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17 May

Viktor Yanukovich sets up the Constitutional Assembly subordinate to the President of Ukraine tasked with drafting amendments to the Constitution of Ukraine

18 May

The Russian Supreme Court liquidates the Association of Ukrainians in Russia

21 May

UAH 200mn of state funds allocated for children's cancer treatment facility in Kyiv go to Euro 2012 preparations

QUOTES

VIKTOR PSHONKA reveals pressure

"Regulators are putting too much pressure on businesses. This is a dangerous trend," claims the Prosecutor General.



VLADIMIR MEDINSKI the propagandist minister

The notorious historian known for his anti-Ukrainian and anti-European statements and support for Stalin's geopolitics is appointed Russia's Minister of Culture.



BRONISLAW KOMOROWSKY spots a threat

At a meeting with Viktor Yanukovich, the Polish President says that he views his peer's policy as a threat to Ukraine's European integration.



HUGH ROBERTSON encourages fans to go to Euro 2012

"My advice to any fan is to go and support their team,... but crucially to behave yourself as well," UK Sports Minister says on Sky Channel.



The month in history

2 June 1652



Bohdan Khmelnytsky's Cossack army defeats the 20,000-strong Polish army in the Battle of Batoh

3 June 1863



Yevhen Petrushevych, President of Western Ukrainian People's Republic (ZUNR), is born

4 June 1775



Catherine the Great's army destroys Zaporizhzhia Sich

24 May



The NBU simplifies currency exchange procedure for non-residents for Euro 2012, 1 June - 10 July 2012

28 May



Arseniy Yatseniuk announces that the United Opposition will hold its convention and present its campaign platform on 30 July

1 June



The Cabinet of Ministers allows travelers to bring up to five packages of each item of medication, and one package of each food item in carry-on and check-in luggage, provided that the total cost of food does not exceed EUR 200

Russification Redux?

A confrontation over language legislation proposed by the ruling party is unfolding in Ukraine. On 24 May, opposition MPs prevented the parliament from considering the Draft Law On the Basics of State Language Policy sponsored by Vadym Kolesnichenko, a notorious openly anti-Ukrainian and pro-Russian MP, and Serhiy Kivalov, ex-Chair of the Central Electoral Commission often blamed for the rigged 2004 presidential election that sparked the Orange Revolution. The bill's sponsors insist that their only priority is to protect the languages of ethnic minorities whose rights are allegedly discriminated against. The MPs also claim that they drafted the bill in order to meet the requirements of the previously ratified European Charter for Regional and Minority Languages. Yet, both the OSCE and the Venice Commission have criticized the Kolesnichenko-Kivalov sponsored language initiative. In a letter to the Verkhovna Rada, Speaker Volodymyr Lytvyn and Knut Vollebaek, OSCE High Commissioner on National Minorities, argued that the bill could be counterproductive in stabilizing Ukrainian society, serving to increase rather than relieve ethnic and linguistic tensions and aggravate the existing societal divide. Having analyzed the bill, the Venice Commission noted that it is poorly balanced because it strengthens the positions of the Russian language disproportionately while entailing no measures to confirm the role of Ukrainian as a state language or properly protect other regional and minority languages.

Some MPs from parties in coalition with the Party of Regions, particularly Volodymyr Lytvyn's People's Party, and Reforms for the Future, a group of crossovers from the opposition that joined the ruling coalition in 2010, agree with the opinion of the OSCE and the Venice Commission. The parties supporting amendments to the language law, including Viktor Yanukovych and Mykola Azarov's Party of Regions and the Communist Party of Ukraine, their coalition ally, gained only 39.8%

in the last parliamentary election in 2007, and ended up with 202 out of 450 seats, forming a majority only after 20 MPs from Volodymyr Lytvyn's People's Party and a few dozen crossovers from the opposition joined them. Both groups publicly claim that they will not vote for the language law sponsored by the Party of Regions, yet they may eventually fail to resist pressure from the Presidential Administration and its substantial "powers of persuasion."

If passed, the bill will put not only the Ukrainian language, but Ukraine's sovereignty and European choice, at risk. Unlike the European Charter for Regional and Minority Languages, it does not focus on disappearing languages that need protection. Instead, it prioritizes the Russian language that, supported by Ukraine's post-colonial environment, still dominates in some oblasts and spheres of life. Another important argument is that the expansion of the Russian language and the influence of the Kremlin play key roles in the concept of the Russian World currently promoted by the Russian government. If passed, the bill would make Russian an official language in 13 out of 27 oblasts where the share of Russian speakers exceeds 10%, including Kyiv. With Russian media expansion intensifying alongside Vladimir Putin's intention to revive the USSR in the Eurasian Union, the bill's provisions canceling the effective quotas for the use of Ukrainian in broadcasting, film distribution, advertising and so on, are especially dangerous.

A conflict between the Party of Regions and opposition MPs disrupted the session in which the parliament was to consider the amendments, yet the party in power remains unwilling to make any concessions. It plans to submit the bill for consideration again in the next plenary session beginning on 5 June. They see this as a step toward winning the support of pro-Russian voters before the October parliamentary election as the popularity of Viktor Yanukovych and the Party of Regions plummets.

Oleksandr Kramar

FREE PRESS AWARD

***Ukrayinsky Tyzhden* wins the Free Press of Eastern Europe 2012 Award**

The official ceremony for the Gerd Bucerius Award, which are decided by the Zeit-Stiftung Ebelin Foundation and Gerd Bucerius, together with the Fritt Ord Foundation (Free Word), took place in Hamburg. Other winners included Olga Romanova, a well-known Russian blogger, who covers the situation in prisons; Khadija Ismayilova, an Azerbaijani journalist, who writes about corruption in the higher echelons of power, particularly the presidential family; Valeri Karbal-evitch, an independent Belarusian political observer and author of the book entitled "Alexander Lukashenko: Political Portrait". The Fritt Ord Foundation's Free Press in Russia-2012 Award was won by the Chechen magazine "Dosh" which highlights human rights and talks about what is actually happening in the Caucasus.

The Gerd Bucerius "Free Press of Eastern Europe Award" has been awarded since 2000 to journalists and the mass media for neutrality, professionalism, quality of work, public activity and valour. The aim of the German and Norwegian foundations is to support journalists and media who, in spite of pressure from the authorities and economic difficulties, tell the truth, not giving into censorship.

"The situation of the mass media is cause for concern in many countries. Independent journalism in Eastern Europe continues to be subject to pressure and threats. Newspapers, magazines and internet platforms are being harassed by various means. However, democracy cannot develop without freedom of speech", — explains Theo Sommer, Honorary Editor of "Die Zeit" and Head of the panel of judges of the Gerd Bucerius Award.

6 June 1889



Igor Sikorsky, designer of the world's first multi-engine fixed-wing aircraft and founder of Sikorsky Aircraft Corporation, is born in Kyiv

15 June 1834



Taras Shevchenko National University of Kyiv is opened

17 June 1993



Ukraine and Russia divide the Black Sea Fleet

21 June 1971

Archeologist Borys Mozolevsky finds the Golden Scythian Pectoral at the Tovsta Mohyla burial mound

Political Deuces

Pseudo-opposition and unpopular projects could steal as much as 10% of the opposition's votes and play a destructive role in electoral commissions

In this year's elections, every percentage point of votes cast for the opposition may have a decisive impact on the country's future. In the worst-case scenario, it may turn out to be crucial in preventing the government from forging a constitutional majority with the help of MPs elected under the first-past-the-post (FPP) system. In the best-case scenario, it will help the opposition to form its own majority or at least make it difficult for the Presidential Administration to put together a stable simple majority. The pro-government camp is interested in spawning numerous pseudo-opposition or outright futile political projects which will be instrumental in the government's efforts to retain and strengthen its grip on power.

These projects could influence the election in various ways. First, there will be chameleons which will join the pro-government majority in the parliament – de facto, if no de jure, but this is sufficient under the current Constitution. Second, some parties will work to win over opposition supporters. Third, there will be mud-slingers tasked with hurting the key opposition forces. Finally, pseudo-opposition parties will be used to take control of territorial and especially district electoral commissions.

The country is essentially facing the threat of repeating its past. In 1999, the personal ambitions of a number of opposition politicians, particularly Yevhen Marchuk and Oleksandr Moroz, led to President Leonid Kuchma's re-election, even though the Kaniv Four¹ could have secured the election if they had chosen one candidate from their own number. The Kuchma Administration also engineered a split in the People's Movement of Ukraine (Nar-

Author:
Andriy Skumin

odny Rukh) in the late 1990s, which demoralised the centre-right camp prior to the 1999 presidential campaign. In the 1990s and early 2000s, Natalia Vitren-

ko's Progressive Socialist Party and the Green Party became classical examples of technological projects aimed at dissipating support for the opposition. In the



2002 parliamentary election campaign, the Team of the Winter Generation emerged. Led by Inna Bohoslovskaya and Valeriy Khoroshkovsky, it claimed to have new political quality and won the sympathy of a part of the opposition-minded electorate.

BYUT SPINOFFS

The most promising project of the Presidential Administration today is Natalia Korablevska's *Ukrayina-Vpered!* (Ukraine – Forward!) party. The smaller, mostly puppet projects beneficial to the government include several other political forces founded by Tymoshenko's former fellow party members.

The scandalous Oleh Liashko founded the Radical Party of Ukraine and launched a vigorous, albeit bizarre, advertisement campaign, even though he declared he would not participate in the 2012 elections. It appears that his project is geared towards compromising Tymoshenko's staff policy: if such an inadequate figure as Liashko was a member of her team, why vote for her opposition? Liashko could reveal many secrets about members of Tymoshenko's team who will be running under the joint list made by *Batkivshchyna* and the *Front of Changes*. At a recent by-election to the Vinnytsia Oblast Council, a Radical Party candidate handed out flyers executed in *Batkivshchyna*'s trademark white and red colours with the slogan "Freedom to Yulia!" printed in a large font. The fine print at the bottom of the page identified him as a member of Liashko's party. As a result, he received 10% of the votes. Had these votes gone to the true opposition candidate, he would have confidently beat his pro-government rival.

The government may also make use of the Ukraine of the Future party led by former BYUT MP Sviatoslav Oliynyk. He used to be a member of Andriy Portnov's group which focused on legal support and political raids during Tymoshenko's premiership. Today Portnov is an advisor to the Yanukovich Administration, while Oli-

ynyk is working on his own "opposition" project. His financial and organisational assets are modest, and his party was only able to run in Dnipropetrovsk Oblast in the recent local election.

RISING FROM RUINS

Second among political forces that have slim chances of entering parliament is *Hromadska pozytsia* (Civil Position) led by former *Nasha Ukrayina-Narodna Samooborona* (Our Ukraine-People's Self-Defense, NU-NS) MP Anatoliy Hrytsenko. If it fails to find a good option to integrate with other parties, it too will syphon off votes from the rest of the opposition. Another electoral threat to the opposition comes from the right-wing where national democratic forces led by *Our Ukraine* and Yuriy Kostenko's *Ukrainian People's Party* are slowly coming closer to a union. The "old national democrats" are quite capable of trimming 1-2% from the opposition's electoral pie. Moreover, Viktor Yushchenko seems to be embracing, rather than dismissing, his role, viewing it as his next "mission". According to sources in *Our Ukraine* that spoke to *The Ukrainian Week*, he clearly set the agenda for his party's run when he recently spoke to his party's political board: the goal is not to win but to "expose to society the criminal essence of the opposition gathered in the Dictatorship Resistance Committee under Yulia's guidance." Valentyn Nalyvaichenko, chairman of *Our Ukraine*'s political board, recently made a decision to agree with other opposition forces on a united list of candidates under both the proportional and FPP systems, but it is unlikely to have any effect, because Yushchenko still controls most regional organizations.

TURNCOATS

The pro-government camp may soon accept several more projects that grew out of NU-NS: Viktor Baloha's *United Centre*, Davyd Zhvania's *Christian-Democratic*

Union and Vladyslav Kaskiv's *PORA*. The *United Centre* has an extensive local network, especially in *Zakarpattia*. The party polled 0.7% in the local elections. According to information obtained by *The Ukrainian Week*, Baloha wants to actively engage in politics and run in the parliamentary election. However, the precise format of his participation is still unknown. Zhvania's party played a key role in bringing NU-NS defectors to the pro-government coalition in 2010. Apart from diluting votes, his main objective in the 2012 campaign may be putting his own people on district election commissions to help the Party of Regions control them. Under the new law, parliamentary factions take part in forming territorial and district election commissions. The *Christian Democratic Union* is a founding party of the NU-NS bloc and thus will have its own quota. *PORA* also has a similar quota. It never was a full-fledged political party, but the brand evokes some nostalgic associations in some segments of society. Its leader, Vladyslav Kaskiv, is completely controlled by the government. He heads the *State Agency for Investments and National Project Management*. His political force is likely to make an independent run and will thus be used by the Presidential Administration as a technological project.

The most modest estimate shows that the opposition may lose at least 10% of its votes to pseudo-opposition and low-popularity opposition parties. These fall into two categories. One includes professional spoilers that are consciously working to bring down the opposition's popularity rating. The other embraces determined candidates whose ambitions prevent them from integrating with like-minded parties. Importantly, voters – and not just the ruling party – need to be aware of this fact, because in the long run everything will depend on voters' ability to make informed decisions that will prevent their votes from being wasted. The leaders of the true opposition who do not have a chance of making it to the parliament on their own should refuse to run. ■



¹ The *Kaniv Four* group was set up by Oleksandr Moroz, Oleksandr Tkachenko, Yevhen Marchuk and Volodymyr Oliynyk before the presidential election in 1999.

Billboard: Join the
team of new leaders!
Natalia Korolevska's
Ukraine – Forward!
Party



A Royal Gift to the Government

A number of facts suggest that the Presidential Administration is promoting Natalia Korolevska's political project. True or not, she is now playing into the hands of the government in its efforts to take control of the future parliament

Authors:
Oleksandr
Mykhelson,
Oleksandr
Kramar

Former BYuT MP Natalia Korolevska is everywhere in the mass media. Billboards featuring her face outnumber those sporting the Party of Regions logo. Unlike other politicians that place themselves in the ranks of the opposition, she has no problems accessing voters. This fact, among others, leads many to believe she is acting in the interests of the government and stealing votes from the opposition. Sociologists contacted by The Ukrainian Week indeed confirm that Korolevska's popularity is rising due to her aggressive billboard campaign, paid-for media coverage, regular presence in talk shows and the novelty effect. According to the Razumkov Centre, as many as 5.4% (4.1 according to KMIS) of potential voters

are ready to support her Ukrayina – Vpered! (Ukraine – Forward!) party.

HOW “NEW LEADERS” GROW

Luhansk Oblast native Korolevska, 36, came to politics from business. At 18, she managed a company set up by her older brother Kostiantyn. He was credited by the press for playing a key role in inviting the then Moscow Mayor Yuri Luzhkov to the infamous 2004 separatist congress in Severodonetsk. Remarkably, Korolevska embarked on a political career with the support of the Party of Regions when she was elected to the Luhansk Oblast Council in the early 2000s. Eventually, she made a career in BYuT thanks to Yulia Tymoshenko despite the files brought to Prime Minister Tymosh-

enko's table with allegations that Korolevska-controlled businesses were embezzling funds allocated to purchase equipment for state-owned mines and selling illegally mined coal.

It is likely that the Ukrainian Social Democratic Party (USDP), which Korolevska came to head in December 2011, was also prepared and delivered to her with the government's support. The USDP, part of BYuT at the time, was run by Yevhen Korniychuk, son-in-law to former Chief Justice of the Supreme Court Vasyl Onopenko and ex-Deputy Minister of Justice. Korniychuk was put under considerable pressure. Unlike Tymoshenko and Lutsenko, he was eventually amnestied. MPs say off the record that the price

was his father-in-law's resignation, but some opposition MPs do not rule out that the USDP was an additional part of the deal. In late October 2011, police searched the apartment of Viktor Poltavets, former Minister of Coal Mining, who is thought to be linked to Korolevska. Anatoliy Mohylov, Minister of the Interior at the time, claimed then that the search was part of an investigation into financial fraud. Soon after the search, Korolevska began to openly distance herself from BYuT.

The landmark USDP congress took place the same day the Kyiv Court of Appeals upheld the guilty verdict against Tymoshenko. Korolevska's rise to a leadership position in another party had not been approved by either Tymoshenko or Oleksandr Turchynov, who leads Batkivshchyna and BYuT in Tymoshenko's absence. Korolevska initially said through the mass media, including *The Ukrainian Week*, that she did have BYuT's blessing. Finally, Turchynov publicly denied it.

On 14 March, Korolevska was expelled from the BYuT faction. The formal ground was that her card did not vote for the PACE recommendation to have Tymoshenko and other political prisoners released. Korolevska accused the faction's leadership and Andriy Kozhemiakin personally of having stolen her card. The BYuT faction members said that the true reason was her "cooperation with the regime". Yevhen Suslov and Oleksiy Lohvynenko followed Korolevska and quit the faction. The USDP political board took the decision to withdraw from the Dictatorship Resistance Committee. In response, BYuT expelled the UDSP from its ranks. Finally, on 21 March, the party was renamed into Natalia Korolevska's Ukraine – Forward!

OPERATION HEIRESS?

Obviously, Korolevska's advertisement campaign seeks to sort of replace the image of Tymoshenko. Moreover, the excessive personification of BYuT has made Korolevska the most popular figure in Tymoshenko's team, while her political project is balancing on the parliamentary threshold level. According to a Razumkov Centre poll, 4.8% of potential voters would support Ko-

rolevska as the leader of the united opposition compared to Turchynov's 4.2%.

Korolevska is a valuable find for the government interested in diluting the opposition. The anti-Yulia project was launched a long time ago, but Korolevska fills the bill more than anyone else by far. She triggers a whole range of subconscious associations: Tymoshenko's former comrade-in-arms and favourite who went against the Turchynov-Kozhemiakin tandem which in a backstage deal delivered Tymoshenko's much-cherished party to Arseniy Yatseniuk, Viktor Yushchenko's protégé, a friend of oligarchs and the "favourite oppositionist" of the current government.

NO NEED FOR A PLATFORM

Instead of an election platform, Korolevska offers voters a collection of populist buzzwords and slogans. She declares that her goal boils down to "bringing new leaders into politics who will change the quality

tional lines". Then there is the recently mandatory mantra on the role of citizens in political life. Korolevska takes it to maximum heights and commits to introduce "total citizen control on all government levels", no less.

The issues of national identity, the state language, geopolitical choice and Euro-Atlantic integration are completely ignored. This is only reasonable because Korolevska attracts, according to opinion polls, a paradoxical electoral mix – her popularity ratings are the highest (and almost the same) in Southeastern and Western Ukraine, where they are two to three times higher than in the central oblasts.

BREAD AND CIRCUSES

Korolevska's election headquarters spares no money on advertisement. Artem Bidenko, expert in advertisement communications, told *The Ukrainian Week* that according to Doors Consulting, Korolevska face now stares at Ukrainians from 320 billboards in Kyiv alone and 900 across Ukraine. The price tag for this luxury is UAH 2.5 million per month. Advertisement specialists point out that the stylistics of her election campaign bears too close a resemblance to the Party of Regions' PR technologists. The impression is that the slogans, colours, etc. were produced by one centre.

At the same time, she is trying to come across as a modern European politician. She has already spoken at the Davos Forum, and the Korolevska Foundation organised a meeting for friends of Ukraine in Brussels which was attended by such noted MEPs as Britain's Charles Tannock and Poland's Marek Siwiec.

Retrospectively, there are a number of parallels between Korolevska and one old project – the Team of the Winter Generation. That force was led by Inna Bohoslovskaya and Valeriy Khoroshkovsky who also insisted they were politicians with new quality and European worldviews, capable of successfully combating the country's backwardness and post-Soviet chaos. What they did in fact was steal votes cast by supporters of the opposition in the 2002 parliamentary elections. Its representatives eventually found themselves among the most zealous followers of the current regime. ■



KOROLEVSKA IS A PERFECT CANDIDATE FOR THE ANTI-YULIA TYMOSHENKO PROJECT

of Ukraine's politics". Voters are being urged to vote for the pretty woman who promises to bring these fantasies to life.

Despite its rebranding, the USDP has kept its social democratic declarations. "A social democratic party like the ones found in Europe is the only way for Ukraine to develop," says Suslov, Korolevska's closest aide. Korolevska indignantly condemns privatisation which "has revealed its true face in the 20 years of Ukraine's independence" – and this despite her family having been involved in the process. The party promises to relieve small and medium business to the maximum possible extent, forgetting to specify how they will be relieved. Its platform also calls for "an active part of a fair and efficient state", "securing social justice and high social standards", "more welfare" and counteraction against "societal rifts along cultural, linguistic, religious and na-

¹ The congress of MPs took place in Severodonetsk, Luhansk Oblast, on 28 November 2004, as a response to the refusal of authorities in Lviv, Volyn, Ternopil, Ivano-Frankivsk and Kyiv Oblasts, as well as Kyiv City, to acknowledge the rule of Viktor Yanukovich elected as a result of massive fraud that sparked the Orange Revolution. The congress was seeking to declare autonomy for Eastern and Southern oblasts they referred to as the Autonomous South-Eastern Ukrainian Republic.

Why Invest in Culture?

How officials are distorting Ukrainian culture

Author:
Roman Horbyk

Ukraine's Ministry of Culture has taken the spotlight in a recent slew of major scandals. Minister Mykhailo Kulyniak has been diligently serving the president as his court musician and glorifying Mr. Yanukovych's talents as a writer in the style of Brezhnev toadies. Meanwhile, he essentially backed the private developer involved in the demolition of buildings on Andriyivsky Uzviz, causing a public uproar. Also, he did nothing to prevent the government from passing new amendments to the procedure for issuing certificates to dub movies into Russian. All of these "achievements" have urged civil activists to label him as the foe of culture. But these are not the only wrongdoings of the puppet minister. At the end of April, the entire staff of the *Ukrainian Culture* (*Ukrayinska Kultura*) magazine resigned. This was virtually the only glossy Ukrainian-language magazine about culture and one of the very few successful ministry projects. Maria Khrushchak, the ex-Chief Editor, said at a press conference that she had been replaced by Oksana Hayduk, Mr. Kulyniak's niece (**see photo**). According to Ms. Hayduk's bio on Facebook, the newly-appointed Chief Editor of the Ukrainian Culture graduated from a school in the Kemerovo Oblast (RF). Having his 23-year old niece, who does not have the relevant experience, or necessary knowledge of Ukrainian culture that is not likely to be learned in Russian schools, run a government-funded publication, Ukraine's Minister of Culture seems to care little about public opinion. Another scandal in his career was caused by the fact that there was virtually no celebration of the 170th anniversary of Mykola Ly-

senko, the founder of Ukrainian classical music, in March of this year.

ERSATZ REFORMS

All these failures would not be so bitter if they weren't so consistent. The Ukrainian art industry with its helpless theater plays, mothballed museums and libraries that look like they did two centuries ago, seems to irritate everyone in the country. Unlike the websites of French or Danish Ministries of Culture, that look like fancy iPhone applications, their Ukrainian peer's website looks like a relic itself.

Culture is one of the few industries where a shift of government does not spark immediate drastic changes. "We have no declared reform in culture today, only window dressing like in all other industries," theater director Serhiy Proskurnia says. "They still have this old competition system but nobody buys the works of composers, painters or other artists, because officials have no money or spend whatever money they have using the justice-by-phone¹ approach. Meanwhile, the government allocates funds to festivals that only exist on paper, giving food for thought."

Experts polled by *The Ukrainian Week* claim that splitting financial flows between public and social sectors is effective in every country. Culture is a rapidly changing living organism where one thing is born while another dies. Public supervision of the budget is the only way to control these processes. The funds should be distributed to non-government entities that have proved efficient in a given area.

CULTURE VS GOVERNMENT

One of the most urgent problems of the Ukrainian cultural sphere is



that it has never thrown off the government's attempts to control it as one of its tools, despite the fact that the functions of culture itself is much more extensive than those of the state. This results in the standardization, modelling and unification of approaches to all regions and sectors in culture.

Meanwhile, the Law "On Culture" signed in early January 2011 has had no impact so far, even though it provides for all arts in Ukraine to switch to a contractual

¹ A soviet rudiment where judges used to call in party bosses to find out what verdict they should give.



basis. The key objective today would have to be the passing and implementation of supporting regulations. At the same time, Mr. Proskurnia laments that Ukraine will ultimately end up with imitation rather than true reforms again. "After all, even we have public councils for public procurement, just like Europe does," he says. "All these Western standards supposedly exist here. A perfect model for us would be the one used by our East European neighbours, includ-

ing Poland, Slovakia, the Czech Republic and Hungary. I'm not even talking about France where Charles de Gaulle laid the foundation for the protection of culture and art under André Malraux, the first Prime-Minister, when France rebelled against the surge of American culture after World War II."

A PRIVATE MINISTRY?

Why shouldn't Ukraine look to the French model? Jean-Philippe Mochon, head of the French Cultural Bureau's International and Legal Affairs Department, told *The Ukrainian Week* about relations between the state and culture. In words, and in fact, the difference between Ukraine and France is minimal. "The Ministry has one huge mission – to be responsible for cultural policy and support, preserve and develop French identity. But there are also many smaller missions," Mr. Mochon adds. "On the one hand, we promote French artwork in France and the world and protect it. We run museums, archives and preserve architectural monuments. On the other hand, we encourage the creation of new art,"

Unlike Ukraine, France uses a different scheme to distribute public funds for culture. Its Cultural Bureau allocates only 50% of the budget, i.e. EUR 3bn, directly to recipients. Another EUR 3bn goes to professional entities, such as the National Film Institute, under government and public supervision. The entity gives grants to projects qualified as the most significant and timely by experts and artists.

France devotes considerable attention to financial control mechanisms. The system has three layers. "Firstly, our Cultural Bureau reports its financial activities to parliament," Mr. Mochon shares. "Secondly, the Finance Ministry supervises us on an ongoing basis. The last controlling element is NGOs."

Scandinavian countries are another potential model for Ukraine. They allocate significant spending on culture from high taxes. The only difference, though, is that the taxpayers' money fills the budget rather than someone's pockets. As a result, Denmark, Sweden and Norway have ended up with an amazing infrastructure for culture and arts. Having very few cultural values that are truly unique, unlike France or Italy, Scandinavian countries make the most of the scarce resources



MS. GLAMOROUS
Minister
Kulyniak's niece,
23, becomes
Chief Editor of the
Ukrainian Culture
magazine after
the whole team
resigns

they have. Everything there is based on smart organization and creative design, growing out of a competitive environment. The Hans Christian Andersen Museum in Odense or the Ibsen Musum in Oslo are brilliant examples of cultural projects that consumers remember for life.

The promotion of language and culture abroad, is another vital component in a modern nation. Alliance française (The French Alliance), which is subordinate to the Ministry of Foreign Affairs, is in charge of this in France. The establishment of institutions such as Instytut Polski, Alliance Française, the Goethe-Institut and the British Council in Ukraine could solve some of the challenges that Ukrainian culture is facing, including the key issue of funding culture and spending the money available in the best way possible. It would deal with the management and distribution of public and private funds for cultural projects both in Ukraine and abroad.

Ukraine has a start-up structure for this, including a cultural center in Moscow and a smaller one in Paris, established with the support of the local diaspora. But, experts claim that both centers barely operate since they are underfunded and ineffectively run.

Given the government's reluctance and inability to implement changes, the Institute of Ukrainian Culture should essentially become a public initiative, similar to the pre-revolutionary Prosvita (Enlightenment) society, though different from the currently existing Prosvita, which is all about window dressing. The original Prosvita could draw public funds and private donations to support and promote Ukrainian culture. However, the risk in the current situation is that private donations to an entity like this will turn into the promotion of oligarchs who have recently taken over the culture and arts industry in an effort to clean up their image. One way to filter scandalous philanthropists, though, is to draft clear rules for the funding and operation of the entity. If implemented successfully, the entity would wipe the need for the conventional Ministry of Culture and take over its role as a public ministry of sorts.

After all, a country with a properly developed culture, has no need for such a ministry, nor do the nations that have no culture at all. At this point, Ukraine is closer to the latter group. ■

PUBLIC SPENDING ON CULTURE IN UKRAINE, 2012

Total	UAH 1.7bn
Theaters	UAH 446.4mn
Libraries and museums	308.3mn bn
Art groups	UAH 305.4mn
Historical and cultural reserves	UAH 240.7mn
Filmmaking	UAH 170.3mn
Concerts	UAH 45.9mn
Administration	UAH 26.2mn

European Stories



Author:
**Leonidas
Donskis**

To have a plausible political-historical narrative nowadays means to have viable politics, rather than policies masquerading as politics. Politics becomes impossible without a good story in the form of a convincing plot or an inspiring vision. The same applies to good literature. When we fail a method in our scholarship, or when a method fails us, we switch to a story – this sounds much in tune with Umberto Eco. Where scholarly language fails, fiction comes as a way out of the predicament with an interpretation of the world around us.

The funny thing is that politics does not work without our stories. This is to say that modern politics needs the humanities much more than politicians suspect. Without travel accounts, humour, laughter, warning and moralizing, political concepts tend to become empty. With sound reason, therefore, Karl Marx once wittily noted that he learned much more about the nineteenth century's political and economic life from Honoré de Balzac's novels than from all economists of that time put together.

This is the reason why Shakespeare was far and away the most profound political thinker of Renaissance Europe. Niccolò Machiavelli's works *Florentine Stories* and *Discourses on Livy* tell us much about his literary vocation and also about the talent of a storyteller – no less than exuberant comedies penned by Machiavelli, such as *The Mandragola*.

Do we tell each other European stories nowadays to enhance our powers of interpretation and association, and to reveal one another's experiences, traumas, dreams, visions, and fears? We don't, alas. Instead, we confined the entire European project merely to its economic and technical aspects. Stories lay the foundation for Giovanni Boccaccio's masterpiece *Decameron*; nothing other than stories about human suffering, whatever their blood and creed, made Voltaire's philosophical tales, such as *Candide*, or *l'Optimisme* (Candide, or Optimism), truly European stories.

This reference as well as human reality behind it crossed my mind almost immediately when I started teaching the course on politics and literature at the University of Bologna. The reason was quite simple: I had the entire fabric of Europe in my class, as the course was given within the East European studies program with the participation of students from Western, Central, and Eastern Europe, including such non EU countries as Albania, Croatia, Kosovo, Macedonia, Russia, Serbia, and Ukraine.

We easily surpassed and crossed the boundaries of an academic performance and discussion, for it was human exchanges on the newly discovered and shocking moral blindness of classmates or neighbours, human dramas of high treason, moral treachery, disappointment, cowardice, cruelty, and loss of sensitivity. How

can we miss the point talking past and present to each other or listening to someone else's drama that it was Dante who coined the phrase "the cult of cruelty," and the English writer Rex Warner who forged the phrase "the cult of power" – political idioms that we use constantly without being aware of the fact that they are not straight out of the vocabulary of today.

Suffice it to recall that the real founding fathers of Europe, Renaissance humanists Thomas More and Erasmus of Rotterdam made friends in Paris conjointly translating Lucian from Greek into Latin, and also connecting their friend, German painter Hans Holbein the Younger, to the royal court of the king of England Henry VIII. Whereas the great Flemish painter Quentin Matsys saved for history the face of their friend in Antwerp, Peter Giles, Hans Holbein the Younger immortalized the faces of his benefactor Thomas More and Erasmus of Rotterdam.

Yet the bad news is that politics colonized culture nowadays, and this went unnoticed, albeit under our noses. This is not to say that culture is politically exploited and vulgarized for long- or short-term political ends and objectives. In a democratic political setting, culture is separated from politics. An instrumentalist approach to culture immediately betrays either technocratic disdain for the world of arts and letters or poorly concealed hostility to human worth and liberty. However, in our brave new world, the problem lies elsewhere.

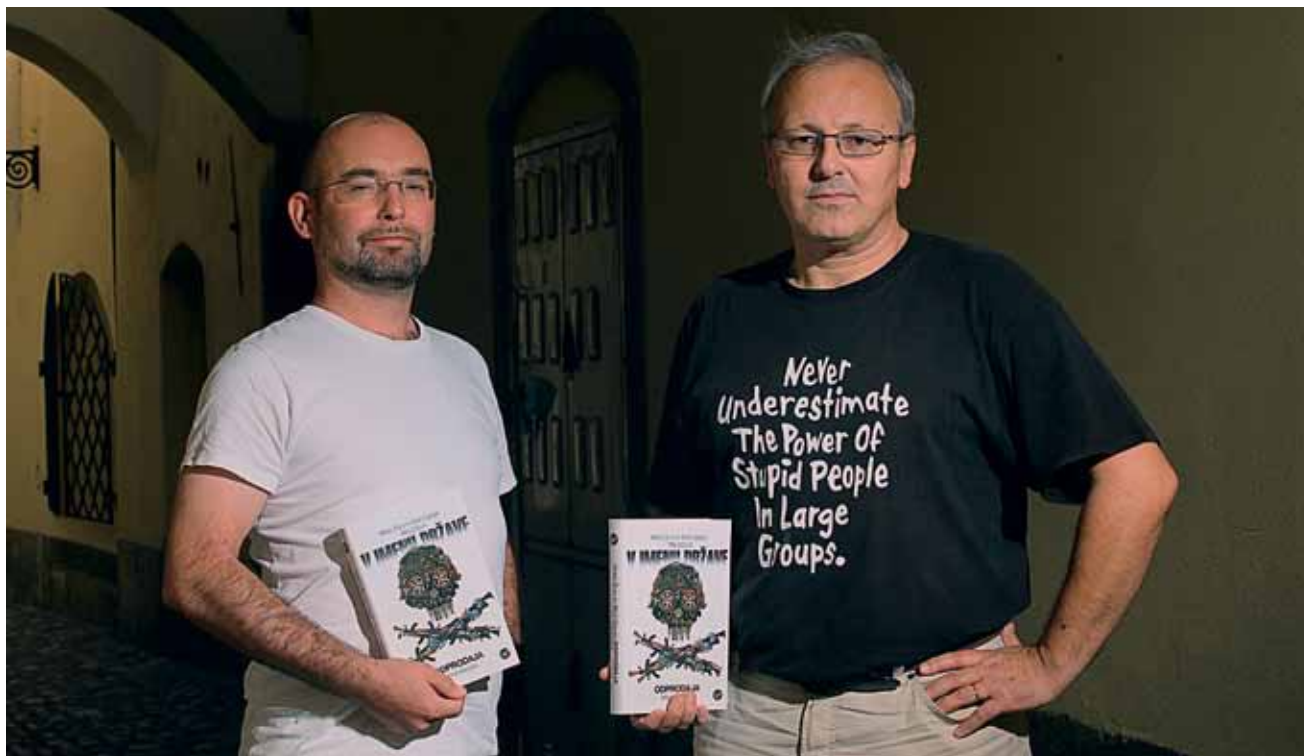
We don't need the humanities anymore as a primary driving force behind our political and moral sensibilities. Instead, politicians try to keep the academia as unsafe, uncertain and insecure as possible – by reshaping, or "reforming" it, into a branch of the corporate world. By and large, this idea of the necessity to politically rationalize, change, reshape, refurbish, and renovate the academia is a simulacrum, in Jean Baudrillard's terms. It conceals the fact that the political class and our bad policies are exactly what desperately need the change and reform. Yet the power speaks: if I don't change you, you will come to change me.

We stopped telling moving stories to each other. Instead, we nourish ourselves and the world around us with conspiracy theories (which are always about the big and powerful, instead of the small and humane), sensationalist stuff, and crime or horror stories. In doing so, we are at the peril of stepping away from inmost European sensibilities, one of which has always been and continues to be the legitimacy of opposing narratives, attitudes, and memories. Human beings are incomplete without one another.

This is more than true with regard to Lithuania and Ukraine, or Lithuania and Poland. This applies to the EU too. Without each other's cultures and stories we will never achieve good politics. ■

**CULTURE IS POLITICALLY
EXPLOITED AND
VULGARIZED FOR LONG-
OR SHORT-TERM
POLITICAL ENDS AND
OBJECTIVES**

"Ukraine could have been one of the main sources of arms shipments to the Balkans during the war, despite the embargo"



Interviewer:
Nataliya
Gumenyuk

Photo:
Borut Kranjnc

Slovenian investigative journalists Matej Šurc and Blaž Zgaga and their families are being threatened with murder after they published their book *V imenu države* (In the Name of the State). The book is one of the most scandalous investigations of arms trade despite the UN embargo during the war in the former Yugoslavia. In the early 1990s, Slovenia was one of the key support centers for the storage and transportation of thousands of tons of ammunition from different countries, including Ukraine. The journalists suggest that Janez Janša, the current Slovenian Prime Minister, and the top officials of several Balkan states played a crucial role in the illegal deals. The information they found triggered the first international investigation

in the history of the EU, involving the police of three of its member-states. Matej Šurc and Blaž Zgaga researched 6,000 documents, collaborated with their colleagues from six more countries and found evidence of top officials in Slovenian intelligence and the army earning millions of dollars in kickbacks.

UW: An entire section in your book is dedicated to Ukraine. Could you summarize it for us? What was Ukraine's role in this shady business?

BZ: I'm convinced that Ukraine could have been one of the main sources of shipments to Slovenia. The first ship, the Sabine, arrived in April 1992, delivering weapons to Koper, which at that time was the only Balkan port that was not under international control. It was loaded

with hundreds of anti-aircraft and anti-armour missiles. Altogether, eight so-called official ships arrived from different countries delivering 12,000 tones of ammunition, but this one was the first one found in the documents to be departing from the port in Mykolayiv. We were also able to decipher financial reports, which prove that as soon as the ship arrived at its destination, millions of dollars were transferred to the account of the Vienna-based Scorpion International Services, and from there – to its traditional recipient, Global Technologies International Inc., owned by a Ukrainian, Dmytro Streshynsky.

Another ship, the Island, delivered 96 containers with ammunition over several trips in autumn 1992. The cargo manifest and the documents from port authorities »

show that not only did it arrive in Koper and was unloaded there, but also confirmed that the containers with Ukrainian ammunition crossed the border between Slovenia and Croatia. The only ship that left Ukraine but did not arrive at Koper was the Jadran Express. It was halted by NATO, which confiscated the cargo.

UW: Is the information you discovered really new? For the last 20 years, no-one knew that so many weapons were delivered to Slovenia.

MS: I think nobody found the connection until now. The international scandal broke after the Jadran Express was captured. It started because of just one ship, although we discovered that it was the last of the eight ships involved. It was one of the biggest ones, too, carrying 133 containers worth USD 22mn. At least, that was the amount transferred before the ship left the port.

UW: An investigation by a Ukrainian parliamentary committee undertaken in the late 1990s, that was closed down quickly, revealed that Ukraine ended up owning 1/3 of soviet arms, with an estimated value of USD 90bn in 1992. Over the subsequent six years, more than 30% of the ammunition and equipment, worth USD 32mn, was essentially stolen and sold illegally. What amounts are we talking about in terms of the trade between Kyiv and Ljubljana and who got the money?

BZ: All business with the Ukrainian party was conducted through Scorpion International Services. By the way, its owner, Konstantinos Dafermos, still has an office in downtown Vienna. Dmytro Streshynsky was the second intermediary. Based on Scorpion's accounts, USD 86mn was paid by Slovenian, Croatian and Bosnian buyers from September 1991 till September 1993. Of this amount, about USD 40mn was paid to the Ukrainian party. USD 7mn was given directly to Global Technologies International Inc., registered by Dmytro Streshynsky in Panama.

MS: It is important to mention the fate of Dmytro Streshynsky, the key intermediary after NATO halted the Jadran Express. He and Russian businessmen Aleksandr

Zhukov and Leonid Lebedev were taken to court in Italy as part of the big international investigation.

BZ: The Slovenian police were also interested in Streshynsky at the time. We have a copy of the inquiry to the Ukrainian police but we don't know how the latter responded.

MS: This was one of the most important documents we used to decode data on cash transfers to Streshynsky. However, the Slovenian police did not continue the investigation. A former chief of Slovenian police once admitted that they could not dig too deep into a case involving another country. They wanted to convict the executors, leaving the "big fish" alone.

UW: In 2002, an Italian court sentenced Streshynsky to 11 months of probation and a symbolic fine of a few hundred euros. Are you tracking his current activities?

BZ: Streshynsky lives in Moscow. He is the director at Arsenal, a plant that makes miniature replicas of firearms. I've also seen a picture of him holding a miniature golden gun in a newspaper in one of the Gulf States. He sells them for several

IT WAS IMPORTANT FOR US TO SHOW THAT ARMS TRADING IS BIG POLITICS, NOT JUST SOME MAFIA MANIPULATION

thousand dollars each as little toys for wealthy sheikhs. That's how the circle closes. All in all, we can say that most of the people mentioned in our book that were involved in the illegal arms trade are all feeling pretty good today. For instance, the ex-chief of Slovenian military intelligence headed a carrier company that recently invested EUR 140mn in the construction of a terminal at one of the logistic terminals in Moscow.

UW: During Streshynsky's trial, the Ukrainian authorities insisted that he was a fraudster using fake documents to deliver weapons to the Balkans with the help of the Russian mafia. Obviously, Streshynsky denied everything, claiming that Yevhen Marchuk, the then Minister of Defense, was aware of what he was doing. Did you discover any

more information on the involvement of Ukrainian officials in the deals?

BZ: No direct proof was found of Marchuk's involvement in the scams. I must say, though, that we only publish something when we have not even two, but at least three sources to support it. The fact that the Island delivered weapons from Ukraine was proven by bank accounts, documents from the parliamentary investigation in Slovenia and Streshynsky's testimony in court. It has to be said that no source, other than the latter, mentions Marchuk.

MS: We focused on what was happening in the Balkans, so we couldn't go into much detail about Russia, Ukraine and Bulgaria.

BZ: But, it was important for us to show that arms trading is big politics, not just some mafia manipulation. How can a criminal group possibly steal an entire ship with such cargo and transfer it through the Dardanelles in such a way that not a single patrol notices it? This is state business and the people involved in it use the mafia to cover things up.

MS: You can't compare it to the drug trade. Drugs can be sold by individual government officials, for instance, not the state itself, but in the case of weapons, the involvement of top officials cannot be denied.

UW: How would you describe to Ukrainians the consequences caused by illegally sold weapons in the Balkan violence, 20 years after the fact?

BZ: It's very simple. Until 1991, Yugoslavia had the best living standards in the former socialist states. Today, Bosnia and Kosovo have turned into the black hole of Europe, with debts, refugees and educated people leaving their homeland because of the wars and arms trade. All this leads to blood money and corruption, the side effect of which is the death of people. According to the estimates of international monitoring entities, one third of the biggest corrupt deals are in arms trade, involving top government officials. Still, human lives matter more. In August 1994, Nikša Župa, one of the closest suppliers of Konstantinos Dafermos, was killed. He was flying to a Bosnian city from Pula in a Ukrainian AN-24. The pilot was Bosnian but the five crew members were Ukrainians. They all died.

MS: Vadym Prymachenko, the then Consul General of Ukraine to Bosnia and Herzegovina, was later appointed Ambassador in Slovenia. We tried to find out from him how the subsequent investigation ended. In a short email, he replied that he didn't know the outcome. The most important thing is that the families of the five crew members killed in the plane crash have yet to learn what actually happened. Apparently, Župa was selling weapons to both parties to the conflict and lost his life as a result, but he was not the only one to die.

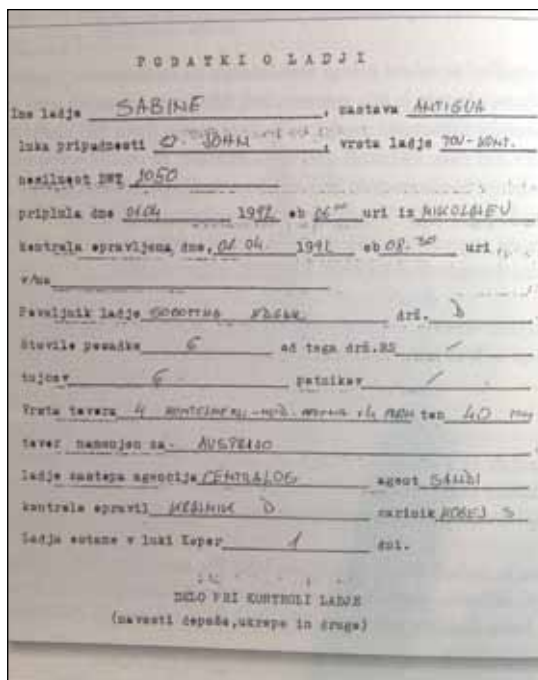
BZ: This was not the only plane from Ukraine. We are planning to write more about a Ukrainian Il-76 delivering weapons to a Slovenian airport from Sudan, but it was actually owned by a Hungarian company.

UW: All the deals involving the top officials that you mentioned are illegal, since they were made despite the embargo. Would there have been a case if there hadn't been an embargo?

BZ: The arms embargo can be viewed as a positive move that supposedly halted the weapons flow. But we show in our book that it's not that simple. According to SIPRI, a Swedish centre that looks into these issues, the ban only pertained to seven African countries until 1991. Later Croatia, Bosnia and Herzegovina, Slovenia, Macedonia and Yugoslavia were added to the list. The war was in full swing and the defense ministries of these newly-declared republics did everything possible to obtain weapons, legally or illegally. With the embargo in place, they could only get it on black markets, which was a direct path to corruption. Meanwhile, many countries in the West and East had a lot of weapons and were willing to cash in. Prices skyrocketed. If it hadn't been for the embargo, the process would perhaps have been more transparent and less money would have ended up in the hands of intermediaries.

UW: How did top officials and law enforcers react to your book, after all, you revealed some illegal activities?

MS: Nothing has actually happened because any attempt to deny something will cause a domino effect, so it's better to hush it up. Ev-



Matej Šurc and Blaž Zgaga researched 6,000 documents, collaborated with their colleagues from six more countries to find the evidence

everyone has a skeleton in the closet. But the book sells well.

UW: Has anyone sued you?

BZ: Not yet, but there have been new threats, much more serious threats.

MS: Someone called my mother-in-law from an unidentified number and told her, "Is Matej your son-in-law? Oh, then he'll be dead because of what he writes." Needless to say, we turned to the police.

UW: Was it similar to how Finnish journalist Magnus Berglund was intimidated a few years ago, when he prepared a TV programme for Finland, with your assistance, about Janez Janša, the current Slovenian Prime Minister and then Minister of Defense, and top officials getting bribes from Patria, a Finnish arms producer, for a contract to buy armoured vehicles?

BZ: I did help Magnus with his investigation in 2008 and received an anonymous threat. A week earlier, he discovered that the left front tyre on his car was unloosened.

UW: The Patria case has been under investigation for three years now. How different is the process in Finland, which is considered to be one of the least corrupt states in the world, from the process in Slovenia?

BZ: With Patria, three countries including Slovenia, Finland and Austria, established a united team, unprecedented in modern Europe. They are all conducting separate trials at the same time. Finland is looking into the case of those paying the bribe – specifically, Patria. Austria is dealing with the intermediaries, i.e. companies and entities that transferred cash through offshore accounts. Slovenia is investigating the recipients of said bribes, including officials who were in power in the early 1990s. One of the five people being sued is Janez Janša, the current Prime Minister of Slovenia, an EU member-state. The trial started in Austria in January 2012 and we can't wait to hear the verdict as the prosecution partly used the same evidence that we have.

MS: A recent survey in Slovenia showed that only 10% of the population thinks that our Prime Minister will be held liable.

UW: Which influential people outside Slovenia could find your investigation harmful?

BZ: Our trilogy touches many important people at the Croatian Democratic Union. We have proof of Vladimir Šeks, Prosecutor General under Franjo Tudman, getting weapons free of charge, while General Martin Špegelj, ex-Minister of Defense, received truckloads of weapons. This could be a signal that the supply of these types of goods to Croatia and Bosnia was an international operation by the special services of different countries. According to documents on the transfer of assets and debts, Serbia got virtually all the weapons of the Yugoslavian People's Army that included 220,000 tons of ammunition and explosives, while Slovenia received 10,000 tons and its leaders immediately handed it over to Croatia. Serbia used all of its reserves in the first three months of the conflict while the war went on for years. I find it scary to think about the amount of weapons we're talking about here. According to our estimates alone, 20 ships with ammunition and explosives arrived in Koper, which is no coincidence. A vessel departing from Poland has to first cross the Baltic Sea, enter the territorial waters of Germany and Denmark, cross the North Sea, the English Channel, and pass Europe and Gibraltar. Surely this offers plenty of opportunities to check what is on board the vessel? ■

The Difficult Path to the Security Reform

Author:
Maksym Bugriy,
*International
Institute of
Business*

President Yanukovych's administration has recently intensified its activity in the reformation of the country's security sector. The reform steps include management changes in the power Ministries of the Interior and Defense, the Security Service and the National Security and Defense Council, the establishment of the Committee for the Reform of the Armed Forces and the Military-Industrial Complex. The pace of reform is very slow. The cornerstone strategic planning and management document – the draft National Security Strategy – was prepared back in 2010, but it has only recently been approved by the President. This article examines the reasons for the slow pace of reform and suggests that the problems stem from the system of “national values” wherein “national security” is still largely associated with “State Security”.

BACKGROUND

To a certain extent, Ukraine's security and defense sector enjoyed a successful history of reforms under the previous administrations of Presidents Kravchuk, Kuchma, and Yushchenko. First and foremost, when Ukraine became an independent country in 1991, the country's security system in essence parted

ways with the soviet totalitarian principle.

Ukraine's security sector transformations were largely shaped and financially supported under the framework of Ukraine's partnership with NATO. In a way, Ukraine's NATO integration was viewed as the driving force behind the changes for the officers of the Armed Forces, the Border Guards, and other power ministries and civil servants that participated in the Ukraine-NATO partnership program. This facilitated the change in the organizational culture. The cohort of ‘Western-minded’ professional national security managers and experts emerged in the security and defense sector and burgeoning civil society institutions and continue to influence policy-making to this day.

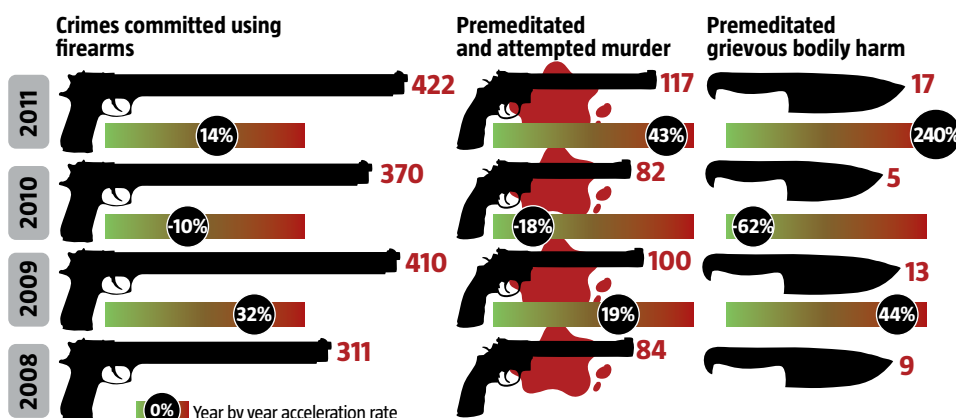
On the other hand, the pace of security sector reform was geopolitically affected by Russia. Ukraine's NATO integration led to a confrontation with Russia that peaked during the August 2008 Russia-Georgia war, which divided Ukraine's EU partners' attitudes, with Germany and France blocking Ukraine's NATO Membership Action Plan at the Bucharest NATO Summit in December 2008. Ukraine's security sector services deteriorated significantly, particularly during the financial crisis of

2007 – 2009. Yanukovych's administration attempted to alleviate the pressure applied by Russia and traded security concessions for economic benefits – which turned out to be provisional – by entering the April 2010 “gas-for-fleet” accords with Russia and legally institutionalizing the concept of a “non-bloc state”.

ENTHUSIASM AND VULNERABILITY

The Yanukovych administration appeared to have boosted security sector reform in 2010 and early 2011. Reform efforts were focused on strategic planning and naturally followed the tradition initiated by previous governments. Two important documents were drafted: the Strategic Defense Bulletin by the Ministry of Defense upon the completion of the second Defense Review (the first was in 2004) and the draft National Security Strategy that was prepared by the National Institute for Strategic Studies (NISS) to replace the 2007 document. The policy-making process was increasingly public. The draft National Security Strategy was prepared by NISS in discussions with Ukrainian and international experts, while Strategic Defense Review concepts were also discussed publicly. It was believed that these documents would become law quite soon. The National Security Defense Council resolved to speed up the process, sealed by Yanukovych's Decree in December 2011. But the drafting and coordination process took too long and it was only recently reported that the Strategy had been approved by the President, although further work has to be done prior to completion.

The slowdown in the reform of the security sector can be explained by several factors. The first is a new environmental situation whereby the authorities' vision of a non-bloc state was confronted with NATO-oriented government security experts that had to “adjust” their thinking. Using the manage-



Overall, recorded crime in Ukraine was especially rising in crisis years, even though the Ministry of Internal Affairs statistics show the slowdown in 2011.

Source: MIA

ment studies perspective, this resembles the conflict of “authority” and “knowledge” which management expert Ichak Azides described in his recent Twitter post: “I have often found that when there is disintegration, those who have the authority to say ‘yes’ and ‘no’ often lack the power to implement their decisions – nor do they necessarily have the knowledge to make good decisions. Conversely, those who have the information and knowledge lack the power or the authority. Worst of all, those who have the power to undermine decisions often have little or no knowledge concerning those decisions.” Second is the issue of government priorities and limited management resources. In 2011, probably the efforts of the vast majority of government analysts was directed towards fixing country’s finances, relations with Russia and energy security, and trade negotiations with the EU, while less attention was devoted to the security sector. The third important factor was apparently the absence of significant external security threats to Ukraine, that would have prompted the government to speed up its reform.

Ideologically, a new vision for Ukraine emerged and was legally stipulated. The concept of Ukraine as a “non-bloc” state was a hasty solution to the concern of Ukraine being in a ‘grey zone’ of security. But it did not actually calm this fear. The government seems to be leaning towards the vision of a ‘non-bloc’ Ukraine as a self-sufficient provider of security, reliant on its own resources and developing cooperation relations with all key regional players: “...on a bilateral and multilateral basis (particularly with NATO and CSTO) and gaining membership in the EU” (as O. Markeeva said). Because of the scarcity of resources available to Ukraine, at the same time, it is forced to limit its military power to resolving border conflicts and leaving relations with world powers to diplomats. Discussions continue on the size of the army Ukraine should have and priority is given to financing the defense sector and streamlining the military-industrial complex.

While perhaps Ukraine’s security community’s most popular topic for discussion is Vladimir Putin’s policy on Ukraine, what seems to be overlooked is the increasing level of crime and violence in the

“policing” segment of security. The violent crime trend is growing. Whereas 140 bank assaults were reported in Ukraine in 2011, this year the robbery rate has accelerated. As a challenge to public safety, the four explosions in rubbish bins in Dnipropetrovsk on 27 April 2012, injuring 30 people, raised concerns both in Ukraine and abroad over the reliability of Ukraine’s security system. Statistical data show an increase in recorded armed crime:

Overall, recorded crime in Ukraine increased significantly in crisis years, even though the Minis-

defining and supreme value for the human is him(her) self and his(her) life. Thus, a person is the basic element of all subsystems that form the national security system.

But the humanist values in Ukraine were suppressed by the years of the soviet and Russian Empire’s legacy that cemented the system of values dominated by State Security, not people security. Interestingly, Volodymyr Gorbulin and Oleksandr Lytvynenko found the fundamental presence of the outdated term “state security” in Ukraine’s Constitution, Article 17. It is very tempting to reduce State Security to serving and protecting those with power and money. The presence of this system is very visible in today’s Ukraine: in politically-motivated prosecution, the harassment of businesses by tax authorities, motorcades of protected senior state officials that cause gridlocks, cases of abuse at police stations, court bans of peaceful protests motivated by “national security” considerations, the monopoly of the police and not private guards to carry firearms and the political appointment of loyalists to key posts in the security sector. True security sector reform will be successful if reformists rely instead on Ukrainian traditional values that are similar to modern democratic values: personal freedom, taking care of the family, democratic governance, entrepreneurship and respect for private property, and of course patriotism and the virtue of service for public good. The managers that promote these values are leaders that will sooner or later carry out the suspended reform as well as other reforms needed for this country. Such successful reform will be possible in an open Ukraine, carried out by leaders that enjoy the support of a broad societal coalition. ■

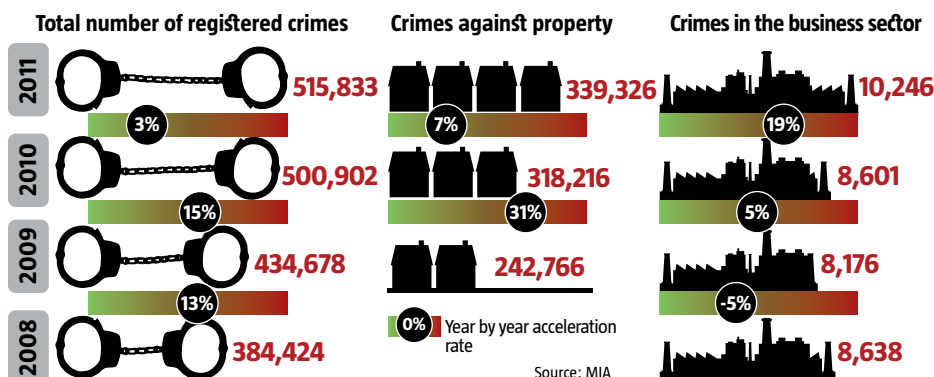
TRUE SECURITY SECTOR REFORM WILL BE SUCCESSFUL IF REFORMISTS RELY ON UKRAINIAN TRADITIONAL VALUES THAT ARE SIMILAR TO MODERN DEMOCRATIC VALUES

try of Internal Affairs’ statistical data shows a deceleration of this trend in 2011.

This dynamics is troubling if Ukrainian trends are compared with EU data where the crime trends decreased noticeably in 2006 – 2009. (Crime and Criminal Justice 2006 - 2009).

THE KEY CHALLENGE

One could attribute the slow pace of security reform to the complexity of government management and the lack of coordination among various government agencies. But the greater problem seems to be the lack of a key pillar of strategic management value-based leadership. According to Volodymyr Gorbulin and Anatoliy Kachynsky, it is these values that are the most important element in the “security triad” of national values – goals and interests. In the system of values, “The



Energy Solutions



Interviewer:
Zhanna
Bezpiatchuk

Ukraine's energy sector never stops to buzz with super-important news. One day, Viktor Yanukovich arranges for gas cooperation with Turkmenistan's president. The next –the government announces another effort to turn NJSC Naftogaz, EnergoAtom or UkrEnergo into joint stock companies as Russia cast its eye on them. Alternatively, the government proposes that foreign investors seeking to extract shale gas in Ukraine set up a joint enterprise with the obscure SPK-GeoService. On top of all this is the uncertainty of gas talks with Russia, where Ukraine has apparently exhausted all its arguments. "If you were to design an energy system that promotes corruption, it might look very much like Ukraine's," says Ed-

ward Chow, a well-known international energy expert, who has advised four different Ukrainian governments. In February 2012, he took part in "Ukraine at the Crossroads: What's at Stake for the US and Europe?", the latest hearing on Ukraine in the Subcommittee on European Affairs of the U.S. Senate Committee on Foreign Relations. *The Ukrainian Week* talked to Mr. Chow, who expressed his view on Ukraine's energy problems.

U.W.: What was the key message that you delivered at the hearings on Ukraine to the Senate committee?

They wanted to hear about the energy situation in Ukraine, which is critical not only for Ukraine, but for

The Ukrainian authorities seem to put themselves in an ever worse position

the region at large. The fact is that the solutions are within the control of the Ukrainian government. The solutions are quite well-known to Ukrainian authorities. They have been discussed exhaustively with both the Europeans and the Americans over the last 20 years. What is missing includes the political will in Kyiv as well the organizational capabilities there to reform its energy policy. Once Ukraine makes the decision to conduct reforms, interested outside groups can offer the assistance that Ukraine requires. The first priority is to normalize its energy relations with Russia, which the president has clearly not done. In April 2010 the Kharkiv agreement prolonged the bad practices of the past, rather than striking a new path, that would lead to normalization and having regular business relations with Russia. It was related to other political issues that are not directly connected with energy, which can destabilize energy agreements rather than help them. In spite of the rhetoric of the gas price discount in relation to the Kharkiv agreement, this will never happen.

U.W.: Do you see increased domestic gas extraction as a solution?

Investors need to understand what gas pricing is going to be based on. Right now the gas pricing system is disadvantageous for the producers of domestic gas, which is why Ukrainian gas production has remained stagnant for the last 20 years. The gas produced in Ukraine is at a disadvantage compared to gas that is imported, which is the exact opposite of what the case is in most countries. The latter actually discriminate against importing gas and favor of domestic gas. So, Ukraine, particularly in view of current gas prices, should be producing a lot more gas than it does today. And all geologists inside and outside Ukraine tell me that Ukraine can easily be producing 50 % more gas

than it is at present. The price of domestic gas is in the neighborhood of USD 40-50 per thousand cubic meters. At the same time Ukraine is importing gas at USD 400 per thousand cubic meters. So, the domestic producer does not have an incentive to invest money in gas production because it is getting less than the market price.

U.W.: A popular viewpoint is that foreign or national investment in domestic gas production and a parallel increase in price will not solve the problem. There is a ceiling for raising utility fees. According to First Vice Premier Valeriy Khoroshkovsky, even if raised, they would not cover the full original price of gas. Moreover, the government would have to subsidize a big part of the population.

I think that this is a false argument. Today your economy is subsidizing highly priced imports from Russia. You don't need a USD 400 domestic gas price. You can allow yourself a price of USD 100 for it, which will lead to increased domestic gas production. If the domestic production price is allowed to increase, it won't go up to USD 400. This does not have to be done before providing more incentives to people to re-invest in the production of even more gas. As an energy expert I'm very concerned about the fact that domestic gas prices are regulated at too low a price, which is causing domestic production to decline or stagnate. In theory, this gas should go to the population and state entities. In reality it is creating a 'grey market' for domestic gas. And it is the route and cause of large-scale corruption in the gas sector. If you price domestic gas at, for example, USD 50 and allow the import of gas at USD 400, then very quickly some enterprising people will appear, who will magically transform domestic gas into imported gas and trade it to individual people with the "right" political connections. There are a lot of people who do not want the current system to change because they are making a lot of money from it. Of course, these reforms are not going to be easy. You will need to have three- to five-year programs to get to the position of having market prices for domestic and imported gas. But Ukraine has to want to begin to move down that path.

BIO

Edward Chow, a senior fellow in the Energy and National Security Program at CSIS, is an international energy expert with more than 30 years of experience in the oil industry, including 20 years at Chevron. He has worked in Asia, the Middle East, Africa, South America, Europe, and the former Soviet Union. He has developed policy and business strategy and successfully negotiated complex, multibillion-dollar international business ventures. Mr. Chow specializes in oil and gas investments in emerging economies.

Edward Chow will speak about Ukraine's prospects of energy independence at the Ye BookStore (3, vul. Lysenka, Kyiv), at 6 p.m.

U.W.: EBRD and EIB are not rushing to give new loans to Naftogaz as they are waiting for its corporatization. But, the previous attempt ended in failure. And what could happen if such a government monopoly runs out of credit resources?

I never believed that the EBRD and EIB would invest in the Ukrainian pipeline system, no matter who is in power, Yushchenko, Tymoshenko or Yanukovich. None of these development banks take business risks. It was just empty talk from the very beginning by both the Europeans and the Ukrainian governments supporting them, since Naftogaz and Ukrtransgaz will never be able to execute the conditions being imposed, even if they are corporatized. The conditions set forth would essentially be a sovereign guarantee on the part of Ukraine. At present, Ukraine is experiencing difficult relations with the IMF. So, in the last two years, the Ukrainian government has put itself into a position whereby it has barely any lending capacity left. Ukraine goes to Russian banks to borrow money for Russian gas. The Russians are happy to accumulate Ukrainian debt. One day they will come to collect. And Ukraine won't have the means to pay. The only thing left is for the Russians to decide what assets they want in order to have this debt repaid. So, this government is digging itself a very deep hole, particularly in the energy sector. It sounds like a joke that Ukraine is going to import gas from Slovakia, Romania or Turkey. And the fact that authoritative news services are reporting this, is very indicative of the poor understanding of the subject. It does not help your government and, more importantly, Ukraine. The LNG Terminal in Odessa and shale gas will not help Ukraine in the short-term either. These solutions, even assuming that they are possible, will take five to ten years to accomplish.

U.W.: Recently, the Ukrainian government decided that foreign companies seeking to explore shale gas in Ukraine have to enter into a joint venture with Nadra Ukrainy, (Ukraine's Deposits), a state-owned company, and a little-known local company called SPK-GeoService. Is that an acceptable approach in international practice?

Let's go back to the very beginning. Every country can decide that a foreign investor can be the partner of a state-owned company, for example, Naftogaz. The state provides a foreign investor with a license to hopefully explore the resources that belong to the state. The fact that there is state participation through a national energy company is quite normal. When a state involves a specific local private partner, this is most unusual. In the case of a state company, the state is setting a condition to get license. And a foreign company understands what a state is contributing and providing. A foreign investor is going to invest technical capability, money, managerial capabilities. What then is this private local partner providing? Does it have technical capability that applies to this project? If the project costs, say, USD 100mn, can it contribute an equal share? Would it contribute USD 10mn into the project in cash or in another form, or do things that a foreign investor cannot do itself? A foreign investor that is going to come in would be concerned about this. This is too messy. They don't know who these people are. They might be subjecting themselves to accusations of corruption in their own country.

U.W.: Could Ukraine take advantage of promoting the Trans-Caspian Pipeline that could be connected to one of the European pipelines along with Turkmenistan?

A short answer is no. The objective of those who are seriously considering building pipelines, including Europeans talking about Nabucco and other pipelines, is to bypass Ukraine, not enter Ukraine. So, this is more political theater as far as I am concerned. There are a lot of hurdles facing the Trans-Caspian Pipeline, connecting Turkmenistan with Azerbaijan. But Ukraine has the advantage of geographic location. Even if these projects are implemented, it will be in the future. The government has to attend to the things that are within its control right now, instead of worrying about things that may or may not happen ten years from now. I can understand that Ukrainians want to participate in construction projects there. But I strongly doubt that the Trans-Caspian Pipeline could rescue Ukraine's dire gas situation. ■

A Cure for Foreign Affairs

Bernard Kouchner, former French Foreign Minister:
**"If you want to live in a better world,
 it's all possible in the EU"**

Interviewer:
Zhanna
Bezpiatchuk

U.W.: You are famous for your concept of humanitarian intervention.

The right to interfere. Now this is not only my preoccupation but the UN also wants to stop massacres before they actually begin. This is a problem. It means preventative action. But it has never been real preventative action except in the case of Macedonia.

U.W.: When the Georgian-Russian conflict flared in 2008, Russians called their invasion "peace enforcement". Is it true that Vladimir Putin told you at that

time that they were in fact using your concept?

- He said so, but it was not true that it was my concept. The right to intervene must come from the international community. And normally we see South Ossetia as a Russian preoccupation. So, they were alone. And Sarkozy and I were very active at that time. We rushed there and I saw that it was useful to tell people not only in Tbilisi but also in Moscow to stop. So, this peace enforcement was a sort of intervention. We called upon the Georgian people to stop bombing the town of Tskhinvali. Afterwards, I met refugees myself. I went to the other side of the Caucasus before Sarkozy and met with refugees, the Russians and former Russians. They were suffering. I invented this universal concept of the right to interfere now as responsibility to protect. That's very important. It should be prevention; it is not about going to war. It is to avoid the possibility of war but in the name of the international community, in the name of UN, always. And Russians did not do that.

U.W.: Then what do you think about the situation in Syria?

Should the West interfere since the human massacre has been going on there for a long time already?

- This is the same case as Libya. Un-

fortunately, it started completely the same. The Russians and the Chinese are opposed. You can't act like in Iraq, but we should go through the UN Security Council. And we went there with regard to Libya. But even with all our efforts it was not possible to get a positive vote on Syria. Why? Because of Tibet on the Chinese side and Chechnya and other Caucasus republics on the Russian side. And I blame the Russians and the Chinese for not accepting the need to participate in stopping the massacre.

It's not a funny game. It is always very difficult to convince people. And we did it more or less because today the Syrian government signed a document to give freedom of movement to UN observers inside its country. This is a very theoretical signature as the bombing is still going on. So, what then? It was not enough, but it is better than not doing anything. We'll see if by chance we can reach the suffering population with some means and protection.

U.W.: But do you not think that when we get full information about the scale of the tragedy in Homs, that democratic countries might feel sorry for missing time and not interfering? In 1932-1933 when the Famine in Ukraine was taking place, the West knew that something terrible was going on, but it found numerous reasons to do nothing. This is different, of course, but the logic is similar.

- But we are trying to do something in terms of humanitarian involvement. That was Stalin. And eight million died. I'm sorry, but I hadn't been born yet and hadn't invented the right to interfere. But yes, we remember those massacres and famines. I was not inventing my concept from afar but I was in the middle of it and saw the blood. I was a medical doctor, a surgeon, so I know what I am talking about. And we are trying. Let me tell you something. First, there is much less war than 25 years ago, and it's im-



portant that two blocs are not confronting each other as they used to. There was the massacre of Hama committed by the father of Bashar Assad in Syria when 20,000–25,000 people died; and we did nothing. The Americans, the British — no-one. Now we are trying to do something. I know it is not enough. In Georgia in 2008, we succeeded in stopping the invasion. But the occupation is still there. And I've been negotiating in Geneva for years. The Russians signed the document but they did not respect it at all, just like the Syrians do not respect their document.

U.W.: In 2008, France played a proactive role in settling the Georgian-Russian conflict. Then it seemed that the intensity of its foreign policy in the region waned. In 2011, Paris revitalized its role as an active geopolitical player in relation to Libya. It looks like this support comes in waves, as if there is a special focus on crisis management.

We were active, yes. Before this was the time of president Jacques Chirac. It was the end of his second mandate, and he was not so active. That's true. Now we are coming back to some activity. But you know that as one of the permanent members of the UN Security Council, we used to play such a role. We were very active in setting up the European area. We were very active when Nicolas Sarkozy came to power and when he asked me to be involved as a foreign minister in European affairs. We tried to do our best. We were not always excellent because after starting, we were too much in favour of Bashar Assad and Gaddafi, etc. So, I protested. I was not a president. I was just a foreign minister. But we were as active as possible in Lebanon. We succeeded with the Doha agreement. Everybody was trying to make some sort of peace agreement between the Palestinians and the Israelis and to set up a Palestinian state. We were very active all over. We were very active in Africa. We succeeded in pushing the international community to organize fair and transparent elections and control the vote in Guinea where there had been a dictatorship for 55 years. We were also active in China and we were also negotiating with Russia. We have to tackle these issues with all

BIO

Bernard Kouchner was born on **1 November 1939** in Avignon. He studied gastroenterology at Sorbonne, working as a physician at Biafra, a self-proclaimed republic in Nigeria that existed from **1967 to 1970**, and in Lebanon during the Civil War. In **1971**, Mr. Kouchner founded Doctors Without Borders, leaving it in **1980** to set up Physicians for Peace. In **1987**, he published his book titled *Le Devoir d'Ingerence* (The Obligation to Interfere). In **1988**, he started his career at the socialist government and entered their party. In **1997-1999** and **2001-2002** Mr. Kouchner was Health Care Minister at Lionel Jospin's Cabinet. Over **1999-2001**, he was the UN's Special Representative in Kosovo. In **May 2007-November 2010**, he served as Foreign Affairs Minister at two cabinets headed by François Fillon

the responsibility we can because it was ridiculous not to be on the inside and yet send soldiers every time to every mission. So, we did well. We tried to be useful and play our role.

U.W.: Can we expect new activity from France in Eastern Europe or the Caucasus, for instance?

- We can't do everything at the same time. But we were active also in Europe, not just in Central and Eastern Europe. We were very active in Greece. We were very active, in my opinion, too much against Turkey. As for the Caucasus, we were involved in Georgia. And we are still involved. And we can talk about the Caucasus and the Black Sea region. France can't take the world in its hands. We are not the biggest country in the world. We did exactly what we were able to do.

U.W.: When countries like France or Germany do not pursue active foreign policy in Eastern Europe or are ready to concede it to someone else, Russia comes and restores its influence. This is actually going on again right now and Ukraine is in the middle of it.

- Yes, absolutely. Russia is our neighbour. We have to maintain and establish good relations with Russia. This is an obvious thing. Were we too much in favour of Dmitry Medvedev who at the beginning of his mandate looked like he was more of an open person than Putin? From my point as a foreign minister I believe that I was not totally, but partially, wrong. Medvedev was not playing an important role, but in terms of social involvement, human rights, etc, he was more open. Apart from that, now we are strongly against the Russian position on Syria. Sarkozy made a strong statement on this. We are not always in agreement like on Georgia. Was it possible to start a war against the Russian army? No. We have to succeed with diplomatic language, by sort of pressuring international involvement. This is not black or white. It is impossible that way. It is very easy to demonstrate in the street. I have done so personally thousands of times. And so, what then? Were we supposed to start a war against Russia because they invaded a little part of the little country South Ossetia? No. We

were strongly against it, and we did our best, and we were sort of a good player. But, of course, we have to convince them to withdraw their troops.

U.W.: Can the project of a United Europe be finished and complete without Ukraine?

- No. But you have to fulfil the conditions. It depends on democracy in Ukraine. I'm very happy to talk about that. It has to do with the cost of the large expansion we committed to with the Eastern European countries. It was a bit too fast for many our citizens in the 17 EU countries, and now there are 27 of us. It was very hard. We don't have to rush. We are also experiencing a strong financial crisis. Do we consider a United Europe to be a sort of garden, a particular place in the world that we don't have to enlarge? Or do we consider it to be an example for the rest of the world? In this case of course, Ukraine may come, too. Why not? But this is impossible right now, because they are not democratic. In time they might change. Turkey was a problem. I'm in favour of Turkey becoming a member of the EU. And Sarkozy was not. My answer is that it is up to you. It will depend on you. Certainly, the best way to join the EU is to prove that you are with us in terms of democracy, human rights, the rule of law and so on.

U.W.: But do you see such things in Ukraine now? Tymoshenko is in prison, Lutsenko is in prison... And I can keep counting...

- I am not Ukrainian. It's up to you to answer. Is the Ukrainian government on the right path? No. And we are very tough against that. We can accept new members. We can't accept all the demands. I was a UN representative in Kosovo. Croatia, Serbia and other Balkan countries were bleeding. Today Croatia has been accepted. Serbia has been accepted as a candidate. And the rest will follow, including Kosovo. If you want to set up a better democracy and join a peaceful world, you can do it inside the EU because there is no possibility of any big fights. Honestly, it would be very difficult. We must all more or less talk and agree on common policies — both economic and foreign. ■

The Illusion of Macro

Economic growth is impossible without macroeconomic stability. The latter is understood as the stability of financial-monetary parameters of a national economy in time. History knows no examples of countries experiencing dynamic development while their currency was a monetary surrogate without popular trust. With any proportions and stimuli for macroeconomic redistribution, the instability of money and prices erodes value, rendering economic activity unreliable and expected profits illusionary. Conversely, there are countries with extremely successful economic dynamics which became possible when their currency had stable purchasing power. The exchange rate of the Hong Kong dollar has remained the same for six decades now, and the economic successes of this Asian tiger are well-documented. Germany experienced rapid growth exactly when its mark had a fixed exchange rate: in the 1950s and 1960s and then in the 1980s. But in the 1920s, when Deutschmarks devalued almost on a daily basis, Germany's economy collapsed.

We have had our own experience of industrial output being dependent on the stability of the Ukrainian currency. Ukraine's unsatisfactory growth is largely caused by the financial-monetary turmoil it has experienced. In the years of hyperinflation (1992-96), Ukraine's economy plummeted so low that we have not been able, in all this time, to bring it back to its 1990 level. The 2008 drop in the GDP was also caused by a sharp decline in the hryvnia's value compared to world currencies.

Stability can be defined as long-term macroeconomic balance. In other words, it is attained by an economy that remains balanced over time. Stability can be revealed using several overall indices. The key indexed are inflation and the GDP deflator, changes in the currency exchange rate and bank interest on loans. There is a strong correlation between these indicators: interest cannot be low when the currency exchange rate is plunging down or prices are skyrocketing. Thus, the financial-monetary stability, or its opposite, manifests itself through all these indices at the same time.



Author:
Volodymyr Lanovyi,
president of the Centre for Market Reforms and former Economy Minister of Ukraine

Once applied to Ukraine, these indices reveal our instability. In the first half of 2011, we had super-high inflation – about 12 per cent in annual figures. In the second half, the prices of consumer goods and services formally stayed put. (On a side note, this claim does not have much credibility, because reports of the State Statistics Service are clearly manipulated to suit the interests of the government.) The bank interest rate shot up to 30 per cent or more, a level we have not seen in recent years. Loan issuance to enterprises essentially halted for 4-5 months. Only government contractors were able to obtain large loans through state-owned banks, which used centralised resources from the Cabinet of Ministers and the National Bank of Ukraine.

Inflation was partly curbed through forceful administrative methods. First, the NBU was given a strict command to limit demand for money from enterprises and citizens. Thus, it made new hryvnia injections and extracted "extra" liquid assets owned by banks. To do so, it used its own deposit certificates which were placed with financial institutions that had a surplus of money. In this way, UAH 116.8 billion was extracted within one year from banks on varying terms. To compare, all bank deposits grew by less than

and issuing direct loans to banks to the tune of UAH 18.6 billion, while they received half of the sum (UAH 9.2 billion) in the previous 10 months.

Second, the Ukrainian government targeted inflation as the main enemy of its financial policy and began banning price hikes in 2011 in all sectors in which prices are established administratively. This included tariffs on services in natural and organisational monopolies: communications, railroad, energy, housing and utilities, municipal transport, etc. At the same time, the Minister of Infrastructure recently made a statement that sounded ridiculous: he said that the ministry would not be charging more for second-class seats in passenger carriages. So does this mean they will raise them for sleeping and third-class carriages?

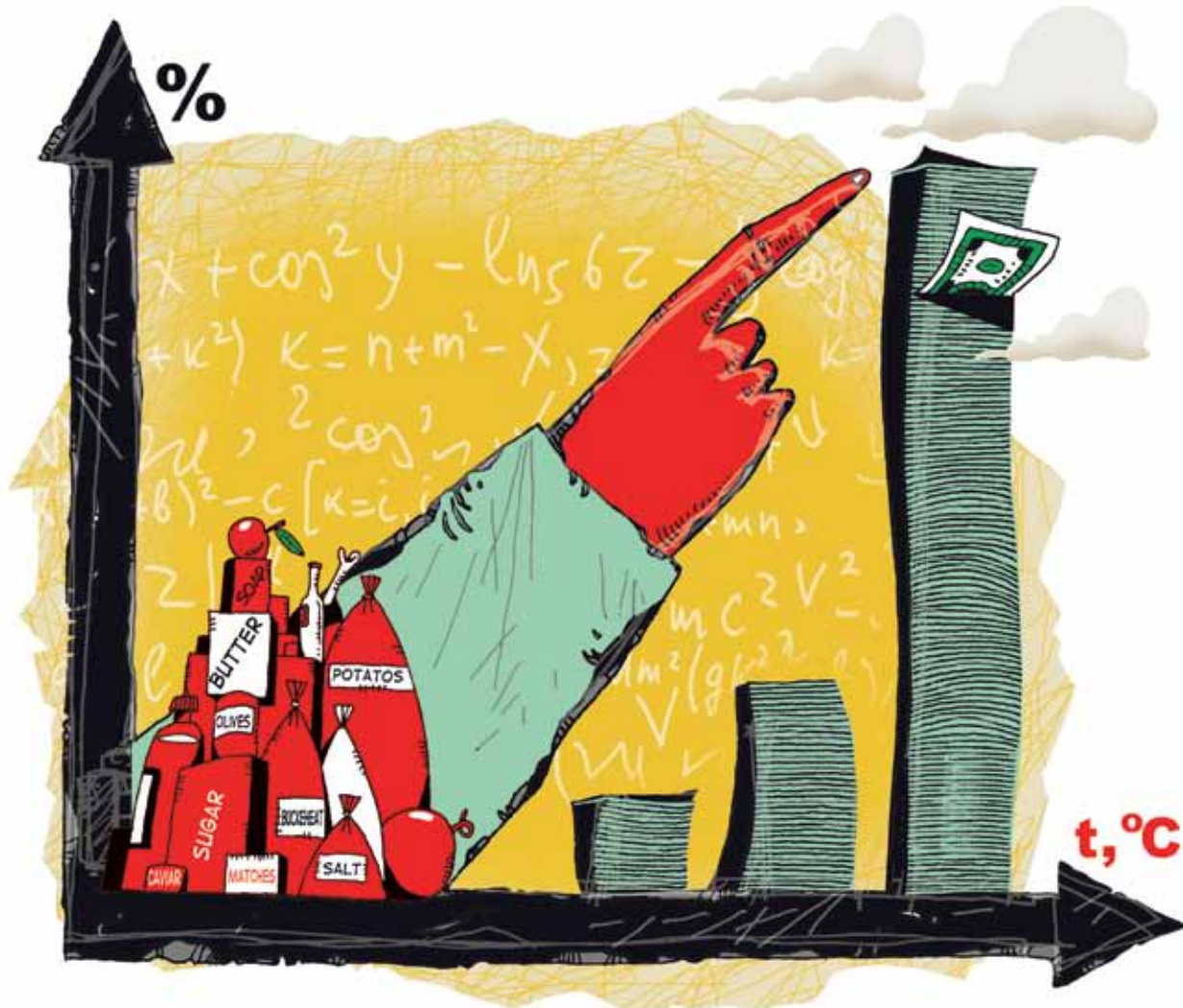
Inflation does not end simply by suppressing the objective movement of prices. Instead, it becomes latent. The unnatural dynamics of prices makes people anxious and causes them to expect more rapid inflation in the future. Indeed, the suppressed spring of inflation will eventually be released, causing hyperinflation. Ukraine already has this kind of experience. Strangely, the current government is disregarding this and trying to restore the economy to the price regimen of the soviet and early post-soviet era. Why was the State Committee for Pricing revived? In order to again set prices centrally? Are we also to expect the revival of the State Planning Committee and ratio cards for people to buy "social" products? All of this points to helplessness and ignorance, even though we cannot rule out a conscious effort to restore centralised planning.

In conditions like these, monetary stability is out of the question. It is secured only when a balance between demand and supply is achieved in markets, including goods and monetary markets. The goods markets in Ukraine can hardly be called balanced. There is no freedom of entrepreneurship, equality of participants' rights, free pricing, competition, and so on. The balance of demand and supply must be attained also in all segments of the monetary markets: interbank, economic loans, personal loans, government bonds, deposits, corporate stock

REPORTS OF THE STATE STATISTICS SERVICE ARE MANIPULATED TO SUIT THE INTERESTS OF THE GOVERNMENT

UAH 73 billion in the past year. Moreover, commercial financial institutions spent UAH 53.5 billion to purchase internal government bonds. This experiment led to a crisis of the payment system – the treasury did not have enough money on its accounts to make mandatory government payments in late September 2011. It also caused interest on economic loans to skyrocket. They became a rarity. This was vulgar monetarism in action, which only hurts the economy, causing it to spiral down. The situation persisted until November after which the NBU loosened the screws by discontinuing its deposit certificates scheme

Macroeconomic Stability



DRAWING BY IHOR LUKANCHENKO

and foreign currency. However, government bodies do not see the need to fulfil this task. On the contrary, through centralised interference in the redistribution of financial resources and establishing interest rates, they only move the economy further away from the state of monetary balance and hence monetary stability.

Instability makes the accumulation of finances dangerous to their owners. But without surplus finances it is impossible to invest in production. Thus, the volatility of monetary value hampers the growth of capital assets, forcing the economy to tread water. Total investments in capital assets in Ukraine have not exceeded UAH 155 billion for three years now. Mean-

while, Ukraine's GDP grew by 46.3 per cent, from UAH 913.3 billion to UAH 1.335 trillion, in 2010-2011. But this nominal growth was due largely to price increases (the deflator index was 33.4 per cent for two years) rather than to real GDP growth, which was at 9.7 per cent. Thus, stability is a rosy dream at present.

Mykola Azarov's appeal to the Finance Minister Yuriy Kolobov was alarming: work with banks so they will find money to finance the bottomless deficit of the government budget. It follows that this "sacred cow" will continue to devour monetary resources of the banking and credit system in view of the reigning monetary drought and distrust for the hryvnia. The threat of

instability is constant as long as this government is in office, because its actions are aimed at treating merely the symptoms, rather than the causes, of the malady and the causes behind Ukraine's economic instability today are plenty.

For example, **there are several key causes behind the inflation rate, which is one of the factors of stability.** For one, goods markets have been totally monopolised, and this has only been exacerbated in the past two years, while pricing abuses have become even more brazen. Prices and tariffs on products made by state- and municipally-owned enterprises have been fixed administratively. (The government made sure to secure their

profitability by annual increases in price levels.) Prices for imported goods, including energy, have gone up. Permanent increases in Russian gas and fuel prices have had the largest impact here, and this process will continue in 2012.

The NBU is artificially increasing bank liquidity in hryvnias (even though such regulations alternate with their opposites) and money supply. (It issues, and will continue to issue, targeted loans to refinance particular banks beyond any reasonable limits and without any real grounds.) The government has taken out excessive foreign loans not intended for making international payments. These arrive on the internal currency market, causing a surplus of dollar supply. To maintain a stable currency exchange rate, the National Bank buys this surplus, thus unjustifiably increasing the hryvnia supply on the market.

Is this current government capable of preventing these trends from driving up price inflation? It seems that the source of foreign investments to finance the budget deficit has been exhausted, and the government cannot simply satisfy its appetite for foreign currency. The government will try to transform part of the price inflation into a hidden form, such as by freezing housing and utility tariffs. Also, the government may again choose to cut bank liquidity in an administrative way and curtail demand for monetary resources. Thus, a more lively loans market is not to be expected. Of course, this will jeopardise production growth and will make it doubtful. However, the government can also be expected to take the exact opposite steps, particularly artificially cranking up inflation in order to fill its empty coffers.

Another factor of instability is the **high interest on bank loans**, which are inaccessible to most Ukrainians. The key and constant causes of the state of affairs are well-known: high inflation, which necessitates adequate compensation (amortisation) for financial assets which lose value over time. (In 2012, interest rates will also be fuelled by inflation expectations of Ukrainians.) Second, loans are highly risky. The likelihood that bank loans will be paid off remains low. The situation is further complicated by a poor business climate and administrative market regulation, which erodes the credibility of bank evaluations of projects and marketing. Monetary-credit resources will be

a rarity on the market due to the fact that the government takes out excessive loans and is inclined to issue emission-based loans to state-owned financial institutions. In 2012, these distorting trends will be more marked.

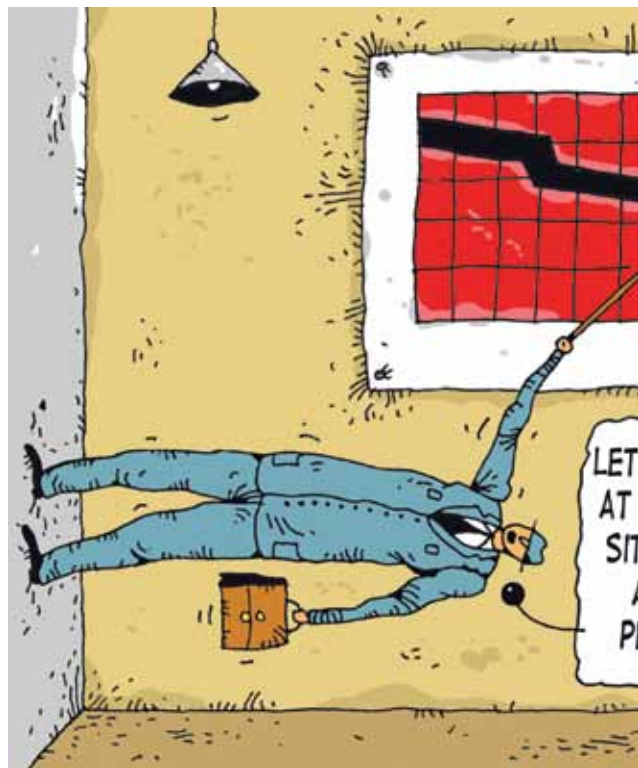
Another reason is that separate monetary markets are isolated with no self-regulation of inter-market flow. Different banks have unequal rights in the markets in which they are allowed or forced to operate. And these markets differ in their interest rates (the rates on retail credits are 2-3 times higher than those on internal government bonds), the availability of resources and creditors, etc.

Unfortunately, reducing market interest rates is not a priority for the current government. Therefore, crediting the national economy is not going to improve any time soon.

Panic on monetary markets also erupts **when the national currency exchange rate plummets abruptly or in an avalanche-like fashion. This is the third key factor of monetary instability.** Such falls occur in Ukraine much more often and with an incomparably larger amplitude than any other country. Why did the 2008 financial crisis hit the currency exchange rate in Ukraine more than any other country of the world? This vulnerability is a consequence of Ukraine being financially closed, which essentially means it is isolated from the world monetary market.

Ukraine suffers from overregulation, and the government and the National Bank are to blame. This overregulation includes mandatory things like permits for banks to open foreign currency accounts, carry out international foreign currency transfers and loan and stock transactions, issue foreign currency loans and convert hryvnias in other currencies. International credit, insurance, investment and other companies must be licensed to operate in Ukraine. All of these and countless other administrative regulations and limitations that run against EU norms and standards set up barriers to the free movement of international capital and discriminate the operation of foreign financial operators, stripping the currency market of its convertibility, its guarantees and predictability.

Above all, this enhances the risks of foreign currency transactions for foreign investors, forcing them to eschew long-term contracts and raising the cost of foreign loans. The difference between interest rates in Ukraine and in the eurozone is not



shrinking: our rates are three or even four times higher. Ukrainian territory remains unattractive to international financial mediators who prefer other economies of Central and Eastern Europe. Foreign capital flow has almost stopped, and we have to earn foreign currency with our own efforts. No special progress has been made in this area. The foreign currency reserves in the banking sector are close to a critical low point, so there will be no remedial means available if foreign currency circulation is disrupted.

In light of all of the above, a shock on world financial markets, such as those in 1997-98 and 2008, would lead to the following: international loan capital and portfolio investments would stop flowing to Ukraine's economy, while short-term investments would be urgently withdrawn and returned to international donor banks. In the second half of 2008, the net outflow of bank and economic credits from Ukraine exceeded \$8 billion (over 7% of the GDP) of which \$4.5 billion was short-term loans. In parallel, periodic reductions in the foreign currency supply occur on the internal market due to more dollars being bought by citizens from banks through the retail network. For example, this amount was more than \$6.5 billion in 2008 with October and November accounting for half of the total. A lack of foreign currency was catastrophic in these



conditions, and the internal market exploded.

Thus, the key causes behind avalanche-like periodical devaluations of the hryvnia are as follows: a permanent foreign trade deficit, which necessitates additional foreign currency injections to pay for imports; the high cost and limited volume of international credits issued to Ukraine's economy due to its financial impenetrability and isolation and the extra-high risks associated with foreign investments here. Furthermore, international credit-and-investment agreements are signed for the short term, allowing foreign operators to reduce financial risks and quickly repatriate financial resources in shock periods. Direct foreign investments are limited as a result of an unfavourable business climate.

Ukrainian citizens did not have confidence in the hryvnia's stability and expected it to lose value due to negative trends in the dynamics of payment balances across the economy, which generates additional household demand for foreign currency for saving purposes. The country does not have enough foreign currency reserves, which is especially true of banks and the government. Ukraine also continues to pursue an archaic policy of pushing the dollar out of the markets of credits, investments, deposits and savings by way of bans, unfairly high reserve requirements set to banks, etc.

Nearly all of these components precipitate another fall of the hryvnia's exchange rate, which appears to be unavoidable. Only a miracle, such as a gift from the IMF or a rouble shower from Moscow, can delay it until 2013, but then the fall will be even steeper, similar to what happened in 2008.

Therefore, all indices point to the fact that monetary stability in Ukraine is not to be expected in the near future. The year 2012 is likely to be critical. The government of Ukraine is concerned exclusively with its own fiscal, budgetary and loan priorities. Meanwhile, government officials themselves are undermining the foundations of macroeconomic stability. The government is counteracting private market processes, unions, self-regulation and balance on monetary markets, as well as more intensive competition on goods markets. It is passive with regard to the growing foreign trade and payment deficit and accruing debts. No steps are being taken to increase financial openness and harmonise our system with the European one, which means that Ukraine will not be saturated, as it needs to be, with capital on the level of highly developed countries. It should also be kept in mind that the financial crisis will peak in the European Union this year.

Instability of finances and prices will hamper savings and accumulation of capital. People are unlikely to have confidence in hryvnia bank deposits. It

MONETARY STABILITY IN UKRAINE IS NOT TO BE EXPECTED IN THE NEAR FUTURE

is easy to see that private investments will not increase, either. Government and municipal spending may be greatly curtailed, because 2012-13 will be time to spend budget money to pay the interest on and the body of previously obtained credits. It is absolutely clear that production growth will falter. The first quarter of 2012 confirmed these simple truths: even official statistics record a reduced growth rate in all sectors of the economy as industrial production slowed down.

So what should the government do in order to break out of this vicious circle and secure macroeconomic stability? Above all, goods markets need to achieve their full operational potential through competition among suppliers; the removal of monopolistic abuses; equality of the rights of purchasers and suppliers; self-regulation

of demand and supply and non-interference of administrative bodies in pricing; elasticity of the market supply of goods; value equivalence of exchange, etc. Market relations need to be secured in international trade; external and internal gas markets need to be united and a direct connection has to be established between them. External energy sources need to be diversified. The government must encourage and support Ukrainian exports with the goal of having a constant surplus of Ukraine's trade balance and accumulating international currency reserves.

A balanced market monetary-credit system needs to be formed in which artificial administrative increases or decreases of bank liquidity would be impossible, just like NBU loans to specially chosen, mostly state-owned, banks. Discrepancies between monetary markets need to be removed, and an equilibrium should be secured among them. The risks associated with credit and deposit transactions need to go down. The country has to switch to non-deficit budget financing and reduce the proportion of spending on centralised purchases and investments, as well as limit government international loans exclusively to the needs of importing high technology and servicing external debts. An open financial model of Ukraine's economy needs to be introduced which would abandon orders, permits and prohibitions regarding the international movement of capital, international financial mediation, hryvnia conversion on bank accounts, issuing foreign currency credits, making foreign-currency investments in the country, etc. The state needs to foster foreign investments; secure freedom in investment activity, the openness of stock investments and liberal currency exchange; do away with limitations and regulations regarding private businesses. It also needs to battle the currently high cost of Ukraine's international bonds and the short-term nature of foreign loans given to the government and economic entities of Ukraine. This can be done, among other things, by cutting foreign debt, balancing state finances, reducing interest rates on interbank credits, securing transparency and openness of Ukraine's financial system, hedging currency risks, setting non-compensated reserve requirements to banks that sign short-term loan agreements.

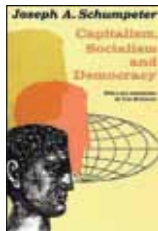
Unfortunately, Ukraine is now moving in the exact opposite direction, away from economic stability. ■

Reforms According to Schumpeter

A landmark work by the world-renowned economist confirms that the current “reforms” of the Ukrainian government will inevitably lead to an economic crisis

Joseph Schumpeter's work *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle* has recently been published in Ukrainian. The book has Ukrainian roots – the author wrote most of it while teaching at Chernivtsi University in 1909-1911. Although this fundamental work is a century old, it would be hard to find a more topical treatise on economic theory for contemporary Ukraine. What passes for “reforms” in our country is, in fact, the “patching of holes”. Schumpeter argues that if preserved, this state, which he calls “traditional circular flow”, inevitably leads to a financial-economic crisis, because true progress cannot be based on the foundation of the status quo that is being maintained. According to Schumpeter, an economy that is based on the recreation and advance of the traditional production structure is incapable of significantly increasing public welfare, because over time, the development of traditional competitive markets slows down the emergence of new added value. Schumpeter substantiated the conclusion that the sustained growth of national income can only be ensured through innovative development. This theory explains the “trap” in which Ukraine's economy has found itself. Increasing the output volumes of traditional industries, albeit through higher productivity, does not offer a powerful resource for the country's dynamic development. To illustrate these processes, Schumpeter uses a familiar analogy: “Add successively as many mail coaches as you please, you will never get a railway thereby”. Developing this simile, it can be said that the Ukrainian government is largely adding mail coaches instead of building a new “railway”.

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Academy



Joseph Schumpeter's book has Ukrainian roots: he wrote most of it while teaching at Chernivtsi University in 1901-1911



Schumpeter's fundamental contribution to the market economy theory is his argument for the decisive role of the innovating entrepreneur in implementing economic development mechanisms. This production factor gives a market economy a significant advantage over the centralised administrative model of management, under which state managers distribute, re-distribute and even increase existing resources, generally within the limits of an established economic circular flow. According to Schumpeter's theory, this cannot secure long-term national economic development – only that of individual citizens at the expense of others becoming poorer. In contrast, a stratum of innovative entrepreneurs guarantees the economic development of the state. This aspect of the theory is of paramount importance to Ukraine, because we tend to view entrepreneurs in the context of resolving employment issues – the creation of (any) jobs and the formation of a “middle class”, however the latter purpose is not being realized. A prosperous “middle class” emerges (i.e., increase in national prosperity) when there is an efficiently working stratum of innovative entrepreneurs. These are few and far between in Ukraine, for numerous reasons. A good illustration of this are the famous Oriental bazaars where employment is ensured and the scale is impressive, but the countries remain poor, since other conditions remain the same.

In Ukraine's economy, the bulk of financial resources available for supporting innovation are concentrated in large enterprises. This state of affairs is considered to be normal, because the prevalent opinion is that large corporations are technologically more efficient than small companies owing to

greater resource potential. But when developed countries formulate their innovation policies, they proceed from the assumption that small and medium enterprises play an important role in the process. They create the “nourishing broth” of technological and economic inventions in competitive markets, and new innovative companies emerge that determine the courses and prospects for a structural transformation of the economy.

Global experience shows that large companies that have grown from small innovative enterprises have the most significant economic effect on securing sustained development. So it is crucial for the innovations policy to establish conditions that would foster small innovative companies and enable their value to grow. Thus, a top-priority task for Ukraine's state policy on innovation is to provide effective institutional support for the development of small and medium businesses in science-intensive industries. Unfortunately, analysis shows that small business in Ukraine has almost no innovative orientation.

Schumpeter's work offers an answer to the traditional “killer” question raised by politicians and most experts regarding the innovation-based model of economic development: Where can a poor country get money for this kind of development? The usual answer, at least in Ukraine, is that it is first necessary to advance from the existing production structure, accumulate funds, then channel them into investments for the implementation of know-how. Practice has so far proven this reasoning wrong – innovative funds are not being accumulated and the process is losing momentum. Schumpeter's conclusion is that innovations are self-financing through the creation of new purchasing power. ■

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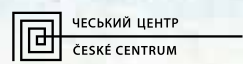
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Armed and Unpunished

The government is only pretending to fight crime among the ranks of law enforcement

Author:
Taras Zozulinskyi

Backed by annual statistics, top officials are boasting an unprecedented fight against corruption. Ukraine's Security Service alone revealed over 600 crimes committed by police in 2010-2011. The Prosecutor's Office discovered even more. In reality, however, these anti-corruption efforts are less comprehensive than they appear to be. In Lviv Oblast, for instance, as elsewhere in Ukraine, police officers tried for criminal activities rarely end up behind bars.

WELCOME TO THE POLICE

Illegal arrests are a widespread habit of Ukrainian police—one that nobody seems to be willing to eliminate. In some cases, police officers are exempted from criminal liability for illegal arrests and their criminal cases are closed. Lieutenant Colonel Volodymyr Kyrpach, for instance, was released from criminal liability under a ruling by the Shevchenkivsky District Court in Lviv. At the time, he was working as an Assistant to the Lychakiv District Police Chief. He was accused of arresting a guard and security chief at a company and keeping both employees behind bars for 13 hours with no legitimate reason. Based on a comprehensive forensic test, one of the arrested employees needed medical help but the police refused to provide it.

Mr. Kyrpach never admitted any guilt, claiming that he was acting as instructed by the chief of the district police department. Judge Vasyl Katsaviuk referred to Art. 48 of the Criminal Code to back his verdict. The article provides for moderate first-time offenders to be exempted from criminal liability if, during the course of the trial, their circumstances change and they cease to

present a danger to society. Mr. Kyrpach had retired by the time a verdict was issued in his case, so he no longer had the capability to put people behind bars, and was no longer a danger to society.

CONSPIRACY OF SILENCE

Another frequent police crime is the failure to record information about an offense. Serhiy Konchuk, ex-Deputy Chief of Kamianka Buska County Police Department in Lviv Oblast was accused of hushing up a reported crime. A pre-trial investigation found that Mr. Konchuk knew of a theft of UAH 90,000, yet failed to record

and verify it immediately, thus allowing the offender to avoid criminal liability.

However, the Chervonohrad Court disagreed with the prosecution. Unlike the investigators, Judge Stepan Meleshko saw no abuse of power in the officer's actions and qualified the offense as mere negligence, changing the punishment from 5-12 years in jail to a simple fine and community service or a shorter jail term—quite a difference indeed! In the end, Mr. Konchuk received a UAH 5,000 fine from which he was later exempted through amnesty.

BEHIND BARS

How many ex-police officers were punished last year?



If your car gets stolen, the police may demand that you pay a few thousand dollars to get it back, while also concealing information about the theft. Yet, the bribe is no guarantee that your car will even be returned. An officer in Zhydachiv County Department failed to record a reported car theft, which qualifies as criminal assistance under Art. 364.3 of the Criminal Code. The car's owners paid him \$3,500 to return their Mercedes. After he got hold of the cash, committing what qualifies as large-scale fraud, the officer never found or returned the car to the owner. Judge Vasyl Borakovsky sentenced him to 21 months in prison, although the official punishment for this sort of crime ranges from 3 to 12 years in a penal colony.

HIGHWAY ROBBERY

It's long been known that the the State Road Inspection or highway patrol has a penchant for taking bribes. Aside from this 'supple-

mented income,' officers are never held liable for breaking traffic rules. In addition to cash, bribes can be paid in the form of office equipment. Rostyslav Harkatyn, Chief of Peremysyl Road Police Department, got a multifunctional Samsung printer as a bribe from a driver who had broken the rules.

The prosecution accused Mr. Harkatyn of demanding and receiving a bribe. The law requires a 5 to 10 year prison sentence for such a crime. However, Maria Oleksiyenko, a district court judge, spotted no demands for a bribe in the case. According to her scenario, the driver offered the bribe voluntarily. As a result, Rostyslav was sentenced to a fine rather than a prison term. Judges at the Higher Specialized Court accepted the verdict.

Some road police departments inflate their statistical reports to show how well they operate. They have nothing to fear, as judges approve of the process. One bold road inspector was acquitted by the Lviv Oblast Court of Appeals after compiling nine fake protocols for traffic violations by drivers he picked randomly out of a database of car owners. Yet, the judges ruled that no abuse of power had occurred. "The criminal case materials provide no proof of an offense," the judges wrote in their verdict. "This undermined the respect for authorities, yet no proof was found that the act of forging caused significant damage to the rights, freedoms and interests of citizens or interests of the state."

FRIENDS IN HIGH PLACES

The abovementioned cases represent only a small fraction of the reported abuses that signal that judges too often tend to issue probation terms rather than proper punishments.

Volodymyr Musiyevsky of the Pustomy County Court released local police officer Oleksandr Rubtsov on probation after the court found him guilty of demanding and receiving a bribe in return for not assigning a probation officer to a convicted criminal.

Thanks to Judge Ihor Ptashynsky of the Sambir Court, an investigator who received a \$5,000 bribe for shutting down a crimi-

nal case had his sentence reduced to a probation term. The prosecution provided proof that the investigator had abused his office, yet the judge qualified the bribery as fraud because the investigator had taken the bribe to shut down the case of another investigator.

Judges often qualify serious crimes as lesser offenses, especially in bribery cases. Those tried for bribery often end up

POLICE OFFICERS TRIED FOR CRIMINAL ACTIVITIES RARELY END UP BEHIND BARS

CRIME AND PUNISHMENT
The number of complaints about illegal and violent actions by the police amounts to

2,704

66
police officers were convicted for violent actions.

39
ended up in jail

Total number of complaints hits

26,496

Based on Interior Ministry statistics from 1 January-1 October 2011

punished for mere fraud. By law, a police officer that accepts a bribe for a case he is personally assigned to qualifies as bribe-taker, but if another police officer is in charge of the case, the offense is interpreted as fraud. The former offense entails 5 to 12 years in jail. If convicted of fraud, however, the offender may simply end up with a fine, community service or a short jail term. Therefore, officer Vasylenko takes bribes for officer Petrov's cases, and vice versa. Such schemes allow the police to protect themselves from severe charges and long imprisonment if caught red-handed, and judges use this practice to interpret serious offenses as lesser ones.

For instance, Serhiy Boreyko, a judge at the Sykhyv District Court in Lviv, released officer Vasyl Pryshliak on probation after trying him for bribery. After a bank employee reported the receipt of a fake income statement from a loan applicant, Officer Pryshliak demanded a bribe from the suspect in exchange for preventing prosecution. As it often does, the court qualified the officer's offense as fraud rather than bribery because he was not directly involved in the case.

By giving corrupt police officers probation and conditional sentences, judges have an adverse impact on the struggle against police corruption. The fired traitors in police uniforms are simply replaced by new ones while the beatings, bribery, illegal arrests and systematized "protection" continue to flourish. ■



Unspoken Visa Rules

Ukrainians who travel in the Schengen Area get into trouble more and more often as they break the rules for non-EU citizens traveling across the territory, either intentionally or unintentionally

Authors:

**Zhanna Bezpiatchuk,
Inna Zavhorodnia**

A Schengen visa in a passport does not necessarily mean that Ukrainians can travel wherever they like in the EU. Seven Ukrainians learned this when they had to interrupt their weekend tour, in spite of having multiple entry visas. In March, the police stopped them at the Polish-German border near Herlitz because their visas were for business trips, while they declared that the purpose of their trip was tourism. Six of them were unable to confirm the legality of their visas, resulting in their annulment.

This incident revealed contradictions in the EU Visa Code, which does not allow for two valid Schengen visas at a time, since it is only possible to apply for another visa after the previous one has expired or has been cancelled. According to the German police, the Ukrainians should have cancelled their multi entry business visas in order to obtain a single entry tourist visa.

MISTRUST AND DISRESPECT

Viktor Yarsky's trip to Germany for the christening of his brother's baby resulted in a night at the police station and a hypertension stroke. On 13 January, German border police stopped him to check his documents as he was crossing the border from Poland into Germany in his car. He had three other men in the car, including his brother who had lived in Germany on a permanent basis for years. All of the Ukrainians had valid multi entry visas and Viktor had a business visa. They were going to spend a weekend in Nuremberg and return for a business meeting in Warsaw on Monday. Without any explanations or introducing themselves, the police arrested all of them. "They said that we sup-

posedly applied to the Polish Consulate to conduct business with the country just to use the visa for different purposes later," Viktor shares. He did not feel well at the police station but the officers did not hurry to provide him with any medical assistance, claiming that he was faking it. It was only after numerous requests and the assurance that Viktor would be able to pay for a doctor's, that one was finally called.

"I got my visa at the Polish Consulate in Lviv," Viktor says. "I had a personal interview. Once I had my visa, I travelled to Poland several times and spent the New Year's holiday in Hungary and never had any problems. The interpreter at the police station told me that it would be best to admit my guilt, have my visa cancelled and be sent home from Berlin by plane. I asked them to contact the Ukrainian Consulate but she said that it did not bother dealing with us and the sooner I admitted that I had broken the law, the better, because my friends had already signed everything". Earlier, an employee of the German visa center in Lviv had assured Viktor that his valid business visa allowed him to travel to Germany for a weekend. After 24 hours of interrogations by the police from one shift followed by those from the next shift, strip searches, the confiscation of belongings, talking to the lawyer hired by his brother and confirmation of the validity of invitations for Viktor and his companions by the Polish businessman who gave them, the police released the Ukrainians without a word of apology.

CRIME AND PUNISHMENT

Dmytro Kliukai, a student deported from the EU, was not familiar with the rules of Schengen travel either. Having a 90-day C-category multi entry visa to visit his godfather from the Polish Consulate, Dmytro stayed at his godfather's for short time with

his father, then a day later, went on a vacation to Spain. "Once we crossed the German border, the police stopped us and checked our documents, which was when the fun began." Dmytro recalls his Herlitz experience. "They asked us about our destination and the purpose of our visit. Eventually, I had to show them my college thesis on the laptop to prove that I was a student at an art college and was not going to stay and work illegally in Spain. In court, they said they believed that I was a student but that I had misused my Polish visa to travel to Spain. With a Polish visa, I was supposed to stay at least 70-80% of the time in Poland, they said, and then I could travel around Europe a little."

After this, Dmytro's adventures were in no way different from the fate of a captured criminal; he was fingerprinted, searched, transported in handcuffs and had an eight-day wait prior to being deported to Ukraine. He had EUR 200 with him, of which

Almost
400,000
Ukrainians have multiple entry Schengen visas, mostly for a year or less



EUR 150 was confiscated and he was allowed to keep EUR 50 to cover his travel expenses. As a 21-year old, Dmytro did not have the opportunity to appeal to the German court, nor could he afford to pay the EUR 2,500 fine determined by the court. In addition, he could be banned from traveling to Germany and the Schengen Area for up to 10 years. Data on deportations is entered into the Schengen Information System (SIS) used by EU member-state embassies to find personal visa records.

A TRICKY PROVISION

The Ukrainian Week asked the German Embassy to comment on the deportation of the Ukrainian student. It cited Art.5 of the EU Visa Code that provides for a visa to be issued by an EU member-state, the territory of which is the only purpose of the trip. For trips with several destinations – the state, the territory of which is the primary destination of the trip as far as the duration and purpose of the visit is concerned. Art.5 also offers a third option: the visa can be issued by an EU member-state, the borders of which the applicant crosses when entering Schengen territory, provided that the key destination is impossible to determine.

The Ukrainian Week has learned from the Press Service of the Federal Police Presidium in Potsdam that foreign citizens who are unable to confirm the purpose of

their stay in Schengen states when checked by German authorities, raise the suspicion fraudulently-obtained visas. German legislation qualifies this as a breach of the law. The visa is invalidated and the detained holders have to leave the Schengen Area. The relevant authorities have powers to do this.

“If your visa lists one purpose that changes during the trip, you should be prepared for the same as what happened to the Ukrainian student,” comments Iryna Sushko, President of the Europe without Barriers NGO. “Moreover, his visa said that he was visiting ‘close relatives’, a privileged category, hence this much

could provide was his father’s written invitation. For some reason, the fact that his father was right next to him failed to convince German law enforcement officers.

“If Dmytro had stayed in Poland for a month before traveling to Spain, I’m sure there would have been no problem,” Ms. Sushko says. “Otherwise, the question arises of why he hadn’t applied for a Spanish visa in the first place?” she wonders and immediately answers: “It’s easier to get a visa at certain consulates than at others, although this is all very relative.”

WHY CHEAT?

Ukrainians sin because they tend not to trust their own country. In contrast, European states build their relations with its citizens based on trust, which is why deception is punished so severely. At the same time, the visa practice at the consulates of EU member-states is often what pushes Ukrainians to misrepresentation. Olena Polnariova, a Reckitt Benckiser employee, spent much time and money to go on a week-long business trip to Bratislava. “I was going to stay in Bratislava on Monday, Tuesday and Wednesday, and return to Vienna on Thursday where I had a stopover, and remain there till Sunday,” she says. “The agency that helped me prepare my documents told me that I wouldn’t get a visa for this. If I applied to the Slovakian Consulate, I would have to spend more time in that country than in another. So, it wouldn’t work out if I told them I was going to Slovakia for three days and to Vienna for four. One of the options they proposed was to make a fictitious reservation at a hotel in Bratislava for the duration of my trip, apply for a visa with it, then cancel the booking once I had the visa. I didn’t do this because it was disagreeable and degrading. I still don’t understand why I can’t spend four days in Vienna after a three-day business trip to Bratislava.”

The widespread attitude to Ukraine as a corrupt, failing and ever more authoritarian state is also transferred to its citizens. This means that in the short-term, they will have to learn to play by the rules, even if they are unspoken. Only better awareness and the avoidance of the deliberate abuse of visa rules will reduce the risk of unwanted problems when traveling abroad. ■

VISA PRACTICE AT THE CONSULATES OF EU MEMBER-STATES IS OFTEN WHAT PUSHES UKRAINIANS TO MISREPRESENTATION

attention. If he were a researcher or an athlete, the authorities could have understood why he had to travel around the Schengen Area.”

Ukrainians faced controls at an internal Schengen border, which supposedly does not exist. “We also check people from third countries with Finnish, German or Lithuanian visas,” Rafal Walski, Poland’s Consul General, tells *The Ukrainian Week*. “There is nothing abnormal about this. Control practice at internal borders can only exist in private cases but it’s not a general rule. As to cases concerning Ukrainian citizens, our colleagues from Ukrainian consular offices should complain about the violated rights of Ukrainians to the relevant German authorities.”

The Ukrainian Week drew the attention of the Ministry of Foreign Affairs of Ukraine to the Dmytro Kliukai incident. Representatives of the Ukrainian Embassy in Germany talked to the German authorities and discovered that documents confirming the purpose of the trip, such as a travel voucher, confirmation of a hotel reservation etc., could have saved Dmytro from being deported. But compliance with this norm is not always possible. Dmytro was traveling to Spain in a private car with his father to stay in the latter’s home, so he had no tickets, travel vouchers or hotel reservation. The only document he



PHOTO: REUTERS

The Best Tournament Money Can Buy



It is like being in a rally car. The pilot stands behind the two drivers in the cab and barks instructions from a sheet of paper: "Up to 160!" "140 on the curve!" Every few hundred yards, signalmen wave batons and flags from another era. In the lush green fields to either side, lone farmers lean on their tools and stare.

This is high-speed rail, Ukrainian-style. At a maximum of 183 kilometres per hour, the speeds are lower than those achieved by trains in much of Western Europe. But on Ukraine's old Soviet tracks, it still feels thrillingly fast.

The new Hyundai trains are a showpiece of the modernisation programme Ukraine has embarked on in the run-up to the Euro 2012 football championships, which begin next week. They will link the host cities—Kiev, Lviv, Kharkiv and Donetsk—during the tournament, which Ukraine is co-hosting with Poland. (The authorities have even made a slightly odd promotional film for the trains.)

Borys Kolesnikov, deputy prime minister and the man in charge of the preparations, insists

that the trains would have been needed even without the need to transport thousands of foreign football fans around. Faced with mounting criticism that Ukraine has splurged irresponsibly, he says no more than \$55m has been spent on projects devoted exclusively to Euro 2012. Yet around \$13 billion, more than half of it public money, has gone on stadiums, airports, trains, hotels and other projects.

Ordinary Ukrainians are grumbling ever-more loudly in the run-up to the tournament. Tickets on the fast trains cost up to three times more than on night services travelling the same routes. Such services may be slow but offer a level of comfort (and character) that for many are one of the best things Ukraine has to offer.

Yet revenues from tickets on the old trains cover as little as 10% of the cost, according to Mr Kolesnikov. The new trains need fewer staff and will make fewer stops. Seen in this light, the upgrade appears inevitable (though this makes its mismanagement, as described in this article, all the more dispiriting).

Still, these changes in the name of efficiency might be more palatable if cuts were being made elsewhere. Yet there is evidence of grotesque waste all over Ukraine. This is particularly apparent in the use of energy resources. Away from the tattered urban centres, many provincial towns are heated by external pipes whose insulation has simply fallen off. The Polish-Ukrainian Cooperation Foundation, an NGO, estimates that nearly 80% of the gas Ukraine buys (at notoriously high prices) from Russia is wasted.

This is maddening enough for Ukrainians. But the inflated price tag for Euro 2012 infrastructure irks them even more. Analysts fear it could hobble the economy for years. To many Ukrainians it is evidence not of waste but of stealing. Ostap Semerak, an opposition MP, estimates that kickbacks to corrupt officials account for more than one-third of the total costs of the tournament.

Mr Kolesnikov demands to see the proof of such allegations. There is certainly no smoking gun. But with workers on Euro-related construction sites earning around \$19 a day, it is hard to explain why refurbishing Kiev's Olimpiyskiy Stadium, which will host the Euro 2012 final, has cost nearly \$600m, making it one of the most expensive such projects in history.

Yevhen Semekhin, leader of the Donetsk branch of Democratic Alliance, an anti-corruption group that has recently turned itself into a political party, showed me the new English-language signs in the city. Each one, he says, officially cost \$1,100. "This is not silver!" he exclaims.

Given the negative coverage Ukraine has received in recent weeks, visitors to Euro 2012 are likely to be pleasantly surprised by the quality of its infrastructure. Ukrainians are determined to show their guests a good time, and to have fun themselves. But when the party is over, the question of how it came to cost so much is not going to go away. ■

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To Buy or Not to Buy

A large number of tickets for Euro 2012 football matches may go to Ukrainian scalpers

Ukrainian and European officials are convinced stadiums will be sold out for the Euro 2012 tournament – nearly all tickets have been sold through official structures. They also argue that fraud has been made impossible through several layers of protection and a special system of distribution. However, *The Ukrainian Week* found that tickets can still be purchased and not only from official sources. The system that the officials are so proud of is no guarantee that tickets will not be grabbed by profiteers. Speculation may be orchestrated by people from agencies responsible for hosting Euro 2012.

THE FINAL SALE

“UEFA EURO 2012 ticket portals closed. All tickets for UEFA EURO 2012 bought before 10 April are currently being printed and shipped. The ticket portal will re-open in early May 2012 and give every fan the opportunity to review their ticket order.” This was the message on the official UEFA portal read over and over again by those who made up their minds to buy tickets too late.

The lucky ones who have received their tickets had to go through a complicated procedure. First, they had to open a client account on the UEFA site, prove their paying capacity and submit a purchase order. Then they had to wait to win their tickets in a lottery. Successful applicants had to pay for their tickets within a given time limit.

Football officials assure everyone that all matches of the championship are certain to be sold out. “There will be no empty seats in any Euro 2012 arena,” UEFA Operations Director Martin Kallen said. According to Markian Lubkivsky, chief of the EURO 2012 Ukraine Organisational Committee, over 95 per cent of tickets have been sold. The rest will soon find their owners. “We are about to launch the final phase of the ticket sale in Ukraine. Moreover, the uefa.com site will start selling the remaining tickets at around 7 May,” he said

Author:
Bohdan
Butkevych

before the sale was actually launched again in mid-May.

Kallen estimated the number of unsold tickets at around 50,000 during a presentation of “live” IDs in Kyiv: “We have these tickets, because not all national federations

have exhausted their quotas. So they can be bought for matches in both Poland and Ukraine.”

All ticket selling competitions organised by the Euro 2012 sponsors were to be completed by May. Donetsk fans who are season-ticket holders for Shakhtar’s new season can come to Donbas Arena to buy tickets, maximum four per person, to all Euro 2012 games in Ukraine, including those held at other Ukrainian stadiums. Season-ticket holders in Kharkiv can try their luck in the Metallist Stadium’s ticket booths and on its official site. Finally, UEFA Euro 2012’s official sponsor, UniCredit Bank (Ukrsotsbank), began selling more tickets through its branches on 7 May.

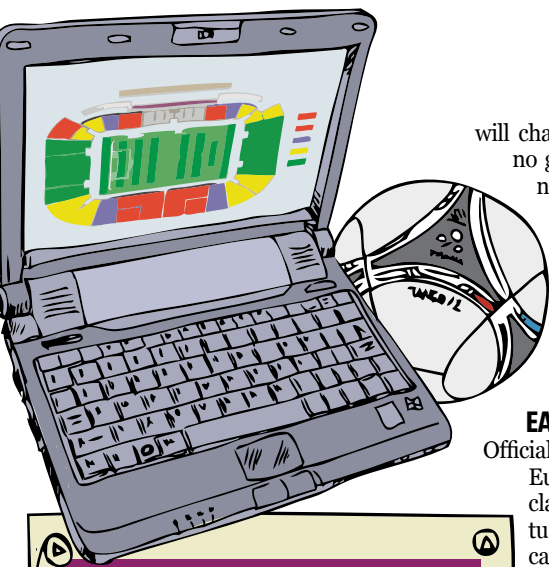
A SPECIAL OFFER

A quick online search reveals hundreds of offers to buy Euro 2012 tickets. Many are from intermediary companies that offer help in obtaining them. For example, energotour.com says it is not an official sales agent but “offers to purchase tickets from those fortunate people who have been lucky to win them through a lottery but are unable to attend Euro 2012 football matches for various reasons, as well as tickets that are distributed through the official sponsors of the championship. We offer tickets from the secondary market where they have various markups. Due to this, the actual price may be significantly (several times) higher than the nominal one. On our part, as a tour operator with an impeccable reputation, we offer only proven official tickets. It is up to you to decide where to buy them: from the UEFA, our company or some dubious internet portal.” Prices range from the more or less acceptable UAH 1,900 for a group stage match to the sky-high 24,000 for the final game.

Another Ukrainian portal listed on the first page of search results returned by Google offers tickets to all Euro 2012 matches with a “20% discount” on commercial offers. Here is



UEFA OFFICIAL TICKET PRICES	
Group stage (8-19 June)	
First category:	€120 (UAH 1,200)
Second category:	€70 (UAH 700)
Third category:	€30 (UAH 300)
Quarterfinals (21-24 June)	
First category:	€150 (UAH 1,500)
Second category:	€80 (UAH 800)
Third category:	€40 (UAH 400)
Semifinals (27-28 June)	
First category:	€270 (UAH 2,700)
Second category:	€150 (UAH 1,500)
Third category:	€45 (UAH 450)
Final (1 July)	
First category:	€600 (UAH 6,000)
Second category:	€330 (UAH 3,300)
Third category:	€50 (UAH 500)



will charge more and will give you no guarantee that your ticket is not a fake. What you buy from us is an absolutely normal, legitimate ticket, albeit somewhat more expensive than the official price. You pay more ... for the guarantee and your peace of mind."

EARNING "LIKE ADULTS"

Official agencies responsible for the Euro 2012 tournament have claimed that tickets will be virtually impossible to forge, because they will have several layers of protection. The first name and surname of the buyer is printed on every ticket. The person whose name is on the ticket will be responsible for the conduct of the ticket holder. Moreover, one person has the right to buy a maximum of four tickets to one match. According to the organisers, this helped filter out 20 per cent of applications from resellers and profiteers.

According to Lubkivsky, there will be no passport control at Euro 2012 matches. "ID checks will be selective, such as when a fan behaves in a suspicious or improper way," Lubkivsky explained. "The name of the person indicated on an ID means that they will be responsible for the conduct of their relatives and friends to whom they have given tickets as gifts. Of course, this person will not have to lead them by the hand, but my recommendation is that they have their ID on them. However, even when the name on the ticket and the fan's ID do not match, but there are no serious violations, the fan will be admitted to the stadium. A serious reason for an ID check may be disrespectful conduct or an illegible bar code on the ticket, i.e., if the ticket is bogus."

A powerful group of scalpers has operated in Kyiv for decades. It is a coterie of mediators who purchase tickets to popular events in advance and then resell them as several times the nominal price. This system has operated since soviet times. Professional resellers have no need to forge tickets. First, that is a risky business, and second, having the necessary connections in the entertainment industry and sports agencies, they can legally buy the best

and most popular tickets without breaking the law. And then they resell them absolutely legally, because speculation is not punishable in Ukraine, unlike in the former USSR. There is every reason to claim that this group has targeted Euro 2012 as a chance for windfall profits.

One member of Kyiv's "ticket mafia" said that he and his colleagues were waiting for the final sale of the remaining Euro 2012 tickets to be announced by the UEFA. After it takes place, the network of distributors will receive new tickets that will immediately be intercepted by resellers. And then they will be able to cash in on them "like adults", as he put it. Normally, scalpers charge 2-20 times more depending on the importance of the event. ■



WHAT LEGAL RESELLERS CHARGE

(OFFERS ON WEBSITES)

The highest-priced tickets are for matches played by Ukraine's national team and top foreign squads

Group stage (8-19 June)

First category: UAH 3,000-4,000
Second category: UAH 2,500-3,500
Third category: UAH 1,900-2,500

Quarterfinals (21-24 June)

First category: UAH 6,000-7,000
Second category: UAH 4,500-5,000
Third category: UAH 3,000-3,500

Semifinals (27-28 June)

First category: UAH 10,000-15,000
Second category: UAH 7,000-9,000
Third category: UAH 4,500-6,000

Final (1 July)

First category: UAH 24,000-25,000
Second category: UAH 14,500-16,000
Third category: UAH 12,000

what a manager who identified himself as Serhiy told a journalist working for *The Ukrainian Week* who pretended to be a fault-finding and incredulous customer seeking guarantees against fraud: "You may be 100 per cent certain that you will have your tickets. We have very reliable sources – in the Football Federation of Ukraine." Asked how this could be possible if Ukraine's entire quota had been sold earlier he replied: "There is a whole category of tickets reserved for the Federation which will be distributed at the last moment at much higher prices, as you can understand. So it is better for you to make the purchase right now and pay half or a third of the price."

Sensing doubt in the journalist's tone, the manager goes for the kill: "You must understand that scalpers

EXPECTED BLACK-MARKET PRICES

Possibly much higher for games played by Ukraine's national team

Group stage (8-19 June)

First category: UAH 12,000
Second category: UAH 7,000
Third category: UAH 3,000

Quarterfinals (21-24 June)

First category: UAH 15,000
Second category: UAH 8,000
Third category: UAH 4,000

Semifinals (27-28 June)

First category: UAH 27,000
Second category: UAH 15,000
Third category: UAH 4,500

Final (1 July)

First category: UAH 60,000
Second category: UAH 33,000
Third category: UAH 5,000

Giving 'em the Runa



NO QUESTIONS TO ASK:
Dean from Belgium will be
using a GPS to avoid having to
ask for directions

In the lead-up to Euro 2012, the Western media has been competing to paint the scariest possible picture of Ukraine. *The Ukrainian Week* looked into what foreigners fear and what they are actually likely to find challenging in Ukraine

Author:
Valeria Burlakova

Photo:
Valeria Burlakova

Welcome to Ukraine – a country where police are scarier than criminals, dogs are burned alive, the mafia attacks hotels and virtually every woman is a hooker waiting to infect you with HIV and steal your wallet. Most of what foreigners have been told about problems in Ukraine amounts to no more than rumours spiced up by the press. Most European TV channels and publications have no staff reporters in Ukraine. Moreover, many reporters tend to focus on bad news alone, and the resulting image of Ukraine is indeed frightening. *The Ukrainian Week* spent a few days with foreign tourists to find out what problems average guests encounter when traveling to Ukraine.

UNDISCLOSED PRICES

Hotel prices in Ukrainian host cities really are scary. Some still refuse to reveal their football season prices. Kozatsky Stan, a three-star hotel in Kyiv, for instance, normally charges UAH 800-2,000 for a one-bed room, yet the price is effective only until 9 June. “Then, prices will grow twofold but they depend on the dates. The finals are on 1 July and the price will be high,” the administrator says. Just how high it will rise remains unknown, however.

Renting an apartment is an alternative option. Landlords are also reluctant to disclose prices until the very last moment. “How much are you willing to pay?” they wonder. Liudmyla rents out three apartments within a 15-minute walk of the Livoberezhna metro station for UAH 400 per night. She says the apartments have not yet been booked for the Euro games, and has not revealed the price for the time of the tournament. “We’ll see how many people come,” she says, adding that she is

round

going to raise it twofold for Ukrainians and threefold for foreigners. This price policy is currently in effect in all four Euro 2012 host cities in Ukraine.

"Take some efforts, look at as many options as possible," Frank, an American citizen who has been living in Kyiv for years, recommends. "The agencies that rent out apartments on a daily basis always speak English. And feel free to bargain, it's as common in Ukraine as it is in Turkey. Whenever the locals hear a foreign language, they automatically raise the price. But they can offer you a better price eventually once they realize that you're not willing to overpay." Another problem with renting an apartment is booking one. Most agencies can confirm the booking with an email only. A reply, such as "Transfer half of the amount to my phone account and we'll keep the apartment for you," could signal fraud. Also, even once you've got a reservation, the landlord might simply refund your money if they find someone else who is willing to pay more. As a result, renting an apartment is cheaper while booking a room in a hostel is more reliable.

POOR TRACK RECORD

"The Ukrainian railway system has undergone unprecedented transformations leading up to Euro 2012," the railway website boasts, adding that it "is introducing a new online ticket search and sales service."

The Ukrainian Week asked Andy, a Briton, to buy a ticket from Kyiv to Donetsk. "One of the options is to buy the ticket at the office," Andy claims. "You click on the link to find the locations of ticket offices and end up with a map of Ukraine with oblasts written out in Ukrainian only. I had to google an alternative English-language map and find Kyiv Oblast by comparing the shapes of oblasts, only to find the list of cities in Ukrainian again, just like the locations of ticket offices..."

Ultimately, Andy decided to purchase his tickets online, following a link to e-kvytok.ua. "You need to register there to buy a ticket," he says. "But that's okay, it does have everything in English. Once registered, I looked under 'Sample Documents' for ticket samples. This section shows what the order form, ticket return form and electronic ticket look like. Document titles are in English, but the tickets are actually in Ukrainian. I can guess where the departure and arrival time is because I remember that when I order one. But I can't figure out the train, car and seat numbers."

Later, Andy tried to book a ticket but failed to do so in English. Even when he clicked to switch the website into English, the menu on top of the page remained in Ukrainian, and the whole booking process continued in Ukrainian. Purely by accident, Andy clicked on a rescue link saying "Dear clients! The updated version of the website is at <http://www.e-kvytok.org.ua>" But users cannot log into the new website using the name and password registered for the old one. Moreover, the Ukrainian railway's website still links to the old e-ticketing website for some bizarre reason. Once yet another registration was completed, Andy typed in Kyiv as his departure station in the ticket search application. He found that there is only "Kiev," not "Kyiv," and Donetsk does not exist either. Instead, the website offers the misspelled "Doneck," which would leave many Ukrainians, let alone foreigners, wondering whether the mysterious Doneck is the host city they are looking for. After choosing the date of the trip and selecting randomly between "kupe" and "plackart" seating, Andy found out that he cannot pay for the ticket for technical reasons, nor can he book one. With that in mind, the ban on booking tickets earlier than 45 days prior to departure no longer appears to be the biggest challenge.

The last option is to translate ticket office addresses from Ukrainian into English, wait in line and buy tickets in person in Ukraine. A clerk at the ticket office in Kyiv looks taken aback when spoken to in a foreign language. It takes her just a minute, though, to stop panicking. She

WHAT FOREIGNERS FEAR IN UKRAINE



"Criminal gangs have stormed hotels, some hotel operators have tripled prices and others have cancelled contracts with the tour operators," says **Spiegel Online**.



Polskie Radio Dla Zagranicy laments the burning alive of dogs in Ukraine to "clean the streets" before the tournament



"Keep an eye on it at home," **Nederlandse Energie Maaftschappij** urges Dutch women in a video to prevent their husbands from going to Ukraine for Euro 2012 and falling victim

to its beautiful women. Apparently, the video makers were inspired by the speech Viktor Yanukovich delivered in Davos: "All you have to do to discover Ukraine is see it with your own eyes, when the chestnut trees bloom in Kyiv, and women start to undress in the streets. Witnessing this beauty is amazing."



Disappointment is the only emotion a visit to Ukraine could elicit. An ad by **WorldSoccerShop.com** features a man giving tickets for the football tournament in Ukraine to his girlfriend whose does not appear excited about the trip at all.



Prostitutes, many of them HIV-infected, will flood Euro 2012 host cities, warns **The SUN**, a UK tabloid.



A third of Germans want their football team to boycott the European football Championships in Poland and Ukraine in protest of the treatment of former Ukrainian Prime Minister Yulia Tymoshenko, reports **thelocal.de**, a German portal.



According to the UK-based **Mirror**, Euro 2012 fans fear terrorist attacks after bombs rocked Dnipropetrovsk.



gestures to the foreigner that he must wait while she finds a colleague who speaks English.

SPEAK UP OR MISS YOUR STOP

Only a year ago, foreigners riding the Kyiv metro were faced with deciphering confusing signs written in Cyrillic. Today, the signs feature metro station names in English along with their numbers.

What about other public transport? Traveling to Berezniaky, a district of Kyiv far more accessible than the non-existent Doneck, can be mission impossible for visiting foreigners. Finding any online English-language information about *marshrutkas*—“route taxi” vans that traverse the city—in Kyiv, let alone Lviv or Kharkiv, is next to impossible. Eventually, the tourist will have to find out the bus number he needs on the spot.

Frank is now used to the Ukrainian lifestyle but he pretended to be a newcomer for The Ukrainian Week. About 20 people are waiting for their *marshrutka* at a stop next to Livoberezhna metro station. We ask them how to get to vulytsia Tychyny (Tychyna street). “*Marshrutka... bus! bus!*” a guy says pointing at the line waiting for the bus Frank apparently needs to take. The driver speaks no English, so he does not quite understand Frank’s request

IN PURSUIT OF UNDERSTANDING: Not smiling is one of the most common stereotypes foreigners have about Ukrainians

to be informed when he should get off. The other passengers give their own advice, while also trying to find out where Frank is going, why he is going there, and whether he likes it in Kyiv. That seems like a piece of cake for an extrovert.

A misunderstanding may occur in Ukraine when a tourist wants to rent a car. A group of British football fans did so to travel around the country. “Ukrainian drivers have this strange way of driving,” Laurence says. “They often use the British side of the road, especially on rural roads.”

British gas stations pump gas first and then you pay for the amount. “We put in the pump and went to the store,” they share. “When we came back to the car,

WHOM DO THE POLICE PROTECT?

- After six police officers beat up and robbed two young men in Lviv, Amnesty International announced that the Ukrainian police were a danger to Euro 2012 fans. John Dalhuisen, Europe and Central Asia Deputy Programme Director of Amnesty International, called on Ukraine to stop neglecting human rights and urgently reform law enforcement authorities before the championship.
- UK fans will bring their police to the game to help both UK citizens and Ukrainian police. British police will share their experience and advice with their Ukrainian peers on the best ways to behave in difficult situations caused by fans.
- On 7 May, two US and UK citizens aged 26 and 29 who were conducting English classes in Donetsk as part of the Euro 2012 preparations were beaten by police. The victims ended up with broken bones. A criminal case was opened against the violators.



we couldn’t figure out how much gas had been pumped. 20 liters, we thought it was, so we paid for it. When we left, we realized that no gas had been pumped, as you first have to pay for it in Ukraine before heading to the pump. So, we had to go back!”

SIGN LANGUAGE

The language barrier isn’t so scary in Ukraine unless you try to talk to the police, clerks, salespeople and the like. Still you’re likely to find at least one person that speaks English on the street. Otherwise, gesturing can help.

Ordering services by phone is a different matter altogether. This includes trying to call a cab. Out of 10 taxi companies we called, only three spoke English well enough to take our order. Two others switched us to different operators. Five out of ten couldn’t speak any English at all. But don’t panic and run for a taxi on the street—you’ll surely end up overpaying.

TAXI, TAXI!

At this point, we are trying to catch a taxi at the railway station in Kyiv. We need to go to Maidan Nezalezhnosti, Independence Square in English. Obviously, getting a cab at the railway station is always more pricey, even for someone who speaks Ukrainian. That is an unspoken rule among



local taxi drivers. As foreigners, we are offered a trip to the capital's heart for UAH 200 (\$25 or €19). Eventually, we knock the price down to UAH 100. Ukrainians will easily get UAH 100 as a starting price but they can bargain a taxi down to UAH 50 and 40 if they try their best. A taxi called by phone can cost you UAH 30 for similar distance, which is six times less than what the railway taxi drivers offer English speakers.

Actually, anyone can charge a foreigner an extra penny anywhere in Ukraine. "I rented a one-room apartment 30-minutes by foot from the Chernihivska metro station when I first came to Kyiv for UAH 500 per night," Jonathan, an Irishman, says. "I was so happy with it until I told my Kyiv friends about it. They said I was paying almost double the normal price and the apartment should cost less than UAH 3,000 per month." Today, he recommends that tourists compare prices for lodging and souvenirs sold in the street, and not be afraid of provocations, such as calling the police.

ABOVE THE LAW

"Lately we've been hearing that Ukrainian police are uncontrolled, not merely corrupt," Dougie Brimson, a British writer and author of books about foot-

UKRAINIAN ALPHABET: Dean does not read Cyrillic, so he doesn't know that street names are misspelled on marshrutka signs and the fee written below is totally outdated, being three times lower than the current price



FEEL THE DIFFERENCE: Foreign guests are likely to learn the difference between "kupe" and "platskart" train seats, "Doneck" and "Donetsk," and different websites selling train tickets

ball fans, tells *The Ukrainian Week*. He is convinced that Euro 2012 guests might run into numerous troubles with the police at the tournament because fans drink hard and make a lot of noise. Yet, he does not recommend solving these problems in a common way. "It's outrageous in our country when a police of-

lice will try to get bribes anyway, from everyone!"

But remember that the police can be right sometimes. Drinking alcohol in the streets can result in a warning or fine of UAH 17 to 85. If asked for a bribe, you can instead agree to go to the police station, lawyers say. "They'll have to prepare a protocol, fill out a warning and impose a fine if any violation has actually occurred. What they always count on is that the violator would rather pay a bribe than go with them to the station. All that paperwork wastes time that could be spent looking for another fool ready to pay them on the spot."

This is the Ukrainian reality that foreigners face, including special prices, bad service, greed and bribery. Hopefully, the football celebration and Ukraine's true hospitality will override any negative impression that foreign guests might have of Ukraine. ■

HOPEFULLY, UKRAINE'S TRUE HOSPITALITY WILL OVERRIDE ANY NEGATIVE IMPRESSION THAT FOREIGN GUESTS MIGHT HAVE OF UKRAINE

ficer asks for a bribe," he says. "If that happens in Ukraine, it will have a very bad impact on the country's image." Jonathan recommends looking for someone who speaks English to help interpret, adding that "Ukrainian po-

Where Did “Ukraine” Come From?

‘Ukraine’, as a title, gained its political and geographical role in the 19th century

Author:
Ihor Hyrych

The Ukrainian ethnonym is actually quite recent. It emerged in the 19th century when the national issue arose on a European political level. So why were Ukrainians forced to quit their original names, Rus and rusky, as they were widely known in medieval and earlier new times?

Ukraine as a title was first used to define the frontier terrain of the Pereiaslavl Principality in the Hypathian Codex in 1187. As a territory, Ukraine was present on Guillaume de Beauplan’s map from the mid-17th century, which made this geographical name well-known in Western Europe. Scholars claimed that the word originated from *okrayina*, a Ukrainian word to describe the outskirts on the frontier between the Polish-Lithuanian Commonwealth and the Steppe. Muscovite war commanders used the title with the same meaning for Slobzhanshchyna¹ which was colonized by people from ‘Naddniproshchyna’, or ‘Dnieper Ukraine’. The territory of modern Ukraine, except for the Crimea and Halychyna, was otherwise called ‘Great Ukraine’, in the 17-18th centuries.

During the Khmelnytsky Uprising from 1648 to 1657, Ukraine included Kyiv, Bratslav and Chernihiv Provinces which were all ruled by the Hetman. In fact, various historical sources show that several territories were called “Ukraines” over the 13-18th centuries. In the 19th century, the title

turned into a geographical name even though it was rarely mentioned in politics and the arts. Ethnically, the then population of modern Ukrainian territories identified themselves as Ruthenians. After the Russian Empire was declared in 1721 and the Left-Bank Hetmanate and Slobzhanshchyna were annexed to it in the 18th century, the need arose to differentiate between the population of the then Ukrainian provinces and ethnic Russians, especially after Muscovites monopolized the Kyiv Rus heritage along with its Rus title.

UKRAINIAN FEAR

Some say Ukrainians lost the ideological battle when they quit the traditional Rus name because the whole world knew the Old Rus state and this mixed old Ukrainian history with the Russian background.

The new word to define the nationality had always made the Ukrainian elite uncomfortable, hence the reluctance of some Ukrainian historians to use old-Ukrainian rather than old-Rus, or Ukraine-Rus rather than Kyiv Rus; which was more of a tribute to the Russian interpretation of history. Both latter terms are artificial, yet the first one sounds more familiar due to soviet history, while the second one was forgotten after the empire banned teaching Ukrainian history from the Ukrainian perspective. By contrast, the French or Germans have never been embarrassed to refer to their Gaulish or Frankish background, as old-French or old-German history is respectively known.

Notably, the original war between Ukrainian and Russian intel-



TERRA INCOGNITA. Guillaume de Beauplan's map dated 1648 promoted Ukraine's new name in Europe in the 17-18th centuries

lectuals for a historical memory in the 19th century was the battle for independence of the so-called Kyiv Rus heritage. Its winner got the legitimate right in the eyes of the educated part of society to stake their claim over Ukrainian terrain.

THE NEW NAME

In their early days, the first Ukrainian *budytel*² faced a tough challenge: the old ethnonym *rusky* (Ruthenian) and the new *malorusky* (Little Russian) had an inevitable common root with the Russians

¹ Sloboda Ukraine was a historical region which developed and flourished in the 17th and 18th centuries on the southwestern frontier of the Tsardom of Russia.

² Literally translated into English as “awakeners”, these were activists campaigning for national, cultural and language revival of Slavonic peoples.

THE RUS-UKRAINE DILEMMA

Scenarios of origin

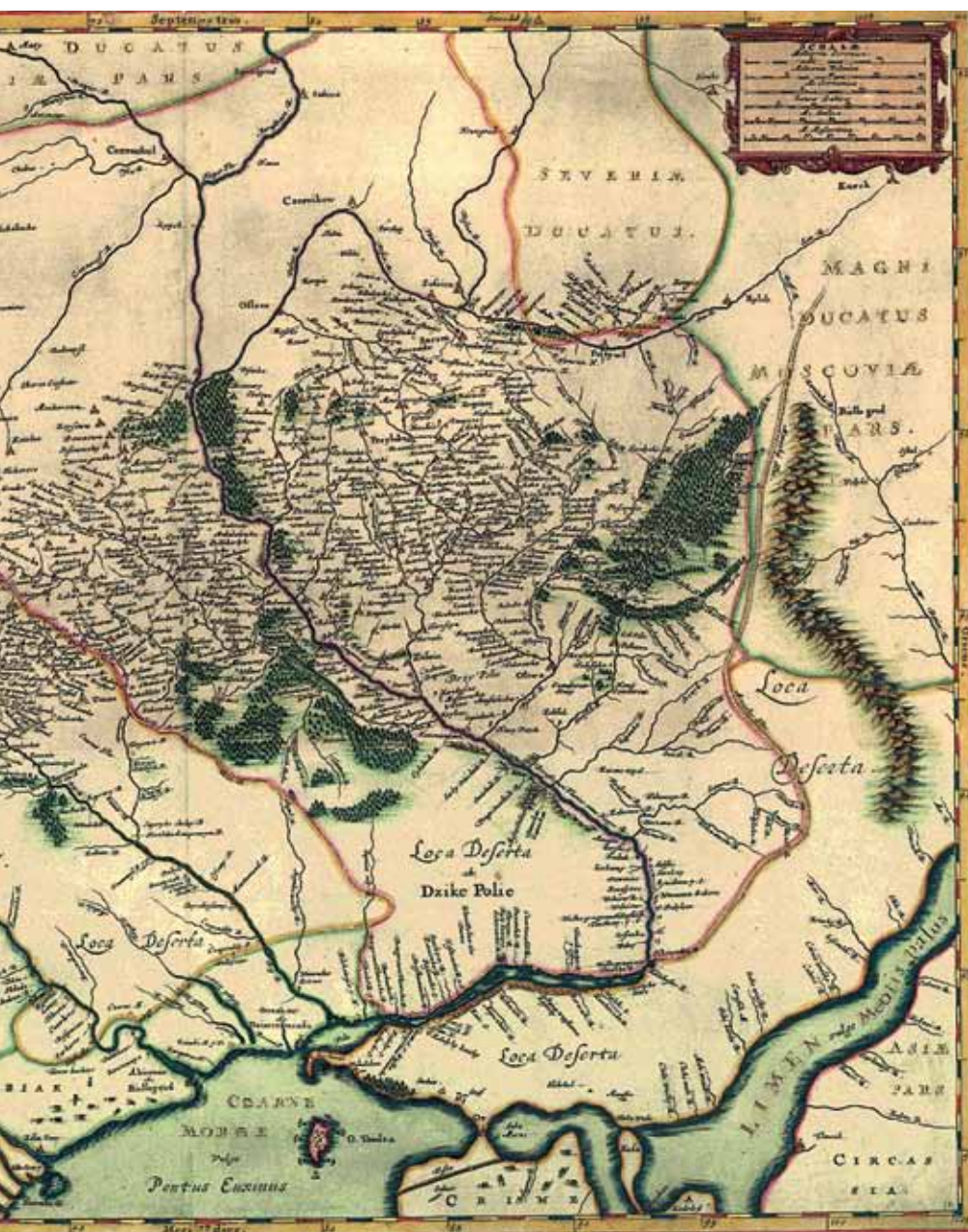
In his book 'The Name of Ukraine' published in Prague in 1927, Serhiy Shelukhin, historian and law expert, insisted that the



name Ukraine traced back to pre-Rus times originating from ukry, a powerful unknown ancient people. He offered this hypothesis as a counterweight to the claims about the name coming from the word 'okrayina', translated as suburbs, that was popular in Russia. The most popular and academically reasonable scenario, though, was offered by Lohyn Tsehelsky, a writer and civil activist, in his 'Rus-Ukraine and Muscovy-Russia' brochure, first published in 1901. He described how Muscovy usurped the historical name of Ukraine-Rus, revealing the imperialistic background of using Rus during the tsarist colonial policy of the 19th century, and proved that dropping the name for Ukraine, the new one, made sense, particularly to those Ukrainians who had once struggled to preserve their identity and not melt in one pot.

Why the Russian World?

Until 1917, Ukrainians called their northern neighbours 'velykorosy', the great Russians, based on the ideological reasoning behind the triune "Russian tribe." In USSR times, when soviet identity was constructed manually, the resulting soviet nation was referred to as 'russki'. Modern Russia replaced it with 'rossiyanie', yet the Kremlin still wants to see a supranational term in the word russki used as an umbrella name for Russians, Ukrainians and Belarusians.



and automatically became part of the Russian cultural environment, part of the Russian World. Therefore, Taras Shevchenko, Mykola Kostomarov and Panteleimon Kulish, the leaders of the 'Brotherhood of Saints Cyril and Methodius', chose Ukraine as the name for the territory of Naddniprianschyna which was totally different from Russia. This embodied the heroic folklore image of the Cossack Epoch (16-18th cent.) Middle Naddniprianschyna embodied the national spirit. It was supposed to cover the entire millennium of Rus-Ukrainian history, from the times of princes until the 'New Times'.

Dropping historical ethnonyms was not uncommon in European nations. Romanians, for instance, quit their earlier secular Vlach, Moldovan and Transilvanian names to adopt a new political title. Eventually, they took the mythological title that brought them closer to the heroic background of the Roman Empire. Initially, their neighbours saw this as unreasonable, strange and impudent, but the Romanian state was established after the Russo-Turkish War had promoted the new name effectively. In the late 19th century, nobody felt as irritated by it as the Russians and Poles were

by the title Ukraine in the early 20th century.

Mykhailo Maksymovych³ split Ukrainian history into four phases including Ukraine-Rus of the principdom epoch, Ukraine of the Lithuanian-Polish Commonwealth period, Cossack Ukraine and the New Times Ukraine, by contrast to the Russian threefold scheme of Kievan Rus, Muscovy Rus and Peter's, or Petersburg Rus.

The sole fact that Ukraine was used as a title for the nation signaled the intention of Ukrainian intellec-

² Mykhailo Maksymovych (1804-1873) was a well-known Ukrainian naturalist, writer and historian, who contributed to Ukrainian folklore and ethnography among other things.

tuals to segregate from the cultural heritage, the state and the history of their neighbours. And the move turned out extremely revolutionary in terms of its impact. The new name drew a clear line between the interests of the two nations and set up ground for national, cultural, historical and philosophical differentiation. Moreover, the national revival and the expansion of the literary language in the 19th century could not have happened without the new ethnonym.

The term Ukraine denoted a completely different historical status of Ukrainian territory. The new name offered a different perspective on the terrain imperial intellectuals had presented as the source of Russian statehood, where ancestors of Muscovite tsars had once ruled; the Orthodox culture, allegedly common for Russians, Ukrainian and Belarusians, had been cherished (promoted as the cradle of the three brotherly nations concept in soviet times); and the Great Rus had sprouted from Little Rus. Moreover, it changed the understanding of Naddniproshchyna's colonial status in the Russian Empire and the existence of Ukraine's own statehood along with its cultural, religious and language traditions.

Imperial spin doctors realized this. Therefore they only allowed the name Ukraine in Naddniproshchyna during the revolution of 1905-1907. Until then, newspapers and magazines would face penalties for using the name on maps, while artistic groups with Ukrainian signs were closed down all together. After the Coup of June 1907, a new wave of imperialistic chauvinism and political reaction surged through the country. As a result, Ukrainians were qualified as "people of foreign race."

LIVING UNDER THE NEW NAME

Semantically, Ukrainian identification did not take over the dominating Russian one overnight. Mykhailo Maksymovych designed orthography based on the common Rus roots concept. It allowed Ukrainians to see vowels spelled as they were in Russian, while in fact reading them the way they sounded in their native Ukrainian words. An arrow over the word *dom* (house – **ed**.) was supposed to be read as *dim*, the way it sounds in Ukrainian, rather than *dom* as in Russian. Maksymovych's orthography caused national psychological dual-

UKRAINIANS COME ON THE SCENE:

The first political tractate in Naddniproshchyna by Mykola Mikhnovsky fixed the new name of the nation



ism and therefore it grew popular among Galicia Russophiles.

In the mid-19th century, Ukraine-Rus was coined as a new term to replace the Old Rus or Kyiv (Kievan) Rus. Paulin Świącicki⁴, a great supporter of Ukraine, began using the name Ukraine-Rus intentionally in 'Selo' (The Village), a Lviv-based newspaper, in the early 1860s. And it turned into a historiography term in the 1880s when Oleksandr Barvinsky used it to describe the principdom epoch in his history textbook. Historian Volodymyr Antonovych also preferred the name. When Kyiv and Lviv Ukrainians started talks about coordinated action in 1885, they agreed to use the name Ukraine for territories inhabited by Ukrainians both in the Austro-Hungarian and the Russian Empires.

It took a while for the Ukrainian name to catch on. In the 1880s, activists in Eastern Halychyna still

Mykhailo Hrushevsky called on intellectuals to drop the Little Russian and Ruthenia concepts. He was active in Lviv starting from 1894, exactly when Rus was ultimately replaced by Ukrainian. The process was accompanied by the fading Russophile attitudes and the victory of modern national thinking in Halychyna.

Despite the massive rise of a national identity in the early 20th century, colleges in Halychyna still had almost 50% Russophiles. Professor Kyrylo Studynsky, the future President of the Taras Shevchenko Academic Society, lamented about this in a letter to Mykhailo Hrushevsky. Russian-Ukrainian ambivalence and the evolution of the ethnonym Ukrainian under the tsarist rule in Naddniproshchyna was more visible than the Polish-Ukrainian ambivalence in Eastern Halychyna. Even Volodymyr Antonovych⁵ was listed among scholars of both nationalities, let alone other historians, including Ivan Luchytzky and Volodymyr Nauhenko who mostly qualified politically as Russians until 1917. Mykhailo Hrushevsky was among the first intellectuals who identified himself as a Ukrainian. In the mid 1890s, a large group of the Naddniproshchyna elite joined him, including Oleksandr Lototsky, Serhiy Yefremov, Vasyl Domanytsky, Oleksandr Cherniakhivsky, Ivan Lypa, Mykola Mikhnovsky, Borys Hrinchenko and many more.

Ukrainians reached the point of no return before WWI. Rus was no longer associated with Ukraine and from that point on, the name only referred to Moscow. In his 'Revival of the Nation', Volodymyr Vynnychenko used *rusky* (from Rus – **ed**.) only for Russians.

The Ukrainian ethnonym contained a new genetic code. It preserved identity and facilitated a modern national culture, preventing Ukrainians from melting with Russians in the big imperial pot. The name, which could be heard more and more commonly, denoted a new national quality and the breakaway from the long-lasting Orthodox universalism that could have pushed the Ukrainian dilemma in the Russian direction in the 19th century with no option of return. ■

THE UKRAINIAN ETHNONYM CONTAINED A NEW GENETIC CODE

used Rus in the titles of their societies, while the 'Dilo' (Action – **ed**.) publication used Mykhailo Maksymovych's orthography in the early 1890s. Even the reorganized Taras Shevchenko Academic Society was still described as a Ukrainian-Rus Society, as was the Rus-Ukrainian Radical Party, the first national-oriented political force of Eastern Halychyna.

⁴ Paulin Świącicki (1841-1876) was a Polish writer, journalist, playwright and translator. He was one of key figures in the Ukrainian national revival.

⁵ Volodymyr Antonovych (1834 - 1908) was a prominent Ukrainian historian and a leader of the Ukrainian national awakening in the Russian Empire.



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Backstreet Champions

Akhtem Seitablayev, a Ukrainian director of Crimean Tartar origin, born in Uzbekistan, presented his new film, "*Chempiony z Pidvorittia*" or "*Backstreet Champions*", in the Ukrainian pavilion at the Cannes Film Festival



UW: Social films are not as popular in Cannes as they are at the Berlinale. What was the reaction to your film?

— I didn't go to the premier. I had to give away my invitations because too many people wanted to see it. At the press-conference, though, I received many compliments for the way the film was made and for the concept, as well as for the end where the Ukrainian anthem is played. One thing that was extremely important to me was to keep everything tasteful without plummeting into pseudo-pathos and remain at the peak of emotional tension, which any tiniest little thing or controversy could easily turn into failure.

UW: Your film is about homeless people playing football and winning. Some can see it as being overly ambitious, others see it as a social film. How did you view the initial plot and why did you choose this concept?

— I'm sure that breaking point situations and how people survive all circum-

stances that are against them are the most interesting plots for theater and films. When I read the news about this match, where a Ukrainian football team, made up of homeless people won the game, I immediately wanted to make it into a film. "We will now be proud of our homeless people," a journalist summarized the film at a press-conference before we went to Cannes. But in fact we urge the audience to be proud of people who found the strength to rise from the bottom and win.

UW: Does it feature any references to your family, which was forcibly resettled from Crimea along with other Crimean Tartars?

— I really appreciate this question. Tartars have never actually been vagrants, but they have experienced this kind of life, the feeling of being kicked out of life. They were not even in the list of former USSR nationalities. Sevastopol was liberated on 9 May 1944 and my people were deported

Events

29 June, 7 p.m. —

Plácido Domingo

Sofiyska Ploshcha (St. Sophia Square) Kyiv

This summer, the renowned Spanish tenor will sing for Ukrainian opera lovers for this first time ever. Sharing the title of the best tenor on the verge of two centuries with Luciano Pavarotti, Domingo's repertoire

numbers more than 124 operas, including *La Traviata*, *Otello*, *Carmen* and many others. Plácido Domingo sings in leading opera theaters all over the world and acts in films. He has several awards including the Birgit Nilsson Prize.



(32) JUNE 2012

29-30 June, 11 a.m. —

FanARTia: Electronic Days

Lviv Opera House Square (28, Prospekt Svobody, Lviv)

World's best electronic musicians will come together on one stage to leave the audience with drive and inspiration for the summer. The list of performers features GOLDIE & MC LOWQUI, the founder of the drum & bass genre and British musician, producer and DJ; KRYPTIC MINDS, one of the most progressive dubstep projects; and ATOMIC HOO-LIGAN, the popular breakbeaters. The festival will also offer the audience video art projects, workshops and performances.



12-16 July, 10 a.m. —

ArtPole 2012

Dniŭster bank (Unizh, Ivano-Frankivsk Oblast)

Synergy is the key concept behind the festival, blending energies, actions, as well as the ability to feel each other and the world around. This summer, ArtPole will feature Mitch & Mitch (Poland), Airtist (Hungary), Red Cardell (France), Transglobal Underground (UK), Deši (the Czech Republic), DakhaBrakha and Perkalaba (Ukraine), and many

more bands, artists and performers. In addition to the music programme, the audience will see land art projects, master classes and performances.

on 18 May, all accused of treason. Yet, statistics prove that all Crimean Tartar men aged 18 and older fought in the Red Army. Indeed, my film has references to the history of my people, but it hurts when I see homeless children. I'm a father of four and I know what it's like when kids are three years old and searching for their own identity in life.

UW: The message in your film is similar to that in Danny Boyle's "Slumdog Millionaire": everyone is able to achieve anything in life. Or is it more of a patriotic concept where even homeless Ukrainians have talents?

– My priority is to show more than a social message or problem, especially with a film that asks questions and does not offer solutions. I wish life was as simple as showing people what they could do to live happily ever after. If that were possible, someone would have come up with a recipe for a happy life a long time ago. The guys in the film won the championship. What next? Nothing. That's what matters. The government is not interested in putting the homeless on a pedestal, even if they won a world championship, unlike Manchester United or Real, for instance. UNESCO also deals with the homeless and has statistics showing that 70% of people taking part in such championships change their lives for the better.

UW: You appear to be quite ambitious. When asked "Who is your director" in a questionnaire you answered "Me".

– (Laughing) It was a joke, actually. I'm very critical of myself and I can say exactly what I can and cannot do. The guy that answered "me" as "my director" can forgive me many things, understand me and calm me down. Meanwhile, he can tell me "you're nothing" at night. I'm my own biggest critic.

Interviewer:
Yaroslav Pidhora-Hviazdovsky

CD

The Best Pessimist. Love is...

Founded in 2009, the project of Odesa-based Serhiy Lyniov is a savvy mix of instrumental post-rock, electronic and ambient music. The tracks feature piano and keyboards alongside guitars as lead instruments. The Best Pessimist's trademark mood is melancholic, joyful and romantic. The latest record has more symphonic sound to it, although this has always been an integral component of Serhiy's music. Now, it sounds similar to Mono, the Japanese guru of post-rock music.



Dead Faith, Insider

The dark psychedelic Kyiv-based band founded back in 2004 changed many times before eventually finding its current sound. Volodymyr Kuchynsky and Oleksandr Naumenko are the Dead Faith of today. The band's latest record is perfectly in line with its familiar style, often compared to that of Depeche Mode. In some ways, Insider is a perfect album leaving the impression of an honest creation well-thought out in the tiniest detail.



Dakha Brakha & Port Mone, Khmeleva Project

The album is a co-production of the Ukrainian ethno-house gurus and the Misk-based Port Mone band. Despite the familiar sound and style of Dakha Brakha, the CD turned out to be an exotic compilation compared to all of its previous recordings. Khmeleva Project has an intimate sound, a meditative ambience as well as a smooth arrangement. Surprisingly, melodies play the central role. The ultimate experiment appears to be well-done and very original.



13-21 July

Odesa International Film Festival

Festival Palace
(3, vul. Panteleimonivska, Odesa)

For the second time now, Ukraine will host the International Film Festival in Odesa, including a competition of feature films and retrospectives and a non-competition programme. This summer, the festival will offer open air shows dedicated to silent films. Jerzy

Stuhr, Polish actor, director and President of Krakow Film Academy, will chair the judges of the competition. In addition to the main awards and the Golden Duke Grand Prix, the winners will receive additional awards. This year's prize pool constitutes USD 50,000.



14 July, 2 p.m.

Global Gathering Ukraine 2012

Chaika Airfield
(Petropavlivska Borshchahivka, Kyiv-Sviatoshyn District)

The list of headliners of Global Gathering 2012, the biggest international open air dance festival in Continental Europe, will feature the London-based duo Chase & Status Live that plays drum & bass electronic music; Gareth Emery, one of the youngest trance DJs in Mag Top-100, will take over from them. The list of headliners also includes Belgian liquid funk DJ and producer Netsky and Gui Boratto, Brazilian legend and king of similar festivals.



26 July, 7 p.m.

Argentine Tango Legends

Odesa Oblast Philharmonic
(15, vul. Bunina, Odesa)

The world's best tango dancers will perform at Tango D'amore, the 4th International Festival of Argentine Tango in Odesa. Couples from Argentina and Turkey will show the public the passion of dance to music by Pasional Orquesta. The brilliant dance and vibrant music will allow everyone in the audience see their own tango; passionate,

fierce, sentimental and sensitive, or light and playful. The live sound, vibrant tango and raw emotions will touch every soul.



Vanity Fair

The dream residence of today's Ukrainian nouveau riche resembles the kind of luxury restaurant craved by generations of soviet and post-soviet mobs

Author:
Oleksa
Mann

You can learn a lot about a person by examining his home. Interiors betray the psychologies of their owners, allowing outsiders a glimpse of their lives, insecurities, philosophies and achievements. Like a mirror, an interior reflects a person's character, revealing the world he has arranged around himself and speaking volumes to the careful observer. This is where he lives, entertains guests and relaxes. The owner's character is plain to see even in an interior designed by the best professional. Once the intricate details of surfaces, colours, textures, furniture and lamps are complete,

the nouveau riche Ukrainian will not miss the chance to throw a soviet carpet purchased through black market connections in 1983 on his rosewood floor.

LIFE IN A RESTAURANT

Interior photos of Viktor Yanukovich's residence in Mezhyhiria are a good source for psychological, sociological and artistic investigation. To me, his dacha looks like an overpriced hotel restaurant in a vacation resort. An entire social phenomenon is encompassed in one house – the dream of living in a mansion that resembles a soviet-era luxury restaurant.

This is what chic looks like through the eyes of former gangsters with primitive tastes and great wealth. First, they reluctantly changed from their favourite sweatsuits into Brioni suits, hiding massive golden chains under the collars of their pink shirts. They can hide or remove their prison tattoos, but their home will still reveal much of their essence. They might build a mansion in the middle of a nature reserve surrounded by security and think that it is well hidden. For some reason, this is a typical desire of this social group, from presidents to car wash tycoons.





The trend of building mansions that resemble fancy restaurants—with bookcases of pricey rare wood, marble pillars, gold-framed mirrors and Svarovski chandeliers that cost as much as a three-bedroom apartment in Kyiv—reveals the owner's attitude toward the country. This class views the entire country as a restaurant, a venue for temporary relaxation with lackeys to serve them. They can spit in a lackey's face and still get their food and drinks served, or beat up the staff—because that's what gangsters sometimes do in restaurants, especially with all the impunity they enjoy. Also, they aren't inclined to leave tips because they've "spent a load of money here anyway." In the meantime, they feel free to flip tables, shatter plates and throw up on the polished marble floors.

"PARTY TIME" PHILOSOPHY

Chic is an integral part of the partying process. For a progressive nouveau riche Ukrainian at the height of his glory, chic means temporary glitter, first and foremost, that requires huge financial investment to create. He has no need for artwork or designer tricks. The most important thing is for the home to resemble the

The interior of the Mezhyhiria mansion and the hunter cabin in Sukholuchchia



Fancy restaurants preferred by Ukraine's rich and powerful

Metropolis or Astoria, archetypal fancy restaurants from the soviet movies of their childhood. This sort of restaurant-home is crowned with a nice shiny chandelier with hundreds of dangling ornaments that puts the owners into the desired "restaurant trance."

The designers of Turkish and Egyptian restaurants at five-plus-another-few-star hotels seem to have borrowed this trick because these are the vacation destinations wealthy Ukrainians prefer.

The coolness of the restaurant-home is bound to impress the cronies who visit to party and sing songs from their good old prison past. The brilliant, solid walls free them to do all the things they could not do in prison. After prison, though, comes party time. What better place to relax after such emotional stress than a restaurant where clients walk the red carpet like movie stars and servants help them take off their fur coats, park their limousines and treat them with a shot of vodka and caviar before they walk through the door?

HERE AND THERE

Architects and designers tell many funny stories about how Ukrainian nouveau riche who live

between Ukraine and Western countries arrange their living spaces here and there. They build two aesthetically opposite places. In France, for instance, they might build a place to wow the locals, cramming it with antique and designer furniture, artwork, marble statues, 16th century tapestries and other stuff for "them." In Ukraine, they build a normal house where their cronies will feel comfortable in their usual environment.

Viewed in the context of chaotic urban construction, the destruction of historical monuments and razing of parks, the trend looks perfectly normal. The nouveau riche shape the environment in which they want to live. To them, the era of perpetual rule ended with Brezhnev, then everything began spinning and changing faster than the flicker of a strobe light. Moreover, their prison experience does not contribute to their feeling of stability. Everything in the country appears temporary to them, so they don't feel like they need to hide something when they fill the country with tasteless castle-like mansions or blatantly steal taxpayer money. This is all the result of uncertainty and the sense that material possessions are fleeting. ■



12 Summer M

that are not to be missed

Author: Bohdan Butkevych

ZAZ

7 June, 7 p.m.

Palats Ukrayina (Ukraine Art Palace,
103, Velyka Vasylkivska vul., Kyiv)

Despite all of its troubles, Kyiv is no longer a blank spot on the European arts map. The upcoming ethno-jazz performance from French rising star Isabelle Geffroy, better known as ZAZ, is proof of this. Over the past two years, her *Je Veux* video has taken the Internet by storm and her 2010 debut record has gone platinum. Now Ukrainian music lovers will have their chance to savour the sound of this young singer.



Prosto Rock festival

12 June, 6 p.m. (opens at 4 p.m.)
Chornomorets Stadium (1/20
Marazliyevska vul., Odesa)

Revived after a 10-year hiatus, Prosto Rock will celebrate its fifth anniversary this year, preceded by annual festivals from 1997-2002. The festival returns with a great list of performers, including the legendary Linkin Park (pictured) who will perform in Ukraine for the first time, and the UK-based Garbage, whose army of Ukrainian fans has waited years to see the band. Ukraine will be represented by Boombox, gurus of the local rock scene. All this will blend into an excellent one-day urban festival of modern music.



Noel Gallagher's High Flying Birds

13 June, 7 p.m.

International Exhibition Centre
(15, Brovasky Prospekt, Kyiv)

Luckily, Noel Gallagher, songwriter for the band Oasis and author of most of their hits, included Kyiv in his newly established band's tour schedule. The tour began shortly after the release of the band's first critically acclaimed album. The record has won numerous awards and become a best seller. This is definitely event No.1 for true fans of British music.



The Rasmus

26 June, 8 p.m.

Stereoplaza (17, Kikvidze, Kyiv)

The Finnish rock band comes to Ukraine as part of a tour promoting their new album. It has sold over 3.5 million albums worldwide, and has been awarded eight gold and five platinum records. Their most popular songs include *In the Shadows*, *First Day of My Life*, *Living in a World Without You*, *Sail Away*, *No Fear* and more. The last time The Rasmus played a gig in Ukraine was in 2006. This summer, the band is bringing a tremendous show.

Music Events



The Best City

**29 June-1 July, Novoselytsia Park
(Novoselivka, Novomoskovsk
County, Dnipropetrovsk Oblast)**

A new venue on Ukraine's festival map, The Best City will be a pleasant surprise for all music fans. Organizers promise to turn it into an annual celebration of European quality music. The list of performers for the debut festival has something for everyone, with several stages featuring Evanescence (**pictured**), Crazy Town, Brainstorm, Apollo 440, DDT, Splin, Leningrad, as well as some popular Ukrainian bands, including VV, Boombox and Haidamaky. The Breakthrough stage will provide a chance for new bands to show off their chops. Visitors to the festival website can vote for their favorite applicants, and the top 25 bands will get to perform at the festival.

Global Gathering Ukraine

14 July 2 p.m.-6 a.m.

**Chaika airfield (Petropavlivska Borshchahivka,
Sviatoshyn District, Kyiv)**

Chase & Status Live (**pictured**) will headline this year's biggest electronic music event. The band has become extremely successful over its 10-year career, issuing two records—the latest of which has gone platinum twice. Listed as the best band by Best of British-2011, it has won five Drum & Bass Awards. Global Gathering Ukraine-2012 will also feature trance DJ Gareth Emery, Belgian liquid funk DJ and producer Netsky, legendary Brazilian-born DJ Gui Boratto and many others.



Summer Sound Griboffka International

**28 June – 30 August (Grybivka,
Ovidiopol County, Odesa Oblast)**

The festival's ambition this year is to beat Kazantip, its hugely popular Crimean competitor. Summer Sound 2012 will be the longest-lasting festival in Ukraine. Organizers have not yet revealed all participants, but the known performers include top DJs from all over the world, such as Dusty Kid, legendary French dance DJ Joachim Garraud (**pictured**), German house DJ Jerry Roper, the UK's Above & Beyond, and popular rock bands, including Liapis Trubetskoy and Green Grey. This is shaping up to be a two-month long non-stop beach party.

Red Hot Chili Peppers

25 July, 7 p.m.

NSK Olimpiysky (55, Velyka Vasylkivska vul., Kyiv)

This is a fantastic treat for the US funk-rock band's many generations of committed fans! The legendary band will perform at Ukraine's biggest arena as part of a tour promoting its latest album titled *"I'm With You."* Kasabian and The Vaccines, two popular UK bands, will open for the group. 48 tons of German equipment will be installed for the show. This is a must-hear performance for anyone who believes that music should be something more than just background noise in the car.





Madonna

4 August, 7 p.m.

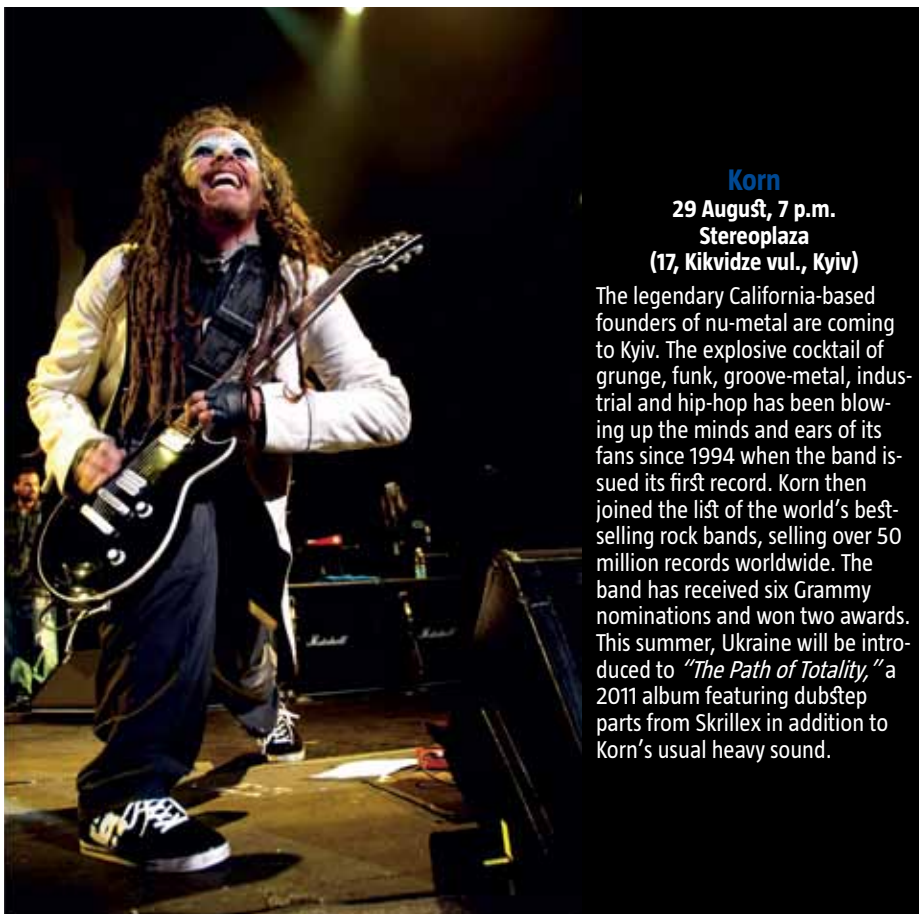
NSK Olimpiysky (55, Velyka Vasylkivska vul., Kyiv)

As a final celebrity and financial smash of the year for Ukrainian music fans, the pop queen is visiting Kyiv as part of her Madonna Dance Party Tour to promote her MDNA album. Luckily, Kyiv ended up on the list of 26 cities she will tour starting in late May. The contemporary pop music icon puts on unforgettable shows that have been selling out for 25 years now. To avoid standing in long lines, make sure you arrive two hours early.

Banderstadt

24-26 August, Lesia Ukayinka park (Lutsk)

Ukraine's most patriotic rock festival is celebrating the 70th anniversary of the UPA (Ukrainian Insurgent Army) this summer. Organizers are in the process of negotiating performances by TNMK (**pictured**), Haidamaky, Komu Vnyz and Plach Yeremiya. Audiences will witness a three-day celebration of Ukraine's true spirit in a picturesque Volyn town.



Korn

29 August, 7 p.m.

Stereoplaza

(17, Kikvidze vul., Kyiv)

The legendary California-based founders of nu-metal are coming to Kyiv. The explosive cocktail of grunge, funk, groove-metal, industrial and hip-hop has been blowing up the minds and ears of its fans since 1994 when the band issued its first record. Korn then joined the list of the world's best-selling rock bands, selling over 50 million records worldwide. The band has received six Grammy nominations and won two awards. This summer, Ukraine will be introduced to "The Path of Totality," a 2011 album featuring dubstep parts from Skrillex in addition to Korn's usual heavy sound.

Jazz Koktebel

30 August-2 September,
Koktebel, Crimea

The annual jazz celebration on the Black Sea coast holds a few surprises this year. The festival will begin with the live release of *Rabkor*, translated as "Slavecore," a new album from Liapis Trubetskoy (**pictured**) on 29 August. Although their sound cannot be strictly classified as jazz, listeners will not be disappointed. On 30 August, audiences will be surrounded with true jazz for all tastes and preferences from Nino Katamadze, Magnus Lindgren, Mamas Gun, Silver Wedding, Pur:Pur and Katia Chilly, to name a few.





Allegoria Sacra
by AES + F
art group

Arsenale 2012

Author:
Daria Trusova

On 24 May – 31 July, the Art Arsenal is hosting “Arsenale-2012”, the 1st Kyiv International Biennale for Contemporary Art. The main programme titled “The Best of Times, The Worst of Times ... Rebirth and Apocalypse in Contemporary Art” is likely to attract most of its audience. David Elliott, the curator with an Australian-Japanese-Swedish-Turkish background, killed two birds with one stone, luring those interested in politics with the quote from Charles Dickens’ novel about the French Revolution in the first part of the title, and those expectantly waiting for the end of the world in 2012 in the second.

Yekaterina Diogot, a Moscow-based curator of the Arsenale discussion platform called “Art After the End of the World”, hopes that Boris Groys, Anton Vidokle, Zyg-

munt Bauman, Simon Sheikh and other acclaimed left-leaning intellectuals encourages visitors to Art Arsenal to see that the “neocapitalist order is not eternal and the only one against which it is impossible to protest” by looking at artwork “that stifles the instinct of acquisition in people and awakens in them the instinct of an explorer.”

In addition to the discussion platform, Arsenale offers a programme for intellectuals introducing visitors to all key figures on the contemporary art scene. In cooperation with Centre Georges Pompidou in Paris, Arsenale trained quite a few guides to navigate the public through contemporary art behind the chilly walls of the Arsenal art complex. The large number of volunteers is not the only common element bringing together the biennale and

Euro 2012. The art space was also organized jointly with Poland with nearly 25% of the artwork exhibited being created by Ukrainian artists included in the special Polish-Ukrainian project “Double Play”, supervised by Fabio Cavallucci, the curator of Zamek Ujazdowski, a contemporary art centre in Warsaw, and Oleksandr Soloviov, Deputy Director of the Arsenal. “This project is a unique opportunity for artists, curators and critics from both countries to meet, find common interests, as well as outline their identities, differences and similarities,” the announcement says.

The participants seem to have different motivations for visiting Arsenale. “Some don’t even realize they are actually going to Ukraine,” one of the organizers says. “They don’t care about the destination. It’s just that we formulated the theme in an interesting manner and they want to respond to it. Some, such as Boris Groys, have never been to Kyiv before. Many are simply interested in seeing Ukraine in the post-soviet context.” ■

MUST SEE

Installation by Shigeo Toya



The project that the Japanese artist brings to Arsenale features burnt trees that look like skyscrapers in the biggest cities of today, such as New York or Tokyo. If any catastrophe occurs that kills all living creatures, these skyscrapers will one day be reminiscent of trees and cities will turn into “forests” buried in ash.

Allegoria Sacra by AES+F



The Moscow-based group will present a video installation entitled “Purgatory”. It is the latest part of their large triptych that portrays an airport hall inhabited by characters presenting a clash of cultures, civilizations, ethnic groups and political views.

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