a chance to work as a costume designer and I took the opportunity. It had nothing to do with my main job. But there is nothing strange about it. I'm a costume designer at Pixar, too, only I design computer costumes, color characters and their clothes, and give them texture. Logically, I wanted to work with real costumes, and every day turns out different even though I deal with clothes every day. Everything depends on what I'm working on. When I worked on *Brave* I made Princess Merida's hair, and hair in an animated cartoon is always a technical challenge.

**UW:** Cartoons are teamwork. What individual trace do you add to it? Is it even possible to add a personal touch?

– Of course, it is! When artists give us sketched characters or the main design of the setting on paper to make them into 2D or 3D images on the computer, we have to make sure that we comply with the cartoon style. But the hand-drawn sketch does not have as many details as the cartoon requires and that's where you start being creative. Everyone wants to bring their ideas to life. I have so many ideas! But I'd like to deal with the company's technical progress. I mean, I'm more interested in the speed of 3D graphics and finding solutions to make our work quicker and stop doing what computers can do for us. All this will make it much easier for the artists to create their designs. The technical aspect is also creative and artistic for me.



Masha Ellsworth was the computer hair stylist on *Brave*, a recent animated feature by Pixar

**UW:** There are a lot of Ukrainian-born artists at Hollywood companies. Do you keep in touch with each other?

– Yes, there is one Ukrainian-born guy at Pixar and sometimes we talk. But studio employees don't have much time to talk. There is a large Ukrainian community both in San Francisco and in Sacramento, so there are many opportunities to stay

in contact with our national, cultural and language community, if only you have time. I have a lot of Ukrainian friends in the US and we often talk on Skype. Since I'm done with all my work on *Brave*, with the costumes completed and all the

hair done, I can spend more time with them.

But I've already started working on the new Pixar cartoon scheduled for 2014, *The Good Dinosaur* by Bob Peterson. ■







## O'BRIEN'S IRISH PUB



- The best breakfast in the city (8.00-12.00)
- Business lunch (12.00-15.00)
- Traditional Irish dishes (8.00-2.00)
- Live sports broadcasts on two big screens and numerous TVsets
- We take orders for parties & banquets



We accept  
all kinds  
of credit cards

**17a Mykhaylivska str.**  
**Tel. (+38044)279-15-84**  
**www.obriens.kiev.ua**



**Double Coffee®**  
*brewed properly.*



**PartyTime**  
**15% discount for all alcoholic cocktails**  
**From 21:00 to 07:00**

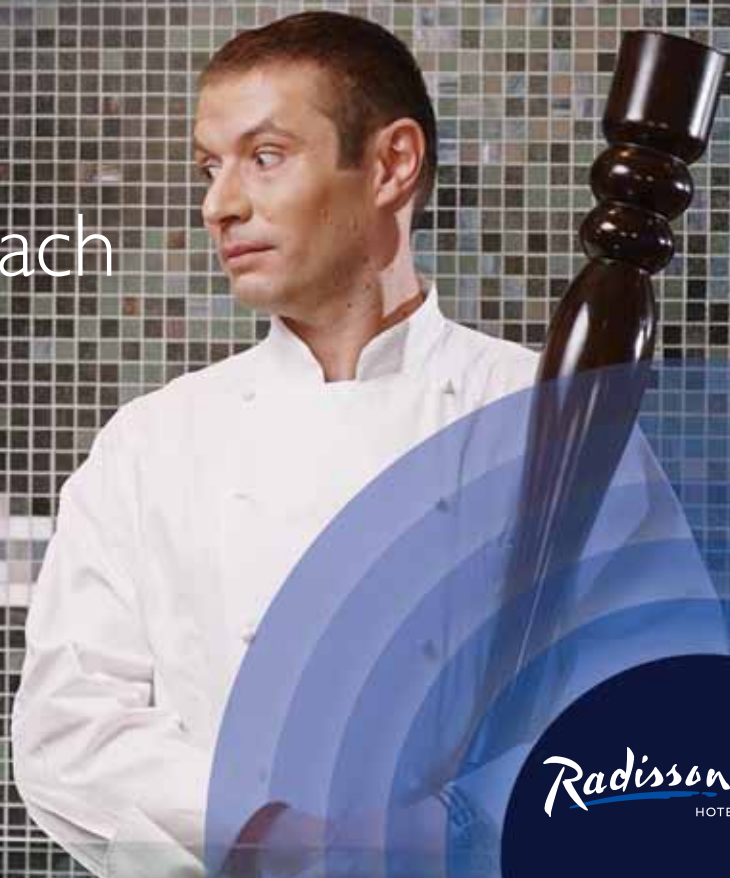
Kyiv, vul. Mykhailivska 6  
(+38044) 591 1836

Kyiv, vul. B. Khmelnytskoho 42  
(+38044) 591 1835

Kyiv, vul. Konstantynivska 6  
(+38044) 591 1837

Kyiv, Moskovsky Prospect 34 A  
Entertainment Center BlockBuster  
(+38044) 591 1838

Business Lunch  
with  
another approach



Mille Miglia restaurant, Radisson Blu Hotel, Kyiv  
22 Yaroslaviv Val Street, Kyiv 01034, Ukraine  
Tel: +38 044 492 2255  
radissonblu.com/hotel-kyiv

**Radisson** **BLU**  
HOTEL, KYIV

# Brothers Come to Life in the

*Brothers*, a project presented three years ago at the 1<sup>st</sup> Kyiv International Film Festival, only began filming in 2011, when producer Ihor Savichenko started work on it. Director Victoria Trofimenko has currently completed spring-summer filming in the Carpathian Mountains

**Author:**  
**Yaroslav**  
**Pidhora-**  
**Hviazdovsky**

The Carpathians. The 10,000 year old Synevyr lake. 22<sup>nd</sup> day of filming. 12 noon. Victoria looks intently at the figure of a very tall, bearded man who, standing in a boat in the middle of the lake, is rowing towards her, using one oar. The water is extremely cold. On the lakeshore – it is also barely more than 10°, in addition the wind chills to the bone. This figure, Saint Christopher, is a reflection of the film's heroine – an author, who accidentally found herself in an ancient forest, between two Hutsuls united by a woman, a child and hatred. He personifies the sense of confession. You would think that it would be impossible to find an actor, who could portray the image of a saint. But Yuriy Denysenkov is suited for the role. Confirming this is seditious and subjective, but the 27-year old

man's face, even without the beard, which he grew over the last four months, is as innocent as that of a child. To add to this, he's not even an actor, he's a painter.

"Several years ago, when I was filming a short film," recalls Victoria, "he accidentally found himself in the frame. I kept him in mind. After a year of searching for someone for the role of St. Christopher, I understood that it had to be Yuriy." True, rather than acting, mime and words, the director required plasticity from him. Natalka was another perfect choice. Her face and discreet demeanor appear to be copied from Lindgren's story. It's interesting that the actress herself never read this work, even when she was approached by Victoria Trofimenko in December 2011, and read the screenplay she had been

sent, which she really liked. "There is much in the screenplay that coincides with my experience," comments the actress. "As soon as I read it, I felt that the heroine was similar to me. But you can't play yourself. It is only possible to reveal things, that you don't reveal in everyday life ... Then my husband read it, and he said that he couldn't imagine anyone other than me in the role of the author." It's interesting that Natalka Polovynka, even as an actress of the Les Kurbas Theatre in Lviv, is better known as a singer. The issue is not even about her wonderful voice, but in its mood, which somehow wonderfully reflects the tone of Lindgren's story and Trofimenko's screenplay. So it's no wonder that the director proposed that she writes the score to *Brothers* ...

## Events

**29 June – 30 July**

**Andriyivskyi Uzviz**

**Between buildings No. 30-34 (Kyiv, Andriyivskyi Uzviz)**

The concept of this new music festival is to create urban space filled with harmony, art and interaction. The programme will include a variety of styles from traditional folk rock to cabaret, light and experimental electronic music. The stage will welcome Shoopig Hour, a Ukrainian-Serbian lounge project (photo); Qarpa with its lead

singer-writer; Asia Tengri, a folk jazz project; GrozovSka Band cabaret project; singer and songwriter Serhiy Pidkaura, Illaria and many more.



4) JULY 2012

**3 August, 7 p.m.**

**G3 Europe 2012**

**Ukrayina National Palace (103, vul. Vasylykivska, Kyiv)**

August will start with a gift for the fans of instrumental music. Kyiv's biggest concert hall will host a guitar show with the participation of the world's best guitarists of our time. Joe Satriani started the tradition back in 1996, joined later by Steve Vai. This duo performs with a new guitarist every year. This year, this will be Steve Morse. For top guitarists, playing in G3 is not simply performing on one stage, but giving the audience the pleasure of real music.



**3–5 August**

**Tu Stan 2012 festival**

**Tuстан fortress (Urych, Skole Region, Lviv Oblast)**

The historical and cultural festival will once again take place near Tuстан, an ancient Rus defense complex the name of which means "stop here" in English. Tuстан is an architectural monument dating back to the 9-13<sup>th</sup> centuries. The festival will focus on medieval Ukraine. The bravest guests will have the opportunity to attack the fortress, practice knife and spear-throwing, horse riding and wrestling. In the evening, the audience will see a show by the Theater of Shadows and a laser show.



# Carpathians

Overall, *Brothers* is a deep, dramatic and psychological story with a very picturesque background and a screenplay with a complex composition. In addition to this, the language of the film is largely the local Hutsul dialect – writing the literary basis for the film, Victoria Trofimenko moved the scene of events in *Bumble-Bee Honey*, the story by Torgny Lindgren, from Sweden to the Carpathians. When adapting the story to the Hutsul way of life, Victora was not helped by a linguist or a folklore specialist, but a regular speaker of the living local dialect, Oleh Hnativ, leader of the Perkalaba band from Ivano-Frankivsk.

He was born and bred in Verkhovyna, so Hutsulshchyna (the Hutsul region) is in his blood. In two-three weeks, he adapted Victoria's text, then recorded his reading of it, so that the actors could learn what for them, were the unusual sounds of the words. But not everyone was able to do so. For example, Viktor Demertash was unable to recreate the authentic local dialect, in spite of his 30 years of

experience and more than 60 films. Post-production, is when everything can be fine-tuned – voice-overs, adding sound effects and music, etc., as well as the editing itself. Not for nothing did Stanley Kubrick have great respect for film editing. Being a perfectionist, he recorded a vast number of takes. But he had millions of dollars at his disposal! The budget for *Brothers* was UAH 16 million. And if the takes had been recorded onto film, the project would have closed down because it would have gone bankrupt.

The Carpathians are unbelievably beautiful. As everyone knows, this beauty has a price, and quite a high one, at that. Natural conditions regularly put the brakes on the wheels of *Brothers*, says producer Ihor Savichenko. "Roads, rain, electricity – these are the main difficulties of filming," – he explains. "We built a road to be able to get the equipment to the film set – it was washed away by the rain. We secured it with stones and rocks – the same happened again." The crew promises to complete the film by spring 2013.



## 3–5 August Banderstadt 2012

### Lesya Ukrainka Park (Lutsk, Hlushets St.)

This year's festival of the Ukrainian spirit celebrates the 70<sup>th</sup> anniversary of UPA, the Ukrainian Insurgent Army. Organizers say the festival is aimed at promoting all things Ukrainian, including its history because young people should know about the nation's heroes. The Ukrainian band TNMK is announced as the headliner. Other performers will include Tin Sontsia (Shadow of the Sun) and Kozak System (ex-Haidamaky). Alongside the music programme, the festival will offer a stage for literature readings.



## 4 August, 7 p.m. Madonna

### Olimpiyskiy Stadium (1, Fizkultury St., Kyiv)

Finally! The dream of zillions of Ukrainian fans will come true and they will see the legendary Madonna with their own eyes. The American pop-diva is bringing an incredible, unprecedented show. As part of her world tour, Madonna will present songs from her new album *MDNA* released in March 2012, as well as favourite hits. The "Material Girl" is going to perform in 26 European cities and visit South America and Australia for the first time in 20 years.



## 17–19 August Zakhid

### Sunny Lane resort (Rodatychi, Horodok Region, Lviv Oblast)

For four years now, Ukraine has hosted this music and art festival. The festival confirms the existence and immortality of the Ukrainian culture over and over again. The festival will feature many bands, including Tin Sontsia (Shadow of the Sun), Atmosfera, The Vio, Liapis Trubetskoi, Tartak, Boombox and others. Guests, in turn, are expected to bring along a good mood.





Subject: **Underground water**

48 | THE UKRAINIAN WEEK | № 11 (34) JULY 2012

Subject: Rivne's architecture: frozen music of the soviet and pre-soviet eras

①

In terms of architecture, Rivne is your typical soviet city (**photo 1**). It has many interesting buildings that survived World War II. The victims of 20<sup>th</sup> century "progress" included a beautiful palace of the Liubomyrsky magnates ☹. Otherwise, the city is full of earthy beige "boxes" and well-maintained private houses. Yet, this doesn't mean that there's nothing to see in Rivne. Petliura Street is cute. Earlier, it was called Aptekarska, Pharmacy Street (just like a small street in Kharkiv where I was born and grew up ☺) with nice secessionist buildings of the early 20<sup>th</sup> century, including the Ulas Samchuk Literature Museum. The same street hosts a Puppet Theater (**photo 8**) built during soviet times with scary statues of fairy tale characters adorning the façade. There is also the wooden Church of the Assumption on Shevchenko Street (**photo 3**) built in 1756. Rumors have it that Ivan Gonta, one of the leaders of Koliyivshchyna, an armed rebellion of Cossacks against the Polish-Lithuanian Commonwealth, once prayed there. Some features of the church resemble the shape of the Holy Resurrection Cathedral built almost 150 years later. The church also served as the inspiration for the name of the city's main street—Soborna, or Cathedral Street.

The front part of the neo-Gothic Church of St. Anthony built in the late 19<sup>th</sup> century hosts organ concerts (**photo 5**) while the crypts—the church dungeons—house an Internet café. The good thing is that the church was not ruined, even if its towers are now half their original height.



②

Subject: The Crocodile

In addition to its marvelous willows, ponds, and out-of-place sea gulls, Rivne's "hydro park" has astonishing sculptures. They resemble fairy tale characters gone wild and left to the elements. The Crocodile (**photo 2**) is king here, guarding one of the ponds. Local *gopnyky* (young delinquents) can be found drinking beer in his shadow ☹. Beside it flows the perfectly normal, non-legendary river Ustia flanked by a children's mini railway (**photo 11**). It has just two stations: Partisan Station (endowed with a historical double meaning) and Lake Station.

Subject: Rivne/Rovno

Once an important center for the UPA—the Ukrainian Insurgent Army—Rivne is now one of the most de-sovietized oblast centers. Its streets named after Bandera and Petliura, leaders of the Ukrainian liberation movement, are a nightmare for proponents of the "Russian World." There is even a monument to Ulas Samchuk, a non-soviet writer of the 20<sup>th</sup> century (**photo 10**), which is a rarity in Ukraine. And no monuments to soviet leaders! Rivne almost perfectly fits the stereotypes of "pure Western Ukraine." Meanwhile, the city has a proactive and visible Russian-speaking minority mostly composed of former soviet military servicemen and their children, who are far from the national democratic views common in the area. Even during the interwar period under Polish rule, the city used to have a Russian preparatory school.



Subject: Slightly surrealistic

I found two surrealistic spots in Rivne (in addition to the crocodile ☺). The first one is a coffee shop called Salvador Dali (photo 4). There, coat hooks look like forks, a palette adorns the ceiling, the downspouts resemble serpents or fish, and the entire decor is softly surrealistic. Salvador Dali often hosts concerts and photo exhibitions. The second surreal spot is Rivne's complex of bazaars overflowing with commerce. Two markets seem to swallow up half the city, one almost flowing into the other. Another half of the city is dominated by an extremely long underground passage with kiosks and boutiques. Rivne's location at the crux of a huge bundle of highways is probably the reason for its booming bazaars.

Subject: A night at the museum

Besides Salvador Dali, Rivne is home to the Hobby Pub, a mix between a bar and a museum-café. The walls are full of money from different eras and countries, postage stamps, posters, photographs, and other antiques. Sometimes the pub hosts concerts. As for real museums, the city has plenty of them as well, from the Local History Museum to the Museum of Amber. Rivne also has an art gallery sometimes dubbed "the smallest gallery in Western Ukraine" or "the narrowest gallery in Europe." Officially, it's called "The Crevice." In fact, the gallery is in an extremely narrow room that looks like a crevice. It most often hosts contemporary art shows, but also occasionally hosts BookCrossing.com events.





Subject: **Re: Underground water**

Some say that Volodymyr Korolenko, a well-known Ukrainian-Russian writer, wrote about Rivne's underground corridors in his book *Children of the Underground*, although others say the same about Zhytomyr.

Subject: **Re: Re: Underground water**

Northern Ukraine is full of rivers, lakes, springs and swamps (**photo 7**). This must be the reason why Rivne is home to Vodnyk (boatman), a university for water and natural resource management transferred from Kyiv to Rivne in 1959. It has students from all over the country, while the locals mostly go to Ostroh Academy, one of the oldest colleges in Ukraine, for more popular degrees, often in the humanities.

Subject: **The name? What's it to ya?**

The city name translates as "even" or "flat," which would seem to be self-explanatory 😊. Yes, it does come from the flat area it is located in.  
P.S. Another version is that the city name comes from the word riv ("moat"), suggesting that it was once protected by a moat.  
P.S.S. And there is one more version. According to legend, a landlord owned 99 villages. He was one village short of a hundred and called the 100th village Rivne ("even") when he finally got it.



Subject: **Not the exotic north!**

Even though Rivne is a city traditionally associated with the woodland region of Polissia, don't expect to come across any exotic northern swamps and woodlands there. It may have original wooden architecture, but it resembles the Volyn region more than anything else. You'll have to go farther north to find exotic Polissia. The city has no visible traces of Polish or Jewish culture even though these two ethnicities represented a majority in the city for many years. Nor does it show traces of once having been the capital of the German occupied Reichskommissariat Ukraine during World War II. For that, you'd have to rummage through history books, encyclopedias and Google.  
Enjoy your trip to Rivne!



B O O K S T O R E



**ALL BOOKS FROM UKRAINE ONLINE**

O N L I N E B O O K S H O P

**[WWW.BOOK-YE.COM.UA/SHOP](http://WWW.BOOK-YE.COM.UA/SHOP)**