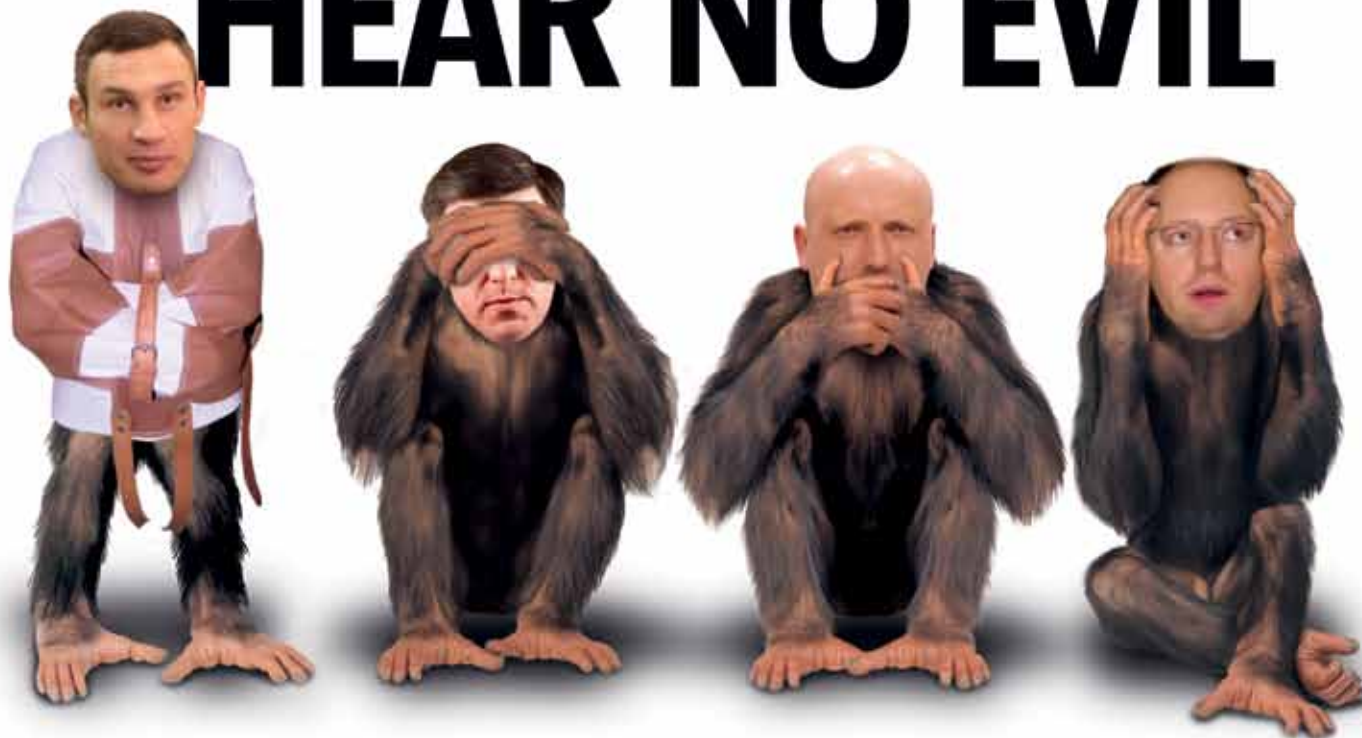


international edition

The Ukrainian Week

№ 5 (28) APRIL 2012

SEE NO EVIL, HEAR NO EVIL



**Despite the significant demand of the population
for a right-centrist alternative
to the existing oligarch-controlled system,
the opposition is persistently wasting its chances**

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Economist**

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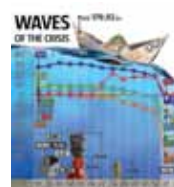
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13 March



The Verkhovna Rada passes a Customs Code that simplifies the registration of imported good

14 March



Natalia Korolevska is expelled from BYuT, allegedly for the systematic violation of the party charter

17 March



Vice Premier Serhiy Tihopko announces that his **Strong Ukraine party is merging with the Party of Regions**

QUOTES

PETRO POROSHENKO becomes minister

After almost a month of consideration, Mr. Poroshenko accepts the President's proposal to become Minister of Economy. He takes office on 23 March. **Read more on p. 28**



OLENA FETISOVA as a film censor?

The co-producer of *Mine No. 8*, a documentary about children working in Donetsk mines, bans the film presentation at the Docudays UA festival.



VIKTOR MEDVEDCHUK is coming back

Ex-Chair of Leonid Kuchma's Presidential Administration officially announces his comeback into big politics. In June 2011, he promised he would not.



VOLODYMYR VECHERKO and his wishful talking

The Party of Regions' MP boasts of donating equipment worth UAH 1mn to the local hospital on billboards in Druzhkivka, Donetsk Oblast. The hospital has never seen these gifts.



Despite the plummeting ratings of the Party of Regions, two thirds of all local communities still elect its candidates, supported by administrative leverage. On 18 March, for instance, candidates officially nominated by the Party of Regions won in 39 reelections of local community leaders out of 58 elections held on that day. This does not include candidates nominated from other political forces, yet de facto acting for of the Party of Regions (PR). The predictable key mechanism for the victory of the party in power was its total control of electoral commissions. As a result, they are willing to pass any decisions, from expelling disloyal members from meetings to "correcting" the vote-counting procedure. Once disloyal members have been removed from a meeting, vote-rigging is a matter of course: the remaining members of the electoral commission can stuff ballots for the right party or candidate and put marks on ballots for opposition members, thus making them invalid.

A vivid example of election havoc was a video from the election of the Obukhiv Mayor when PR's Petro Melnyk, President of the Tax Service Academy and MP, rudely tried to carry Iryna Herashchenko, a representative of the opposition and MP from Our Ukraine/People's Self-Defense, out of the polling station (**see photo**). Before that, members of the district electoral commission unanimously decided to remove Iryna Herashchenko from their meeting, which provoked Mr. Melnyk's actions. The video clearly shows that Ms. Herashchenko did not interfere with the work of the electoral commission. This hides yet another challenge in the upcoming campaign: the commission's decision can be appealed against in court or a higher electoral commission. This process can last weeks and months, while election fraud is already taking place.

Commission members often end up helping those rigging elections. During the Vyshneve Mayor election in December 2011, a member of the district electoral commission tried to shake the ballot box after stuffing in a pack of ballots, to mix the stuffed pack with the rest. Regions with a disloyal electorate undergo the proactive recruitment of



future "slaves", paraphrasing the words of Ihor Rybakov on the infamous Zabzaliuk's tapes: teachers in Ternopil and Zhytomyr Oblasts, who are the most numerous members of local commissions, are forced to enter the PR under the threat of being fired.

Some say that administrative leverage did not prove particularly effective during the by-election. If that's the case, what was the recent incident in Ananiiv County, Odesa Oblast, where the Head of the Regional State Administration several times visited a village where an election was pending, to carry out a "proactive election campaign" which mostly meant threatening and intimidating voters? More obvious, though, is yet another dimension of using administrative leverage: the selective failure to prevent election fraud in fa-

The month in history

17 March 1917



Tsentralna Rada or the Central Council of Ukraine is set up at the Rodyna (Family) club in Kyiv

18 March 1187



The name Ukraine first appears in the Hypatian Codex

22 March 1842



Mykola Lysenko, Ukrainian composer, pianist and conductor, is born

20 March



The Russian Parliament ratifies the CIS Free Trade Zone Agreement

24 March



SBU Chief Ihor Kalinin says there is enough evidence in the case against Yulia Tymoshenko at Single Energy Systems of Ukraine to transfer it to court

30 March



EU-Ukraine Association Agreement is initialised in Brussels



Election Tango

...vour of a certain political force, and turning a blind eye to significant and obvious violations during voting at polling stations and meetings of district electoral commissions. This dimension includes cases when the prosecutor fails to open criminal cases against election crimes, and police and Berkut units (special forces), are used to remove official observers, trustees and the media from polling stations. It is the criminal failure of legal enforcement agencies to act (or even to support criminal actions), that facilitates the PR's wide-scale application of forgotten "carousels" and massive ballot stuffing limited to a few regions during the Orange period. Local by-elections once more demonstrated a dangerous trend: local observers representing certain parties and NGOs have a very weak sta-

tus. The latter along with the mass media are no longer guarantees of fair elections today. An electoral commission can easily decide to remove an observer from the polling station. The only effective means of observation today is to involve representatives of international organizations. People loyal to the party in power are still reluctant to deal with them, as the infamous incident in Obukhiv proved. Therefore, the opposition should strive for the most intense involvement of international observers. Moreover, opposition parties have to start looking for and training people to accompany international observers at the polling stations and commission meetings as interpreters, well aware of possible fraudulent mechanisms.

Andriy Duda

NUMBERS

According to estimates from Vice Premier Serhiy Tihipko, mortgages to young families with interest at 2-3% p.a. will cost the government

UAH 10bn

58% of Ukrainians

are concerned with food prices compared to only 3.5% and 2.1% worried about the status of the Russian language in Ukraine and escalating church conflicts respectively, based on KMIS surveys

Ukrainian orphanages and boarding schools receive

15%

of the necessary funding, reports the Ombudsman for Children

Gas for Mr. Yanukovych's residence in the Carpathians is purchased for

USD 545 per 1,000 cu m,

compared to USD 846 for hospitals in some regions

Kyiv lands in

108th place out of 120

in the Global City Competitiveness Index, compiled by the Economist Intelligence Unit

According to the Kyiv International Sociology Center (KMIS),

71% and 79%

of Ukrainians are not happy with political and economic situation in the country respectively

Based on surveys by the Rating sociological group,

70% of the electorate

of the Party of Regions and Serhiy Tihipko's Strong Ukraine, now merged with the Party of Regions, oppose the transfer of the Ukrainian gas transit system to Russia

24 March 1918



The Central Council of Ukraine introduces the Ukrainian language in record keeping

31 March 1922



The Berezil Theater Studio opens in Kyiv with Les Kurbas as founder and director

3 April 1922



Joseph Stalin is elected Secretary General of the Central Committee of the Communist Party of the Soviet Union

4 April 1919

The Hryvnia and Karbovanets are introduced in Western Oblast of the Ukrainian People's Republic

High Demand, Zero

None of the existing opposition parties really seek demonopolization, separation of business and government, or desovietization

Author:
Andriy Skumin

Modern European right-centrists are hardly unanimous, yet they have some things in common. They support economic liberty, development of entrepreneurship, preservation of conservative values, and protection of state and national identity, as well as tough regulation of migration policy and the restriction of illegal migration to Europe. Social demand for this sort of ideology often intensifies in periods of crisis when left-wing social populism concerning redistribution of available resources turns out to be strikingly ineffective. Crisis compels people to adopt a more realistic attitude toward life, and right-centrists are the proponents of living within our means.

Right-wing centrism is in demand in Ukraine. The current economic model focused on substantial oligarchic capital that thrives on cheap resources has almost exhausted itself. There is a growing urgency to secure real economic liberty, a guarantee of private ownership, and the creation of the conditions necessary to unlock the nation's productive potential through the development of entrepreneurship focused on competitive small and medium enterprises rather than monopolistic tycoon-controlled big business. Underdeveloped national identity is another problem. Still, even though most opposition forces of the day, including Yulia Tymoshenko's *Batkivshchyna* (Fatherland), Arseniy Yatseniuk's *Front Zmin* (Front of Change), *Vitaliy Klychko's UDAR* (Ukrainian Democratic Alliance for Reform), Anatoliy Hrytsenko's *Hromadi-*

anska Pozitsiya (Public Standpoint), Viktor Yushchenko's *Nasha Ukrayina* (Our Ukraine), the Ukrainian People's Party and other remaining fragments of the People's Movement of Ukraine and Our Ukraine / People's Self-Defense bloc identify themselves as right-centrists, they fail to satisfy the available public demand for an efficient right-centrist political force capable of making the necessary radical transformations and overcoming the vestiges of the soviet system. They seem unable to understand voters' needs, communicate their vision of the country's development to the public, or implement strategies listed in their own election platforms. As a result, not a single party in Ukraine talks to the electorate responsibly. Instead, they keep coming back to populism and promoting the interests of their business groups.

STANDING ON ONE FOOT

Appealing to ethnic, linguistic and historical values most of all, the Pan-Ukrainian Association *Svoboda* (Freedom) has long contended for "right-centrist party" status, or even a monopoly of the right-centrist wing. Economically, though, its platform has very little in common with the agendas of right-wing parties. For instance, *Svoboda* supports conversion of debt under foreign currency loans to individuals based on the exchange rate effective when the loans were issued, and demands that the government "force construction monopolies to build affordable social housing." *Svoboda's* policy leaves the impression that its key objective is to win a small part of the ultra-patriotic electorate and subsequently use it as a bargaining chip. It seems that



Right-centrist political forces remained strong after the latest European Parliament election in June 2009, as the crisis was in full swing. The European People's Party got

263 seats

compared to 288 in 2004 losing some votes to extreme right forces, while the Party of European Socialists, the main rival of the European People's Party, ended up with

161 seats

instead of 217

a real plan for national transformation is nowhere on the agenda.

The parties that broke off from the Our Ukraine / People's Self-Defense bloc have not come up with a clearer standpoint. As a rule, they declare their patriotic position on crucial identity matters while failing to offer prospects for socio-economic transformation. Members of these parties follow a clearly right-centrist rhetoric in some sectors, such as education and culture, yet they do not extend beyond mere declarations, as Mr. Yushchenko's presidency proved. In terms of economic policy, they tend to lean left.

HOW TO BOOST POPULARITY

The top political forces are in a similar position. Lately, they seemed to be willing to run in the election as part of the united *Batkivshchyna* and *Front Zmin* lists that also include new opposition parties.

Thus, the platform of *Batkivshchyna*, a member of the right-centrist European People's Party, contains a series of provisions that are meant to confirm its coherent ideological position concerning the alleviation of the tax burden, privatization, legalization of

o Supply



shadow capital and so on. Yet, their initiatives, including legislative proposals, have largely presented them as a left-wing populist political force that occasionally promotes amendments in the interests of business groups within the party.

Support for the middle class, which has typically been a priority for European right-centrist parties, has been demoted to a secondary position among *Batkivshchyna's* rhetoric and initiatives.

Among its platform priorities, *Front Zmin* lists the development of the state, including the "support of fair competition among Ukrainian manufacturers, guarantee of all kinds of ownership, protection of the Ukrainian market from aggressive foreign expansion, and support of a socially and environmentally responsible private sector." At one point, party leader Arseniy Yatseniuk voiced his interest in increasing the retirement age—quite radical, even for right-centrists—and more rational allocation of the grant-in-aid given to regions. Yet, he never mentioned any proposals to overcome oligarchical monopolies in the economic or political

spheres. *Front Zmin* makes liberal statements while essentially ignoring issues related to national identity and desovietization. Moreover, Yatseniuk's recent maneuvers are more typical of left-wing populist politics. On 16 January, he registered a bill at the Verkhovna Rada to temporarily ban penalties for late payment of utility bills for the public. His other proposal was to spend privatization revenues on higher pensions for 17.2mn potential voters, including retirees and people employed in the public sector, rather than on development programs such as the creation of new jobs. Mr. Yatseniuk ignored the fact that with such a huge number of recipients, the effect of such a meager pension increase will be negligible.

The socio-economic component of the *UDAR* party recently founded by Vitaliy Klychko also indicates its interest in wooing the right-centrist electorate. However, its leader's public speeches have been devoid of a clear action plan or objectives to be reached at each stage of the transformation.

Today's Ukrainian opposition forces tend to hide their heads in the sand when dealing with issues that are crucial to national identity, including the protection of the Ukrainian language, the policy of preserving historical memory and the like. Their leaders seem reluctant to risk the support of any part of the electorate gained temporarily through showy elec-

niuk and Vitaliy Klychko have always avoided these issues. Thus, the right-centrists do nothing to consolidate the identity of Ukrainian society and prefer not to tackle desovietization. As a result, the strategic element vital to real transformation in Ukraine is left to radicals who tend to discredit these crucial issues.

Leaders and representatives of purportedly right-centrist political forces have failed to explain what exactly they support, focusing instead on naming their enemies. What agenda of change are they ready to fulfill in the economic, humanitarian and geopolitical spheres? One can assume that forces promoting themselves as the right employ left-wing populism for tactical purposes: their excuse could be the fact that "voters like to hear good news," therefore they have to lean left before the upcoming election, otherwise they are doomed to lose. However, by doing so, they ignore the attitudes of the electorate, which, as in Europe, lay the groundwork for a succession of strong right-wing parties.

There is yet another dimension to the right-wing choice. One of the objectives of right-centrists is to promote responsibility: voters are responsible for choosing a candidate for while political parties are responsible for fulfilling their promises. The "interest clubs" currently acting as opposition parties in Ukraine are not ready for that mission.

The key problem, though, is that most of the so-called opposition politicians come from the soviet system and its logical successor: post-soviet oligarchy. The most typical features of this system are corrupt control by certain groups over an obsolete economy and the lack of real economic liberty for the larger part of society. In the political sense, the soviet system is apparent both in oligarchical parties (masquerading as liberals) and their alter ego - social populists (including communists and socialists).

This vicious cycle has to be broken at some point. Otherwise, the country will go broke and end up overshadowed by its larger neighbour. Apparently, though, neither Yatseniuk, nor Turchynov, Kozhemiakin, Tiahnybok or Klychko can accomplish this. ■

NOT A SINGLE PARTY IN UKRAINE TALKS TO THE ELECTORATE RESPONSIBLY

tion campaigns promising voters "mountains of gold." As a result, these issues serve as rich soil for radicals, who discredit the identity issue with the destructive position they choose. The latest example of this was the lecture by historian Grzegorz Rossolinski-Liebe that outraged the Ukrainian public, yet found no response from *Batkivshchyna*, *Front Zmin*, *UDAR* or *Our Ukraine*.

Notably, Yulia Tymoshenko's Bloc (BYuT) has been avoiding identity markers such as language and history ever since its leader was put in prison. Arseniy Yatseniuk

2 Years of a Maximum Security Term

12 STEPS TO SEIZING POWER

March 2010

◀ A coalition of "crossovers" is formed in the Verkhovna Rada (VR), that includes MPs elected to the parliament under Our Ukraine People's Self-Defense and BYUT party lists in addition to MPs from the Party of Regions, the Communist Party and Volodymyr Lytvyn's Block. According to some opposition members, up to USD 1mn was offered for such a switch. The crossovers vote in favor of the new Cabinet proposed by Mr. Yanukovich, members of which include representatives from some groups of influence close to the president.

April 2010

◀ The Constitutional Court of Ukraine deems the integration of MPs to the parliamentary majority based on individual membership to be constitutional, thus countering its earlier decision. As a result, Mr. Azarov's Cabinet of Ministers and the coalition controlled by the president, are constitutionally legitimate.

April 2010

◀ The "right of the strong" is demonstrated as a foundation for establishing relations between the government and the opposition in parliament. MPs push the decision to ratify the Kharkiv deals and the Law on the 2010 State Budget of Ukraine through the VR, ignoring the mandatory procedure. Pro-government MPs beat up opposition MPs who tried to prevent this.

July-September 2010

◀ The Chief Justice and judges of the Constitutional Court who failed to demonstrate loyalty to the government are replaced. Subsequent voting sessions at the Constitutional Court signaled the creation of a platform to cancel the 2004 political reform and reinstate the presidential-parliamentary model which would speed up power consolidation "within the framework of the law."

Summer 2010 – summer 2011

◀ One-time top officials who failed to switch their political orientation face criminal persecution. Opposition leaders Yulia Tymoshenko and Yuriy Lutsenko are arrested. A slew of factors, including selective justice, the nature of incriminated crimes and so on, point to political motivation.

August – November 2010

◀ The law on local elections is amended. Administrative leverage is once more used on a massive scale during the local election, and winning opposition candidates face pressure to join the Party of Regions. The latter ended up controlling most (19) oblast councils and regions, including those where only 5-20% of voters support the Party of Regions.

THE CONSEQUENCES

Freedom House changed Ukraine's rating from "free" in 2009 to "partly free" in 2010.

The consolidation of the most profitable assets in the hands of oligarchs close to the government and "Family" members accelerated.

Based on the Index of Economic Freedom, prepared by The Heritage Foundation and The Wall Street Journal, Ukraine landed in 164th place in 2011, between Uzbekistan and Chad.

Based on a European Business Association survey, investor confidence in the Ukrainian market plummeted to a record breaking 2.19 in Q4'11

(EBA's Investment Attractiveness Index is based on a scale of one to five points).

In the 2011 Corruption Perception Index by Transparency International, Ukraine fell from 134th to 152nd place out of 183 countries.

The ease of doing business index by the World Bank and International Financial Corporation ranked Ukraine 145th compared to its previous 142nd place.



The consolidation of power by the president and his inner circle is killing all prospects of development for Ukraine

The key component of Mr. Yanukovich & Co's policy over the past two years has been the consolidation of power. It has turned into a self-sufficient goal, governing all reform-oriented initiatives. This has clearly resulted in a

downturn in most areas, expanding corruption and restricting democratic freedoms, closing down businesses, accelerating the outflow of foreign investment from Ukraine and the loss of confidence by potential investors.

All of this has led to a high poverty index, deteriorating social expectations among most voters and the plummeting of the electorate's support for the president at a rate unseen in Ukraine's most recent history.

October 2010

◀ The Constitutional Court cancels the 2004 political reform. Parliament passes new laws significantly expanding the president's powers at the expense of both parliament and the government, such as the rights to dismiss the Prosecutor General and appoint heads of Oblast State Administrations. The VR also lost its influence over the SBU - the security service of Ukraine.

December 2010

◀ Serhiy Arbuzov is appointed Governor of the NBU, heralding the appointment of a series of little-known people to high ranking positions, who do not have the necessary administrative experience and reputation in relevant areas, or the support of influential groups within the Party of Regions, but are characterized by their close links to the president's immediate surroundings.

February 2011

◀ The Constitution is amended, thereby extending the president's term in office until March 2015 and the VR's term until October 2012.

October-December 2011

◀ The Law "On the Introduction of Amendments to Some Laws on the Procedure for Case Consideration by the Supreme Court of Ukraine" is passed. This essentially completes the process for taking control of the Ukrainian judiciary, launched in July 2010, with the VR passing the Law "On the Judiciary and the Status of Judges". Vasyl Onopenko, the disloyal Chief Justice, is replaced by Petro Pylypchuk.

November 2011

◀ The law on parliamentary elections is amended, banning party blocks from running in elections and restoring the mixed voting system, which allowed the government to gain a parliamentary majority back in 2002, even though only 17% of voters supported it under party lists.

November 2011 – February 2012

◀ Enforcement authorities undergo a major cadre upgrade, starting with the replacement of key officials, followed by the top-bottom replacement of Interior Ministry, SBU and Defense Ministry management by little-known people, loyal to the president and his "Family". Andriy Kliuyev, the head of the PR election team, is appointed Chairman of the National Security and Defense Council, the coordinator of all enforcement authorities.

FDI in Ukraine grew by USD 4.56bn in 2011 which is 2.3% less than in 2010. In 2011, foreigners invested USD 6.47bn and USD 5.68bn in 2010. Falling FDI growth was the consequence of a capital drain from Ukraine, which was several times higher in 2011 than in 2010. More specifically, the share of key EU member-states in total FDI declined; Germany - 15.8% to 15%, Holland - 10.5% to 9.8%, France - 5.3% to 4.5%, coupled with a steep rise in Cyprus's share - from 22.4% to 25.6%, Cyprus being a key offshore area for Ukraine's big business. Based on UN estimates, four of five Ukrainians lived below the poverty level in 2011, becoming 10% poorer in 2011. Ukraine lost seven points

and ended up 83rd in the UN Human Development Index by mid-2011 compared to 2010.

Based on a survey by the Kyiv International Sociological Institute, held in November-December 2011 under the framework of the WIN-Gallup International project for assessing feelings of protest in the world, Ukraine was ranked as the 11th most protest-prone country. 55% of Ukrainians believe that the number of protests will increase significantly in 2012, and as few as 6% expect protest activity to decline. The initialing of the Ukraine-EU Association Agreement, originally planned for the end of 2011, was postponed indefinitely.

FREE FALL

■ Level of total support, %
(based on Razumkov Center data)



Horns of Plenty

Instead of keeping their earlier promises, Viktor Yanukovich and his Party of Regions opt for bribing target groups of voters at the expense of Ukrainian taxpayers

Author:
Andriy Duda

Whenever a candidate or party running in the parliamentary election gives food packages worth UAH 50 to voters, someone could take a video and take it to the police to have the guilty person(s) answer before the law. Yet, no instruments work for top officials who bribe millions of voters and play with billions of taxpayers' money before elections. Eight months before the upcoming parliamentary election, the president announced a raise of social spending worth dozens of billions of hryvnia (officials estimate the amount needed to cover the raise by the end of this year at UAH 16-17bn, or nearly USD 2-2.13bn). The government's concern with the income of pensioners as the most proactive group of voters surprises no one, even though the Cabinet of Ministers quite recently cut benefits paid to privileged categories based on their own lawsuits after the okay was given by the Constitutional Court, which is controlled by the party in power, thus violating the Constitution of Ukraine.

A BUNCH OF PENSIONERS, PLEASE

"It's not right for those who retire just 5-10 years earlier to get a much smaller pension only because they worked for a shorter period," said Viktor Yanukovich pointing at financial troubles of future recipients as one of excuses for raising social benefits. That seems right, but why did the president remember the unfairness just before the election after having already served two years in office? Also, Mr. Yanukovich instructed the government to increase bene-

fits for war veterans, another privileged category, promising to add 30-50% to the pensions of over a million such pensioners in May 2012. Even with the lowest rates taken into account, the government will have to increase public spending by UAH 2.1bn to cover these payments in 2012. Another category of pensioners whose life is being improved before the election includes families of late war invalids: which stand at 173,000 in Ukraine. The president is going to raise their benefits by an average UAH 119 over May-December 2012. Even with a gradual raise, monthly payments to this category should be increased by at least UAH 20.5 starting in December. The total extra budget benefits for these purposes will be at least UAH 100mn in 2012. This looks like a badly camouflaged bribe to voters which just happens to be worth nearly UAH 9.3-9.4bn of taxpayers' money in 2012 alone. Even without this sum, the deficit of the Pension Fund will be at least UAH 9.5-10bn under optimistic estimates of the government.

Another social promise intended to please the target audience, who have become strongly disenchanted with their leader lately, is to pay aid to miners, even if indirectly. The president has assured the voters that 190,000 workers of the highly-traumatic industry will get an average of UAH 500 financial aid in 2012.

PRE-ELECTION REFORMS

On 12 March, Viktor Yanukovich approved the 2012 National Action Plan to implement a 'Rich Society, Competitive Economy and Efficient State', a program of economic reforms for the years 2010-2014. However, research by *The Ukrainian Week* proves that all reform-oriented efforts the government has taken over the past two years mostly went down to re-directing budget funds to the right pockets, creating advantages for big business and re-channeling social benefits, i.e. cutting them for some categories while raising them for others.

This adds another UAH 95mn to the budget burden.

RISKY PLAGIARISM

A classical mechanism of Ukrainian election populism is speculation on the repayment of deposits which were lost after the collapse of the USSR's Savings Bank. And Viktor Yanukovich is no exception, promising to pay UAH 1,000 to 6 million Ukrainians. Only four years ago, the Party of Regions criticized the tactics of Yulia Tymoshenko, now in prison for identical promises, as populism. This will cost taxpayers at least UAH 6mn by the end of the year. Moreover, these payments will only imitate the solution of the problem of deflated deposits. By passing the Law on 'Government Guarantees to Repay the Savings of Ukrainian Citizens', the Verkhovna Rada once admitted that the debt of official Kyiv before USSR Savings Bank depositors was worth UAH 131.96bn. Under Art. 2 of the law, "the government shall ensure that the real value of citizens' deposits is preserved and restored" meaning that the abovementioned amount should be multiplied five or six as a result of inflation.

Cheap mortgages are yet another component of bribing voters. According to Viktor Yanukovich, "loans will cost people no more than 2-3%. The government will pay the rest to banks and the loans will be issued for 10-15 years." This initiative is nothing new. Mr. Yanukovich's predecessors, including Viktor Yushchenko and Yulia Tymoshenko, also promised cheap mortgage loans. After all, meeting its earlier commitments would be quite enough for the current government before spreading out new ones. Before the early 2007 parliamentary election, the Party of Regions promised to provide free access to housing for public sector

PRE-ELECTION SHOPPING LIST

Viktor Yanukovich always uses elections as an excuse for a steep rise in benefits to target groups of voters



2004 ELECTION

Poster: Mr. Azarov, count what you'll leave for us...

BRIBING PUBLIC SECTOR EMPLOYEES
CMU* Decrees No.740 dated 19 May 2003, No.166 dated 11 February 2004; No.995 dated 3 August 2004, and No.1051 dated 16 August 2004

■ Official salaries were raised four times over 18 months for over 2 million public sector employees. As a result, they grew by 70% over 18 months eating up over UAH 8bn of budget funds by the end of 2004.



BRIBING PENSIONERS
CMU Decree No.312 'On Extra Measures to Increase Pensions' dated 11 March 2004

■ Increased pensions took an extra UAH 5bn from the budget by the end of 2004

The Law of Ukraine 'On Social Protection of the Children of War' dated 18 November 2004

■ The law provided for extra benefits to pensions for over 6 million people. The law has been gradually introduced since 1 January 2006, with the minimum cost of implementation at UAH 3-4bn in 2004

CMU Decree No.1215 'On Raising Pensions' dated 18 September 2004

■ Nearly UAH 3mn was spent over three months to fund raised pensions



* Cabinet of Ministers of Ukraine



2012 ELECTION

BRIBING PENSIONERS

■ The initiative covers nearly 9 million people: eating up at least an extra UAH 7.2bn of budget money in 2012



BRIBING WAR VETERANS

■ This initiative for over 1 million pensioners will cost the taxpayers at least UAH 2.1bn in 2012



BRIBING DEPOSITORS OF THE USSR SAVINGS BANK (MOSTLY RETIRED)

■ The initiative entails paying over UAH 6bn to more than 6 million people

employees that did not have their own home: "Teachers, doctors, employees of cultural institutions, police officers and the military will get keys to apartments once they sign a contract to work in the sector for 20 years," they claimed. "They will be able to buy the apartment for 50% of its cost after 10 years in office, 25% after 15 years and become owners in 20 years," said the Party of the Regions' 2007 election platform. So far, though, no public sector employee has had this opportunity.

Now, President Viktor Yanukovich has made yet another promise of mortgage loans with a 2-3% interest rate. Obviously, he is not going to meet his promises. Iryna Akimova, his Deputy Chief of Staff, has clarified that the expected amount of funding for cheap mortgage loans is no more than UAH 1bn for 2012, while nearly 1.3mn people are waiting for such apartments. Thus, government-subsidized mortgage loans will only go to a few chosen ones, using a corrupt scheme of course.

MANY A LITTLE...

The project of massive bribery of voters puts the source of funding

under question. Iryna Akimova claims that "we already have UAH 10-11bn based on the Ministry of Finance's approximate estimates, mainly from higher than planned revenues from VAT on imported and domestic products and income tax revenues." Well-informed sources at the Ministry of Finance claim that this statement is simply not true. Both Tax Administration and Customs Service are already working harder than ever to bring at least the planned amount of revenues to the budget. One possible option is to increase pressure on entrepreneurs to pay taxes in advance, similar to what happened in 2004. Another source of revenues top officials mention is a tax on luxury or wealth. Many statements from government officials signal that the tax inspires their high hopes, yet it will in fact only bring UAH 0.4-0.5bn at the most over the next six months. Counting for more makes no sense: millionaires and billionaires in the parliament will never agree to a higher tax on themselves. The newly introduced real estate tax has

proven this: the owners of thousands of square meters will pay peanuts to the budget, and not now, but later.

The most realistic scenario for accumulating resources to bribe voters planned by Mr. Yanukovich's team both in 2004 and now is still to make the national mint work harder. In fact, the

COMMON UKRAINIANS WILL PAY FOR THE PRE-ELECTION POPULISM ONCE AGAIN

process has already begun: public sector employees and pensioners are paid their salaries in newly printed bills signed by Serhiy Arbutov, the new NBU Chairman. Meanwhile, even the government admits that the announced social benefits will add at least 1.5% to the annual inflation rate without printing money. Earlier experience of social election populism proves this. This means that every family with the annual income of even UAH 50,000 (USD 6,250) will pay at least UAH 750 for the votes for the Party of Regions, and this is not the limit. ■

A brief guide
to electoral
fraud for the
busy despot

Weighing the Votes

OPINION

A fair election... But are the “rules of the game” fair?



Author:
Hanne
Severinsen

As a member of the Council of Europe, Ukraine has “undertaken commitments to hold free elections at reasonable intervals by secret ballot, under conditions which will ensure the free expression of the opinion of the people in the choice of the legislature.” (Protocol 1, Article 3) No two countries have the same way of “ensuring the free expression of the opinion of the people”. Many countries revise their election rules in light of experience and in the wake of the poor functioning of a previous election. In the PACE-report “Functions of Institutions in Ukraine” debated 26 January, the co-rapporteurs go a bit further: “In principle, each country has the right to choose the election system that suits its needs and national peculiarities best, as

long as the system is in line with European standards and on the condition that it produces democratic results. As the majoritarian, the fully proportional, as well as the mixed system have all failed to produce the desired democratic results, the Assembly has recommended the adoption of a regional proportional system based on open lists and multiple regional constituencies. In the view of the Assembly, such a system would ensure intra-party democracy and voter transparency, as well as strengthen regional representation and increase accountability” I very much agree with these words. But was the historic failure a deciding factor for the majority in the Verhovna Rada when — in November last year — they approved the fifty-fifty system for the

next election? This does not seem to be the case.

It is obvious that the present election system has to be changed, because it gave voters nearly no chance to influence which candidates the voters could choose from. But to go back to the former system, that gave so many possibilities to manipulate the electorate, cannot be seen as an attempt to “learn from the past”. More reasonable is the attempt by current elected MPs to save their own mandates. And this is naturally not surprising. Elected MPs in any country are very interested in getting reelected! The difference comes via the election system they use to secure reelection. Whom must they serve and please? Voters? The establishment?

The only poll that counts, supposedly, is election day. But for the sophisticated vote-rigger that is terrible advice. Election day is too late. If you go around beating up your opponents' voters, stuffing ballot boxes and making up results, someone somewhere is bound to complain. All those foreign busybodies will take you to task. It enrages the crowd and it dents your reputation.

It is also unnecessary. If you set about rigging the vote well in advance (see article), you can have an election that looks all right on the outside but guarantees the result you want. And nobody will be able to object. The secret is to obey the rules—having first written them yourself.

It all starts with television, where most voters (especially the poorer and less-educated) get most of their news. Don't clamp down completely—it makes you look weak. Tolerate small, ill-funded opposition outlets (not least so that you have an idea yourself of what is going on). But make sure that you or your allies control all the main television channels. Television news should trumpet your successes, portraying you as statesmanlike, and perhaps also enjoying manly sports and cuddly charity work.

This makes you the dominant brand in voters' minds. Your propaganda machine should also highlight the opposition's foreign links, making them look disloyal and alien. It should play up splits

and divisions and any personal foibles (your own vices, meanwhile, must remain state secrets).

This makes the next stages easier. Gerrymandering is an excellent tactic. In a parliamentary election, corral your opponents' votes into places where they pile up uselessly, while making sure that yours are spread across plenty of marginal constituencies. If in doubt, look at how it is done in America. Then sort out the electoral registers: you need tough registration requirements for the voters who dislike you. You can count on votes from prisoners, army conscripts and others, so make sure they are registered en masse.

The laws governing political parties are in your hands too: make them burdensome. That will sap the opposition's energies—and if they make a single slip-up, you can always have their candidates struck from the ballot. Your own party will control a mighty bureaucratic machine and will meet the requirements easily. A sophisticated twist on this is to create your own tame opposition parties, in several flavours. They will distract attention from your real rivals.

You will have to allow some foreigners into your country on polling day. So make it easy for the right ones (your ideological soul mates and those from other autocratic countries). Nosy nit-pickers from the West can come too, but only at the last moment, so they have little time to get organised. Discredit local election-monitoring outfits as for-

eign-funded and partisan. Trumpet your fans' verdict at home: it will offset the complaints from those foreigners who, your television channel can argue, are secretly bent on doing your country down.

STUFF AND NONSENSE

Do not waste much time campaigning. Anything beyond the odd triumphant rally makes you seem like a mere politician. Instead say you are too busy minding the affairs of

RIGGING THE VOTE WELL IN ADVANCE GUARANTEES THE RESULT YOU WANT

state—and make sure you are shown on television doing so.

On polling day hand out free food and booze in poor areas. In places that will not vote for you, have the polling stations open late and close early. If necessary, they can run out of ballot papers. Long queues are a deterrent to busy people.

As insurance, you need to be able to fiddle the results. A computerised system which is apparently secure but actually accessible is ideal. If ballot-boxes are used, make sure they can be stored overnight in a discreet location where, if all else fails, you can add and subtract votes as necessary. If you get caught, say provocateurs are trying to discredit you.

None of this helps you run the country when you win. But who said politics was easy? ■

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For too long there has been a missing link between ordinary voters and the Rada. It is not a bottom-up system. It is not a system where you can vote for "my MP". On the top of all these problems comes the possible grave unfairness that the leader of the opposition and other leading politicians may not be able to run in the election!

How to choose the "least bad" MPs in the forthcoming election within the fifty-fifty system?

The fact is that the system will be the "rule of the game" in October. In my opinion, the fact that nearly all of the opposition parties have made a common declaration about cooperation is at least a good sign. But such a declaration is only the beginning of a very difficult process. The goal of the opposition must be to avoid The Party of Regions (PR) winning the election despite — according to opinion polls — having the support of only 20% of voters.

Another goal will be to avoid voter apathy. Before the local election and after the decision of the mixed system, only

8.5% expected a fair result, according to OPORA, an NGO of civil rights activists. And only 50% actual participated in the local election. One could easily expect similar voter distrust today.

Half of the future MPs will be elected in a constituency. The candidate that gets most votes in the first run will be elected. This system gives the relatively biggest party (at the moment in most areas the PR) the best chances of winning the seat. Especially since the PR will have administrative resources at its disposal. So the opposition can only win mandates in these first-past-the-post districts if they agree on one common, local candidate. This means that a lot of "deals" in every constituency must be agreed. History shows that such deals are not easy to uphold. And, for the sake of voters' influence, it is important that the agreement be about a trusted, local figure. Not just a deal from the top of the involved parties to distribute candidates like playing cards. Therefore local grass-

roots participants from all of the opposition forces should start to cooperate and influence the process from now and into October.

The other half of the MPs will be elected from the party's nationwide closed nominated lists. Since there is a 5% threshold, it is important not to split into a lot of parties.

Those that decide to run should also try to have openness in forming their lists. The system is closed, yes, but the party can — all over the country — decide to take local forces into account anyway. This will also contribute to a voter's hope for influence and consequently, to his enthusiasm. And, last but not least, for the sake of Ukraine's future, these lists must be used to avoid too many oligarch opportunists getting elected! Rome was not built in a day. But the forthcoming election could be a small step forward, if opposition forces cooperate with the same goals this time around. ■

Lesson From Latvia

Seventy-five per cent of Latvian citizens rejected the initiative to grant Russian the status of a state language at a recent referendum, but this is unlikely to stop the politicisation of the “Russian issue” in this post-imperial territory

Author:
Oleksandr Kramar

The collection of signatures to make Russian an official language in Latvia was started in the spring of 2011 by an organisation with an innocent-sounding name – the Native Language Society – led by Vladimir Linderman, former leader of the Latvian branch of the National Bolshevik Party. The campaign took place in November 2011 and brought in about 187,000 signatures, more than the necessary minimum of 154,000. The issue had to be either considered in parliament or put to a referendum. The Saeima refused to even put it on its agenda, so the organisers sought a referendum.

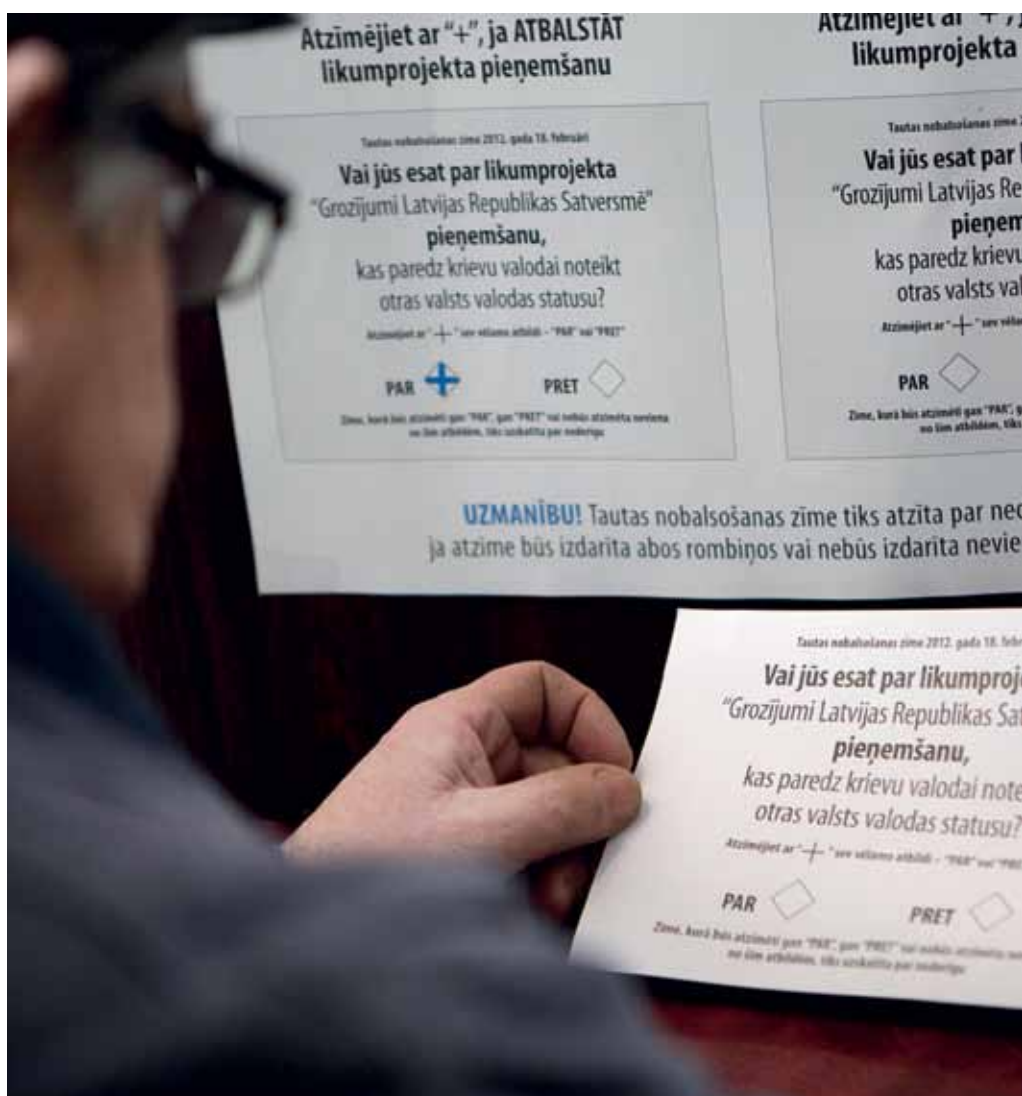
It was clear from the start that this issue was merely a tool to destabilise a country gripped by political crisis last year. A 25-27 October 2011 poll by TNS Latvia revealed that 29 per cent of citizens favoured the idea while 61 per cent opposed it.

That is why Nil Usakov, Riga Mayor and leader of Harmony Centre, the biggest political force in the Latvian parliament to represent the Russian-speaking minority, spoke out against the referendum and even accused radicals from Native Language Society of a provocative step which would end up being dangerous foremost to the minority itself while at the same time strengthening the popularity of nationalist Latvian forces. However, when his Harmony Centre failed to forge a coalition with the centre-right Unity and Zatlers' Reform Party after the snap September election, his rhetoric changed abruptly – now he was suddenly in support of the referendum. Usakov rationalised his

decision by saying that he did not believe in a positive outcome and did not even think Russian needed to have official status but said he wanted to attract attention to the problem of “political discrimination” against Russian-speaking citizens which he found in the ruling coalition's rejection of Harmony Centre.

NATIONAL IDENTITY

The Latvian leadership, most political forces and NGOs put in tremendous effort to rally society to defend Latvian as a primary marker of Latvian national identity. President Andris Bērziņš said he was ready to step down if Russian became the second state language and urged citizens to re-



member that Latvia was the only country in the world “where the Latvian language and all things Latvian can exist and where true patriots can be developed and united.”

Consequently, Latvians, perceiving a threat to their national identity, became far more mobilised than the Russian-speaking population whose rights were allegedly being hurt. The average turnout across the country was 70.7 per cent with a mere 60 per cent in the Russian-speaking eastern region of Latgale and 73 per cent and 71 per cent respectively in the mostly Latvian Vidzeme and Kurzeme. Overall, voter turnout was higher than for the referendum on EU membership – 1.1 million compared to 1 million. Latgale, with a 57 per cent approval rate, was the only region that voted for amending

NO HESITATION. The only large city which almost unanimously (85.2 per cent) supported the official status for Russian was Daugavpils

the Constitution. Even in Riga, where Russian-speaking citizens dominate, only a mere 36 per cent voted yes.

THE RUSSIAN FACTOR

But Linderman said that “the referendum is not the end.” The Native Language Society plans to use its results, especially in the regional perspective, in European institutions to apply pressure on Latvia on the issue of language, at least in some regions. Moscow is certainly ready to help.

First Deputy Chairman for Foreign Affairs of the Russian Duma, Konstantin Kosachev, said that “the situation that has arisen now (in Latvia) is abnormal, and it must be demanded that Russian be used as an official language – if not across the country, then in cities and municipalities with Russian-speaking communities.” On 19 February, Russian Foreign Ministry spokesman Aleksandr Lukashevich emphasised that the outcome of the referendum showed “disagreement with the course to build a mono-ethnic society.” Meanwhile, Moscow continues to insist that the results do not reflect the real sentiments in Latvia, because 319,000 of the Baltic state's residents still do not have citizenship.

Remarkably, Russia tried various ways to exert pressure on Latvia before and during the referendum. Solvita Aboltina, Speaker of the Latvian parliament and a leader of the ruling coalition, expressed concern over the manoeuvres of a Russian supersonic bomber TU-22M along the edge of Latvia's air space on the eve of the vote.

The Latvian referendum on language cannot be considered outside the context of Russia's policy in the post-soviet landscape. On 12 June 2008, newly-elected Russian President Dmitry Medvedev approved a new version of Russia's foreign-policy doctrine which included the special feature of a clear declaration of Russia's expansionist plans regarding former soviet republics, which were viewed as “a sphere of special interests.” A key means to this goal is numerous Russian minorities and other Russian-speaking peoples whom the Russian leadership calls “compatriots.”

LATVIA WITHOUT LATVIANS?

Russian radicals in Latvia rely on the idea that the Russian-speaking population of the country is a state-forming force. The official site of the Native Language Society defined the goal of the referendum as follows: “The Russian-speaking residents of Latvia must show the world that there are hundreds of thousands of us and that we will never resign ourselves to the status of outcasts in our motherland.” By “outcasts” they mean their status of an ethnic and linguistic minority and the definition of Russian as a foreign language in Latvian legislation.

That the real goal of these champions of Russian in the post-soviet territory is not to defend the rights of Russian speakers against discrimination but to establish a dominant position is further corroborated by the actual prevalence of Russian in the economic life of the country.

Former Culture Minister Sarmite Elerte, who is now an advisor to the Prime Minister on national identity issues, said after the referendum that Latvian was still not the dominant language in the public sphere in large cities and that services were not always available in Latvian. So it is important for the government to develop a strategy to prevent Latvians from suffering discrimination on the labour market where they are required to have a command of Russian. The basic assumption must be that a job linked only to the domestic market should not require knowledge of this foreign language. For example, Aleksandr Gafin, a member of the board of directors at Pietumu Banka, told the Russian mass media that “employers normally refuse to hire those who have no command of Russian, while the reverse is much less frequent. Consequently, with all other circumstances being the same, a Russian-speaking person has more prospects in Latvia than one who only speaks Latvian.” This situation is explained by the high percentage of Russians among the urban population and the ties local oligarchs have with Russian business.

Former Latvian President Vaira Vike-Freiberga, who was in emigration in Canada and returned to Latvia in the 1990s, was

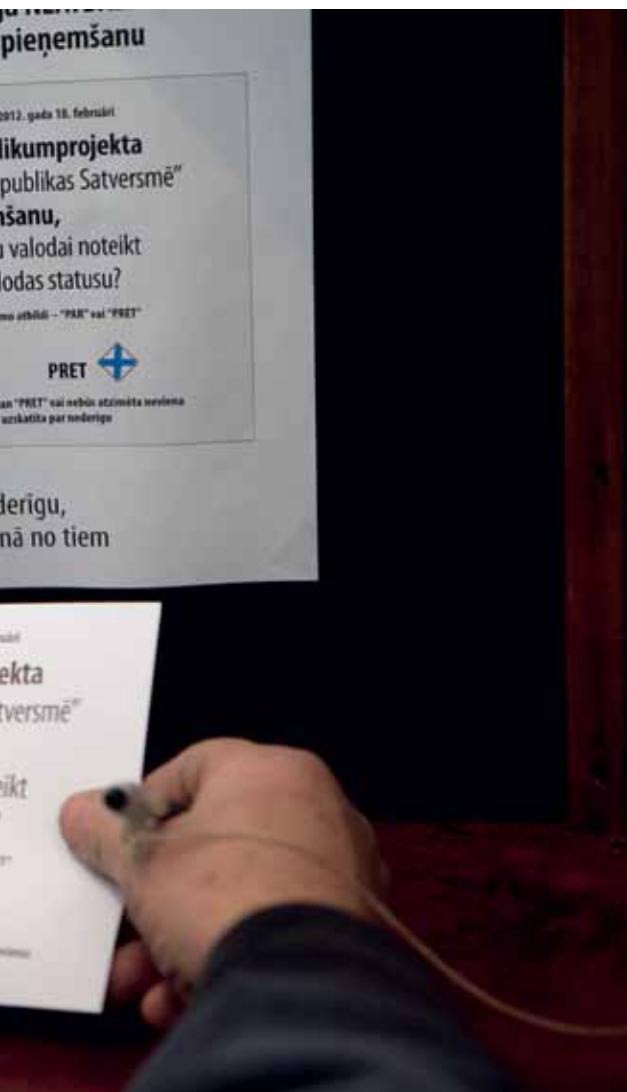
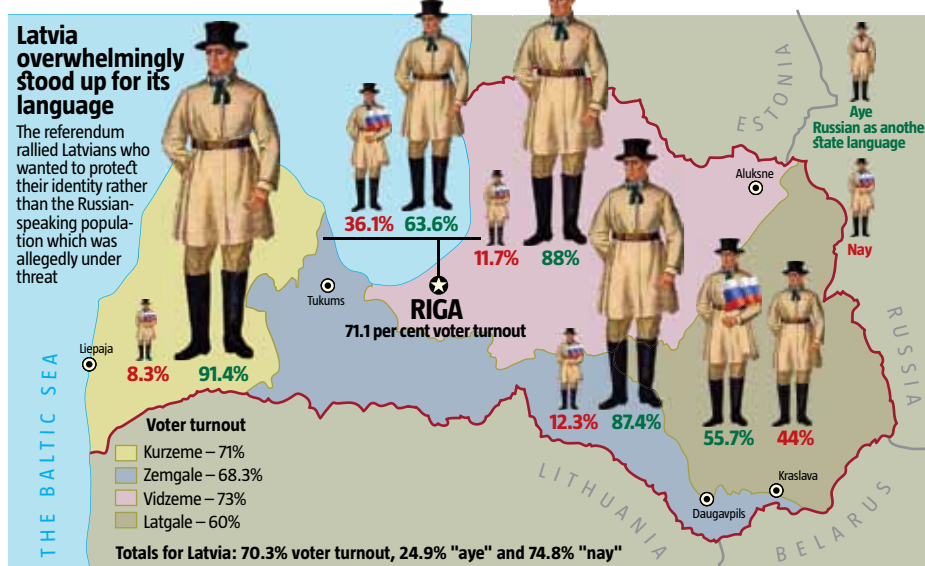


PHOTO: REUTERS



shocked by the changes that had taken place in Latvian society during the soviet occupation. “Latvians quite often instantly switch to another (Russian – Editor) language as soon as a person who does not speak Latvian joins their company, while the French would never do that,” she says.

In fact, Linderman does not conceal that the goal of his organization is to restore the dominant status Russian enjoyed in the USSR. Moreover, he is trying to present the prospects of Latvia's economic development as directly dependent on the need to reject Latvian identity: “The ideology of nationalism is absolutely incompatible with the economy. It makes Latvia a hamlet. The only goal of the hamlet is to preserve Latvians themselves. ... Conferences must be held here; people and commodities have to constantly move; and firms have to be registered. But this immediately ruins the ideology of a ‘Latvian Latvia’, because the value of Russian increases instantly.”

Latvia is indeed more vulnerable to expansion than, for example, Estonia. Estonia has a slightly smaller Russian-speaking minority, but its economy has performed better in the past several years, so Russian speakers had a stronger stimulus to integrate. Estonian Foreign Minister Urmas Paet said during his visit to Latvia before the referendum that he ruled out a similar plebiscite being held in Estonia, because there are many more people in its Russian community that understand

A 2011 poll by the Agency for the Latvian language showed that 39 per cent of high-school students estimated their command of the state language as poor or very poor, 81 per cent experienced difficulties on an everyday basis due to their insufficient proficiency in Latvian and 80 per cent felt they were under the influence of the Russian-language information space

why a command of Estonian is important and see the advantages it gives them in education and on the labour market. In contrast, Latvia struggled during the transformation period because of its much greater dependence on industrial cooperation with and providing transportation services to Russia. Former Latvian Prime Minister Einars Repse said in his comment on the referendum: “The most complicated thing is to have Latvians themselves see their future, their secure future, and development. Then the rest will join in.”

AVOIDING A REPEAT

The referendum drove home to Latvian politicians that preventive measures had to be taken to rule out any repeated attempts of the kind. The president has already said that by calling the referendum he put one of the most dearly

government needs to step up integration for non-Latvians. While most of them have some command of the state language, it is evidently not enough. In 1996-2010, 55,500 residents of Latvia took Latvian language courses in addition to young people who studied it in school. However, the efficiency of these measures remains low due to insufficient motivation among the population and destructive propaganda coming from pro-Russian organizations.

In 2011, a nationalistic alliance promoting accelerated integration of the Russian-speaking population began collecting signatures for a referendum that would decide whether it was necessary to gradually switch to Latvian as the language of instruction in schools by 2024. However, this initiative failed to gain support, and it was only recently that a new school subject, History of Latvia, was introduced in order to instil patriotism in students regardless of their ethnic background, promote the correct understanding of complicated history issues and respect for Latvian traditions.

CONTEXT FOR UKRAINE

The linguistic issue in Latvia is a realistic illustration of what Ukraine may face. Similar to such Latvian political forces as Harmony Centre, the Party of Regions has on numerous occasions exploited the language issue while in the opposition. And, again like Harmony Centre, it takes a softer stance when in power. All parties in countries like Latvia or Ukraine play the language card merely as a way to mobilise voters, dropping the subject once the desired result is achieved. Despite this fact, the Kremlin is still interested in pushing the Russian language through. Destabilising the situation in regions that were once the “peripheral parts” of its empire is more than a convenient illustration that the events that happened two decades ago were a mistake. As long as an external player is interested in revising the geopolitical architecture of the post-soviet territory, the language issue in countries with large Russian-speaking minorities will not be limited to “civil rights” and will be used as a political tool, which will constantly threaten the smaller states' sovereignty and national identity. ■

LATVIA IS MORE VULNERABLE THAN ECONOMICALLY HEALTHIER ESTONIA

Read about the integration of Russian speakers into the Ukrainian-speaking community and the status of Ukrainian in Ukraine in our next issue upcoming on 17 April 2012

held foundations of the Latvian Constitution – the state language – in jeopardy. So now it is time for a meaningful discussion about fixing its foundations in order to thwart any future risks to Latvian statehood. Otherwise, Latvian society will remain vulnerable to manipulation.

Aleksey Loskutov, an ethnic Russian and one of the leaders of the ruling Unity bloc, says that the

The Latvian Referendum as a Model for Ukraine

Most former soviet republics inherited the language issue from the USSR. The status of Russian becomes the most acute problem in countries where Russian-speaking communities are large both in absolute and relative terms. Contributing to this problem are old and recently-created myths and the Kremlin's strategy of informational expansionism. In this strategy, a purely linguistic and cultural issue has become political. Pro-Russian agents promote the language as they vie for a place in the political arena. This applies to the Baltic states, Moldova, Kazakhstan and, to a large extent, Ukraine.

There is one myth that is being instilled and promoted with special persistence – that the right of the Russian-speaking population to use its language is violated and that the current language situation contradicts European standards, particularly with regard to regional languages. At the same time, the content of these standards is consciously ignored or hushed up. There is a telling example in France which has a hard-line one-language policy and at the same time does everything possible to also protect regional languages. The author spoke about this problem in the mayor's office in Strasbourg and heard again and again that the French were sorry that Alsatian was essentially disappearing. There are schools and requisite financing, teachers, literature, and university departments. The problem is that there are no students. Parents prefer to send their children directly to French-language education institutions. The same situation is found in Normandy and Brittany. In addition to the dwindling number of speakers, the language is losing its functionality and ability to reflect new realities, and its vocabulary is deteriorating. Sorbian in Germany is in the same predicament.

European norms are aimed at protecting these kinds of languages, most of which are dying. But no-one even thinks of applying them to protect German in Belgium or the Netherlands. The Walloon language in Belgium badly needs to be protected and local authorities are doing their best to help it, and now this nearly-dead language is slowly reviving.

The Russian language dominated in both the tsarist Russian empire and in the USSR. So newly independent countries had to protect and sometimes revive their own national languages. It may well be

that without external political intervention, this gradual process, which requires patience and persistence, can lead to peaceful coexistence and a multilingual cultural environment. In the inter-war Western Ukraine, the standard linguistic set of many urban and rural residents, to say nothing of intellectuals in Lviv, consisted of four or five languages. And nothing horrible happened. On the contrary, this gave people many advantages. Even though the policy of Polonisation was a far cry from democratic norms, it paled in comparison to total Russification.

Clearly, no-one will protect the Latvian language if Latvians fail to do so themselves. This is not linguistic discrimination against Russian: if you live in Latvia, you should learn the local language and you may learn others if you want. Somehow those who live in Latvia, Estonia, Ukraine or Moldova and prefer to know only Russian and have no command of the state language, reject this very simple reasoning. The author once spoke with the widow of a soviet general in Riga. She had lived in Latvia for over 25 years and had not learned the local language enough to sustain even a simple conversation. When I asked her why, she said: "We liberated them, so they should speak Russian." If you follow this "reasoning," all of Western Europe should speak English exclusively. This would include even

Germany, because its western part was freed from the Nazis largely by British and American troops.

Everyone understands that the problem of the status of Russian in the Baltic states and elsewhere is artificial and politically motivated. It has been inspired by Moscow in order to destabilise

internal politics. We need to clearly understand that what was tested in Latvia is a possible scenario for Ukraine. The political component can be seen here in its pure condition. However, the Baltic states are, by and large, a branch cut-off to Russia. They joined Europe long ago and will never quit it – something even the most stubborn "collectors of Russian lands" grasp.

Ukraine is different. The country has wasted several opportunities to choose a European path due to the thoughtlessness of its leaders. That is why the Kremlin still has hope of injecting its ideals into its southern neighbour. Just like the old Russian empire, the new one cannot exist without Ukraine. And the Russian language is the most important factor of destabilisation. ■

**THE PROBLEM WITH
THE STATUS OF RUSSIAN
IN THE BALTIC STATES
AND ELSEWHERE
IS ARTIFICIAL AND
POLITICALLY MOTIVATED**



Author:
Yuriy Raikhel

The Precious Voices of Baltic Multiculturalism



Author:
Leonidas
Donskis

Talking about the Baltic States, it is worth remembering that prior to World War II, Finland was also considered to be a Baltic State. That is to say, there were four Baltic States in prewar Europe. The fact that only three entered the 21st century is an irony of recent history. Yet some similarities and affinities between the Baltic States are too obvious to require emphasis. All three nations stood at the same historic crossroads after the WWI. All were linked to the fate of Russia in terms of (in)dependence and emancipation. All three existed as independent states from 1918 until 1940.

At that time, all three introduced liberal minority policies, granting a kind of personal, non-territorial cultural autonomy to their large minorities, Lithuania to its Jewish, Latvia to its German, and Estonia to its German and Russian minorities. All three sought strength and inspiration in their ancient languages and cultures. All have a strong Romantic element in their historical memory and self-perception.

Lithuania is a multicultural country and it has always been so, at least as far as the legacy of the Grand Duchy of Lithuania is concerned. Lithuania was and continues to be unimaginable without its historically formed minorities and its precious voices – Jewish, Karaim, Tatar, Polish, Ukrainian, Belarusian, and Russian minorities (especially a unique community of Old Russian Believers).

Some of them retain the unique status of a stateless culture not throwing itself on the mercy of, but rather relying on, a time-honored tradition of a peaceful and meaningful coexistence with the political nation, whose history, language, and culture became a home for other precious voices of a choir of all these unique cultures.

After 1918, Lithuania granted cultural autonomy to its large Jewish community. Keeping in mind some of the political traditions of Eastern Europe, this move was nothing short of a miracle. However, the miracle did not last long. After the coup d'État in 1926, the Lithuanian Parliament was dismissed and the authoritarian rule of President Antanas Smetona was introduced. Jewish cultural autonomy was abolished, although Lithuanian Jews continued to enjoy quite extensive opportunities to practice their culture and pursue their educational and identity policies.

An interesting and most telling story was told about the first Minister for Jewish Affairs, who was appointed immediately after 1918. The minister without portfolio, Max Soloveichik, who was a Ukrainian-born Lithuanian-Jewish politician, appeared in the Lithuanian Parliament. Unable to conduct a longer address in Lithuanian, he asked if he would be allowed to speak in Russian. Some MPs suggested that he speak in Yiddish instead. Max Soloveichik addressed the Lithuanian Parliament in Yiddish, and more than half of the Lithuanian MPs were able to understand him.

Why and how was this possible? The reason is quite simple: a number of Lithuanians spoke Yiddish and made jokes in this rich and beautiful language, since they had Jewish neighbors in Kaunas and elsewhere in Lithuania. Even after WWII, which wiped the Jewish community of Lithuania off the face of the Earth, this remained an option for some Lithuanians.

I will never forget a moving story I was told by a Lithuanian Jew in Israel, who out of his love and attachment to the town of Palanga, divided his life between Israel and Lithuania: himself a medical doctor, he told me a story about his father, also a medical doctor, who spoke to his friend in Yiddish. The friend was Balys Dvarionas, a renowned Lithuanian composer, an ethnic Lithuanian with no Jewish background, who spent his youth in prewar, Lithuania surrounded by Jewish kids and neighbors in Kaunas.

The same applies to Lithuanians in Vilnius who have always been fluent in Polish, ready to switch to the Polish language at any time when conversing with a Polish-speaking neighbor. In spite of a thoughtless tension between Poland and Lithuania over the current situation of Polish minority education in Lithuania, from which neither of the two sides have benefited and never will, it is impossible to imagine Lithuania without its Polish component, as far as its historical and cultural memory, political sensibility and intellectual culture is concerned.

Actually, the Russian language can hardly be described as a lingua franca of the Baltic region. Instead, it is increasingly becoming a foreign language, rather than part of its political identity and historical-cultural legacy. No matter how hard today's Russia tries to maintain its linguistic and cultural presence in the re-

gion, young Lithuanians, Latvians, and Estonians prefer switching to English as opposed to Russian, when talking to one another.

Yet the following questions arise: What will the Baltic region be like in the 21st century? What will the common denominator be between Klaipeda, Riga, Tallinn, Kaliningrad, and St. Petersburg in the new epoch? Will the Baltic States become closer to the Nordic states, or will they remain a border region in which the contrasting Eastern and Western European concepts of politics and public life continue to fight it out amongst themselves? Will we be able to apply the description by which Milan Kundera attempted to identify Central European countries to the Baltic states: a huge variety of culture and thought in a small area? Will the tie that binds us to our neighbors simply be a remembrance of common enslavement and a sense of insecurity, or will we create a new regional Baltic identity, one that is both global and open, and in which we can map our past and present according to completely different criteria? ■

**RUSSIA TRIES TO MAINTAIN
ITS LINGUISTIC AND
CULTURAL PRESENCE
IN THE REGION BUT YOUNG
LITHUANIANS PREFER
ENGLISH**

Caution As the Best Recipe For Hard Reforms?

ADutch journalist once asked me if we Estonians were afraid of Russia. No, I replied, we are just cautious. Perhaps I was too optimistic, perhaps not, but one can say with some amount of certainty that a sub-conscious fear of Russia was the main reason Estonia transformed so quickly from a soviet state into a fully-integrated member of the European Union.

This reluctance to be too optimistic — this caution — has been very often ignored by the larger nations and Estonia is frequently accused of being paranoid about Russia. The reason for this difference in views is that those larger nations have never faced the prospect of being completely wiped off the map. The purpose of this article is not to go into the details of the horrors of WWII. Suffice it to say that Estonians felt their existence was threatened during the war and in its aftermath.

After regaining independence in 1991, it was clear that Estonia had only one choice — integration into Western structures. The economic facet was of only secondary importance, since the main motivation for economic reforms lies elsewhere — in history and culture.

An example of the other options was provided by Edward Lucas, a journalist for the Economist, who in his book *The New Cold War* recalls how in 1992, Igor Rodionov, the then head of the Russian military staff college (and later Yeltsin's defence minister) said Moscow would insist on:

- the neutrality of East European countries or their friendly relations with Russia;
- free access to seaports in the Baltics for Russia;
- the exclusion of 'third country' military forces from the Baltics; and
- the non-membership of the Baltic states in military blocs directed at Russia, etc.

Up to 31 August, 1994, when Russian troops left Estonia, it was not very realistic to speak about Estonia's joining NATO or the European Union. Even after Russia's military forces withdrew, those speaking about possible NATO membership for the Baltic states could have been called candidates for the madhouse. All in all, in the 1990s, NATO membership for the Baltic states seemed a very distant and unlikely future.

Consequently, the prospect of tenuous hard security meant that the only way to move forward was to seek consolation in the soft security provided by the European Union. But the EU does not count soldiers, it counts reforms. The EU did not plan the Big

Bang enlargement from the beginning. To the contrary, in the 1990s, the potential new member states were told that each country would join the EU when it was ready.

There was a sort of deference to the former territory of the USSR in some Western circles and it was considered a major breakthrough when Estonia was among the first six countries to be invited to accession negotiations with the EU in 1997.

This absence of hard security and the remote possibility of becoming a member of the EU based on the country's own merits meant that Estonia had to follow an accelerated path of reforms. The reforms themselves started at the beginning of the 1990s, but they took a definite shape after EU negotiations began in earnest in 1998.

Being small offers both negative and positive opportunities in international politics. Since Estonia — with a population of only 1.3m — was nowhere the size of Poland (38m), it could not count on inevitable admission to the EU. EU enlargement without Poland was unthinkable and that fact was well understood in Warsaw. On the other hand, the smallness of the country and the possibility to start from scratch plus the understanding that a window of opportunity had opened, enabled Estonia to exploit its incredible flexibility in order to be in the same line with the bigger countries in 2004 when EU enlargement finally took place.

The real prospect of joining NATO came considerably later than the chance to join the EU. In fact, only after 9/11 did Washington recognize that the rest of the Eastern European nations should be admitted to the alliance in order to secure their allegiance in the war against terror. Before that, the EU remained more or less the one single option for Estonia, even though Estonian politicians appealed to NATO membership very often in their rhetoric.

Looking back at the 1990s, we see that external factors played a role as well. The aftermath of the Cold War offered a sense of hope and prompted many politicians to begin speaking of "the end of history". All this combined with Russia's weakness at the time gave Estonia a rare window of opportunity, but it would have remained unused if Estonia had not been committed to hard reforms which in turn were motivated by the wish to decisively turn Estonia's back to its soviet past. Caution served Estonia well. ■



Author:
Erkki
Bahovski

BEING SMALL OFFERS BOTH NEGATIVE AND POSITIVE OPPORTUNITIES IN INTERNATIONAL POLITICS



Estonian Common Sense

Estonia's Ambassador to Ukraine Lauri Lepik talks about his country's path to the European Union, the experience of integrating the Russian-speaking population and establishing business contacts with Kyiv

Interviewer:
Hanna Trehub

Photo:
Andriy
Lomakin

Estonia is, no doubt, the most successful post-soviet country according to all socioeconomic indices. Lauri Lepik shared the secrets of Estonia's reforms with *The Ukrainian Week*.

U.W.: Estonia is one of the most successful post-soviet countries. Before the debt crisis, it was viewed as a role model for other EU members. What is the key to your success?

I believe Estonians have the healthy common sense of a farmer. This means that we do not like living in debt. Thanks to this policy, years before we were hit by the world financial crisis, we set up a stabilization fund that eventually received around 12% of the country's annual GDP.

First, when the crisis broke out, our government introduced severe austerity measures that are felt even today. Second, we always preferred to have a balanced state budget. We cannot spend more than our projected income. Another thing I believe is important is that our government is honest in communicating with its citizens and warns them in advance about how bad the situation is. Despite austerity measures that affected everyone, the parties that formed the coalition government won the elections again last year. Thus, our experience shows that you have to act quickly and openly and be honest in explaining your reasons and measures to the electorate. People need to be told about the situation as it is and about the anticipated consequences. Our experience

shows that this is the only way to maintain the voters' trust, reach understanding and unite them to a certain extent.

Back then, Estonia was very much interested in joining the eurozone and meeting its strict criteria, so we had to take these factors into account. Thus, it was in fact a combination of internal and external factors that made the implementation of austerity measures possible.

U.W.: The Russian Federation recently increased its military presence in the Baltic region. At the same time, it continues to accuse Latvia and Estonia of discriminating against foreigners and the Russian language. With Vladimir Putin's return to the presidential office, Russia will likely step up its integra-

tionist efforts in the post-soviet territory. Do Estonians feel safe under NATO's umbrella?

Russia is our neighbour, and it is natural for us to take interest in what is going on there. As a NATO member, Estonia does not feel threatened by Russia in any way. In the context of the collective defense and solidarity agreement that we signed, it is difficult to presume that someone would threaten us. We have noticed a concentration of modern Russian armaments near its western borders, but we do not see any reasonable explanation for this. The question remains open, but it is not for us to answer; our Russian colleagues may be in a better position to do so.

As far as the Russian military aircraft flying over the Baltic region are concerned, from the very first day when Estonia, Latvia and Lithuania joined NATO, our partners in the Atlantic Alliance began patrolling Estonian airspace. It is important, because it shows solidarity among NATO countries. Moreover, it also means that NATO forces have a visible presence in the region. This relieved us of the need to have our own military airplanes, which are expensive not only to purchase but also to maintain. This distribution of duties is based on the collective understanding of solidarity among allies. On 8 February, 2012, the NATO Council passed a decision making the mission of patrolling our airspace open-ended.

After that, the number of military flights over Estonian territory has greatly increased. It is very easy to see that there is more transit flow from the Kaliningrad Oblast to Russia in the Baltic region, but they have not violated international airspace regulations. Moreover, the NATO patrol mission helps us to identify which planes are in the air above Estonia. Normally, there is no threat to our airbases.

I am aware of the information regarding Russia's intentions to increase its presence in the post-soviet space and Mr. Putin's statements to this effect. But frankly, we integrated with the West a long time ago. I can't see a scenario under which this decision on the part of the Russian leadership would affect us.

U.W.: How important is it for Estonia to close itself off from the Kremlin's influence while imple-

menting reforms? Do Estonians fear Russia?

In my opinion, it's a question of one's worldview. We did not start from scratch in 1991, and we did not forget what had happened in the past. It all depends on individuality and age. Every Estonian family has its own story of Russian repression in the 1940s and later when our compatriots were murdered or exiled to Siberia. This is a living memory which we were not allowed to voice during the occupation, but which was transferred from generation to generation among circles of friends and family.

If we look at the things that were done in practice to overcome Russia's influence, it was not all that difficult. In 1991, after restoring an independent state, we decided to create the new bodies of the political public service that were needed to manage it, such as the Ministry of Defense or the Ministry of Foreign Affairs. Of course, in soviet times there was the Ministry of Foreign Affairs of the Estonian SSR, which was made up of six KGB officers. But we introduced a new model of civil service and hired new staff, which turned out to be fairly easy at a time

Estonia's GDP (PPP) per capita is
\$20,182
(45th in the world),
while Ukraine's is
\$7,198
(101st place)

OLD APPARATCHIKS SENSED THAT THEY WERE UNABLE TO MEET THE NEW DEMANDS AND THAT NO ONE WELCOMED THEIR WAY OF RUNNING THE COUNTRY

when patriotically minded young enthusiasts were willing to join the civil service in our young country. This is precisely the reason why Estonia had a 32-year-old prime minister. The Minister of Foreign Affairs was 28, some ambassadors 25, and they had to work with colleagues from other countries who were twice their age. Of course, this was a conscious choice. We were inexperienced in the early days of independence, but we combined this inexperience with a strong desire to build an independent Estonia. This was a general sentiment back then. In the atmosphere of new approaches to governance, old apparatchiks sensed that they were unable to meet the new demands and that no one welcomed their way of running the country. That's why we were able to completely overhaul the civil

service in a fairly short period of time. This is one of our main achievements of the past 20 years.

Moreover, it is also an issue of patriotism. A certain number of people in our country liked the soviet system, but even they eventually switched to the Estonian side. Of course, we cooperate with the Russian Federation to a certain degree. In particular, I'm referring to the withdrawal of Russian troops from Estonia in 1994. We cooperated with the Russian side in various sectors later and continue to do so now. Our current relations with Russia are close to normal in that we cooperate on a practical everyday basis. For example, we are open to the idea of launching a train connection between Saint Petersburg and Tallinn. There is also a ferry line between these two cities. We have recently seen more tourists from Moscow and Saint Petersburg who love celebrating the Old New Year in Tallinn. I don't expect any major shifts in the political domain, but solving all the radical questions there requires time and attention from our side.

U.W.: The Russian ethnic minority makes up about a third of the population in Estonia and Ukraine. Russians are a significant majority in the Estonian district of Ida Virumaa. How effective was the policy of integration regarding this part of the population? What could Ukraine learn from the Estonian experience in this regard?

In fact, we Estonians don't divide people based on their nationality. We do not have any official statistics, and nowhere do we officially inquire about the nationality of one person or another, because we understand that this is a form of discrimination. That is why we do not collect such data.

We have three categories of people on the national level. The first includes citizens of Estonia regardless of their nationality. The second is stateless persons, i.e., those who live in our country but have not made up their minds about obtaining Estonian or some other citizenship. Under national legislation, such people are allowed to travel across the territory of the EU. The third category is citizens of other countries who have obtained a permit to live in Estonia. As far as the integration program is concerned, I believe it was a wonderful and very successful initiative. It took us a long

time, around 15 years, and it is still continuing. In order to implement it, we needed to have a strong political will and a clear understanding of its necessity within society. It means not only studying Estonian but also resources and means that would make the process of study interesting. The result was a success. The young generation of Russian-speaking people in Estonia now freely speaks its native language, plus Estonian and English or some other foreign language. Young Estonians are bilingual and speak their native Estonian plus some other European language. People understand that the command of a language is not a political issue, but their personal asset, which increases their competitiveness on the labour market in any part of the world. This is another Estonian accomplishment that we owe to the program I mentioned.

There has recently been an increasing number of Russian-speaking citizens of Estonia who send their children to Estonian-speaking kindergartens in order to help them integrate in the community as early as possible. Of course, they also maintain their native language. Moreover, we are now reviewing the subjects taught in Russian-language schools with an eye toward having more subjects taught in Estonian. We are also increasing the number of school textbooks published in Estonian.

This process is continuing and will spread to new generations, but it is not about assimilating Russian-speaking citizens of Estonia. The effort is to increase their integration in society so that they, too, can take advantage of the benefits of living in a democratic country.

U.W.: How does Estonia preserve the memory of soviet repressions on the state level?

That is a very good question. Put simply, we call a crime a crime and remember it as such – this is the only way to overcome it. Estonia has many means with which to achieve this goal. We have the Institute of Remembrance, which collects people's testimonies. We have published several volumes about Estonians in the GULAG camps who were exiled to Siberia or imprisoned. There are hundreds of books written by those who experienced exile or prisons. Additionally, we have a research institute that addresses this issue and works with



FEARLESS. Laur Lepik assures us that, as a NATO member, Estonia does not feel threatened by Russia

archival documents to study people's lives. I should also mention a number of professional organizations that study the history of repressions. Everyone is doing what they can to find out whether a particular Estonian spent time in prison, where he or she was exiled, etc.

We have a museum and countless monuments dedicated to the victims of soviet and Stalinist repressions. Preserving the memory of these people is only natural—it's not a mandatory political tool. We are doing all of this, above all, to help ourselves learn what happened to

"WE DID A COMPLETE OVERHAUL OF THE CIVIL SERVICE"

our compatriots, identify the locations of concentration camps and graves, and pay tribute to the memory of the victims.

U.W.: Are Estonian entrepreneurs interested in the Ukrainian market?

In fact, they are immensely interested in investing in Ukraine, which they recognize as an attractive country with great potential – its domestic market, transit

routes, etc. Our entrepreneurs do not have a language barrier, which is a huge advantage. Estonian businesses are now actively working in such sectors as steelworks, pharmaceuticals, food production, construction and real estate, IT, energy and financial services. This is how I see the overall picture. Significantly, an increasing number of Estonian businessmen who own businesses in Ukraine come to our embassy to tell us about the problems they have faced there – corruption, excessive red tape, refusal of VAT reimbursement, and in some cases, what we consider illegal attempts to take over the company.

It is hard for me to say anything definite about the future. From my own experience, I know that it is my duty and task to provide detailed information to Estonian businessmen who are thinking about entering the local market and to explain what the situation is here in an objective and straightforward way. I must warn them of possible risks. We provide them with a clear picture of the local investment climate, its benefits and drawbacks, but it is up to companies themselves to make decisions.

U.W.: How does Estonia promote itself in the world?

Estonia is a small country that is very serious about promotion and attracting foreign investors and tourists. We have a clear idea of what we want to promote in the world and how to do it, what our main markets are and what resources we have at our disposal. We began working on this in 2000-2001 when we founded the company Enterprise Estonia tasked with promoting Estonian business abroad, attracting direct foreign investment and promoting Estonia's tourism sector worldwide. After Estonia joined the EU, this company set up its own startup fund, which provides grants for start-ups in Estonia and grants to support the economy. Enterprise Estonia has 10 offices abroad – in the Silicon Valley in California, Shanghai, Tokyo, Helsinki, Stockholm, Saint Petersburg, Moscow, Hamburg, London and Kyiv. I believe it is operating fairly efficiently. Its 2012 budget is € 140mn (including all grants and funding to represent Estonia's brand worldwide). Half of the direct foreign investment in Estonia has been secured precisely by this company. ■

Land Intrigues

If passed, the Law “On the Land Market” could destroy the land market in the bud



DRAWING BY IHOR LUKANCHENKO

Author:
Dmytro
Vovnianko

The Verkhovna Rada has extended the moratorium on the sale of farmland until January 1, 2013. Lawmakers have essentially admitted their inability to legalize the circulation of land plots that has been going on for years in Ukraine and fulfill the promise, made long ago by President Yanukovich. The task is actually very challenging for MPs. There are a slew of economic and legal factors resulting from many years of quasi legitimate sales of land, which need to be systematized and summarized in order to complete the land reform, which was launched as far back as the Kuchma presidency.

On December 9, 2011, the Verkhovna Rada passed Draft Law No. 9001-d “On the Land Market” in the first reading. This outraged the parliamentary opposition and thousands of farmers and experts, who pointed out that if passed, the law would ultimately allow large companies-landholders, to buy land-plots with hardly any competition, since non-residents are essentially left out of the game. The subsequent scandal inspired some con-

clusions among the reformers that are surprising, to say the least: The Verkhovna Rada excluded legal entities from the list of buyers that could legitimately purchase farmland. This is not a joke! Draft Law No. 9001-d clearly determines the list of entities which are permitted to purchase and own land: it includes citizens of Ukraine, the government represented by the land bank, other relevant authorities, the Crimean Council of Ministers, local village, town and city communities and... that's it. Moreover, private individuals who are residents of Ukraine will not be able to acquire more than 100 ha of land.

What does this mean? First, the current status quo on the land market will remain in place – farmland will still be used by leasers. Formal leasers, as is often the case, will work the land. All discussions regarding agricultural holdings splitting into shell entities are justified, but unlikely. The prospect of the redistribution of certified land plots (those that are not allocated in kind) to the founders of some LLCs in the reorganization process, looks plau-

sible, of course. Yet, some powerful companies have more than 100,000 ha of land. Even feudal lords once had fewer serfs compared to the mass of shell individuals that today's land-baggers would need to camouflage their ownership of this much land. Notably, the government will take tough measures, including the seizure of land, to stop any attempts to own land in any ways other than those stipulated by law.

One provision of the draft law imposes a special tax on the buyers of farmland: 100% of the land plot price, if purchased during the first year of its implementation; 90% during the second year, with a similar reduction each subsequent year. The minimum estimated value of a hectare of black soil was UAH 12,000 in 2011 and is likely to grow in 2012. How many people will want to buy land at such a price?

Nobody could predict this finale to land reform. Numerous nuances apart, if the current version of the law is passed, the situation with land will not differ significantly from that under the Soviet regime. Back then, land was publicly owned, just as it is now. The only problem is that then, the government managed farmland, while now, power is in the hands of leasing land-baggers. Moreover, if the draft law is approved, any lease contract can be terminated if the State Inspection for Agriculture finds that the renting entity damages the quality of the land plot. The government can essentially be the only owner of farmland under such rules. This situation is beneficial for those closest to the government. But even these business owners are not likely to be happy with the victory of such “bureaucratic capitalism”. Given the proposed rules, the fundamental draft law requires a different title, such as, “On the Ban of the Land Market in Ukraine”. ■

Begging for Improvement

The Ukrainian government needs new loans to repay old ones. Meanwhile, the economy keeps declining

Author:
Iryna
Khodorova

Self-composed and most of the time independent, Premier Mykola Azarov has recently announced that Ukraine will ask for a new IMF tranche to repay their previous loans. Premier Azarov has instructed the newly-appointed Finance Minister Yuriy Kolobov to negotiate debt restructuring with IMF representatives. Open sources have published unconfirmed information about requests of the Ukrainian government for high-standing US lobbyists to arrange for a bridge to the IMF to get a new tranche without raising gas prices for the public in Ukraine. What is happening here?

In February, Ukraine repaid an astounding USD 575mn to the IMF, both on time and in full. Later, in a video address posted on the central bank's official website,

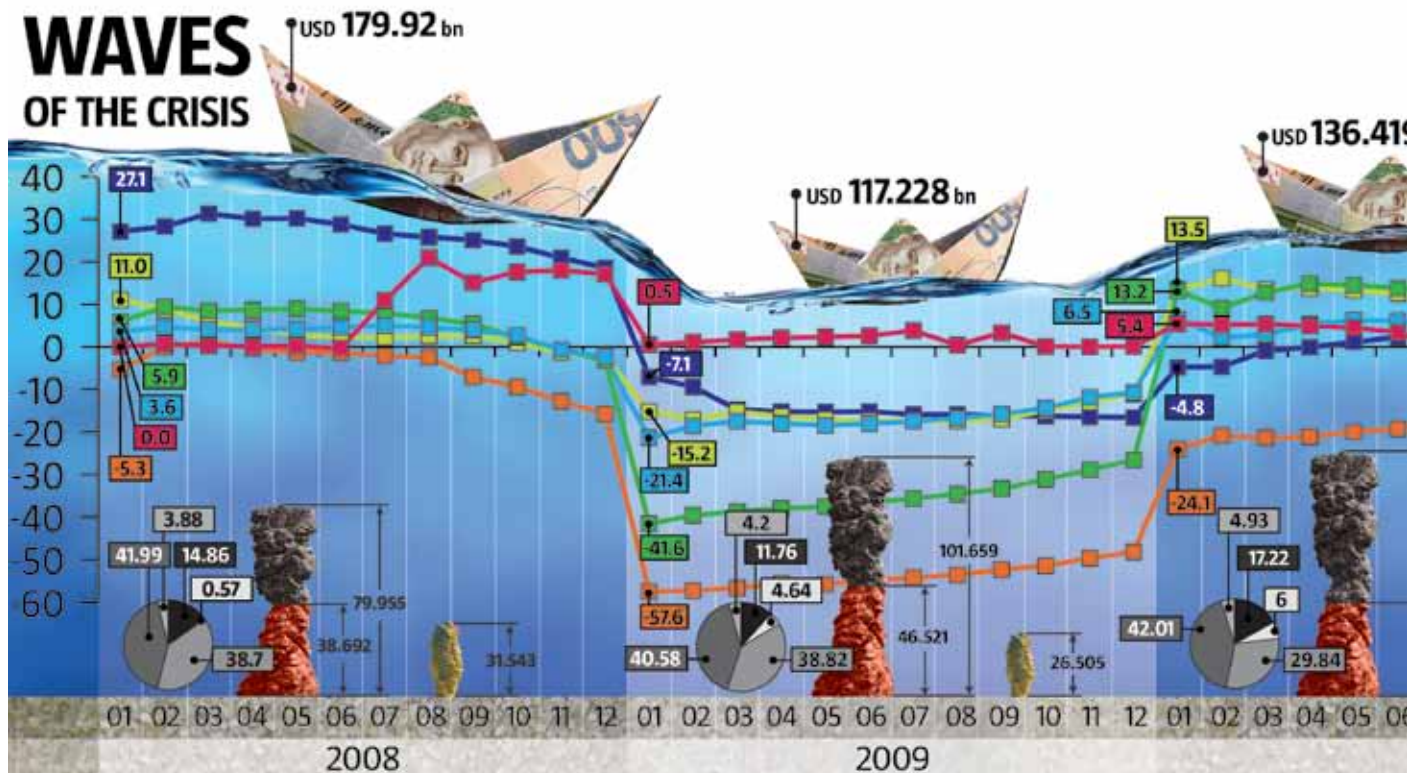
Olena Shcherbakova, Director of the General Department for Monetary Policy at the NBU, said that the loan "was repaid... with no further complaints from foreign investors, including the IMF". Surprisingly, this was followed by the above mentioned Premier's statement – right after Bloomberg analysts estimated that default risks in Ukraine were higher than in any other state other than Greece. Even Argentina has a lower default risk with the price of its five-year credit default swaps 12bp lower than that of Ukraine's derivatives at 780bp.

HUGE DEBT

2012 will be the year of peak repayments of Ukraine's accumulated debt. According to the Finance Ministry total government debt, estimated in hryvnia as of December 2012, will hit UAH 415.326bn (USD 51.92bn), or 27.6% of GDP. As much as UAH

95.5bn (USD 11.9bn) will have to be allocated from the state budget. For the most part, the funds will be spent to repay a UAH 16.2bn (USD 2.02bn) debt to Russia's VTB Bank and UAH 24.8bn (USD 3.1bn) to the IMF, although that is only the tip of the iceberg.

According to the NBU, total short-term foreign debt with a remaining maturity over nine months increased by USD 3.1bn to USD 52.6bn. Exactly this amount of foreign currency may flow out of the country if the debtors demand full repayment of liabilities from the government and Ukrainian residents on 30 September 2012. Even if inter-corporate loans make up the lion's share of the sum, the rest may turn out to be the equivalent of Ukraine's foreign-exchange reserves. In previous years, this was hardly a concern as debts were restructured and rolled over worldwide. Yet, only the naïve be-



lieve that this process will last forever and the IMF is signaling that it won't.

The 2012 Budget provides for drawing UAH 38bn (USD 4.75bn) in foreign loans and UAH 61bn (USD 7.6bn) in domestic loans in the current year. According to many polled experts, these numbers signal the government's optimism rather than realistic expectations. "Ukraine has to repay nearly UAH 13bn (USD 1.6bn) over January-March, while it has borrowed only UAH 5-6bn (USD 0.6-0.7bn) so far," says Oleksiy Zholud, an analyst at the International Centre for Policy Studies, whose estimates look the most optimistic of all. Mr. Zholud claims that the government is preparing to issue Eurobonds worth USD 1.5bn and it looks like there is sufficient demand for them, yet causes for pessimism are likely to multiply if the plan fails for some reason.

"The Eurozone is in mild recession," Olli Rehn, European Commissioner for Economic and Financial Affairs, said in an interview for Agence France-Presse. Based on the outcome of 2011, the EU economy has grown 1.5% compared to 1.4% for the Eurozone's economy. Recession is unfolding not only in Greece, but in Italy,

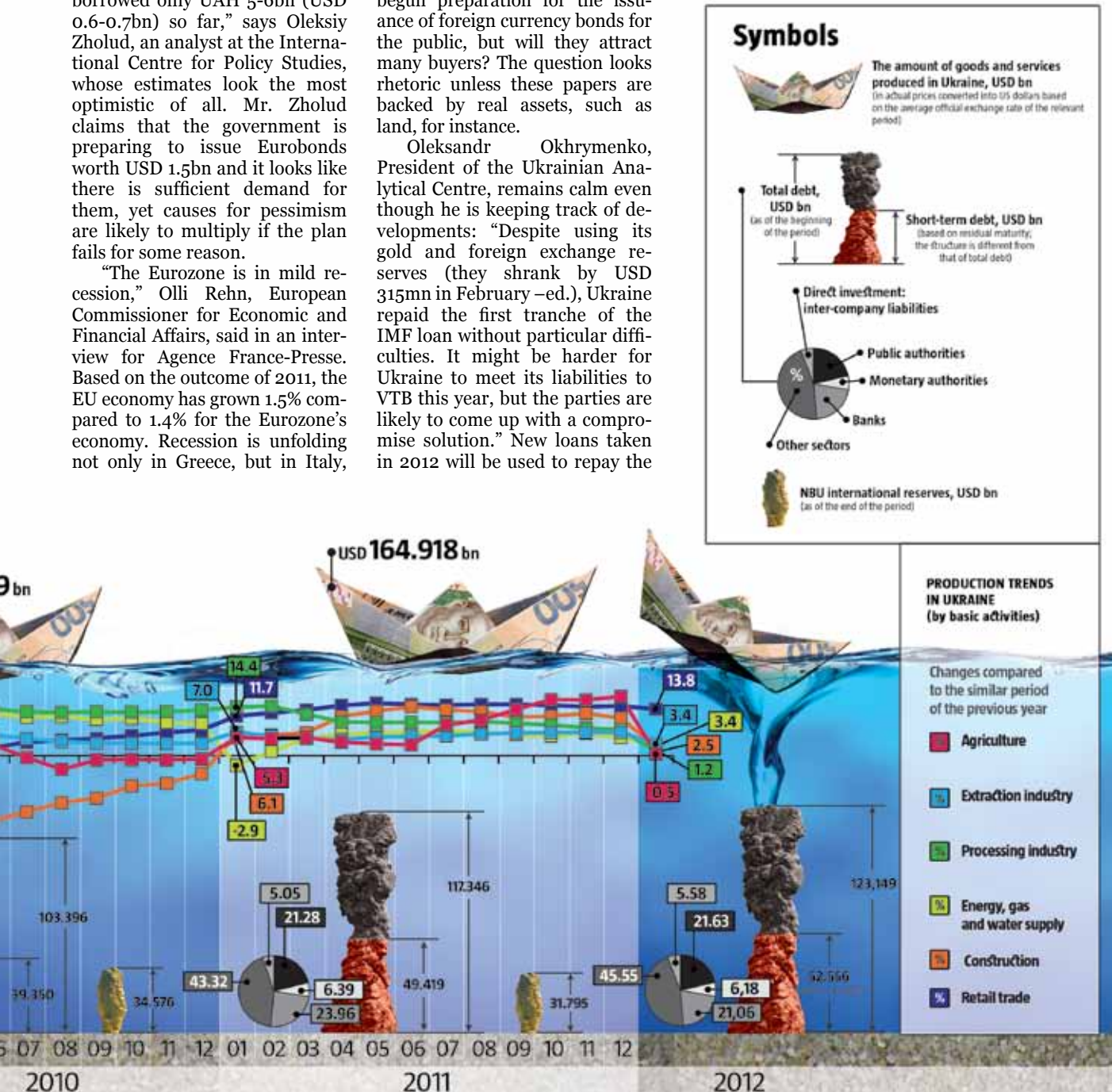
Portugal, Belgium, Netherlands, Czech Republic, Slovenia and so on. As a result, Ukraine will have a hard time finding buyers of its sovereign debt, especially if its relations with the IMF take a turn for the worse. The government realizes this, thus it is looking for cash on the domestic market. In January-March, the Ministry of Finance issued bonds worth UAH 2.5bn (USD 0.3bn) but that is clearly not enough to make ends meet. The government has even begun preparation for the issuance of foreign currency bonds for the public, but will they attract many buyers? The question looks rhetoric unless these papers are backed by real assets, such as land, for instance.

Oleksandr Okhrymenko, President of the Ukrainian Analytical Centre, remains calm even though he is keeping track of developments: "Despite using its gold and foreign exchange reserves (they shrank by USD 315mn in February—ed.), Ukraine repaid the first tranche of the IMF loan without particular difficulties. It might be harder for Ukraine to meet its liabilities to VTB this year, but the parties are likely to come up with a compromise solution." New loans taken in 2012 will be used to repay the

old ones anyway. The question is how the new loans will be repaid?

THE SHAKY BALANCE

"Ukraine started 2012 with the balance of payments deficit higher than in the crisis years of 2009 and 2010," Oleksandr Okhrymenko comments. "We used to enter January with a surplus, while this January began with a deficit worth nearly USD 890mn." According to Mykola Ivchenko, »



an analyst at the FOREX CLUB group, mid- and long-term debts of the private sector were transferred into short-term indebtedness which is an alarming symptom that most likely reflects global crisis escalation. FDI inflow has shrunk 52.7% year on year. Assuming, this was due to the many holidays in January. Meanwhile, the outflow of foreign currency reported as trading capital was an astounding USD 2.135bn compared to USD 79mn in December 2011. This essentially undermined the financial transactions account (repayment of trade credits by importers serves as an explanation for the process).

The real economy is declining and the NBU has reported that the domestic economy is operating under low foreign demand. As a result, steel works featured negative output dynamics at -1.4% year on year in November 2011, followed by -4.7% in December 2011 and -1.6% in January 2012. According to official explanations, the drop of output is explained by a high base of comparison in the years 2011 and 2010. According to the NBU's analytical reports, the output of food companies shrank by 1.9% in January 2012 compared to January 2011, while the textile industry faced a 12.1% decline and the transport sector shrank by 1%. Apparently, factors that caused these trends include the recent "reforms." The decline in

the overall transport system performance, for instance, is interpreted as a result of the 2% cut of railway transportation, while bad weather, meaning cold temperatures, reportedly disrupted the supply of raw materials, such as iron ore, coal, coke and scrap to steelworks. Nobody can be sure that processes in Ukraine do not follow the 2008-2009 scenario should the global crisis unfold, since the structure of Ukraine's critically export-dependent domestic economy has hardly changed. The only difference now is the bigger share of the agricultural complex in the country's GDP, yet potential "bad weather" makes it impossible to guess the harvest this year. On the whole, the government has already cut the projected GDP growth from 5% to 3%, while the EBRD gives the same figure as 2.5%.

IMF: PLAYING THE BAD COP

"The NBU offset the negative balance of payments in January by selling US dollars worth UAH 904.4mn," Mykola Ivchenko says. Yet, it cannot support the hryvnia rate by doing so for a long time. Notably, the regulator did not make any significant interventions to level out currency fluctuations over February. "This signals a good balance of demand and supply on the currency market," Oleksandr Dubokhivist, Director of the NBU Department for Currency Reserve Management and Open Market Transactions,

COMMENTS

Will Ukraine plunge into default in 2012?



Serhiy Teriokhin, ex-Minister of Economy

Ukraine is in a pre-default state. The government has to spend almost 1/3 of all budget revenues to repay loans this year. Ukraine is following the Greek way whose government kept taking loans and increasing social spending. With time, it needed more and more money and we all now see the end of all this. The Greek government reported good statistics, yet we are witnessing what is happening now. I realize that there is a parliamentary election soon, and still I'm surprised by the government's intention to raise social benefits.

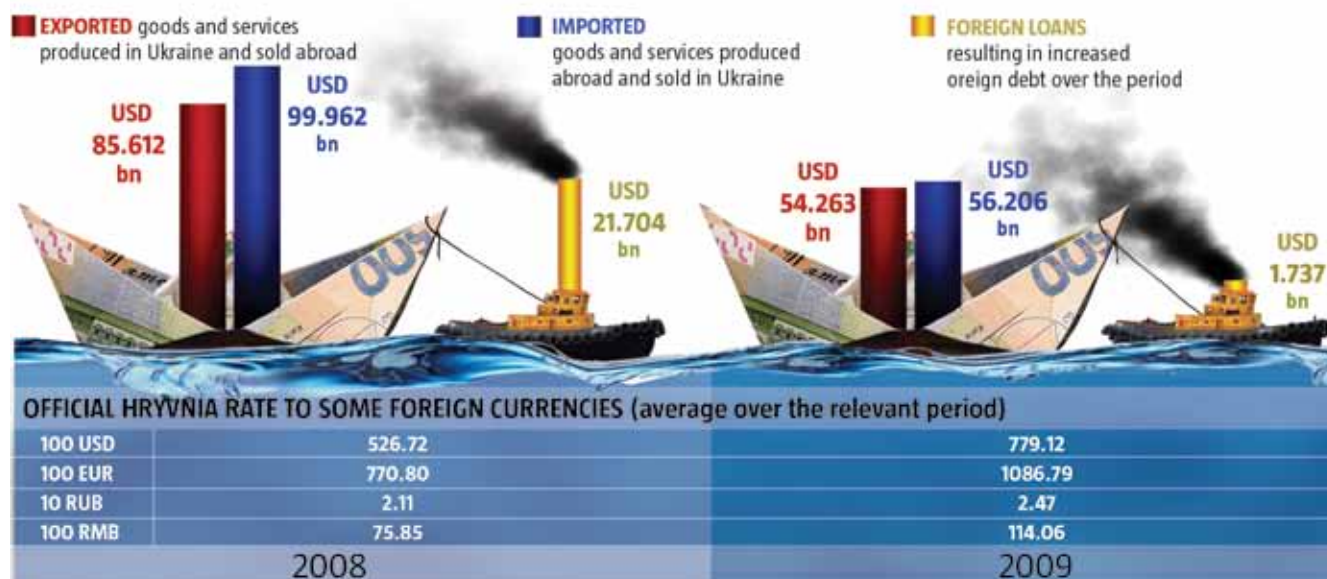


Oleksandr Paskhaver, President of the Center for Economic Development

Why don't we think of possible defaults in Italy, the USA or Russia, for instance? Indeed, the price of Ukraine's credit-default swaps has grown recently and now only Greek CDSs cost more. But Ukraine is a developing market; therefore it's always had higher risks. In 2008, the cost of risk insurance for Ukraine was four to five times higher yet no default occurred.

claims. According to Mr. Ivchenko, the newly introduced requirement for individuals to provide their passports for currency exchange transactions in Ukraine has had a certain impact as the demand for freely convertible currencies has dropped nearly 25% in monthly terms. Still, this is not a solution to all current problems.

The sought-after tranche from the IMF is only a tactical move, but even it brings forth challenges. Through intermediaries or directly through its management, the IMF is hinting more and more often at the possible termination



of cooperation with Ukraine unless it makes concessions necessary to get another financial injection. These include a 30% rise in gas prices for the public with a further escalation to its prime cost and a 58% increase for co-generation plants with the ultimate consumer paying the whole price. Otherwise, NAK (Naftogaz Ukrainy) will run into some serious trouble, IMF analysts claim. To minimize financial risks, the IMF insists on hryvnia devaluation even though the NBU has been supporting its relatively sustainable rate over the past few years. Unless Ukraine complies with these demands it will face the need to service and repay earlier loans. Notably, tender relations with the IMF can affect the government less than other borrowers, whose creditors view the IMF's decision as an indicator, even though the government's share in total foreign debt keeps growing.

"Sadly, the IMF is right," Oleksandr Okhrymenko comments. "A sustainable hryvnia rate turns out too pricey for Ukraine's economy as the ruble and euro have devaluated. This weakens Ukrainian exports... The only sensible thing to do is to revive the currency corridor to allow for controlling changes in the dollar rate." The drawback of this approach is that many in Ukraine view the hryvnia rate as virtually the only sign of stability. Therefore, any fluctuations

will immediately fuel inflation expectations.

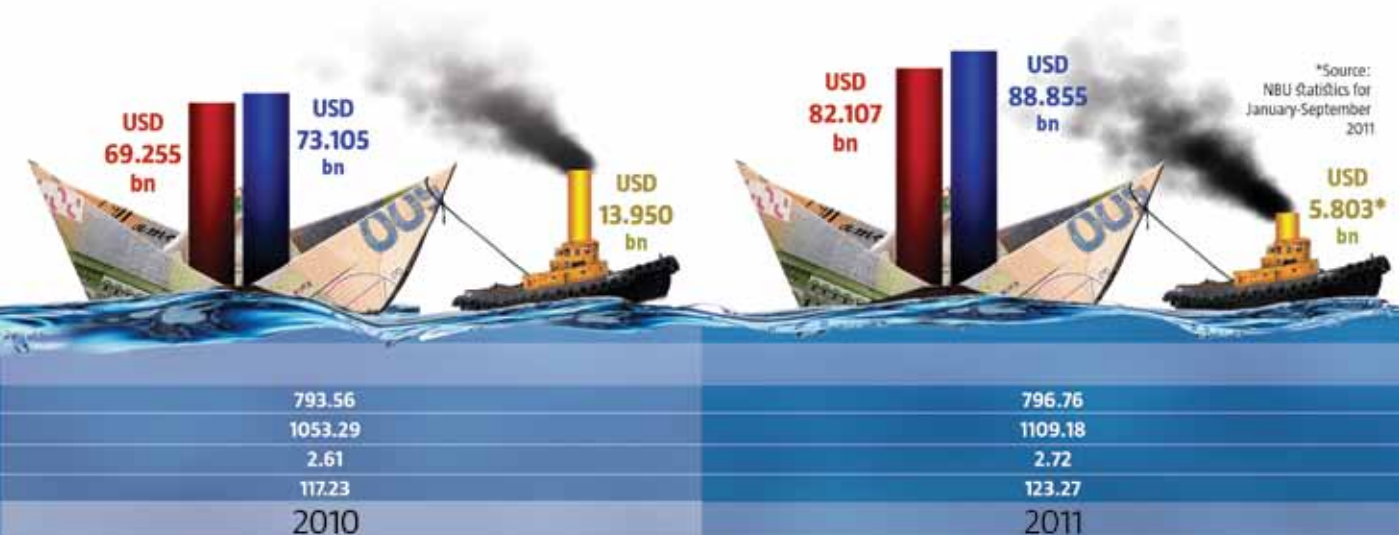
"A slight hryvnia devaluation to UAH/USD 8.15-8.21 could actually help exporters," Mykola Ivchenko claims. "Ukraine's balance of payments is again expected to end up being negative in 2012. Economic conditions of its partner states have deteriorated against the backdrop of the euro zone's debt crisis and the growth slowdown in China... The grain harvest can also end up being poorer than expected in Ukraine, which will not improve its balance of trade. Meanwhile, Euro 2012 facilitates imports to Ukraine and not only opens new opportunities for the nation."

Will the government comply with the IMF's demands to raise price of gas? On the one hand, the situation where gas is cheaper for retail consumers than wholesale buyers in Ukraine seems strange and price leveling would definitely improve Naftogaz's financial standing. On the other hand, the gas price for the public, similarly to hryvnia rate, is a cornerstone for the government in view of the upcoming election and raising it through higher utility bills, among other things, would be a very bald move by a government whose popularity is plummeting. Yet, Ukraine's only potential creditors, other than IMF, are Russia and China. Given the recent statements by Kostiantyn Hryshchenko, the Minister of Foreign

According to the latest statistics, Ukraine exported goods and services worth USD 82.1bn, while importing USD 88.85bn worth of goods and services in 2011. In a number of articles, *The Ukrainian Week* has pointed out that excessive dependence of Ukraine's economy on heavy industry is ill-fitted to the steep decline on foreign markets. At the same time, import is a component of the negative trade balance and problems derived from it, including currency outflow, shrinking output and employment. In upcoming issues, *The Ukrainian Week* will reveal countries where importers and Ukrainian consumers create jobs and how much this costs Ukrainian economy.

Affairs, China is currently the big hope of the Ukrainian government: "China is a global power. It has every chance to be a calm and unobtrusive power in the European political arena which is particularly appealing to us." Similar to the IMF, Russia is also likely to demand the increase of gas prices in Ukraine as a prerequisite for granting Ukraine a loan or other concessions in terms of the economy, culture or education. Economically, Russia is currently in no position for a splurge, but its geopolitical interests remain unchanged. China's interests are nothing new: lately, China has been buying up government liabilities as part of its strategy of tough protectionism on foreign markets. As it tries to maneuver out of these recommendations, Ukraine might only have its own forces to count on, which it should evaluate realistically.

Many experts see the Euro 2012 as a stabilizing economic factor for Ukraine, as neither exporters nor importers are looking forward to any kind of a decline. Also, the championship can give the government at least some time for real, rather than declarative reforms, including moves to replace imports and shape the domestic market. If it wastes this opportunity, surviving the crisis escalation will be a quite a challenge for the Ukrainian economy. It has to be true that after it a real default looms. ■



Author:
Andriy Skumin

With his Decree dated March 23, 2012 posted on the president's website, Viktor Yanukovich appointed Petro Poroshenko Minister of Trade and Economic Development.

As a result, the conglomerate in power will have considerable financial, organizational and media assets at its disposal. According to Forbes, this "second echelon" oligarch is worth more than USD 1.1bn. He has tried and tested electoral areas in the Vinnytsia Oblast. He employs thousands of workers who are potential voters in the regions where the incumbent government does not enjoy much sympathy. Poroshenko controls Channel 5 on Ukrainian TV, which, since the Orange Revolution, has become popular with large sections of Ukrainian society, skeptical of the media that are more loyal to the current government.

The recruitment of Poroshenko makes it unnecessary for the "Family" to resort to coercion in order to buy his share of media assets (the possibility has long been a hot topic in political circles). Perhaps the hiring of Poroshenko will allow the regime to give the impression (to Europe and voters) of a new team of liberal reformers with a lot of business expertise in the government (including Serhiy Tshipko, Valeriy Khoroshkovsky, and Serhiy Arbuzov). Poroshenko's personal reputation is not tarnished at home or abroad. At least, many will have already forgotten the late Oleksandr Zinchenko's accusations against him, made in 2005¹.

European circles, blindly searching for any adequate Western-thinking individuals within Ukraine's establishment, have a favourable opinion of Poroshenko as a person who is reliable, can be charged with introducing changes in Ukraine and ending the deadlock in EU-Ukraine relations. Poroshenko has worked hard to build the right kind of image. He decided to follow Viktor Pinchuk and has used his own charitable foundation to organize numerous round tables and conferences, the purpose of which was to link his name to European integration issues. However, as a rule, the contents of such forums had little to do with either

The Return of the Prodigal Son, Who Never Left Home

Despite implementing large-scale image-building projects, which were largely directed towards the European audience, Petro Poroshenko has no alternative choices for the nation's development. He has always been part and parcel of the post-soviet oligarchic system

¹ In early September 2005, Oleksandr Zinchenko, then Head of President Yushchenko's Secretariat, accused the Secretary of the National Security and Defense Council, Petro Poroshenko, of the "cynical abuse of power for personal benefit", the transformation of the Council into a new NKVD to pressure business circles, including the wide-scale redistribution of assets in the Odessa Oblast and Crimea, providing protection for smuggling and the intent to gain monopoly control over the Ukrainian mass media. However, Mr. Zinchenko was unable to confirm his accusations.

Ukraine's most urgent problems, or its possible European transformation. While avoiding any issues that might upset the regime, let alone the very essence of the oligarchic monopoly in Ukraine, Poroshenko and his foundation actually focus on themes that are popular with Eurobureaucrats. This generally ensures the image of a liberal politician who is on the same wavelength as Europeans.

CHIP OFF THE SOCIAL-DEMOCRATIC BLOCK

Despite first impressions (balancing the government by including "constructive representatives"

from the former enemy camp), Poroshenko's situation actually looks more like the return of the prodigal son. This is a typical representative of the post-soviet "elite," whose political philosophy was shaped during the Kuchma years. While the defection of its individual representatives to the opposition in the early 2000s, was merely the result of the inability to realize personal ambitions within the party in power at that time.

The candy oligarch started his political career during the 1997-98 parliamentary election campaign. He entered the strife simultaneously as No.11 on the list of the So-



INFO

Petro Poroshenko is the Head of the National Bank of Ukraine Council. He was the Minister of Foreign Affairs from October 2009 until March 2010 and Secretary of the National Security and Defense Council from February until September 2005.

faction; in the summer of the same year he established the Solidarity Party of Ukraine. At the same time he was engaged in negotiations, which in November 2000 led to the emergence of a new political force, named "The Party of Regional Revival "Labour Solidarity of Ukraine"". However, he did not become its leader (although, according to well-informed sources within his entourage, he was apparently promised this position during negotiations).

Several months later the party changed the cumbersome abbreviation PRRLSU to a new name: the Party of Regions of Ukraine, headed by Mykola Azarov, the then Head of the State Tax Administration. Consequently, Poroshenko had to be content with being his deputy. Yet it looked as if he felt quite comfortable working in a tandem with Azarov. They established a good rapport: their friendship is said to have been the reason for Azarov appearing on the Maidan, wearing an orange scarf. Prime Minister Azarov recently complimented Poroshenko, saying that he would be quite comfortable working with him in the government.

However, Poroshenko's problem in 2001 was that Azarov and Semynozhenko (who replaced Azarov in the PR) were no longer the real decision-makers in the Party of Regions. Decisions were made by a different set of people, and Poroshenko soon realized that he could not play with them on an equal footing. Thus, in the spring of 2001, he confronted his former comrades from the Party of Regions. On April 26, 2001, when the Verkhovna Rada dismissed Yushchenko's government, only one Solidarity MP voted in favor of this decision; and in May, Poroshenko revived his own "Solidarnist" Project. These actions were dictated by purely technological, as opposed to ideological motives. Poroshenko's identification with pro-government forces was expressed in Solidarnist's formal assessment of the government's program: "Solidarnist" strives to preserve the

cial-Democratic Party of Ukraine (united) and a majority candidate in constituency No.12 in the Vinnytsia Oblast. This was when the SDPU(u), led by Vasyl Onopenko, had already been usurped by "the Kyiv Seven", led by Viktor Medvedchuk and the Surkis brothers. Rumour has it that their political technologists were the ones who introduced the wide-spread and notorious "merry-go-rounds," vote buying, and "dirty" information campaigns. However, this did not stop Poroshenko from representing this party in the 3rd convocation of Parliament for nearly two years, and even being a member of

its Political Bureau. It was he who, during the humanitarian NATO operation in Yugoslavia on March 26, 1999, read a statement on behalf of the SDPU(u) faction. The statement denounced "NATO's aggression against Yugoslavia."

FRUITLESS AMBITIONS

The early 2000s were a time of political structuring within regional "elites," unhappy about their interests being ignored by President Kuchma. Poroshenko began to implement his own political project: on February 29, 2000 a group named Solidarnist ("Solidarity") was created, and later became a

PHOTO: PHL

model triangle of partnership: "... the President, the Verkhovna Rada, and the Prime Minister... Prime-minister Yushchenko must clearly declare his support for the strategic course of the President's reforms, and politically dissociate himself from radical opposition and find the means to rid himself of the image of an opposition leader".

ON THE "YUSHCHENKO" BANDWAGON

Poroshenko then entered the orange period, the logical result of which was the imprisonment of the most "turbulent" representatives of the opposition of 2001-04 (Yulia Tymoshenko and Yuriy Lutsenko), whereas Poroshenko, who was a candidate for a position in his former boss's government, formed in March 2010 in a constitutionally questionable fashion: buying defectors en masse. Perhaps this happened because neither the defectors nor Poroshenko have ever been truly devoted to orange values, neither on the issue of Ukrainian identity, nor in democracy, and the European course of the country's development, since they are all a product and component of the oligarchic system, which is incompatible with these values. Poroshenko has no strategic vision of the country's development on essentially different principles (even on the level of declarations), nor does he seem willing to have one: after all, it is the old system that brought him success. However, the preservation of



MR. POROSHENKO PROVES HE IS NOT PART OF THE EUROPEAN ELITE. The plate with the VIP number on Mr. Poroshenko's car reflects his soviet background

the monopolistic oligarchy will not allow for any European integration or even domestic transformations using European patterns. The only thing that could be done is perhaps only an outward European appearance. Well, Ukrainian leaders have been more or less successful with the latter – without actually changing the essence.

Poroshenko's propensities on key issues of the immature Ukrainian identity are indeed revealing. He is a typical fan of the Ukrainian Orthodox Church (Moscow Patriarchate). Poroshenko has made numerous donations, for which he has been praised by the notoriously anti-Ukrainian Pavel, Bishop of Vyshhorod and the Superior of the Kyiv Pechersk Lavra (quoted as saying in Russian: "After all, even Vladimir Litvin, Piotr Simonenko, Aleksandr Moroz, Viktor Medvedchuk, Piotr Poroshenko, and many other well-known MPs have actively helped our Church"). Moreover, in June 2009, Poroshenko was ordained deacon at St. Jonas' Monastery, UOC MP. He has also provided financial aid to the International "Zaporizhia Cossacks" public organization (some media even refer to him as the "General" of these "Cossacks"). This organization is known for its specific servility to the Moscow Patriarchate and for acting as security guards during the visits to Ukraine of Russia's Patriarch Kirill (Gundiaev). Also, the "Hetman" of Poroshenko's "Knights" once awarded the "Order of Cossack Glory," 3rd de-

gree to the notorious author Oles Buzyna.

Poroshenko's opportunism and readiness to please the winner was particularly obvious in his relations with Yushchenko and Tymoshenko. He evolved from being the main antagonist of Tymoshenko in 2005 to a "compromise figure" between President Yushchenko and Prime Minister Tymoshenko as the Minister of Foreign Affairs (in autumn 2009), and after her resignation in March 2010, he was ready to continue working in the same office for the Azarov government, the formation of which was legally dubious.

During the 12 years of his active political career, Poroshenko has been able to interact with completely different political forces, often mutually antagonistic, which is typical for the representative of a post-soviet Ukrainian "party in power". Ideology is secondary; power always comes first.

Denying the right of one of Ukraine's richest men to claim the role of a reformer would be a sign of outright destructive leftism. However, if you are going to reform a post-colonial country where citizens are deprived of economic freedom, and the right to private property only exists on paper, it is necessary to start with a real offensive against monopolies, the separation of business and politics and, horror of horrors, the consolidation of the Ukrainian political nation's identity on the basis of its culture, language and history. But Poroshenko shuns these themes. ■

INFO

UkrPromInvest Concern

Car building business includes the Bohdan Corporation, which includes a range of vehicle and spare parts manufacturers, as well as a chain of showrooms all over Ukraine, as well as ISTA trading house, producing and selling car batteries.

Food business includes the ROSHEN confectionary corporation; the Dnipro Starch and Molasses Plant - the biggest industry plant on the entire post-soviet territory; confectionaries in Kyiv, Vinnytsia, Kremenchuk, Mariupol and Lipetsk (Russia); a chain of wholesale and retail stores; sugar and concentrated milk factories; two grain product plants; the Radomyshl brewery and the Piskiv Glassware Factory.

Media assets include Channel 5, the "Correspondent" magazine and others.

Shipbuilding includes the Leninska Kuznya Plant OJSC in Kyiv (the construction of tankers for the transportation of chemicals, dry cargo ships; automated boilers, freezers, incinerators and engines for different classes of vessels).

Transportation business includes the Transport – Forwarding Enterprise, comprised of passenger transportation and taxi service branches. His Autoexpo company is involved in the organization of car shows, spare parts and after-sales service. Poroshenko also owns one of the biggest taxi stations in Kyiv.



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Pre-Revolutionary Indifference

The people of Donbas already regret their political choice of the past decade and are more ready than ever to protest, even though they still lack a clear alternative to the current regime

Author:
Bohdan Butkevych,
*Kyiv-Donetsk-
Luhansk*

Photo by
Andriy Lomakin

THE REWARD FOR PASSION. Hennadiy Zimin, trade union activist from Sverdlovsk, was again beaten up for his efforts to fight against the coal mafia

Most of the people I spoke with in Luhansk and Donetsk take no offence at the seemingly caustic catchphrase, “Thank you, people of Donbas, for the president...[the rhyme of the day which ends labeling the president with a vulgar term of no-endearment — transl.]” In the two years it has been in power, the government has managed to hurt its core electorate which is now beginning to understand that there is someone to be held responsible for their lost illusions. The impression is that Viktor Yanukovych & Co. will find no forgiveness here for their failed promise to deliver “a better life even today” simply because they are natives of the region. The level of discontent in Donetsk Oblast has yet to reach the critical point of

open rebellion, but things are steadily moving in that direction.

THE ENEMIES WITHIN

“I always voted for Yanukovych, but he turned out to be (expensive),” Andriy Aloskhnin, ex-coalminer from Antratsyt and now a general labourer in Luhansk, says emotionally in response to the question about what ordinary people in the Donbas think about the government they elected.

In the past year and a half, the sociopolitical attitudes have reversed here. In 2010, there was certain revanchist optimism — “our guys finally won.” In the first half of 2011, people grew indifferent to politics as such, and now the level of discontent with what would seem to be “their” government is beginning to reach critical heights. The current

president and his fellow party members risk antagonising their core constituents. Speaking off the record, some regional leaders admit that the government is greatly concerned about Eastern Ukraine now — the Party of Regions is afraid of losing it in the next election.

“I asked a fifth-year student who she will you vote for?” Serhiy N., professor at Vladimir Dal Eastern Ukrainian University says. (Most people in the Donbas are still traditionally afraid of openly calling a spade a spade. — **Author**). She replies: For the Communists. I ask: Why? She replies: Well, my grandfather said that's the right thing to do. This is unfortunately a very common situation here. The old vote following their habits, while the young either do not show up at polling stations or



are totally indifferent. But not everyone is like that. More and more citizens are beginning to think with their heads. For example, I will support democrats no matter how bad they may be – they are still better than the so-called ‘our guys’. The key problem for many people is the lack of an alternative. Of course, some will rush to cast a ballot for the Communists, but people that know better are at a loss.

However, the idea “He is a son-of-a-bitch, but he is our son-of-a-bitch” which seems to have been fixed forever in their minds seems to be giving way, despite the fact that “Donbas does not change its mind.” In the past two years, the standard of living of the average citizen in the region plummeted. The gap between expectations and realities is too wide, especially against the backdrop of some people’s estates growing by leaps and bounds. “I hate this man Yanukovich,” an old Georgian taxi driver says almost spitting, “In 2010, I told all my passengers to vote for him. Now I am ashamed to look them in the eye. How can prices here be higher than in Kyiv? It feels like everything is being done at our expense. Do they think we are idiots or what?”

Paradoxically, two absolutely different perceptions of the current government and government as such coexist in the minds of Donbas residents. On the one hand, these people are utterly hostile to anyone or anything that symbolizes the government. “Vampires” is a description that can often be heard from the locals. On the other hand, next to this inborn anarchy characteristic of inhabitants of the steppe is absolute conformism that sometimes takes the shape of indifference. Most are now somewhere between indifference (people simply do not care who is in the government, because they reject it altogether) and naked hatred.

“WHAT WILL COME, WILL COME”

Even though many Ukrainians still vividly remember coalminers banging their helmets against the pavement in Kyiv in the early 1990s, it turns out that the real number of passionate citizens in the Donbas – and those who are aware of their interests and are willing to defend them – is minuscule. Most locals believe that fighting for their rights, especially in coal mines or plants,



**PURSuing
HIGHER
OUTPUTS.
Coalminers
themselves are
to blame for
accidents**

will destroy their income. Moreover, they simply do not stop to ponder the issue as they are too busy trying to survive in the current conditions which they view as a given. “When you work and keep silent, they put you in a good sector in the mine,” Oleksandr Syhyda, poet and former coalminer from the village of Atamanivka near Luhansk, explained. “You can even make a thousand dollars. And if you start saying too much, they won’t fire you. Why should they? They’ll simply assign you to a bad sector, and your salary, which depends on your output, will take a nosedive right away. So you can risk your life every day for UAH 1,500 a month and be freedom-loving or keep things to yourself and earn good money. Everyone makes the decision himself. But people have somehow got used to risking their lives – it comes with the territory.” Indeed, Donbas residents are

“Trust me, in soviet times we had a great number of accidents like the one in the Sukhodolska mine (where 28 died in 2011. – Author),” Syhyda says. “There are even fewer now. The thing is that accidents were hushed up back then, even though they were just as bad. Note that they most often occur in August. Why? Because like in soviet times, miners have to have record amounts of coal mined ahead of Miner’s Day. And it was back then that they learned to stuff rags into methane sensors so they wouldn’t interfere with their work. You see, the alarm system goes off as soon as the concentration of gas in the air even slightly exceeds the norm. Accidents are caused most of the time by miners and their neglect for their own safety.”

“As harsh as it may sound, 90 per cent of coal miners are silent slaves,” says Kostiantyn Ilchenko, leader of the Solidarity Labour Movement from Sverdlovsk, Luhansk Oblast. “For example, Hennadiy Zimin, my colleague in the trade movement, fought the local coal and drug mafia and, as a result, became disabled and lost all his property. But he is probably the only one like that in the entire city. This crowd will never grasp anything. You talk to them and explain that they need to defend their rights because it’s their money, and they are silent. As soon as their foreman has passed by, they pat you on your shoulder and say: ‘Good! You’re doing everything right. You’re defending us.’ But when he comes back, they act as if they don’t even know you. So what can activists change if, for

MOST DONBAS RESIDENTS ARE AT AN INTERMEDIATE STAGE BETWEEN INDIFFERENCE AND UNDISGUISED HATRED

surprisingly fatalistic. “What will come, will come” is a slogan that best reflects their thinking.

The surprising thing is that coalminers tolerate such inhuman working conditions, a large number of deaths and great risks. (Not all of them earn \$1,000 a month.) However, the people with whom the author spoke are unanimous in admitting that mine directors are not alone to blame for accidents.



"90% OF COAL MINERS ARE SILENT SLAVES," says Kostiantyn Ilchenko, leader of the Solidarity Labour Movement



THROUGH SOVIET EYES.
The Glory to the Heroes of the Civil War public garden in Luhansk



THE PATRIOTIC DONBAS.
There are a number of patriotically minded people among Donbas residents, such as this professor of Eastern Ukrainian University.

example, our Joint Action trade union has 10-15 people in one enterprise – and not in every mine – while there are at least 200-300 working in one mine? But when they wake up, it will be quite something. And this will happen soon, because it is becoming increasingly difficult to survive."

Donbas settlements are being swept by a wave of pent-up hatred which so far is vented only at kitchen tables after a few shots of vodka or during traditional chats over a meal before going down into the mine. It is also revealed in an increasing number of assaults and robberies committed against wealthy Donbas residents – council members, businessmen and government employees. "The police now simply do not show the real crime statistics," Ilchenko says. "And this is a very bad tactic, because most of the local residents are still an inert herd. But as soon as they grasp that it is possible, almost like back in the 1990s, to go to your neighbour who has meat in his fridge, poke a fork in his eyes and take his cutlets, things will turn atrocious. The Party of Regions itself does not understand what it is doing and what demons it is releasing. In the 1990s, people still had some illusions, so they somehow survived the hardships and six-month delays in salary payments. Now they have neither fear nor conscience – just a desire to somehow earn money in conditions when enterprises stand completely looted. As soon as someone does something openly, all of it will explode, and this criminal fire will be unquenchable."

Crime is in general very characteristic of Donetsk Oblast. The reason is not even that it has Ukraine's highest concentration of prisons. The underworld has permeated everything and has become synonymous with "manhood". Criminals have mostly been sent to local prisons since soviet times. The official reasoning is that it is economical – relatives are nearby, so less is spent on food. Incidentally, the road to the local prison in the now infamous town of Sukhodolsk looks much better than its main street.

MONEY DONBAS-STYLE

In Luhansk, passengers pay the fare when they get off fixed-route buses, not when they board like in most Ukrainian cities. There seems to be a vestige of the soviet Union in this.

Can it be that these rules have something to do with the local mentality – that people perhaps perceive these vehicles as a kind of taxi? When you read the names of a bunch of streets, which probably have not changed since soviet times, this daring theory stops feeling like a mere intellectual pastime. The central street – Sovetska (Soviet) – sets the tone for world perception.

According to official statistics, a person in Donbas earns more than the average person in any other region besides Kyiv. The salaries of many people employed by metallurgic works or mines are indeed relatively high – UAH 7,000-8,000 in state-owned enterprises. Jobs in illicit mines are also valued: a coalminer can earn UAH 300-500 and a winchman UAH 150-200 a day. The private sector in Donetsk offers monthly salaries (paid unofficially) that are close to the rates in Kyiv – \$500-1,000. But small towns are in a fix.

“It has been so since soviet times,” Syhyda says. “Coalminers spend their earnings on alcohol and their houses have fallen apart. Our people are changeable.” A typical sight in the Donbas is entire

blocks of semi-abandoned houses, as well as ghost towns and settlements formerly inhabited by the employees of now closed or bankrupt mines and plants. The picture is apocalyptic.

Many people here hoped that when “their” government rose to power, they would be able to earn some money. Instead, the business

realized he had made a mistake. He calculated the sum and entered it in the declaration, but his tax inspector said ‘No, that won’t do’ and tripled the original amount. The message was: Either grease my palm or pay the triple amount honestly, as I said. Of course, he paid a bribe and shut down the mine the next day. And of course that was a formality – the enterprise turned into an illegal mine and has been operating ever since. He pays the right people in the tax police and the district administration when he needs to. Everything seems to be all right. No one has bothered him yet, but they demand more with each passing month. He is thinking about shutting down his business.”

You can take either a tram or a fixed-route bus from Donetsk Train Station to the city centre. If you take the bus, you soon arrive at a shiny, contemporary business centre – Akhmetov City, as the locals call it. If you take the tram, in just 20 minutes you will find yourself in slums that can only compare to Brazilian favelas. This is a miniature image of the entire Donbas. The locals used to tolerate these contrasts but now they are outraged by them. ■

THE BUSINESS CLIMATE IN THE REGION HAS GREATLY DETERIORATED IN THE PAST TWO YEARS

climate in the region has greatly deteriorated in the past two years. The locals are unanimous: the people they elected are solving personal problems at voters' expense by channeling finances to any other pockets or regions besides theirs. “An acquaintance of mine saved some money and decided to open a private mine,” builder Sashko from Luhansk says. “To start with, he wanted to do everything honestly – and he did. But when he came to the tax administration to pay taxes for the first time, he immediately

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The Land of Oium

Despite their short sojourn in Ukrainian territory, Gothic tribes made a large contribution to the culture of ancient Ukraine

Author:
Yevhen Synytsia

Today the Goths remain one of Europe's most powerful cultural myths. However, the historical tribal union has, in fact, nothing to do with them in most cases. Neither Gothic architecture, nor Gothic literature and visual arts, nor the fairly common "Gothic" youth subculture that exploits the popular brand is in any way connected to the historical heritage of the East Germanic tribes that were involved in virtually all notable events in European history at the end of antiquity and the early Middle Ages.

AGGRESSIVE CONFEDERATES

The Goths are mentioned in historical sources starting from early 1st century AD when they migrated from the legendary island of Scandza (Scandinavian peninsula) to the southern shore of the Baltic Sea near the mouth of the Vistula River. From there they moved southeast, eventually reaching Polissia and Volhynia. The Gothic state of Oium was founded in the 2nd-3rd centuries AD and spanned what is now Right-Bank Ukraine. It became the base for a series of attacks the East European barbarians launched on the Roman Empire.

The Romans were able to put an end to these invasions only in the early 270s when, following lengthy wars, they agreed to grant their neighbours the status of confederates essentially making them allies. In the 3rd century, the Goths as a whole split into the Visigoths, ruled by the Balti dynasty, and the Ostrogoths, ruled by the Amali dynasty.

The Gothic state reached its peak in the mid-4th century under the Amali ruler Ermanaric. This state's power was not lasting however, as the Huns destroyed it



when they invaded the southern Ukrainian steppes in 375. This made the Ostrogoths the first European people to face the atrocities of an invasion by nomads. They lost the war and were subjugated but managed to preserve a certain cultural-historical autonomy within the "steppe empire" of the Huns. They even had their own princes.

OSTROGOTHIC ISLANDS

The history of the Ostrogoths, who found themselves under foreign rule, was dramatic. In the most prominent event of the age of Attila – the Battle of the Catalaunian Plains (451) – the Ostrogoths were part of the Hunnish troops and fought against the Visigoths who accounted for about a third of the Roman army. After the breakup of the "steppe empire" soon after the death of its ruler, they actively participated in dividing Hunnish heritage. Ostrogoths often assumed

key offices in the Constantinople court and in the armed forces of the Eastern Roman Empire.

Theodoric (451-526), who later earned the appellation 'the Great', became king of the Ostrogoths in 474. He achieved the highest military and civil ranks in Rome but was, above all, the king of his own people. After a series of misunderstandings with the Constantinople court, Theodoric raided the Apennine Peninsula, and his army proclaimed him ruler of Italy in autumn 493, thus launching the history of the Ostrogothic kingdom. Despite this victory, Theodoric's kingdom would not last long.

In 535, Constantinople Emperor Justinian (527-565), whose *idée fixe* was to restore the empire within the limits of the "golden age" of the Antonines, started a war against Theodoric's heirs. This conflict continued, with varied success, until 554 when the Byzantines became the nominal victors.

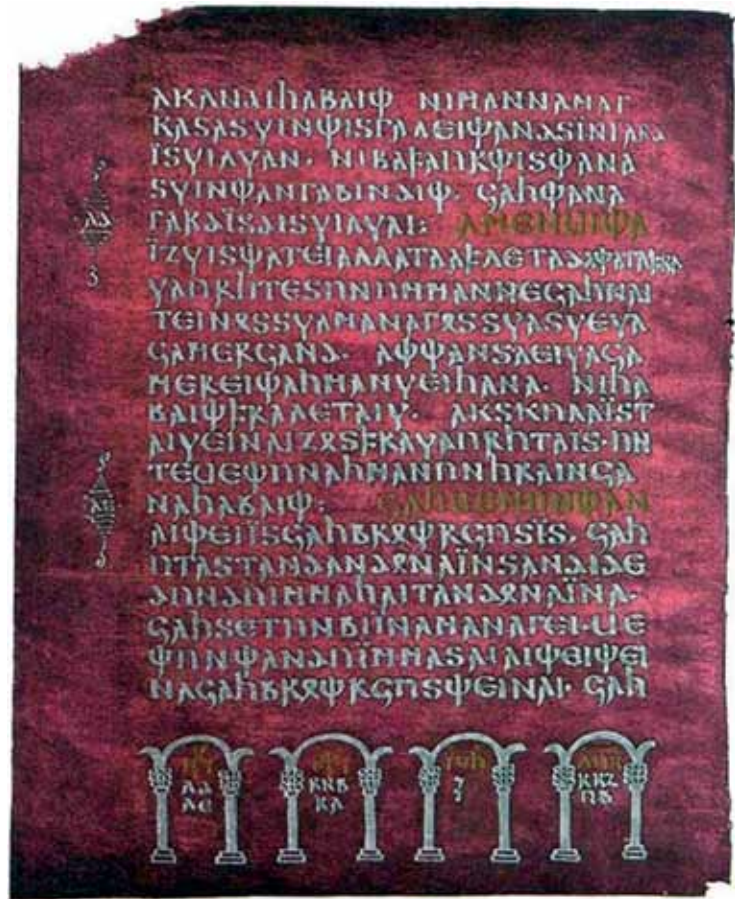
A small part of the Goths remained in Italy after the defeat, while the majority returned, researchers believe, to their original land of Scandinavia. The so-called Vendel period began in the 6th century. This period included a culture filled with the vivid manifestations of a post-imperial heritage, the trappings of a state tradition likely brought with the returning Goths.

Islands of Ostrogoths were scattered across a large territory around the Black Sea in the early Middle Ages. In particular, the so-called “Small Goths” who did not follow Theodoric to Italy lived in the vicinity of Bulgaria’s Nikopol and continued to serve emperors in Constantinople. The writer Jordanes who wrote the history of the Goths since their migration from Scandinavia to the mid-6th century was one of the “Small Goths” and several high-ranking officers in Justinian’s army shared the same origin. Gothic guards accompanying the emperor are also shown in the famous mosaic in the Basilica of San-Vitale (Ravenna). Ostrogothic settlements are known to have existed in the approaches to the Crimean Mountains and even on the Black Sea coast in the Caucasus (in modern Russia). So the odyssey which lasted several centuries left large groups of the Ostrogoths scattered outside Scandinavia.

The Gothic settlement in the Crimea, with Mangup as its capital, survived the longest. It was destroyed only in 1475 by Mehmed II’s Ottoman troops. But by then the locals were not purely Gothic, as the Crimean peninsula had become a melting pot of peoples. All the Christian inhabitants of Crimea rallied around the rulers seated in Mangup, and Greek was the language of international communication. However, the Principality of Theodoro was of Gothic origin and the Orthodox eparchy there was also called Gothic.

The Crimean Goths maintained their cultural distinctiveness even in the Ottoman Empire. A small glossary of their language, compiled and published in the 16th century by Austrian ambassador Augier de Busbecq, permitted contemporary linguists to establish that it was incredibly close to Swedish, despite inclusions of numerous Turkic, Iranian and Slavic words. Catherine II put an end to

THE CODEX ARGENTEUS.
The manuscript of the Holy Scripture translated by Gothic bishop Ulfila.



ITEMS OF LUXURY.
Fibulas were a mandatory accessory of noble Gothic women and were later adopted by the Slavs

the Crimean chapter in Gothic history when she decided to make the land part of the Russian Empire. She ordered all Crimean Christians moved to areas north of the Sea of Azov. Their descendants are now called “Mariupol Greeks” in Ukraine.

GOthic HERITAGE

Despite the Goth's long sojourn in what is today modern Ukraine and their prolonged stay in the land and especially the Gothic state which prospered under Ermanaric, archaeologists have been searching for traces of the culture for over a century now.

Contemporary scholars are somewhat sceptical about this history and tend to limit the territory controlled by the Goths to the area of the Cherkashiv archaeological culture. But even within these “modest” limits, the Gothic state was a unique phenomenon of barbarian Europe during the late Roman Empire.

Still, Gothic heritage did not vanish without a trace in the eastern part of the continent. In the early Middle Ages, the most active

group of the local “new barbarians” were the Slavs who followed in their path to a certain extent when they migrated south and southeast in the 5th century, from Polissia towards the Danube border of Byzantium. Numerous borrowings from East Germanic languages (primarily Gothic) show that they adopted a number of cultural elements from the Goths. In particular, valuable elements of the military culture of the time (swords, helmets and armour) have Germanic names. Remarkably, the ceremonial dress of wealthy Slavic women included a mandatory pair of large fibulas which matched the way noble Gothic women dressed. In the early Middle Ages, Gothic was synonymous with “elite” and “prestigious” among East European barbarians (including our ancestors). Another telling detail is that the Common Slavic name for a ruler — kniaz (prince) — is a Germanism. Even the word for bread (khlib) is present in Gothic, leaving all Ukrainians with a vestige of Gothic culture every time they ask for bread. ■

Fighting Over the Goths

Who has the right to claim Gothic heritage in 20th-century? This becomes part of an ideological struggle in Ukraine

Author:
Yevhen
Synytsia

Appeals to “a historical right” were and remain a frequently used tool in politics. At the turn of the century, a new genre appeared in this field – “wars waged on archaeological maps.” It turned out to be very tempting to link the “bounty” of archaeological excavations with some ancient people and thus justify one’s own claim to “ancestral lands.” Academic battles over the Goths are a vivid example of this type of “war” and reveal the ideological underpinnings of two superpowers pitted against each other – first the “old empires” of Russia and Germany and later their successors.

GOTHICISM VS ANTI-GOTHICISM

The doctrine of “Gothicism,” whose main tenets are that the Goths were the most ancient Germanic people to have their own state and that they brought the “light of culture” to numerous barbarians in Central and Eastern Europe originated in Sweden in the late Middle Ages. By the 17th century and through the 18th, “Gothicism” was actively exploited by Swedish kings, and subsequently became part of the German national project in the 19th century. At the turn of the century, archaeological “evidence” was added to historical facts in this doctrine.

Kyiv resident Vikentiy Khvoika excavated fields with burial places near the villages of Romashky and Cherniakhiv in Kyiv Oblast in 1899-1901. He found the first materials of a distinct culture

dating back to the time of the late Roman Empire which has since been called the Cherniakhiv culture. Khvoika was quick to incorporate these findings into his own vision of the ancient history of Dnipro Region in which all settled agriculture populations in what later became the core of Kyivan Rus’ reflected various chronological stages of the progress of Eastern Slavs.

Initially, German academic circles reacted to the findings in Kyiv Oblast without any hidden agenda. One of the loudest academic “mouthpieces” in early 20th-century archaeology was Gustaf Kossinna, the founder of “settlement archaeology” and an ardent promoter of the Nordic peoples as “carriers of culture.” His theory also incorporated racist points about the “anthropologically defined” cultural supremacy of North Indo-Germans. His works emphasised the civilising role of the Goths on the population of Eastern Europe. Not surprisingly, the results obtained by this “classic” scholar and his students were later actively incorporated into Nazi propaganda.

The level of debate on the part of soviet scholars was not much different. To “impudent Nazi allegations” they replied not with thorough analysis of historical data and archaeological materials but with theoretical constructs that lacked real evidence.

IN SEARCH OF THE GERMANIC RACE

The closer the war loomed, the more the ideological component



of the Gothic issue gained prominence. It maintained its influence even in conditions of relative “propaganda peace” after the Molotov-Ribbentrop Pact. The Nazis had a fairly well-founded programme for establishing a new order after conquering Lebensraum in the East. This programme included intensive propaganda and the search for material evidence to prove the Germans’ “historical right” to these territories and evidence of “the supremacy of the German Aryan culture” at all times. Gothic heritage featured prominently in these far-reaching plans. Crimea was to become the restored capital of the Crimean Goths, Gotengau, with Gotenburg (Simferopol) as the capital and Theoderichshafen (Sevastopol) as its main sea port.

Both the military and the civilian administrations oversaw the archaeological search for Gothic heritage. The civilian side was governed by Reich Minister for the Occupied Eastern Territories Alfred Rosenberg. The Einsatzstab Reichsleiter Rosenberg (ERR) unit operated since 1939 and had the authority to expropriate any objects of cultural value.

The Ahnenerbe society was the leading research organisation in the territories administered by the military. It was a kind of academy



Gustaf Kossinna
(1858-1931)



Mykhailo
Braichevsky
(1924-2001)

The main tenet of the publication is quite simple: "The fertile black soil of this land which the German sword liberated from Bolshevik oppression was the target of Nordic and later Germanic tribes since the 3rd millennium BC."

CHERNIAKHIV CULTURE MADE SLAVIC

Ideology continued to be a key factor after World War II. As "the victor is always right", the soviets dismissed all Nazi claims, including the Gothic issue and the ethnic backdrop of the Cherniakhiv culture was again high on the agenda.

Continued efforts to "Slavicise" this culture were made throughout the 1940s and the 1950s. The most radical approach was taken by noted Ukrainian archaeologist and historian Mykhailo Braichevsky who published the book *Bilia dzherel slovianskoi derzhavnosti* (At the Sources of Slavic Statehood, 1964) in which he argued that Cherniakhiv culture was an archaeological reflection of a proto-state of the Slavs (Antes). Even the supporters of a compromise view (in the 1950s) that the people who produced this culture were of mixed ethnic background put the Germans last on the list of contributing ethnicities and the Slavs invariably at the top.

The anti-German(ic) sentiment was a distinctive feature of post-war soviet history and other members of the soviet camp. Slavisation was pursued with special vigour in Poland, which faced the problem of supplying "historical evidence" to justify its newly established western borders on the Oder-Neisse line.

Scholars were able to overcome the inertia of post-war "anti-Fascist" attitudes only in the late 1980s when the political agenda finally yielded to well-founded academic discourse. Even though contemporary archaeologists and historians largely agree that the Goths were instrumental in producing the Cherniakhiv culture, the public at large still "lives in the past." This is no wonder — school textbooks and even a large part of college textbooks treat the Cherniakhiv culture as Slavic or at least predominantly Slavic. So the war between the Goths and the Antes is not yet over. ■



GOTENBURG. The entry gate to Mangup, the capital of the Crimean Gothic state in the 13th through the 15th century



SEEKING THE CRIMEAN GOTHS. German archaeologist Herbert Jankuhn (centre) formed a Sonderkommando in 1941 to study the "Germanic colonisation" of the Crimea

of sciences in the SS and had the mission of furnishing scientific evidence to buttress the claim to racial superiority and to popularise "scientific findings" in the area.

While they did not manage to carry out full-fledged excavations in the Crimea, the Nazis did loot several museums on the peninsula. Hundreds of boxes with card catalogues, books, archival documents and fund collections were taken out.

Another "research centre" of the occupation authorities was Dnipropetrovsk. In the summer and autumn of 1942, historical monuments from various epochs

located in the Dnipropetrovsk Arc (from Kremenchuk to Nikopol) were thoroughly studied under the guidance of Rudolf Stampfuss and Walter Modrian. Over 1,000 items from these excavations were made part of the exposition in the Gothic room in Dnipropetrovsk, and 57 boxes with findings were shipped to the Reich.

Stampfuss' energetic activities culminated in the book *Germans in Ukraine* published in Berlin in late 1942. It featured numerous photos of graves and tools which, the author believed, proved that Germanic tribes inhabited Ukrainian lands since ancient times.

Cockroach the Star

Ukrainian author's detective story becomes a breakthrough hit at the Vilnius Book Fair



PHOTO PROVIDED BY NIEKO RIMTO

Interviewer:
Olena
Maksymenko

Super Agent 000, an ironic detective story by Lesia Voronyna, caused a furor at the Vilnius Book Fair this year. This rarely happens to Ukrainian books abroad. The fact that both kids and teenagers love the story is the key to its success. When a throng of boys lined up for copies autographed by the author, local TV channels noticed Super Agent 000 out of thousands of other books, sending the number of its fans soaring. Lesia Voronyna spoke with *The Ukrainian Week* about her experience promoting the book in Europe and communicating with Lithuanian readers.

UW: How did your detective story end up at a Lithuanian publishing house?

—Nieko rimto (nothing serious in Lithuanian), the biggest children's publishing house in Lithuania, and Sigutė Ach, its talented muse, artist and writer, invited me to work with them. It was spontaneous. Last year, I saw her book titled *Ambrozijus, Purkijus and Angel* and we decided to publish it in the newly created Prudkyi Ravlyk (The Quick Snail) children's publishing house in Ukrainian. This is a special book and it has been among the bestsellers at the Ye Bookstore chain for almost a year

now. Last spring, Sigutė came to Lviv to meet with publishers and readers. That's where we met. Later, she had the flu in Kyiv and the friends she was staying with were reading my *Super Agent 000* aloud. It's an ironic detective story, a parody of all thrillers, detectives and action movies with all kinds of hints, allusions and jokes. In bed with a fever and hot tea, Sigutė heard her friends laughing over and over again and asked them to translate it for her. She liked my stories. Nieko rimto decided to publish the book in Lithuanian before the international book fair in Vilnius opened. We had a hard

of Vilnius Book Fair

time finding someone to translate it. Eventually, we came across Irena Aleksaite known for her translations from Slavic languages. This was her first translation from Ukrainian.

UW: Did this considerable interest in your book take you by surprise?

— I was surprised by how Edik, an intellectual yet extremely sensitive and timid cockroach, the assistant to the protagonist super agent Hryts Mamai, turned out a hero for Lithuanian readers. I can't say why Edik got so hugely popular! They even put him on the cover. Well, you know the rule: perfect heroes rarely become favourites. They're not as interesting to write about. It's much easier to portray the main villain because she's a grotesque character—a skilled nunchaku fighter heading an international gang of ninja grannies who dream of conquering the world. But it was the timid cockroach that really captured the sympathy of the readers. Doll-maker Olena Terekhova even made a doll of him and brought it to the book fair. Actually, Lithuania has great demand for adventure books. It has a lot of fairy tales and fantasies for younger kids, but far fewer adventure books for teenage boys. The key audience for my Super Agent 000 was boys aged 8-13.

UW: How are book fairs organized in Lithuania? What could Ukrainians learn from them?

—The 13th Vilnius Book Fair was held in a huge showroom in the suburbs. It was well-attended despite bad weather, very comfortable and well organized. There were a huge number of stands, all easy to find in spacious rooms flowing into each other. Seating areas had cozy chairs and mini coffee bars. It was a place where people could talk without pushing each other despite the record-breaking number of visitors. Meetings with writers, autograph sessions, and master classes were held alongside interactive entertainment where

kids and adults could draw and make a cover for their own books, learn to type on old typewriters and even try to write a line in Braille. Vilnius has no chaos, you have time to think and concentrate. Kids and teenagers aged 11-13, the difficult age, visited the book fair. In fact, children are welcome at the book fair in Vilnius. They spend hours wandering around the stands and talking to publishers, illustrators and writers. Choosing a book becomes a treasure hunt for them.

UW: What kinds of books are interesting for Lithuanians, other than adventure stories?

— Historical books are extremely popular. They publish amazing and extremely pricy albums of art, architecture and ethnography, in addition to a lot of translated books. I didn't notice any saccharine chick lit, the kind of eye-catching kitschy stuff that's taking over book fairs and stores in Ukraine. Perhaps they just make it look different or hide it somewhere... I don't think we can live without pop reading in our turbulent, soap opera obsessed world.

UW: How effective is book publishing policy in Lithuania? Does the government support the publishing business?

— Writers, publishers and artists — everyone involved in book publishing — feel that their country wants and needs them. My Lithua-

nian. It really was a big national event there.

UW: What do you think a country's booth should look like at a book fair?

— There was no Ukrainian booth there. When Lithuanians arrived at the Lviv book fair last year, they brought a publishing army with them! The best graphic artists held master classes for children and interactive communication never stopped. We've never had superb Ukrainian stands to represent the best publishing houses. At a Paris book fair a few years ago, our ministry ladies decorated their miserable book stand with plaster busts of Taras Shevchenko. "What a charming little cat!" a visitor said in Russian. "How much are they? Three euro? Oh, that's Shevchenko? Still, I'll take three..." The best path to good management at international book fairs (as well as other fairs) is to kick all the fools out of the Ministry of Culture and replace them with decent, well-educated and talented people. Books should be chosen based on their true quality rather than who their publishers are and what kickbacks they're offering. And of course there's promotion, getting the media involved and training professional translators are all integral elements. Until we accomplish all this, we will remain voiceless and unseen in this very competitive world. Literature is business. We can't expect anyone to meet our literature with an open embrace, no matter how "tender" or "beautiful" it is.

UW: What should be done to represent Ukrainian literature effectively abroad?

— We talk about promoting Ukrainian books abroad while doing nothing to promote them in Ukraine. As long as there is no consistent, reasonable and well-funded program to support and develop book publishing at the government level, the publishing business will only live at the scale of personal contacts between publishers and writers. ■



SUPER AGENT 000
The cover of Lesia Voronyna's book in Lithuanian

THE BOOK FAIR IS A BIG NATIONAL EVENT IN LITHUANIA

nian colleagues complain that government support has shrunk lately due to the crisis. Still, I think their difficulties are hardly comparable to those our publishers face. I have never seen this much sincere and loyal interest in books among Ukraine's top officials. Lithuania's president and minister of culture both visited the book fair in Vil-

Poetry Films Go Digital

Thomas Wohlfahrt speaks about literary censorship, public poetry readings and the growth of poetry films fuelled by digital technology

Interviewer:
Inna Zavhorodnia, Kyiv-Berlin

Thomas Wohlfahrt is the founder and leader of Literaturwerkstatt Berlin. He promotes culture and organises artistic events, including Europe's biggest ZEBRA Poetry Film Festival. His other projects include the Open Mike award for young authors and lyrikline.org, an online archive of poetry that offers texts and original-language audio recordings of over 700 poets from across the world. Wohlfahrt visited Ukraine to present films that have been entered in ZEBRA and were shown in the Ye Cultural and Arts Centre in Ivano-Frankivsk on 24 March and in Goethe-Institut in Kyiv on 26 March.

U.W.: What are the main activities of Literaturwerkstatt Berlin that you head?

We have been increasingly focused on poetry since 2000 and have become the only place in Germany that does it. Personally, I like it – my colleagues and I love poetry. Moreover, this is an niche. One of the stimuli in 2000 was Marché de la Poésie, an excellent poetry fair in Paris. I saw how German authors could be represented there in translation, but I did not find anyone to do it and so I decided to do something about it myself. From 10,000-14,000 people attend the poetry festival we organize in Berlin over the course of nine days. (Meanwhile, the world's largest poetry fest, held in Medellín, Colombia, lasts about the same length and attracts 120,000-130,000 people.) We try to present poets from different cultures and combine that with new technology. In particular, we developed poes1s, a label for digital poetry. (In the digital world everything takes place between 0 and 1.) This is a continu-

The archive of the ZEBRA Poetry Film Festival contains over **5,000** poetry films from around the world, including 13 from Ukraine

ation of what took place in the 1960s through the 1980s – it is visual poetry that continues to develop in the digital dimension.

U.W.: You have held the ZEBRA Poetry Film Festival since 2002. How has this field changed since then?

Poetry films are as old as cinema art in general. I thought I knew what the oldest poetry film was – it was based on Apol-

inaire's poems and shot in 1910 with his participation. However, we have found even older films based on American Walt Whitman's poetry and produced in 1905, i.e., in the earliest days of cinema. Poetry is an independent art more closely related to music than prose. Its sound and rhythmic lines resemble music and dancing. In fact, all types of art are present in poetry, and this is what attracts avant-garde artists



from other fields. In the 1930s, energetic efforts were made in France to create poetry film – pictures were painted on celluloid tape to lend it poetic meaning. In the 1950s and the 1960s, the so-called Vienna Group, which included Gerhard Rühm and Ernst Jandl, was very popular. They tried to work on the cusp of experimental poetry and film. But a true leap in the development of poetry film came with the advent of the computer when film was finally able to mirror the text in its structure. I do not mean production using a computer, but the aesthetic aspects that were realized. These include switches and leaps from the real to the virtual and back. In other words, the film could not really do what poetry could do 5,000 years ago. It took cinema almost 100 years of



A LEAP IN THE DEVELOPMENT OF POETRY FILM CAME WITH THE ADVENT OF THE COMPUTER

The annual budget of Literaturwerkstatt Berlin is around

€2 million.

Financing comes from the state and foundations, and a large part €520,000 is provided by the Senate of Berlin each year.

growth to become structurally like verse. To me, a good poetry film is not a film that is a screen version of the text but one that matches its structure. It became simpler, easier, cheaper and,

most importantly, more aesthetically appealing when done with the aid of the computer.

ZEBRA is a biennial festival. About 1,000 films from over 70 countries participated in the last one and the next one will be in October 2012 and is now accepting entries. Three prizes totalling €10,000 are awarded. There is also Zebrino, a competition of the best children's films. We also give a prize for the best script, best digital adaptation and best video. Our archive contains over 5,000 video works.

U.W.: Are there Ukrainian films among them?

Not many. Thirteen films from your country have been submitted to our festival, and only one was selected for competition – Ihor Strembitsky's *Podorozhni* (Wayfarers).

U.W.: At many literary events poets read their works before other poets. How do you attract the public to the Poetry Festival Berlin? It must be a challenge...

Before we launched it, everyone warned us saying no-one would be interested. Initially, we organised a long night of poetry, and this event immediately attracted around 500 people. That meant there was interest. The festival began with what is called the Poets' Corner. The idea came from poets based in Berlin who said: We want to be popular where we live. It took place in the capital: poets from different districts of Berlin came out and held poetry readings in their neighbourhoods. If it was a success, people also attended other events at the festival. If a Syrian author participates in the festival, we of course try to inform all the German-Arab organisations. Another communication channel is the mass media. Naturally, we put up posters and send

out programmes. We are also going to sponsor City, a local newspaper on art in which we will also place our programme and thus distribute 50,000 copies of it. It is indeed challenging work – to get through to people. Cultural life in Berlin is very intensive, and market interest in poetry is quite small.

U.W.: What can poets themselves do to win more public attention? Should they hold poetry slams, recite poetry accompanied by music or throw poems out of helicopters like they did at the last festival in Berlin?

It really doesn't matter. The only right thing that a poet can do is to write a good text. The rest is marketing. And this is not really interesting. Yuri Andrukhovych introduced a number of authors from Ukraine at our workshop over four months. No one knew a thing about them, but many people showed up to listen.

U.W.: We have the National Expert Commission for the Protection of Public Morals. Several years ago, it accused Oles Ulianenko of writing a pornographic novel. Similar accusations were recently voiced against another Ukrainian writer. Are such judgments acceptable in literature?

What you are talking about is, in fact, censorship. And censorship, mostly religiously motivated, is a reason for the state and censors to act. However, it is about something else. Moreover, it is an expression of distrust in people. They can judge for themselves if they want to continue reading or not, period. I remember when we presented the film *Zebra* at a poetry festival in Chernivtsi. We showed a piece about a homosexual couple – refugees from Iraq – accompanied by a Shakespeare poem. It caused an uproar. Some people reacted poorly, and showed that a taboo had been violated and that things like that were not to be discussed in public. Of course, I think we need to protect young people in what concerns racism and disrespect for personality. But it is always quite hard to do with pornography. If people do not want to read it, they don't. ■



PHOTO: ANHUEAC GAVITTE

MUSIC

Requiem for the Indifferent

Austrian composer works on a symphony about Holodomor

"What is best in music is not to be found in notes." This quote by Gustav Mahler is the motto on the webpage of Stephan Maria Karl, a young Austrian composer. He is extremely friendly and polite at a meeting with a small group of fans and critics, greeting everyone with a warm smile and Mozart chocolates. His eyes sparkle with passion when he talks about the first symphony he has recently started to work on.

The meeting takes place in Kyiv for a good reason: Mr. Karl's debut symphony is dedicated to the victims of the Holodomor, or Famine, telling the story of one of the biggest tragedies in human history. The premier will take place in autumn 2013 in Kyiv, in commemoration of the 80th anniversary of the genocide.

The composer learned about the 1932-1933 tragedy from Marie-Aude Tardivo, a historian whose thesis was about the GULAG. Moved by what she told him, Mr. Karl has followed a long, difficult and complex path to realize his ambition to create a symphony dedicated to one of the most hushed up tragedies of the 20th century. "I want to work on things that have a humanitarian dimension to them," he says. "I don't



Read full
interview at
ukrainianweek.com
after 3 April

want to do art for the sake of art. I want to use my talent for good things. The goal of an artist is to elevate people, not humiliate them."

Stephan already has a detailed draft of the symphony. The sound will reflect the sufferings of those who died without food, Stalin's maniacal longing for power, and relentless collectivization machine. "The audience will feel the same thing as the victims of the famine felt in their stomachs," he says about his ambitious idea.

Events

17 April, 6 p.m.

Anna-Lena Lauren

**Ye Bookstore
(3, Lysenka vul., Kyiv)**

In her book *All Are Gentlemen In the Mountains: On the Caucasus and Its People*, Finnish writer and journalist Anna-Lena Lauren writes about the situation in the North Caucasus. This is a place where tough and intricate rules of human co-existence dominate, while conscience and honor stand above life and death. Apart from Georgia, Abkhazia and South Ossetia, she offers a vivid description of her trips to Dagestan, Chechnya, Ingushetia, North Ossetia and Kabardino-Balkaria where human rights are violated the most. The book gives readers the opportunity to learn more about the Caucasus and its multifaceted cultures and traditions.



17 April, 8 p.m.

AtmAsfera

**Sullivan Room Kyiv
(8, Prorizna vul., Kyiv)**

Ukrainian world-music band invites everyone to the presentation of *Internal*, its third album. The band will play songs from its new album as well as its hit ballads *Where Should I Go* and *Almost*, the mantra-like *Voice of the Wind*, and dramatic *Bala* and *Apocalypse*. The band prefers to play their songs in world and contemporary music styles live, saturating the performance with bright ethnic elements and ancient eastern motifs.



24 April, 7 p.m.

Viennese Waltz

**Shevchenko National Opera and Ballet Theater of Ukraine
(50, Volodymyrska vul., Kyiv)**

Aniko Rakhviashvili prepared a special gift for ballet fans: a romantic story of how music is born. The ballet is based on a love triangle between a composer - Franz, a simple girl - Annette and a ballerina - Carla.

The turbulent stream of emotions is fuelled by the music of Strauss - father and son. The artistic director of the project says that the performance is going to raise modern choreography to a new level.

FESTIVALS

**29 April – 2 May
Mediaeval Khotyn
(The Khotyn Fortress,
Chernivtsi oblast)**

This is an islet where the Middle Ages come back to life in all imaginable manifestations: dressage, tournaments, mediaeval music, archery contests, fire shows, and many other attractions. This festival reminds you that fairy tales and legends are much closer at hand than you might think, since nothing disappears without a trace.

**10-13 May
Fenrir's Scottish Fest
(Suburbs of Kyiv)**

The four days dedicated to Scottish culture will bring guests closer to the customs and traditions of the Scots. Music, dances, military exercises, everyday life, entertainments, and cuisine - all these aspects will be presented in all their glory. Guests are kindly requested to maintain the traditional Scottish dress code.

**30 April – 2 May
The Drink of the Sun
(Uzhhorod, Zakarpattia Oblast)**

At the three-day wine and mead festival, guests will have the opportunity to taste delicious Zakarpattian wine and enjoy traditional local food. The festival takes place in Uzhhorod, a wonderful city, with its mystical castle, built by the Drugeth family and ghost, haunting the castle patio on moonlit nights.



"The Holodomor is an important project of the future Ukraine because we are all the product of our past," Stephan reflects. "So far, most Ukrainians have tried to hide the tragedy of this event, ignore it or hate Russians. A lot of artists who write about the Holodomor are only focused on the negative aspects. And I understand this, it's perfectly normal. But they do not say how people should overcome this pain."

Interviewer: Roman Horbyk

26 April, 7 p.m.

Liza Minnelli

**Palats Sportu (Sports Palace)
(1, Sportyvna Ploshcha, Kyiv)**

American singer-actress Liza Minelli will give her first and only concert in Ukraine. The audience will see a 100-minute music show in the best Broadway tradition. The sensual female vocals, airy trills of the piano and iridescent passages of wind

instruments create the consummate image of Liza Minelli that is loved the world-over. The American diva gives her all to anything she does – on stage, on the movie set or in life itself.



27 April, 8 p.m.

Brussels

**Stereo Plaza
(17, Kikvidze vul., Kyiv)**

Sviatoslav Vakarchuk, Serhiy Babkin, Dmytro Shurov, Max Malyshev and Petro Cherniavsky finally bring their Brussels project to Kyiv as part of their spring tour. This is the only chance for Kyiv locals and visitors to the capital to hear 12 songs in English and Ukrainian from the album of the same name performed live by their creators. The title comes from the city of Brussels where the album was recorded. Right after the first online-presentation on YouTube, the project was labeled top music event of 2011.



29 April – 1 May

**"The Weather Vanes
of Lviv" Festival**

**Courtyard of the Town Hall
(1, Ploshcha Rynok, Lviv)**

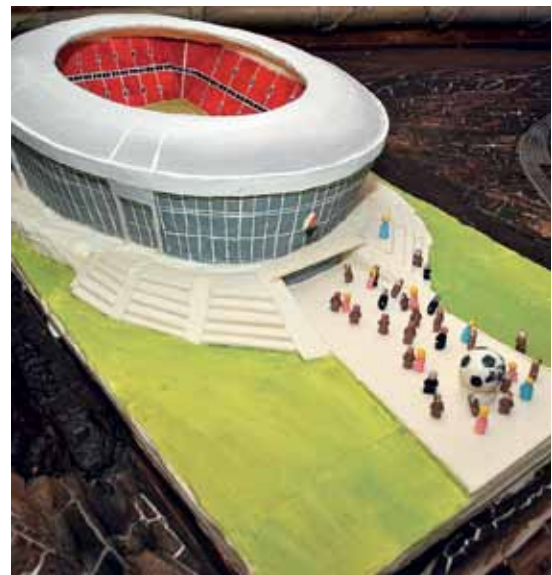
The tenth ethno-jazz festival, one of Lviv's trademarks, will open this year's festival season. Jazz and folk music fans will hear bands from Ukraine, Russia, Poland, Moldova, Serbia and Israel, including Dakha Brakha, AtmAsfera, Tsigunz Fanfara Avantura, the Pushkin Klezmer Band, Projekt Grzegorza Rogali and many more. The cocktail of music cultures, motifs, voices and moods will set the ambience of the three days in Lviv – three warm, soulful days filled with music.



Chocolate Museum

Chocoland is a new republic in the heart of Lviv. The only permanent chocolate museum in Ukraine, which opened on 20 March, reveals the history and technology behind chocolate production. The museum features chocolate miniatures of the most popular spots in the world, made at a scale of 1:150. Each required 16 to 25 kg of chocolate and about six weeks of meticulous work. Visitors can eat the items with their eyes or buy the smallest ones.

Photo: UNIAN





The Secrets of Abandoned Museums

Buchach is slowly shaking off its soviet dust and becoming infused with colour

Author:
Oleh Kinash

Photo:
Oleh Kinash

Buchach, with its 12,000-strong population easily qualifies as a backwater in not to mention Ukraine Halychyna. To get to the town by train, you have to get off in Chortkiv, switch to a locomotive pulling two carriages, or sometimes just one, and sway through the hilly terrain of the Ternopil Oblast for a whole hour. After this lengthy and monotonous

rocking, it's as if you enter another world – the Strypa Canyon, one of the most turbulent and wild rivers of the plains of Ukraine, cross the bridge over it, enter the tunnel and there you are in Buchach.

FOLLOWING THE FERRARI

Just like any decent tourist, you first go downtown (**photo 2**) to see the town hall, the Roman Catho-

lic cathedral, the church and a few other sites. Several primitive informational billboards in patriotic blue and yellow colours are located next to the County State Administration, featuring an intriguing inscription about engineer and architect Giovanni Battista Ferrari who was born in the town. The name will make a car lover's heart rush until the local guide cools his ardour say-



colleagues to build the railway before WWI. Once he finished this project, the young engineer did not rush back to his sunny Italy, but decided to stay in rainy Halychyna.

After a short walk around the town centre, try to get to the old ruined “dishevelled” castle (**photo 3**) overgrown with small trees that are at least a hundred years old, looking like hair. Stand on the edge of the castle wall and have a bird’s eye view of the landscape. Anyone with sharp vision and senses will grasp the essence of old Buchach and understand why some places are called eternal. You will see the thread of the Strypa River as a nominal X axis of the local 3D world. The X axis is the road and Y axis – the town hall, the core from which the old streets emanated.

From the picturesque car crossing over the river it is possible to see the castle, monastery, secondary school, town hall and a humble park with willows hanging over the river.

Along the Z axis (the road), Buchach looks like most provin-

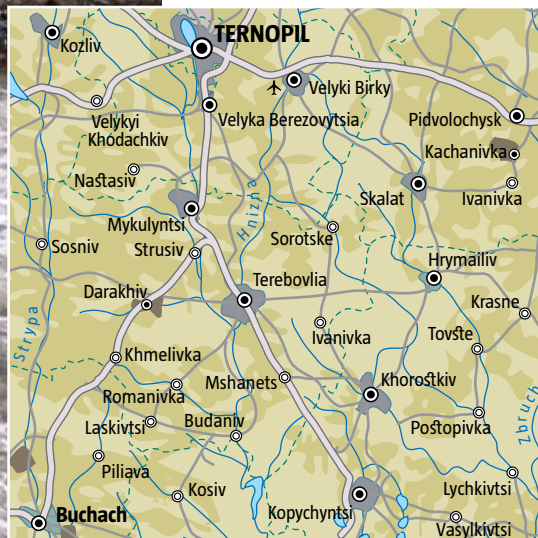
cial towns in Halychyna, but with significant sinusoidal waves in the landscape. Its intricate lines are engraved with simple derivatives of human activity: plinths, retaining walls, stairways or bridges to the entrances of buildings.

The X axis, or Strypa River, is a blue thread that makes Buchach what it is. Without it, there would be no canyon or contours intersected by the river. Weeping willows and town neighbourhoods, small suspension bridges and hand-made footbridges, rifts and crags, gorges deeply cut by streams and riverbank terraces filled with buildings – all these combinations of park and rocky elements create simple yet fascinating landscapes.

Because of the undeveloped tourism infrastructure, rafting on the Strypa River, organized by the Nad Strypoyu (Over Strypa) resort, is not very popular. An inexperienced hiker would find it unbelievable that there are true jungles with canyons, waterfalls and ancient plants that have survived on the steep river banks for millions of years.

THREE PILLARS OF THE TOWN

The first pillar is the town hall, the construction of which was funded by Mikolaj Potocki, a renowned philanthropist of the past. Despite its serious official role, it still looks quite toy-like even after all sculptures by Johann Georg Pinsel, a gifted master in the art of expressing dynamic movement and extreme emotions, were removed for renovation. The town hall is reminiscent of a giant humming top that can be spun, holding the elegant spiked tip of the tower. Spires and towers have always lured people who did not see their power. The people of that time were not only scared of their perfect splendor; they worshipped them and wanted to enter them. The town hall absorbed the local crème de la crème. These “black holes” in every medieval town first lured the elite and later turned into their Molochs. The tower is a symbol of grandeur and completeness of power; the spikes – a symbol of penetration, accuracy and reaching a goal; while the clock represented the innovative technologies of that



SITESEEING

The Buchach Town Hall is a unique Baroque building from the mid-18th century designed by architect Bernard Meretyn and decorated by sculptor Johann Pinsel. The **Roman Catholic Church** with altar statues by Johann Pinsel and the **Greek Catholic Basilian Church (photo 1)**, both funded by Mikolaj Potocki.

Madonna on the pillar (photo 4) is Pinsel's most distinct and elegant creation in Buchach. The statue of the Virgin Mary standing above the clouds and moon looks worried and disappointed.

The **Galicia Distillery**, producing Buchach cognac is known far and wide. The beverage is one of the town's symbols

ing that he won't get a brand new Ferrari for discovering something unknown about the brand's founder, since there are as many Ferraris in Italy as there are Smiths in the US. Instead, you can enjoy Giovanni Battista's engineering and architectural talents as you take a train from Buchach to Chortkiv or vice versa. Austrian authorities commissioned him and a group of his



time, but also symbolized responsibility, reliability and indestructibility.

The second pillar is the Roman Catholic Church, which was also funded by Mikolaj Potocki. The exterior of the church looks simple, yet its interior is almost perfect due to the altar with a group of sculptures by Pinsel (photo 5). Most of his statues express extreme tragedy and passion: utmost surprise, unwavering readiness for self-sacrifice, desperate supplication through prayer, or irrepressible joy. The sculptor once secretly sheltered by Duke Potocki appears to have been a fugitive convict, who was able to closely observe and record extreme human feelings and emotions in his mind, to later recreate them perfectly in his sculptures.

Everything experienced by the local population nearly 200 years after Pinsel's death, can now be clearly seen in the tragic faces of his wooden sculptures. With their unselfish devotion and sacrificial lent, the church's priests are reviving its original role and make every effort to establish good relations between Ukrainians and the few Poles who still live in Buchach.

SPIRITUAL DOMINATION

The third, and probably most powerful pillar, is the Basilian Monastery of the Ukrainian Greek Catholic Church, the con-

struction of which was also funded by Potocki. Along with the cemetery on Fedir Hill, it creates the local sacral aura. This is possibly because this part of town has hardly any traffic, loud markets or bright stores. On a Sunday morning, Mass can be heard from the monastery's church, enchanting almost all of the old town. The Basilian Monastery dominates the revival of the spirit of Buchach. Even members of the younger generation, who tend to smile indulgently at their grandparents walking slowly to church in other regions, are responsible and focused participants of Sunday Masses here.



PHOTO: MYKOLA VASILECHKO



Over the years of independence, most private buildings in town have become neat and cute, with only a few remaining shabby and neglected. When one looks at some of the gates, portals and decor of modern buildings in Buchach, the impression emerges that the locals are well-versed in Viennese Secession - much more so than the residents of Kyiv, who are generally much wealthier and give preference to kitsch for their homes. Partly due to migrant workers who support their families from Europe and elsewhere, and partly due to local businesses, the town is now awakening from its post-soviet coma and reviving its historical role and tourist beauty step by step.

Sometimes, though, when builders level out a castle ravine the makes the landscape look unique just to sell the adjoining piece of land, you realize that local authorities are not good at maths and do not understand the combination of form, size and aesthetics. Entering a nice empty restaurant overlooking the Strypa River that offers much better food than any similar restaurant in Kyiv, with prices that are lower than in any of the capital's bistros, the sad thought comes to mind, that this amazing museum town with sites that are entered in the UNESCO heritage list, may one day become desolate. ■

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