

THE GOVERNMENT
INTENDS TO STAY
IN POWER FOREVER? **PAGE 6**

CARROT AND STICK FROM
THE CoE: WHICH ONE WILL IT BE
FOR UKRAINE THIS TIME? **PAGE 18**

GIOVANNA BROGI BERCOFF:
HOW FOREIGNERS DISCOVER
UKRAINE FOR THEMSELVES **PAGE 38**

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України

international monthly edition

The Ukrainian Week

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Fait accompli?



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BRIEFING

A Dangerous Maneuver Eastward
Jumping from Europe to Russia and back, the government risks making a fool out of itself

4

FOCUS

The Change of Settings
Experts and politicians analyze the new reality of Ukraine in the international arena



6

OPINION

When Human Rights Turn into a Commodity
What are the moral values of the West? To what extent can European values be betrayed in the name of promulgating them?



10

POLITICS

The Election Law That Leaves No Choice
The Party of Regions is trying to amend election legislation to fake a parliamentary majority after the next election without voters' support

11



How Yet Another Pseudoreform Was Forged
The background of the so-called election reform

13



The Council of Europe: The election law should not serve the government
Significant attention was paid to Ukraine, particularly the issue of elections and the judiciary at the session of the Venice Commission on 14-15 October

14

NEIGHBOURS



Quasi-Opposition
Despite faking intense activity, the political opposition in Ukraine has failed to do anything significant to win back public trust

16

The Territory of Influences
In pursuit of truth at the Council of Europe



18

The Third Road to Serfdom
Russian political activist Andrey Piontkovsky talks about the verdict against Ms. Tymoshenko and dictatorship in Russia



20

ECONOMICS



Tango-Stepping on a Rake
What will happen to hryvnia rate?

23

INVESTIGATION



Watchdogs of the Regime
Armed to the teeth, Ukrainian police can only fight against citizens but not protect them from criminals

26

Dark Matter
The organ black market continues to thrive in Ukraine

28

SOCIETY

The Super-Rich Shall Inherit the Earth
Stephen Armstrong shares his concern about oligarchs pushing democratic institutions in the world to the sideline



30

A Plaything of Powerful Nations
Internet governance is under attack; it may have to mend its ways to survive



34

PERSONA

Finland Finds What Everyone Else is Looking For
Hans-Jørgen Wallin Weihe talks about historical traumas, college independence and existential challenges



36

HISTORY



Ucrainica Italiana
Giovanna Brogi Bercoff talks about the situation with Ukrainian studies in Ukraine and abroad

38

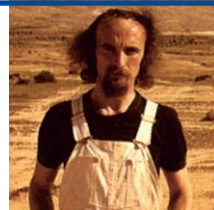


A Death Row Army
Stalin used penal battalions in the Red Army as an instrument of repression

40

CULTURE & ARTS

Hutsul-Inspired Suprematism
Oleksandr Ackerman talks about the phenomenon of the Zakarpattia school of painting and the shelter for his soul



42

NAVIGATOR

A Border Town
The reincarnation of the hetman capital



44

The Ukrainian Week

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4 October

Farmers protest in front of the Cabinet of Ministers demanding the resignation of Premier Azarov and the cancellation of grain export duty and quotas



13 October

Viktor Yanukovich signs the law banning lending in foreign currencies



14 October

Ukrainians celebrate the anniversary of the establishment of the Ukrainian Insurgent Army with marches in most cities – almost 8,000 people gathered in Kyiv

QUOTES

MUSTAFA JEMILEV sees discrimination

The Chairman of the Mejlis of the Crimean Tatar People blames Donetsk-born officials for squeezing Tatars out of government authorities



VIKTOR YUSHCHENKO criticizes the West

The ex-President believes that Western reaction to the verdict against Ms. Tymoshenko “hardly corresponds with Ukraine’s sovereignty”



HENNADIY KERNES says what he wants

An official German delegation leaves a meeting with Kharkiv Mayor unsatisfied, after Mr. Kernes ignores sharp questions, particularly those concerning the closing down of opposition TV channels in the city



OLEKSANDRA KUZHEL leaves Serhiy Tihipko

The Deputy President of the Strong Ukraine party resigns in protest against its alliance with the Party of Regions



Shock

«PACE liberals call on Ukraine to reject the practice of politically motivated practices»

Anne Brasseur, President of the Alliance of Liberals and Democrats for Europe in PACE (Luxembourg)

I can only add my voice to those of many others who have disagreed with the verdict of Pechersk Court in Kyiv against one-time premier Yulia Tymoshenko. The practice of using political decisions as a basis for criminal sentences is unacceptable. All types of political motivation and selective justice hamper the development of democracy in Ukraine. Every democratic country must clearly separate legal proceedings from politics, implement totally independent justice and reject the practice of politically motivated court processes for ever.

«Tymoshenko could turn into a bargaining chip for Kyiv»

Egidijus Vareikis, Chairman of Committee on Rules of Procedure, Immunities and Institutional Affairs in PACE (Lithuania)

I’m not surprised by the 7-year sentence for Ms. Tymoshenko. If the term were shorter, the government would have demonstrated concessions. If it were longer, it would have been considered to be outright repression. This is a politically motivated verdict. Obviously, it will be an impediment to negotiations on free trade and the association agreement. I assume that the Ukrainian government will use Tymoshenko as a bargaining tool with Europeans; to either receive something or improve trade terms with them, for example, in exchange for her release.

«Doubts arise as to whether Ukraine really wants to be part of political Europe»

Andres Herkel, Member of European People’s Party faction in PACE (Estonia)

This verdict has a negative impact on association agreement negotiations between the EU and Ukraine. Even if the association agreement is signed, some questions will remain open: What kind of a country is this with such an inefficient judiciary and why have we signed an Association Agreement with it? Doubts arise as to whether Ukraine really wants to be part of political Europe. EU leaders have already expressed their disappointment. At a meeting of the leaders of EU-members’ diplomatic bodies in Luxembourg, Urmas Paet, the Estonian Minister of Foreign Affairs, publicly stated his concern about the situation.

The month in history

8 October 1586



The first Old Slavonic language grammar book by St. John of Damascus, edited by Ivan Fedorov, is published in Vilnius

13 October 1871



The Pavlo Halahan College opens in Kyiv. Its graduates include historian Ahatanhel Krymsky and Mykola Zerov, writer and brilliant translator of ancient Greek poetry

17 October 1113



St. Michael’s Golden-Domed Cathedral is built in Kyiv. Soviet authorities demolish it in 1934

18 October



The Verkhovna Rada reinstates the turning back of the clocks

25 October



European Parliament factions agree on a resolution on Ukraine. They decide to continue Association Agreement talks

22-30 October



Molodist film festival offers 12 full-length movies, 50 short films, and *The Land of Oblivion*, a French-Ukrainian film about Chornobyl, featuring Bond girl Olha Kurylenko

Western politicians comment on the verdict against Yulia Tymoshenko announced on 11 October exclusively for *The Ukrainian Week*

«The verdict against Tymoshenko is a huge political scandal»

Pedro Argamunt, Member of European People's Party faction in PACE (Spain)

I read the verdict of the Pechersk Court this morning and I couldn't believe my eyes. I didn't think that this would happen. Seven years in jail followed by a three-year ban on political activities is a 100% politically motivated sentence. In all likelihood, its purpose is to prevent Ms. Tymoshenko from running in the upcoming parliamentary election and subsequently in the presidential election. I guess these are the means by which Mr. Yanukovich decided to simplify his rise to power, by removing a dangerous rival. Such actions damage Ukraine's political image.

I'm sure it won't take long for the Council of Europe and the European Union to give their opinion. This is a huge political scandal. The case is not about corruption or personal enrichment. It's pure politics. Even if the EU does sign an Association Agreement with Ukraine, the European Parliament will not ratify it as long as Tymoshenko is behind bars.

«Today's verdict is the criminalization of political decisions»

Hanne Severinsen, President of the European Media Platform NGO and former PACE Monitoring Committee Rapporteur on Ukraine

Yulia Tymoshenko was tried according to the Abuse of Power Law stemming from the soviet-era, when it was necessary to have a tool to punish people that had fallen afoul of senior officials. It is scandalous that Ukraine has failed to fulfill its obligation to reform the judiciary. Today's "verdict" is the criminalization of political decisions. It is simple copy-paste: the decision of the prosecutor general - ordered by the president - was executed by a "judge" who is on a probation period - totally dependent and controlled by the prosecution. The EU must demand that Parliament immediately begins the reform of the Criminal Code, which it is obligated to do. This will also mean the decriminalization of the case.

«Bankova is facing a choice»

Damon Wilson, Executive Vice President of the Atlantic Council (USA)

* The Presidential Administration at 11, Bankova St.

Ukrainian authorities are pursuing two fundamentally contradictory policies: moving Ukraine towards Europe and emasculating the political opposition. The government cannot achieve the former while implementing the latter. Bankova is facing a choice.

NUMBERS

The Ministry of Finance projects that the inflation rate will be

9%

by the end of the year in Ukraine. The estimates of independent experts are twice as high

Rinat Akhmetov's MetInvest earns

USD 1.14bn

of net profit over the first six months of 2011. This makes it the most profitable Steelworks in Europe

The government intends to sell

48

gas enterprises. Government-owned blocks are already at the State Property Fund waiting for further privatization

On 14 October more than

1.5

Ukrainians become Facebook users

According to the International Organization for Migration,

6.5mn

Ukrainians are working abroad

Based on a survey by the Rating Group,

42%

of Ukrainians oppose the imprisonment of Yulia Tymoshenko.

24%

believe Ms. Tymoshenko should be in jail

18 October 1921



The Crimean Autonomous Soviet Socialist Republic is established within the USSR

19 October 1947



Soviet authorities initiate the forced relocation of nearly 150,000 Ukrainians to Siberia

24 October 1991



The Verkhovna Rada declares Ukraine to be a nuclear-free state

28 October 1751

Composer Dmytro Bortniansky is born in Hlukhiv

A Dangerous Maneuver Eastward

The government is attempting to set up a regime that will control Ukraine for eternity. As it alternates moves between the West and Russia for this purpose, it risks turning itself into a fool

Author:
Rostyslav
Pavlenko

Recent news gives the impression that the current government of Ukraine has made its geopolitical choice, declared through both official statements and specific moves. While Vice Premier Tihipko was blackmailing Europe with “switching to the Customs Union,” Premier Azarov took part in the “breakthrough” on the CIS free trade zone in St. Petersburg. This agreement first emerged in 1994 but because of Russia’s insistence on some convenient exceptions from the general regime for itself, it has not really come into effect. This time, the parties to the discussion saw some “progress” which, in fact, was virtually about all other countries giving in to Russia’s proposal in exchange for a promise to revise these exceptions “at some point”. The latter include items not covered by the free trade regime, such as sugar, oil and gas. It is difficult to see these terms

as being beneficial for Ukraine, but Mr. Azarov has called on Ukrainians to look at Moscow’s position with understanding. The Ukrainian Premier assures the votes that a free trade zone with the CIS is no less important for Ukraine than one with the EU. If the Ukrainian government continues to move in this direction, it will probably have to dream up similar excuses for further Russian integration. Paradoxically, the latter could happen in spite of the intentions of the Ukrainian leadership.

IS EVERYTHING GOING ACCORDING TO PLAN?

The sharp and cold tone that Viktor Yanukovich has recently chosen when talking to the Western mass media was supposed to underline the resoluteness of his statements. It signaled a new stage in the government’s policy that appears to be a turn towards Russia. Observers are talking about the victory of the “hawks” and “Russian lobbyists” rumored to include Dmytro Firtash’s group, made up of the Head of the Presidential Administration Serhiy Liovochkin, SBU Chief Valeriy Khoroshkovsky, and their allies in the executive branch. Another assumption made by observers is that Mr. Yanuk-

ovich is being set up or he is leading himself and the country into a trap.

Maintaining power is the only priority of the current government. All moves, both within and outside Ukraine, are made to meet this goal. Viewed from this perspective, the developments of the previous 18 months complete the puzzle. Taking advantage of the lack of close attention from the West, which expected “reforms from a consolidated government,” those in power conducted the monopolization of government structures. They started to simulate intense European integration to set up mechanisms of pressure on Russian leaders, who are refusing to reduce the gas price, particular since European integration is truly convenient for the business-oriented wing of the government. This made the simulation look so credible. Meanwhile, those in power initiated cases against opposition leaders, including Yulia Tymoshenko, “a personal enemy” whom they have feared since 2004. While Europe was picking up its pace and formulating frustrated statements regarding selective justice, Ms. Tymoshenko’s case climaxed in an arrest, sentencing and imprisonment. When the rage of misled Europeans and Americans (as reflected in the comment of a top official for The Wall Street Journal, who said: “It looks as we’ve been led by the nose!”), materialized in postponed meetings and agreements with Ukraine, official Kyiv demonstratively moved closer to Russia.

It appears that Mr. Yanukovich’s meeting with Messrs. Putin and Medvedev in Zavidovo in the late September was the starting point of the current “cooperation with a traditional strategic partner” phase. The parties had a good opportunity to reach acceptable solutions for political and economic problems, which are beneficial for the leaders of both countries. Still, the carrots for the West remain in



place. Immediately after conceding to the Russian version of the CIS Free Trade Zone Agreement, Mr. Azarov declared the establishment of a free trade zone with the EU as the next goal. The government is likely to maintain this line by drawing phantoms of a “dangerously intense integration with Russia” for Europe. In other words, if you don’t agree to a free trade zone, Ukraine will join the Customs Union and subsequently the CIS Defense Block led by Russia.

DIFFERENT WAYS OF THINKING

This approach would appear logical and even reasonable from the Party of Regions’ perspective, if both their foreign partners and domestic forces played by the rules that Yanukovich & Co expected. The problem lies in the fact that this switching from one side to the other is not an eternally reusable tool. At one point, Leonid Kuchma experienced what isolation from the West means. To overcome it, Kuchma was forced to send Ukrainian troops to Iraq. However, Yanukovich’s power relies even more heavily on the big business run by tycoons, than did Mr. Kuchma’s. The latter could have at least maneuvered within the centers of influence, while the current President is directly connected to the “captains of industry,” interested in cooperation with the West. For instance, Rinat Akhmetov’s partner, Borys Kolesnikov, supported the idea of buying engines for Ukrainian airplanes produced in the West, thus frustrating his colleague Viacheslav Bohuslayev. Such a position would support neither domestic producers, nor the homeboys – both the key pillars that the Party of Regions is hanging on to. The logic of economic benefit from cooperation with the EU conflicts with the Party of Regions’ traditional approaches.

The Ukrainian government might still hope to mislead the West, but doing the same with Russians is a different matter altogether. The Kremlin has a supreme goal: to preserve its customary way of running the country and satisfying its own geopolitical ambitions at the same time. Since such doctrine cannot be based on real upgrade and the intense use of resources and technologies, the only way that remains is expansion. More specifically, grabbing resources from its neighbors. This of-



44%
of Ukrainians support
European integration
30.5%
of voters prefer
for Ukraine to join
the Customs Union
with Russia
Source:
the Razumkov
Center survey



fers a much broader horizon than simply keeping power, which is what Ukraine’s leaders are looking for. As a result, the Russian leadership can project a situation several moves ahead and keep chasing its “partners” in the direction it wants them to go. The Kremlin has made it clear: the few ritual gestures of loyalty made by Mr. Yanukovich are not enough to change gas supply terms. Negotiations continue between Naftogaz and Gazprom, but any feasible progress is only likely if Kyiv takes a firm step of no return, such as joining the Customs Union or merging Ukraine’s oil and gas complex with Russia’s. Without this, the government is already admitting, that it will be forced to raise gas tariffs for the public.

SAME OLD, SAME OLD?

The line of the government’s behavior also has serious internal problems. Its failures in social policy and forced “unpopular” moves have already dealt a heavy blow to Yanukovich & Co’s rating. Clearly, this poses no obvious threat to those in power, as long as the opposition is struggling with problems of its own. Most disappointed voters will ignore the election, thus creating loopholes for manipulation and falsification, which is particularly easy with the new election law drafted by the Party of Regions.

However, this only aggravates rather than solves the government’s problems. The strategy it has chosen is leading to a potential combination of factors on the eve of the 2012 parliamentary election, that was already seen once, before the Orange Revolution.

First of all, Ukraine is not Russia, no matter what. On more than one occasion, Ukrainians have proved their ability stand up for their interests, including welfare, important rights and the chance to live on proceeds from their private business, when threatened directly. The current government is simply unique in terms of creating problems, ranging from failed social policies to the requirement for citizens to provide passports in order to conduct currency exchange.

Secondly, public dissatisfaction with social problems against a backdrop of the luxurious life of those in power, is accompanied by the ever more frustrated business class - big business as well as SMEs. Big businesses are hit the hardest by at-

tempts to take over the economy, especially the attempts of those in power to grab the most profitable companies for themselves. For good reason is the Orange Revolution also called “the protest of millionaires against billionaires.”

Thirdly, the move towards Russia will entail symbolic concessions – on the language issue, for instance. The government has a weak understanding of national feelings; therefore it will easily concede on such issues. However, they matter to a significant number of Ukrainians. It was Yanukovich’s promise to make Russian the second official language in Ukraine that brought many to the rallies back in 2004.

Even if the government avoids public protests, pursuing its current policy will be quite dangerous. Unlike Russia, it has no resources to keep the nation and its own political forces loyal. Information has recently surfaced that the government is arranging to have parliament elect the president, at which the latter gets to keep his extensive powers. This would help those in power to avoid a public evaluation of their popularity. This would also turn the country into a limited liability company of sorts. To implement this change, the government needs the affirmative vote of two thirds of the MPs, but it has virtually exhausted its reserves of crossovers in the current Verkhovna Rada, thus all hopes lie with a new composition of parliament. To achieve this, given the government’s extremely low popularity, it would be forced to hold an election with wide-scale and obvious violations. The latter could cause a riot or lead to international isolation. With continued repression and zero reforms, there is little hope of support from the West. Moscow, in turn, is literally demanding Ukraine’s sovereignty in exchange for its “help.” Putin has made it clear: “we are not going to pay for anyone just like that.” Once the government begins to trade Ukraine’s sovereignty, it will be unable to stop, as each move in this direction will mean Ukraine’s increased dependence on Russia, with its fuel, markets, decisions of supranational bodies, etc. This will continue until Ukraine is completely under foreign control. Ultimately, this will not only mean the end of the state, but will also topple the government that brings it about. ■

The Change of Settings

The Ukrainian Week follows Western reaction to the verdict against ex-Premier Yulia Tymoshenko. The shock caused by the moves of the Ukrainian government is fading. Experts and politicians analyze the new reality of Ukraine in the international arena

THE UKRAINIAN GOVERNMENT IS ELIMINATING POLITICAL OPPONENTS IN ORDER TO FACILITATE THEIR ELECTORAL VICTORY. THIS GOES AGAINST EVERY BASIC RULE OF DEMOCRACY



Luca Volonte, Chairman of the European People's Party Group in the Council of Europe

Does the verdict against Yulia Tymoshenko meet European standards? No, the decision is markedly political. The whole proceedings entail disputes and the politicization of the final sentence. The principle of collective responsibility for the decisions taken by the government is openly violated in the Tymoshenko case and in many other cases involving the conviction and imprisonment of members of the previous government. The existing penal code is clearly in contrast with the most basic norms and standard criteria of the Council of Europe and the European Union. It makes no sense for the current Government to hide its responsibility for the failure to reform that penal code. The current Ukrainian penal code is identical to the Soviet one and clearly based on the discretion of political power. Therefore, the proceedings and the sentence against Yulia and many other former ministers does not meet any basic standards of the Council of Europe and the European Union. It is unacceptable political persecution. Obviously, this sentence is a sign of a lack of the fundamental principle of separation of powers (executive and judiciary) and will have serious consequences at the international level.

I strongly support the political position of President Martens. His request to suspend all negotiations between

the European Union and Ukraine on free trade is legitimate and fully justified.

How is it possible for the EU to sign an agreement with the current Ukrainian government which violates, directly and indirectly, all European human rights standards, the rule of law and democracy?

It is not possible to continue negotiations between the EU and Ukraine unless the intolerable situation in Ukraine changes. The Ukrainian government is acting against the interests of the Ukrainian people and companies. In order to maintain its "power", it will isolate Ukraine from Europe.

The decision taken in recent days, on the initiative of the Ukrainian Secret Service, is another demonstration of the Government's fierce battle against opposition parties, particularly against Yulia Tymoshenko, with a view to the forthcoming presidential and parliamentary elections. They eliminate political opponents in order to facilitate their electoral victory. This goes against every basic rule of democracy. The EPP-CD Group in the Council of Europe will continue to work hard, unless the basic rules of democracy are re-established in Ukraine, despite the 'veto' of European socialists and liberals. The Parliamentary Assembly is on our side.

EUROPEANS DO NOT PUT OPPOSITION LEADERS IN JAIL. THAT'S SOMETHING THAT HAPPENS ONLY IN AFRICA, PAKISTAN, BURMA AND ELSEWHERE



Nadia Diuk, Vice President at the National Endowment for Democracy

We are already seeing the repercussions of "crossing the red line." Last week, the President of Estonia refused to meet with Ukraine's Foreign Minister. President Yanukovich's trip to Brussels is postponed, and I'm sure many Europeans are looking at their schedules to cancel meetings as a sign of protest and exasperation with Ukraine. This is on one level. However, on a deeper level, even once those meetings are re-scheduled and "working relations" resumed, President Yanukovich and his government have crossed a line in the

perception and imagination of the international community. The "image" of Ukraine they have created shows the Ukrainian political elite is far from being European. Europeans don't put opposition leaders in jail motivated by greed, corruption and the desire for revenge. That's something that happens only in Africa, Pakistan, Burma and elsewhere. It will take a long time and perhaps an event on the scale of another Orange Revolution to reverse this portrait of Ukraine, now held in popular opinion around the world.

IN WASHINGTON, TALK HAS BEGUN ABOUT PUTTING CERTAIN UKRAINIANS ON A VISA BAN LIST AS HAS PREVIOUSLY BEEN DONE WITH BELARUS AND RUSSIA

Steven Pifer, US Ambassador to Ukraine in 1998-2000 and expert at the Brookings Institution

As the swift and highly critical reactions from the European Commission and from the governments of the United States, Britain, Germany, Poland, France, Russia and other European governments make clear, the trial of Yulia Tymoshenko has zero credibility outside Ukraine. Virtually all international observers regard the case as politically motivated. It reflects badly on Ukraine and further damages the already tarnished reputation of Ukraine's judicial system.

The Tymoshenko case has crystallized concerns that have been growing in the West over the past year about democratic backsliding in Ukraine. Can Ukraine join Europe while moving away from Europe's democratic values? These concerns have reached the point where a reaction beyond just criticism is likely. The European Union may continue the negotiation of an association agreement and comprehensive free trade agreement, but it is hard to see the agreements being signed if Tymoshenko remains in

jail and is not permitted to return to normal political life. Even in the very unlikely event that the agreements are signed, political leaders in a number of EU countries and the European Parliament have vowed to block ratification. The December EU-Ukraine summit could be at risk. In Washington, talk has begun about putting certain Ukrainians on a visa ban list, as has previously been done with Belarus and Russia.

KYIV'S HANDLING OF THE TYMOSHENKO CASE THREATENS TO PUT A HUGE ROADBLOCK ON ITS WAY TO EUROPE AND ACCESS TO THE WORLD'S RICHEST SINGLE MARKET

Since the association and comprehensive free trade agreements now constitute the main avenue for developing EU-Ukraine relations, Kyiv's handling of the Tymoshenko case threatens to put a huge roadblock on its plan to draw closer to Europe and gain access to the world's richest single market. Some in Kyiv may welcome this, but President Yanukovich has said repeatedly that European integration is a priority for him. If so, he needs to do something. On the current course, his relations with Europe and the West are headed for a low point.



The Ukrainian Week and Ye Bookstore are happy to invite you to a meeting under the European Experience joint project

Our guest will be Andres Herkel

Focus: The route from Soviet republics to European democracy. A comparative analysis of Georgia, Estonia, Ukraine, Azerbaijan, Belarus and Moldova

ANDRES HERKEL is an Estonian politician and intellectual.

Reelected to Parliament in 2011, he now heads the Pro Patria faction in the Estonian Parliament. Mr. Herkel became involved in public activities in the late 1980s.

In 1988, he co-founded the Independent Information Center and was actively engaged in the establishment of free mass media in the then occupied Estonia. He was an editor for the Vikerkaar literary magazine and Editor in Chief for the Estonian Life/Culture & Life publication.

In 2003, Mr. Herkel became a member of PACE, acting as the President of the Estonian delegation from 2007, PACE Vice President in 2009-2011, Rapporteur on the honouring of obligations and commitments by Azerbaijan in 2004-2010, and Rapporteur on the situation in Belarus as of 2011.

The books he has published in Estonia include: The Russian Puzzle (2007), Cuba in My Heart (2008), and Azerbaijan Letters (2010).

3 November 2011, Thursday | 6 p.m.

Ye Bookstore, Kyiv
3, Lysenka St. (Golden Gates metro station)

FREE ADMISSION

When Human Rights Turn into a Commodity



Author:
Andres Herkel,
Estonia

Up to Tymoshenko's verdict, Europe was smart with Ukraine, but the situation has changed after the verdict. Many politicians and members of the European Parliament have already expressed their skepticism about the ratification of any document between Ukraine and the European Union under current circumstances. Early this month the Parliamentary Assembly of the Council of Europe failed to include the issue of Ukraine into its agenda, although the need to do this was more than clear. Watching the legal system being used to settle scores with political opponents was a painful blow to European values. Indeed, this has happened before in some member states; this time, however, the total failure to react was unprecedented. Stefan Füle, the Commissioner for Enlargement and European Neighborhood Policy, was also unexpectedly mild towards Ukraine. He frankly points at former presidential candidates in Belarus as political prisoners but would not deem it proper in the case of Ukraine. We are told that the problem is in the weak legal system or in judges who lack experience, but not in political prisoners as such.

Yulia Tymoshenko, Yuriy Lutsenko and Valeriy Ivashchenko remain imprisoned. Is it reasonable to sign an agreement on trade issues and legal acts with a state that has political prisoners? More than doubtful indeed, as the political prestige of Europe would be damaged. Does Ukraine need an association agreement? Yes, desperately! Ukraine is the pointer of balance between Europe and Russia; the master of geopolitical initiative becomes the one to whom it leans. But that is not all yet; I am not actually a big fan of geopolitical rhetoric. What really matters is the fate of Ukrainians: what kind of future is in store for them, will it be democracy or autocracy; will a citizen be respected or not? The air is thick with conspiracy theories. Some say President Yanukovich is sincere in his effort to move towards Europe, but his apparatus, full of Russian FSB agents, has served Ukraine the dirty dish of imprisoned politicians. Others portray the Ukrainian President as a simpleton who cannot stand the temptation to seek personal vengeance upon Ms. Tymoshenko. These stories are whispered into the ears of European politicians; I heard them too. Fables of this kind are aimed at convincing everyone that Ukraine should not be criticized: just turn a blind eye, at least until the as-

sociation agreement is signed. And don't forget that East and West are on the scales.

According to conspiracy theories, Ms. Tymoshenko and other politicians are victims of the Russian FSB who made them political prisoners. Those agents are aiming to sink Ukraine's hopes to join Europe. Hence, those Europeans who demand the release of Ms. Tymoshenko are naïve useful idiots playing into the hands of the FSB.

Experience, however, calls for caution regarding such kind of reasoning. All this has happened before, déjà vu! Each time when Russia's rulers sinned against human rights we heard the same old excuse: be careful, someone worse may take their place! What is indeed unusual is that there is no such talk now about the third coming of Putin, merely because there is nothing worse to threaten with.

Nearly a decade ago, when the hopes for emerging democracy in Azerbaijan collapsed, new political prisoners filled the cells and the ruling clan took power with an iron grip, there was similar talk: let's pardon them, let's turn a blind eye. There was no association agreement at stake, but there was a gas pipeline along the Baku-Tbilisi-Ceyhan route.

The pipeline was important for Europe then and remains so today. The question,

HOW SOON WILL THE AUTHORITIES PICK ANOTHER GROUP OF SUBVERSIVES TO CAPITALIZE ON THEIR RELEASE?



though, is rather one of whether it is possible to buy yourself out of human rights with gas and oil as Azerbaijan hoped then and hopes now? Azerbaijan is a wealthy country and its rulers genuinely believe that selling mineral wealth and doing intensive lobby work can pipe down Western politicians; achieve positive reports and wide support.

With Belarus, the haggling goes another way. Deep in economic troubles, this country is being offered help and loans if political prisoners are released. Such an approach offends human rights activists in Belarus. They ask: what are moral values of the West? How much money per prisoner is gained as ransom? How soon will the authorities pick another group of subversives to capitalize on their release?

The main question for Europe is whether European values can be betrayed in the name of promulgating them and to what extent. But this is exactly what happens when an opposition leader is sentenced to seven years in prison at the time of the signing of an association agreement. ■

Election Bill That Leaves No Choice

The Party of Regions is trying to amend election legislation to be able to easily forge a parliamentary majority after the next election despite lacking popular support

Bill No. 9265-1, which lays down new rules for the 2012 parliamentary election, has been registered in the Verkhovna Rada. The bill is a product of the Working Group for Improving Election Legislation set up by President Viktor Yanukovich's decree of 2 November, 2010. An analysis shows it will further marginalize the opposition.

HURDLE RACE

Most importantly, the bill throws at the country a mixed election system which was already in place during the 1998 and 2002 election campaigns: 225 MPs were elected from closed party lists, and the other 225 in single-member constituencies. The majority system is very beneficial to the ruling party. For example, all opposition forces received much greater support under the proportional system in 2002 than in single-member constituencies. Conversely, the pro-government For a United Ukraine bloc secured more than twice as many votes under the representational system than under the proportional system (66 and 35, respectively). The switch to the proportional system only for the 2004 election evidently revealed a number of drawbacks, such as the alienation between the MPs and the constituents and the transformation of MPs into a rubber-stamping machine or, on the contrary, turncoats if their faction leaders cannot stop them. However, the representational system is much more vulnerable to the financial and administrative resources of which the ruling party has a greater supply than ever before.

Another novelty is a higher parliamentary threshold – 5% instead of 3%. There is no international standard for thresholds and each

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country sets its own. Nevertheless, the Venice Commission noted that the change was not sufficiently justified, but its remark was ignored. A 5% threshold would keep the majority of the opposition parties outside the Verkhovna Rada. Parties that would not get into parliament would receive a greater share of votes. These would be divided between the parties that would clear the threshold. The leading parties, i.e., the Party of Regions in our case, would naturally benefit more than others.

The bill prohibits political forces to form blocs for elections. Thus, many small parties would be faced with a choice of either becoming dissolved in stronger parties or disappearing from the political scene altogether.

The voters will no longer be able to vote against all political forces: the "against-all" option will be removed from the ballot sheet. Judging from Russia's practice, this means that people inclined to vote against all would either not participate or would cast their ballots for obvious outsiders. In the first case, the government would have a reserve of unused ballot sheets with which to possibly stuff ballot boxes. Under the latter, the authorities would again obtain a proportion of the votes cast for the below-threshold candidate parties.

Some of the hottest discussions have focused on the norm that would prevent Yulia Tymoshenko from running. Under Article 9 of the bill, "a citizen convicted of an intentional crime shall not be nominated as a candidate or elected a parliament member if this conviction has not been spent or cancelled through a legally established procedure." This norm caused an energetic protest from the Venice Commission at a

time when Tymoshenko was under investigation and the guilty verdict was looming. The commission requested to limit the passive election right to only those persons who have committed a grave crime. This remark was buttressed with references to the Code of Good Practice in Electoral Matters adopted by the Venice Commission. Truth be told, this norm is an old one in Ukrainian legislation, but the commission has not reacted to it until now. In any case, the sponsors of the bill ignored this recommendation from Europe, too.

FOREWARNED AND DEREGISTERED

A tendency is still true in the political and electoral culture of Ukraine that who controls election commissions wins the election. The Central Election Commission needs no special introduction. It is a permanent body which has been fully subordinated to the ruling party in its decision making for a long time now. It has wide-ranging authority. For example, the CEC registers MP candidates and cancels their registrations, and it can deny registration if a candidate's documents are found to be "improperly drawn up."

An individual candidate or a political entity may receive a warning after which one more violation of the election law may entail deregistration. Grounds for this warning include "violation of electioneering restrictions by a party (bloc) or MP candidate." The fact of the violation is established by the CEC rather than in court. Clearly, given the current advances in dark-side legal technology, falsifying two violations of the election regulations is a cinch, so deregistration, like the sword of Damocles, will hang over every opposition candidate.



Most members of election commissions will be from pro-government parties



Votes for the parties that cannot pass the threshold secure extra mandates to those in power

SHE IS SERVING TIME, THEY ARE COUNTING

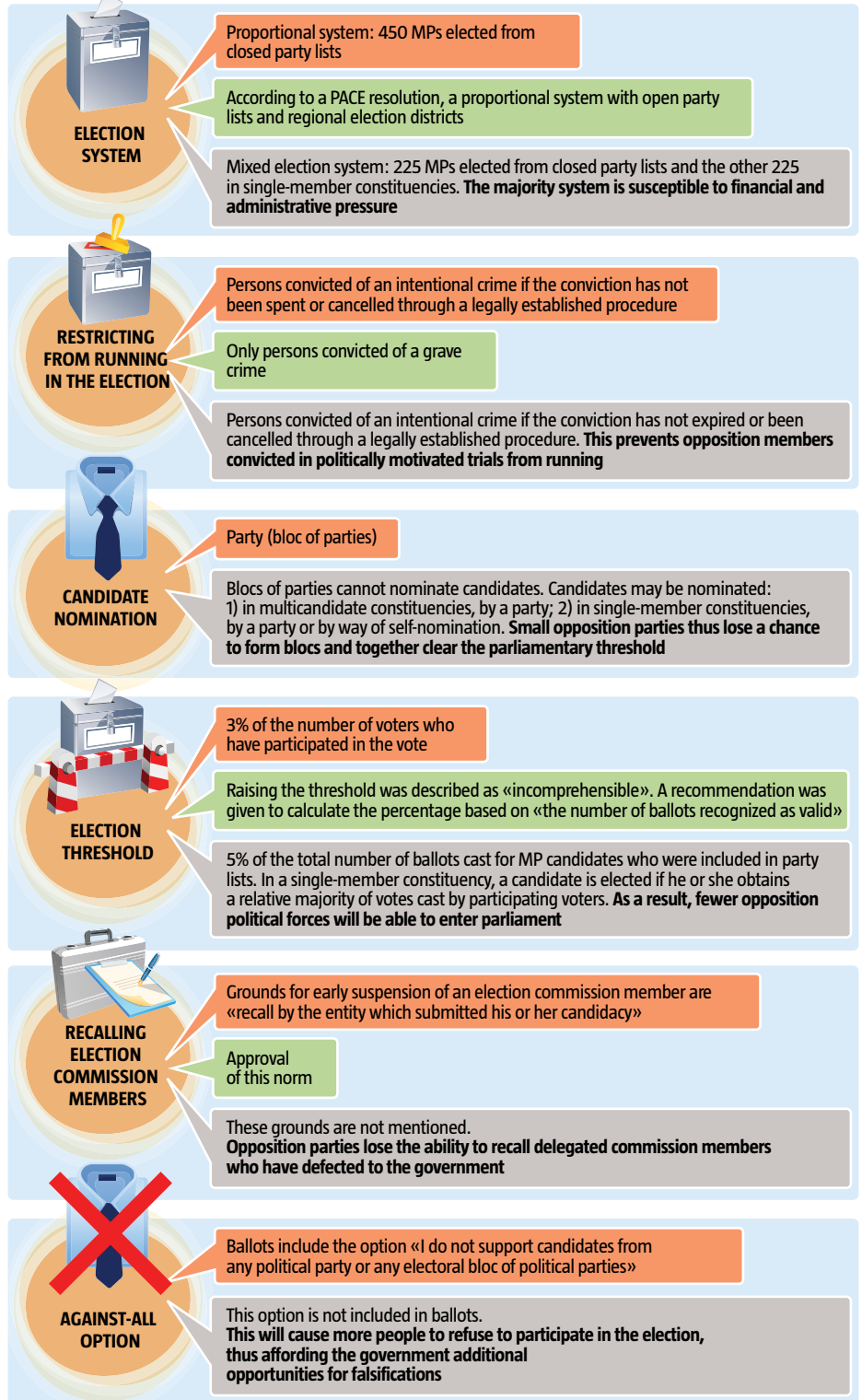
Constituency and district election commissions will bear the responsibility for counting the ballots and establishing the results "in the field." These are the bodies that can pass decisions recognizing elections in individual districts as invalid.

At first glance, bill No. 9265-1 is more democratic than the 2001 law on local elections. Constituency election commissions are not formed by the parliamentary parties and controlled by the Party of Regions. Instead, they are set up by the CEC on submissions from political parties. The parties that have their factions in the Verkhovna Rada have guaranteed one-member representation on the constituency election commissions. The rest of the places on these commissions are filled by drawing among non-parliamentary parties.

However, the bill gives the ruling party numerous tools to control election commissions. In order to have a quorum, over half of the commission members must be present. Both constituency and district commissions pass decisions by a majority of the votes cast by the members in attendance, except for the day of the national vote when at least two-thirds are required to be present of which, again, two-thirds need to vote aye. In other words, if a constituency commission has between 12 and 18 members, 10 (8-12 on the vote day) make a quorum if all members are in attendance. Three parties – the People’s Party, the Party of Regions and the Communist Party – currently have factions in parliament. That is to say, out of 6-10 (8-12 on the vote day) commission members needed to pass a decision, three will definitely be appointed by pro-government forces. Now candidates from non-parliamentary parties will also largely be pro-government, because using its financial and administrative resources, the Party of Regions alone can secure the registration of several parties and have their representatives put on election commissions.

The regulations governing quorum and voting procedures that are spelled out in the bill are in direct contradiction to the standards set by the Venice Commission. The latter recommends adopting decisions by a qualified majority or by consensus. ■

RULES WITHOUT RULES  **Key changes that make election legislation suit the government’s purposes**



ELECTION SYSTEM

- Proportional system: 450 MPs elected from closed party lists
- According to a PACE resolution, a proportional system with open party lists and regional election districts
- Mixed election system: 225 MPs elected from closed party lists and the other 225 in single-member constituencies. **The majority system is susceptible to financial and administrative pressure**

RESTRICTING FROM RUNNING IN THE ELECTION

- Persons convicted of an intentional crime if the conviction has not been spent or cancelled through a legally established procedure
- Only persons convicted of a grave crime
- Persons convicted of an intentional crime if the conviction has not expired or been cancelled through a legally established procedure. **This prevents opposition members convicted in politically motivated trials from running**

CANDIDATE NOMINATION

- Party (bloc of parties)
- Blocs of parties cannot nominate candidates. Candidates may be nominated: 1) in multicandidate constituencies, by a party; 2) in single-member constituencies, by a party or by way of self-nomination. **Small opposition parties thus lose a chance to form blocs and together clear the parliamentary threshold**

ELECTION THRESHOLD

- 3% of the number of voters who have participated in the vote
- Raising the threshold was described as «incomprehensible». A recommendation was given to calculate the percentage based on «the number of ballots recognized as valid»
- 5% of the total number of ballots cast for MP candidates who were included in party lists. In a single-member constituency, a candidate is elected if he or she obtains a relative majority of votes cast by participating voters. **As a result, fewer opposition political forces will be able to enter parliament**

RECALLING ELECTION COMMISSION MEMBERS

- Grounds for early suspension of an election commission member are «recall by the entity which submitted his or her candidacy»
- Approval of this norm
- These grounds are not mentioned. **Opposition parties lose the ability to recall delegated commission members who have defected to the government**

AGAINST-ALL OPTION

- Ballots include the option «I do not support candidates from any political party or any electoral bloc of political parties»
- This option is not included in ballots. **This will cause more people to refuse to participate in the election, thus affording the government additional opportunities for falsifications**

Current version of the Law On the Election of People’s Deputies of Ukraine	Recommendation of the Venice Commission	The version sponsored by the Party of Regions
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How Yet Another Pseudoreform Was Forged

The so-called election reform - nothing but a new version of the Law "On the Election of People's Deputies" - has a curious background and an undisguised political motive.

The working group set up by President Yanukovich was initially composed of MPs loyal to the Party of Regions, individual researchers and experts and a few Central Election Committee members. In time, representatives of international organizations joined up, actively criticizing the closed manner in which goodness knows what documents were drafted. Later, two US organizations, the National Democracy Institute and International Republican Institute, left the working group as a sign of protest. This demarche forced the government to demonstrate openness and the group even welcomed Ukrainian NGOs. Shortly before this, the group's leaders had to let in a few opposition MPs, which were not delegated by their political factions or parties. Accordingly, this gave those who staged the whole show a reasonable argument that was supposed to bring public, particularly international, criticism to a halt, since at first glance, it appeared that the government and the opposition were finally working together. However, his window-dressing did not legitimize the process.

The question of what the experts were working on remained open. Initial debates concerned general issues which could logically lie in the foundation of any law regulating the election process, be they presidential, parliamentary or local elections. One issue was whether the public should have the right to observe an election and under what rules. The working group would gather once a month and "debate" something or other for 1.5 hours. The process involving experts, politicians and civil servants was quite interesting, bearing in mind that group members offered individual recommendations which were not voted on, while Oleksandr Lavrynovych, the Minister of Justice, took them to the President for consideration. It was difficult to imagine though, how the Head of State could, for example, decide on the principle for the setting up of committees at different levels or to organize voting in constituencies abroad.

Unofficial tasks that were tacitly set for the organizers were varied and sometimes controversial. They included making the process "democratic", ensuring its nominal legitimacy, passing the new Law "On the Election of MPs" a year before the beginning of the election campaign in accordance with international standards and at the same time, winning the election. The latter is perfectly in line with Ukrainian legislative traditions whereby rules must serve the creation

of obvious advantages for candidates loyal to those in power rather than a fair process and equal rights for all parties.

At the very start of operations, group members were informed that there was a range of taboo questions, the discussion of which that did not have the President's blessing. One of them was the issue of the election system. In other words, the working group set up to improve election legislation missed the key point - a fundamental system for voting and the determination of the results. As a result, even the Venice Commission that generally does not criticize election system issues, noted that returning to the mixed system with its drawbacks, as experienced in Ukraine, was inexpedient and once again recommended the proportional system with open regional lists. Comments to the Venice Commission's interim conclusions, which were distributed for the consideration of the working group, included an item called "Cannot be Taken into Account in the table", stating: According to international standards, countries shall solve the issue of the election system internally.

This being the case, the Presidential Administration should openly indicate the level and office where this "internal" decision was made. Obviously, the Administration had already made some decisions in spring. It was then that the document was unexpectedly discussed, item by item, at a two-day session. This was unexpected enough for only one or two experts in the group to be prepared for the discussion. Invitations to this discussion were received by experts on the eve of the meeting, together with the agenda, which

included the consideration of issues for a period of the traditional several hours. The draft law was prepared by the Ministry of Justice "based on conceptual discussions," and the item-by-item discussion, for which the text of the voluminous document was unavailable, looked like a mockery, and served as a demonstration of official approval.

On 10 October, before the disclosure of the official opinion of the Venice Commission, the draft law was submitted to the Verkhovna Rada. Surprisingly, it was registered by MPs who had never been part of the working group. Thus the situation whereby a law is drafted by a third party outside the Verkhovna Rada, which makes no political decisions, then submitted by MPs who had not worked on procedural issues and norms, is a complete farce. There is not much left to do: ensure obedient voting by the loyal majority, after which, even parliamentary elections will probably turn into a replica of the infamous "choice without choice" 2010 local election. ■

THERE WAS A RANGE OF TABOO QUESTIONS, THAT DID NOT HAVE THE PRESIDENT'S BLESSING



Author:
Olha Aivazovska
Head of OPORA (Resistance), an NGO for the public oversight of government

The Council of Europe: The election law should not serve the government

Significant attention was paid to Ukraine, particularly the issue of elections and the judiciary at the session of the Venice Commission on 14-15 October

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Alla Lazareva,
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The more critically Western politicians look at authoritarianism in Ukraine, the more stubbornly official Kyiv clings to its position. Step by step, Ukrainians are being deprived of their rights to pluralism, freedom of protest and fair justice. Ukrainian lawyers notice disparities between Ukrainian and European legislation where public figures condemn totalitarian practices. The Venice Commission has been talking about serious gaps in Ukrainian legislation throughout Ukraine's 16 years as a member of the Council of Europe. The recent cause for disagreement, i.e. the new draft law on elections, could launch a deep conflict between Ukraine and the Council of Europe. To find out more, *The Ukrainian Week* talks to the Venice Commission's President, Gianni Buquicchio and Secretary, Thomas Markert.

FORCE IN POLITICS

"This is just a draft law and we do not have a final version," explained Mr. Markert, "therefore, our conclusions are only interim ones. Certain improvements have been made since we first received the document, for example, in terms of conditions for the activities of the mass media during an election. Still, we are very much concerned about the change from the proportional election system to the mixed one."



GIANNI
BUQUICCHIO,
Venice
Commission
President

Both Venice Commission professionals and other election law experts believe the mixed system can only operate effectively in countries where society is well-structured politically, nothing threatens pluralism and political parties have stable electorates. Ukraine, where things are done completely to the contrary, does not belong to this category. Thus, the Council of Europe insistently recommends a different model, i.e. regional open lists, such as those

used by Poland, for instance, to elect its Parliament.

Under this system, the ballots only tell the voters the parties to which candidates belong, but people vote for the individuals that they consider to be better. This "automatically" also helps a party to get more votes, even if this is through politicians who enjoy the mass support of the populace. As a result, the shadow trading of places in the ballots that used to thrive in Ukraine, loses its foundation. Under the sys-

tem used in Poland, regional constituencies are not based on the administrative criterion alone. The system makes sure that each constituency can send its representative to Parliament. Quotas for MPs depend on the number of voters living in each constituency.

"The Venice Commission and PACE base their views on the negative experience of the mixed system Ukraine, used in 1998 and 2002," explains Mr. Buquicchio. "The 2010 local election held under the mixed system, also failed to win a positive response from the international community. We would like to see a proportional voting system with regional and open lists. I would like to remind you that the Venice Commission began to look at the draft election code drafted by the Verkhovna Rada's special working group in 2010. This version, which proposed the use of the proportional system with regional lists, had our approval. But work on this document has ceased."

The leadership of the Venice Commission highlights another dubious element of the draft law proposed by the Party of Regions: the lack of clear criteria for defining constituencies. "It's not normal for a large country, such as Ukraine, to become one single vast constituency," believes Mr. Markert. "Even small countries, such as Liechtenstein, have several constituencies! The system offered by the ruling party in Ukraine obliterates the connection between all individual voting and the MP elected to parliament. The 5% threshold for political parties and the ban on political blocs threatens the pluralism of the future Verkhovna Rada."

The Venice Commission considers it unacceptable, that the new election law is drafted in such a way as to cater to the interests of only one political force, without any regard to the will of opposition parties. "This mixed system works in many countries," Mr. Markert explains, "but specifically in Ukraine, we remember that every time, it demonstrating two violations: the use of administrative leverage and the nomination of pseudo-candidates who referred to themselves as independent, but no sooner did they get into parliament than they joined the ruling majority. In 2002, for instance, the opposition won the election. However, the government was able to completely turn the sit-

THOMAS
MARKERT,
Venice
Commission
Secretary



uation around by using its loyal majority members."

The Venice Commission believes that the election law can only be changed if all leading participants in the political process give their consent. "The system cannot give privileges to one political force only," Mr. Markert stresses. "The opposition is forced to make changes that it does not agree with. This can undermine confidence in election results." The conclusions of the Venice Commission meeting from 14 October also note that "such fundamental changes without extensive public discussions and consultations can compromise the legitimacy of the draft law." However, this was not done in Ukraine.

THE QUALITY OF THE JUDICIARY

The civilized world has long been focusing on both the rule of law and the essence of actions. Needless to say, in evaluating ongoing judicial reform in Ukraine, European experts also take into account its formal elements, such as the list of the cancelled authorities of the Supreme Court, or the list of expanded

FUNDAMENTAL CHANGES WITHOUT EXTENSIVE PUBLIC DISCUSSIONS CAN COMPROMISE THE LEGITIMACY OF THE DRAFT LAW

powers of the Supreme Council of Justice. Yet, what matters most is the new sense, which comes after each innovation.

"The composition of the Supreme Council of Justice is cause for concern," believes Mr. Buquicchio. "Ukraine needs to change the principles of its formation. The authority to appoint judges once their 5-year term in office has ended should not lie with the Verkhovna Rada."

The opposition is demanding the introduction of jury trials. Yet, the Venice Commission says "this is

possible, but it is not a panacea." According to Mr. Buquicchio, the priority is to initially develop mechanisms that would allow the jury system to operate effectively. "This requires a change of mentality, not only procedures", stresses the President of the Venice Commission.

The Venice Commission has long refused to give a direct evaluation of the criminal proceedings against opposition leaders in Ukraine. "We are not monitoring these cases", they said only a month ago. This tone unexpectedly changed in communications with Kyiv at the October session. Despite the disclaimer about Tymoshenko's verdict being outside the Commission's competence, official conclusions following the session contain clear comments regarding Judge Kireev. "Temporary judges – those who need to have at least 5 years of working experience before they can gain permanent status – are not completely independent, since they are monitored prior to receiving an appointment. The judge in Ms. Tymoshenko's case was not actually a fully-fledged judge," state the above-mentioned conclusions.

Once again, all this pertains to the quality of the judiciary. Of course, Ukraine will be able to offer a list of improved laws, approved directives and maybe even other administrative improvements, which it is in dire need of, at the January session of the Council of Europe. But what about the essence of the current Ukrainian government's nature? Its habit of forcing its way through and ignoring the opposition? What about its inability to listen, not only political rivals, but also international partners?

"What will happen if Ukraine ignores the recommendations of the Venice Commission and introduces the mixed election system?" The Ukrainian Week asked Thomas Markert. It only took him a second to answer. "In general, the Council of Europe's recommendations are not mandatory for implementation," he said. "But, both PACE and the EU listen to what we have to say. Good dialogue and cooperation with the Venice Commission will illustrate the quality of Ukraine's international relations."

So when the Party of Regions finally enforces the controversial election law, it is difficult to forecast any scenario, other than a deepening of the international isolation of Kyiv. ■

Quasi-Opposition

Despite faking intense activity, the political opposition in Ukraine has failed to do anything significant to win back public trust

While current opposition leaders Yuriy Lutsenko and Yulia Tymoshenko are awaiting or have already faced a sentence; the government is doing everything possible to lose the remaining bits of support in society; while leading nations are demanding that at the very least, Ukraine guarantees compliance with basic human rights, the political opposition remains incapable of making any effective moves. As a result, many voters fail to support it. The popularity rating of political forces is evidence of this. The support of the party in power virtually correlates to the size of its electorate nucleus – 20%. However, at the same time, the popularity of opposition forces, even if it grows, it does so within the limits of a statistical error.

THE FEAR IS GONE

The patronizing and arrogant tone of the government's comments on the ongoing court processes is permeated with the daring "What can you do to us?" and a possible tough scenario for Ms. Tymoshenko, Mr. Lutsenko and other people under arrest. Unless the West comes up with efficient tools to put pressure on Ukrainian politicians for political persecution, such as banning their travel to the EU, freezing their bank accounts etc., the EU-Ukraine agreements that serve as a bargaining chip for the EU and the US can ultimately turn out to be wasted. The psychological shock of those in power to the unexpectedly tough reaction of the West is passing and it appears that their Russian friends could have said something comforting to Kyiv. In Ukraine, though, neither BYuT-Batkivshchyna, which not only could have, but should have responded to developments through the mass media and protests, nor other members of the Committee for Resistance Against Dictatorship, a political union established in August 2011 with opposition political par-

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ties, were able to find the words, messages and resources to convince people to support them in pursuit of a specific goal.

A RUTHLESS, BUT EMPTY REVOLT

In fact, the two-meter high fences surrounding the Verkhovna Rada, hastily slapped together cases against protest organizers, and deputies quickly taking off their MP badges to hide from the veterans of the Chernobyl disaster and the Afghan war protesting in front of the parliament, are all signs that the 2004 Orange Revolution was not in vain. Those in power are still afraid of people, particularly, of course, when sitting in Kyiv, a city that is "foreign" to them. It's true of course, that this fear does not keep them from deliberately or unconsciously provoking the public to act, with their anti-social decisions, even if they are necessary, that are passed without any explanation to the electorate, as well as the ostentatious impunity of officials and their offspring. Looking at the ever-growing number of those ready to protest, one after another, experts talk of the possibility of a social explosion. Ironically, though, this scenario would play into the hands of the current government. Spontaneous violence is much easier to crush with force than a peaceful Velvet Revolution. Having said this, it was violence that resulted in the defeat of the Ukraine Without Kuchma protest campaign in 2001 and the worsening of the international reputation of Ukraine as a result of the government's measures. Russia was the first one to take advantage of this, demanding significant concessions from Kyiv, which at that time found itself on the brink of international isolation. Obviously, the Kremlin will applaud this scenario again today.

Organized "civilized" pressure on the government should have

been an alternative to the empty revolt. However, it is impossible without a force that would organize it, such as a party, an NGO or a network. Only institutions of this sort are well-coordinated enough to prevent the protests from tumbling to violence. Therefore, they must see their goal clearly; have the sources of support (particularly financial), which would not be afraid of the government's response; picture the potential course of events; maintain constant contact with social activists; and have extensive local representation ... But can any of the current opposition leaders boast of having a structure which could meet most of these criteria?

A SANDBOX NEXT TO THE GAMING TABLE

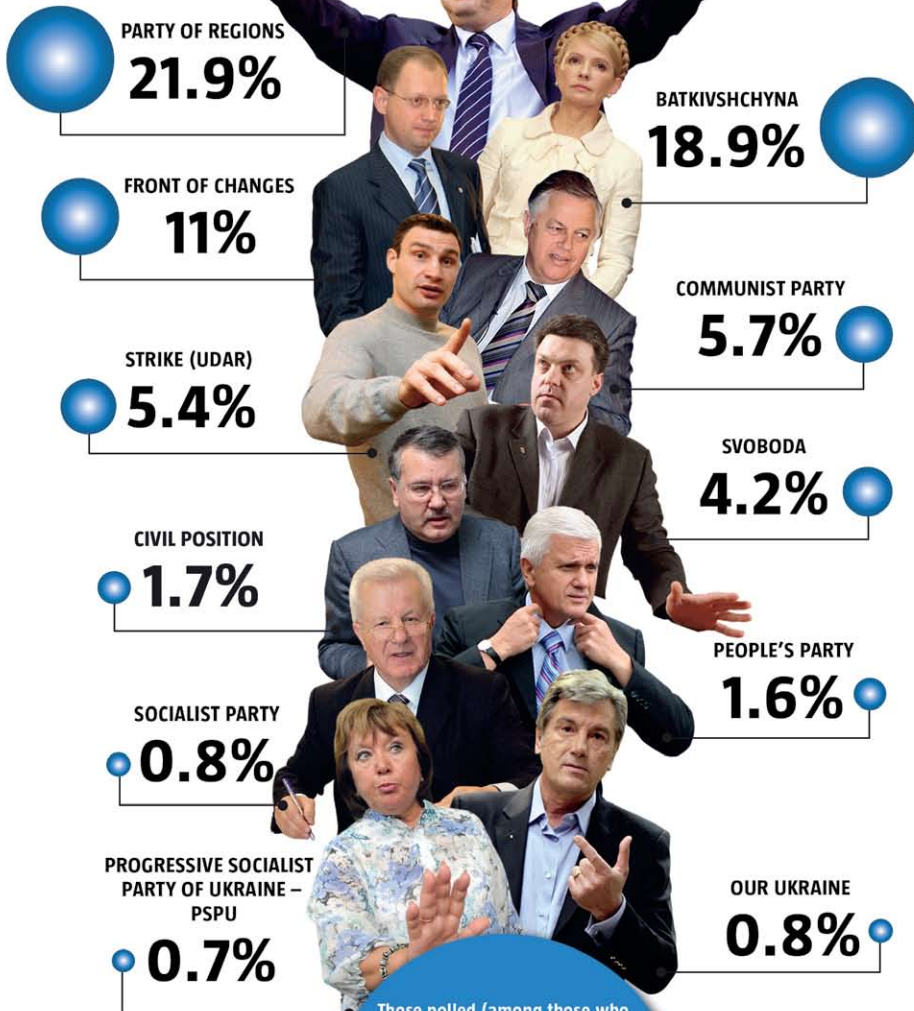
Those at the top of the ratings and the leaders of parties, movements, fronts and positions are all concerned with issues that have little to do with what the public really needs. The unpleasant feeling emerges that they are messing around in a sandbox, while a big game is being played right next to them, with the whole country being at stake. BYuT-Batkivshchyna is facing serious organizational and personnel problems which continue to remain unsolved. It looks as if without Tymoshenko, her Deputy, Oleksandr Turchynov can "merely do his best". Meanwhile, even though no verdict has been declared yet, Arseniy Yatseniuk, for example, is already trying on the mantle of the main opposition leader in interviews for the mass media. Bearing in mind Mr. Yatseniuk's tendency to be nice to everyone and never take any bold moves, as well as his complaisance to the influence of "important people" such as the Russian spin doctors who appeared in his team and ruined his campaign back in 2009, it is difficult to believe in the adherence to principles and firmness of the position of the leader of the Front of Changes.

RED ALERT FOR POTENTIAL CROSSOVERS
The fall of Serhiy Tihipko's popularity

January 2010 –
13.05%
March 2010 –
13.8%
June 2010 –
11.8%
December 2010 –
8.2%
March 2011 –
5.3%
May 2011 –
5.5%
September 2011 –
2.2%

Source:
"Rating" sociological group and the Central Election Committee

PARTY RATINGS



Those polled (among those who would cast their ballots).

The respondents replied to the question "Which party would you vote for if the parliamentary election were to take place in late September 2011?"

The results are based on a survey conducted by the Rating sociological group held on 17-27 September 2011

Those in favor of intelligence and good looks should keep in mind the experience of Mssrs. Tihipko and Lytvyn, current satellites of the government. Both have virtually lost their political power while their popularity has dropped below 3%. Having said this, the latter unsuccessfully tries to convince everyone that he has nothing to worry about in ex-General Puckach's testimony in the Gongadze case, where he is actually mentioned as one of the instigators of the murder.

The parties and projects emerging on the wreckage of Our Ukraine were unable to gain enough courage to make a bold move, i.e. dissolve the party and reunite in a single entity. This is

how the opposition lives, leaving whole electoral niches free and dooming the voters to disenchantment, ignoring elections and voting against all candidates, thus playing into the hands of those in power.

AUDITIONS FOR OPPOSITION LEADERS

Eventually, the seat of efficient opposition remains vacant in Ukraine. To be fair, though, it must be said that society is capable of pushing opposition leaders to both the correct interpretation of the situation as well as to adequate action. If the number of campaigns to protect people's rights continues to grow,

the public will persist in demanding that the government fulfill their requirements. Another important aspect is to ensure legal, media and organizational protection of those who initiate and actively participate in the campaigns, since they are the first ones to face payback from those in power. With the high probability of protests, members of the opposition who will serve the government well in exchange for seats and privileges in the future will run across public resentment. This will make them think twice before becoming "crossovers".

In the coming months, networks concerned with the "self-protection of society", comprised of people who either belong to a certain group, such as people entitled to subsidies, businessmen or students, or live in a certain place and struggle against the violation of a specific right, such as illegal construction, corrupt local authorities and the like, will face the need to unite and coordinate efforts, also act in solidarity to protect each other. This approach has led European countries to having powerful associations, trade unions, human rights and lobbying organizations, which remain influential until the present, and force even large corporations to take their opinion into account.

Ukraine, however, is only just starting out on this course. To traverse it more quickly with the least possible losses, such as waste of efforts, time and nerves, will only be possible for society if one of the political forces is able to win back the trust of proactive citizens. This means giving their voters constant support, not just during protest campaigns, and ensuring continuous cooperation with them, rather than simply clinging to them or using them to increase their own popularity.

To win such trust, Ukrainian opposition politicians will have to move away from many "traditional" models of behavior. They will have to learn to communicate with people not only within the framework of PR campaigns with "loyal" journalists; focus local organizations on effective assistance to the public rather than the distribution of election lists; and talk to people in the language that they understand. Without this, the opposition will remain as provincial and good-for-nothing as the government. ■

The Territory of Influences

The European Council is a place where everybody comes in pursuit of his or her own truth and almost surely finds both proponents and opponents. Is this about the pluralism of discourses or the scattering of actions? Apparently, about everything at the same time

Author:
Alla
Lazareva

Some refer to the Council of Europe as a democracy lab, a platform for international communication, an incarnation of rhetoric and the intersection of diplomatic strategies. Each description is arguable, yet this international organization represents opportunities and imperfections, bureaucratic restrictions and bold precedents.

On the premises of the Palace of Europe, it is possible to get into an argument with Zhirinovskiy on the stairs or become acquainted with a foreign minister in the coffee line. This is the place where unexpected partnerships are born and big ambitions die. Many say that big-time changes are brewing in the Council. But only a few believe that the current reform will resolve the most serious conflicts within the international structure.

THE MYSTERY OF UKRAINE'S GLASS

The attempt to address the political situation in Ukraine at an extraordinary debate during the CoE's October session looks like a Sufi quiz about the half empty or half full glass of water. "Some colleagues resolutely refused to discuss the issue," was the first comment from a Russian MP that automatically flooded the Ukrainian mass media.

Other journalists stressed that voting in favor of holding the debate dominated, winning 82 votes, compared to 69 negative votes. In fact, the issue did not get a quali-

fied majority, i.e. two thirds of the accredited members of national delegations present at the session. Figures demonstrate that attention to Ukraine is far from marginal. This is an important trend, which should not be ignored, say MPs from the European People's Party faction, the largest political group at PACE.

Like every other issue at the CoE, the Ukrainian one was granted several readings. Serhiy Holovaty, Deputy Chairman of the PACE Legal Committee, said Ukraine "had no problem respecting the rule of law and no political prisoners." However, Christos Pourgourides who is the Legal Committee's Chairman, has a totally opposite view. He believes that Ukraine is run by "clans with close ties to criminals" and PACE made a mistake when it refused to discuss political repression in Ukraine. The CoE has it all at the level of each committee, political faction or national delegation, everything except unanimity.

Mr. Pourgourides was among the most fervent proponents of the debate regarding Ukraine. He brought it up for discussion at the Legal Committee three times, on the first day of PACE's autumn session and at the bureau session, but failed to get the necessary majority. "Don't interpret the voting outcome in Strasbourg mathematically," says a PACE staff member. "What matters here, is the diplomacy of influence and the diplomacy of moral authority. Certain ideas, just like streams, only grow

HARD WORK

The persistent yet futile attempts of Kostiantyn Hryshchenko, the Minister of Foreign Affairs, to tell the world that Tymoshenko's case is "perfectly legal"



strong and powerful with time. Then, they become unstoppable."

Hanne Severinsen is a role model in this sense. Some treat her as an indisputable authority, someone with clear political principles and comprehensive moral standards. For others, she is a burr in the saddle. I remember one Ukrainian diplomat chanting happily, "She will no longer be an MP in Denmark and will finally give us some peace!" That was in December 2003, when, apparently, Ms. Severinsen's report as a Rapporteur on Ukraine ran counter to explanations from official Kyiv that the above-mentioned diplomat was forced to promote and disseminate abroad.

Today, Ms. Severinsen is indeed no longer a member of the Danish delegation. Yet, the institute of moral authority is an incredibly powerful leverage at the CoE. It is no wonder, that for decades, the Strasbourg-based Palace of Europe has been



PHOTO: REUTERS

serving as a broad platform for NGOs which successfully present their research and reports.

Ms. Severinsen is no longer a Rapporteur on Ukraine but nothing can keep her from going to Strasbourg and speaking on certain matters. She is now a campaigner at the Danish Helsinki Human Rights Committee. To some, her protection guarantees fair treatment, while others, such as Ivan Popesku, the Head of the Ukrainian Delegation, cannot wait for the PACE Ethics Code that will “ban former rapporteurs from turning into open lobbyists” to be passed. Mr. Popesku’s legal naivety is touching, yet something else is of importance: official Kyiv would have no reason to fuss if Ms. Severinsen’s speeches had not been on the mark.

WHAT REMAINS IN THE END

The Ukrainian issue was barely mentioned at the October session of PACE, but Strasbourg is about

to launch several missions regarding Ukraine in the coming months. PACE Rapporteurs Mailis Reps and Marietta de Pourbaix-Lundin will visit Ukraine to finalize their scheduled report on the Functioning of Financial Institutions in Ukraine. The report itself is to be completed by 10 December, with

STRASBOURG IS ABOUT TO LAUNCH SEVERAL MISSIONS REGARDING UKRAINE IN THE COMING MONTHS

the draft being published before 25 December.

Thomas Hammarberg, CoE Commissioner for Human Rights will visit Ukraine in November. Among other things, he will look at the living conditions of Ukrainian prisoners. This refers both to one-time top officials and reg-

ular people who are also sometimes treated unfairly by the Ukrainian justice. However, if Yuriy Lutsenko and Valeriy Ivashchenko, ex-Deputy Minister of Defense, are still under arrest when Mr. Hammarberg is in Ukraine, he is likely to try to visit them and Yulia Tymoshenko.

By the end of the year, Ukraine will welcome another important visitor. Marieluise Beck serves as CoE’s Rapporteur for the protection of fundamental human rights and freedoms. In October, the CoE decided that Ukraine would be one of the countries Ms. Beck would pay special attention to. Her report is in the process of being prepared, for a discussion next year.

Ultimately, no matter how hard the Party of Regions and its allies try to distract other PACE members from the problems in the country, the planned report called The Functioning of Democratic Institutions in Ukraine is already on the agenda for PACE’s January session. Official Kyiv is bluffing and trying to convince Ukrainian voters, through its Minister of Foreign Affairs, that supposedly Tymoshenko’s sentence and other political processes have absolutely no effect on prospects for the signing of the Association Agreement with the EU or on Ukraine’s reputation at the CoE.

This is not so. A top French diplomat, who prefers to stay anonymous, told *The Ukraine Week* of an internal ministerial document calling on all EU members to raise the question of respect for the rule of law in Ukraine more strictly. “Since there is no active mobilization in the country, the time has come to act,” he says. “France will bring up the matter of political persecution at the Committee of Ministers of the Council of Europe, currently presided over by Ukraine. We believe that further cooperation between Ukraine and the EU must directly depend on Kyiv’s ability to ensure the right of Ukrainians to pluralism.”

Time will show how efficient the efforts of various political camps, particularly those represented at the CoE will prove. However, there is no doubt that Ukraine will be unable to avoid the vigilant attention of foreign politicians as a result of the verdict against Tymoshenko. The only thing is that their reaction will now be much tougher. ■



The Third Road to Serfdom

Russian political activist, analyst and Professor at the Washington-based Hudson University Andrey Piontkovsky talks about the verdict against Ms. Tymoshenko and dictatorship in Russia

Interviewer:
Oleksandr
Narodetsky,
Washington
Olena Chekan

To Putin's regime Andrey Piontkovsky is known as the "apocalypse prophet." He was the first to define the "fight against oligarchy" in Russia as a mere replacement of the Yeltsin-era oligarchs with those loyal to the new regime of politicians with backgrounds in the secret services. Recently, Mr. Piontkovsky presented *The Third Road to Serfdom*, his new book on Rus-

sia. The title clearly refers to *The Road to Serfdom* by Friedrich von Hayek who described the first two ways, fascism and communism.

UW: How should the West react to the sentence and the new criminal case against Ms. Tymoshenko?

The West should grasp the full sense of this Kremlin-plotted intrigue. It is critical for Moscow to

prevent the signing of the Association Agreement between the EU and Ukraine which is planned for the end of this year. Mr. Putin has declared the so-called Eurasian Union as the priority of his future presidency. This union is impossible without drawing Ukraine back into the Russian orbit. According to some well-informed sources, Mssrs. Putin and Medvedev clearly told Mr. Yanukovych



GOTO: WWW.SVOBODANEWS.RU

opposite means giving Ukraine up to the Kremlin. The other is for the EU and the US, along with human right campaigners, to press Ukraine's government and demand that it releases Ms. Tymoshenko via all possible channels.

UW: What did Mr. Putin mean when he said the verdict against Ms. Tymoshenko was an anti-Russian move by the Ukrainian government?

This verdict cast a shadow over Mr. Putin's policy since the Ukrainian government wants to revise the terms of the contract he made with Ms. Tymoshenko while she was Prime Minister. You have to remember he is not only Russia's Premier, but a trader, too. Gazprom's Mr. Miller is just a pawn. Through Gazprom, Mr. Putin is an emissary of the company that trades most of Russia's oil. The verdict against Ms. Tymoshenko undermines Mr. Putin's personal and business interests as Ukraine will go to Stockholm arbitration court to have the contract revised. Russia's Premier wants two things: to keep the existing gas sale scheme, which is his personal ambition, and to prevent the EU from signing the Association Agreement with Ukraine, which is his political goal. The EU must understand this extremely complex situation and not refuse to sign the Association Agreement with Ukraine in any case.

UW: You say "forcing Ukraine into friendship" is Russia's neo-imperialistic complex and claim it cannot be fulfilled. Why is that?

The tragedy of the Kremlin's policy is that they don't understand that nobody needs them with their neo-imperialistic ambitions. Its attempt to drag Aliaksandr Lukashenka into Russia, which has been going on for 15 years, is a perfect illustration of that. Russia's policy in the FSU is anachronistic. Its post-imperialistic complexes are on the one hand, and the egoistic interests of energy companies, which in reality are run by the country's leaders, are on the other. Yet, it cannot implement its imperialistic ambitions as the national idea already sits deeply in the minds of

on 24 September: you want to put Tymoshenko in jail, do it, but don't use any charges based on the Putin-Tymoshenko talks; we can offer you two other options. This was how Ms. Tymoshenko ended up facing new charges brought forth by the letter from Russia's Defense Ministry sent to Kyiv. Moscow wants the Tymoshenko case to continue as this will keep her in jail and while she is there Europe will not sign the Association Agreement with Ukraine. I think the EU should act wisely and sign the Agreement without requiring the release of Ms. Tymoshenko. Yet, it should use all possible political levers to pressure the Ukrainian government to have her released. One option here is to sign the Association Agreement because doing the

both the elite and peoples of post-soviet countries, while the urge to milk as much cash as possible out of them for fuels only pushes them away from Russia itself.

The Nord Stream opening highlighted to me how totally insane Russia's policy is. At that point, Mr. Putin reported to Mr. Schroeder in his broken German that Ukraine was in an extremely difficult situation. This looked like an episode from 1942 when the volksdeutsche reported to their German master that the strategic task of crushing Ukraine had been accomplished. Gaz-

MOSCOW WANTS THE TYMOSHENKO CASE TO CONTINUE AS THIS WILL KEEP HER IN JAIL

prom's Aleksei Miller once said, "Germany pays less because it's closer to Russia than Ukraine, we have economic ties to Germany." Thus, Russia openly admitted that Germany was closer to it than Ukraine; still it wants some normal relations with Ukraine and sends its Patriarch Kiril to spread ▶

BIO

Andrey Piontkovsky

Born in 1940 to a Moscow-based family of lawyers. His grandfather was a criminalist lawyer and his father was an Associate Member of the USSR Academy of Sciences and member of the USSR Supreme Court

In 1962, Mr. Piontkovsky gets a degree in Mechanics and Mathematics at the Lomonosov Moscow State University and a PhD in Physics and Mathematics

In the 1970s, he works as a senior research assistant at the Institute of Systemic Analysis, Russian Academy of Sciences
In 1998, Mr. Piontkovsky starts his career as a political journalist.

In 2004, he joins Yabloko, the United Russian Democratic Party, and becomes a member of its Bureau

In 2008, he enters the Initiative Group to nominate Vladimir Bukovsky as a candidate for the presidency in Russia

In 2007-2008, the Russian court looks at his book *The Unloved Country* upon charges of extremism, yet all of them are later lifted

In 2010, Mr. Piontkovsky is the third signatory in the Russian opposition's letter called *Putin Must Go!*

In 2010, he joins the Solidarity movement political board. Mr. Piontkovsky is a member of the Academy of Information Processes and Technologies; Member of the Russian Federation National Assembly; Member of the American Mathematical Society; Member of the International PEN Club; Winner of the Golden Gong 2001 award for international journalism. He has written over 100 scientific articles and several monographs on management theory, global modeling, nuclear strategy and computer models of the world designed by the Club of Rome. His works are published on the Grani.ru portal

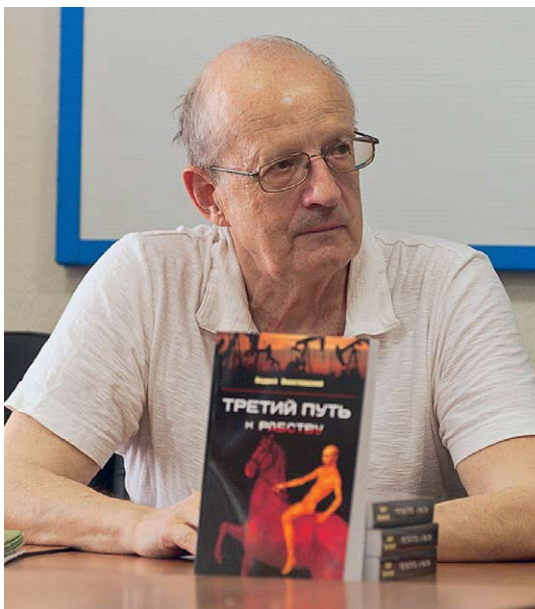
myths about the Russian World, spiritual proximity and unification of the two nations. This policy is absolutely insane; eventually, it might repulse both Ukraine and Belarus no matter what direction their leaders look in.

UW: In January 2000, when Mr. Yeltsin made Mr. Putin his successor, you wrote an article *Putinism As the Top and Final Stage of Bandit Capitalism in Russia*. It projected a future crushing of democratic freedoms and human rights, media brainwashing, isolation from the outside world and further economic degradation. Had there been any other option for Russia back then? How do you see the evolvement of Putin's model of power in the Russian Federation?

Totalitarian regimes evolve under a general rule. They are very similar: each starts with a myth that brings the regime forth once it takes over a sufficient number of people. The October Revolution and the faith in Communism gave birth to the Communist regime, for instance. After some time, the myth exhausts itself and fades away. That's when even the elite, its oracles, no longer believe in it. That was what happened in the USSR when the communist religion died even within the Communist Party's Central Committee, let alone the hearts and minds of the people. Then the party leaders conceded to the so-called perestroika, the reconstruction, while in fact they just converted their power into private ownership.

Putinism is a caricature of a great historical style. Over the past 10 years, the Russian Federation has replicated the entire cycle of the soviet regime as a caricature. Only Putinism rolled through all stages of the totalitarian regime evolution over 10 years, not 70. The myth it rose from was the Second Chechen War and its biggest success was the pathetic "victory" over Georgia, not the triumph in the Second World War, as in the Soviet Union.

Currently, the regime is fading in front of our eyes: Putinism is dying even in the hearts of the so-called elite. Based on the historical pattern, the Russian elite



is now supposed to destroy this regime in a similar way to how the communist regime in the USSR was destroyed by the top party administration, not rebelling workers and farmers.

So, why is the Russian leadership doing nothing about it? It has three advantages over traditional elites within the final stages of an authoritarian regime. First of all, they are incredibly wealthy. Never in imperialistic or communist Russia's history has the establishment been as rich as the nouveau riche now, even on a world scale. They have a lot to lose. Soviet bonzes were not afraid to step up against Khrushchev once he became inconvenient for them. The current rich cannot risk their giant capital because they will lose their illegally gained wealth if a rebellion against Mr. Putin and his regime fails. But the same will also happen if they succeed as new democratic information channels, mass media and the Internet will spread the stories of how they became oligarchs in the first place. Secondly, they fool themselves with new hollow assumptions: Mr. Medvedev will come and start liberalization, and so on. Their third advantage is a back-up airfield where they can board their private jets and take off for London, or the Canary Islands or anywhere else their property, wealth, children, wives and lovers have been sitting for a long time. This Russian kleptomaniac crowd,

THE POPULAR TRIAL
This is the title of Mr. Piontkovsky's upcoming book on how the Internet-community evaluates Putin's regime

which has only the "Omerta of crime" in common, is afraid of Mr. Putin as much as it fears facing society without him. This double fear paralyzes them making their defeat virtually inevitable. Thus, sadly, we skip this assuagingly natural stage of the rebelling elites. This process might last long enough and ultimately lead Russia to territorial collapse.

UW: Will anything change in the relations between Russian and Ukraine when Mr. Putin is back in the Kremlin?

Nothing will change. 24 September made it clear that there had been no Medvedev with his illusionary liberalism. My prediction is that he will never be a premier again. This person has been dropped so low publicly and Mr. Putin keeps digging him in deeper and deeper. After this, he cannot be put at the top of government. Ministries will not take him seriously. Watch the episodes where Mr. Putin talks to him as a school boy, smirking right in his face, demonstrating to him that he, Mr. Putin, was, is and always will be.

UW: Are any events possible before the election in Russia that can tilt Mr. Putin's power?

Not one in the world, because the world will not react to Russia's domestic affairs. For Europe, Russia is primarily the source of energy supplies. Why make life with it difficult by ask-



RUSSIAN KLEPTOMANIAC CROWD IS AFRAID OF MR. PUTIN AS MUCH AS IT FEARS FACING SOCIETY WITHOUT HIM

ing Mr. Putin uncomfortable questions about democracy?

Yet, what happened in Russia on 24 September filled many with disgust. Just surf the web and you'll see it. Especially, the Russian youth - the graduates of top Russian universities who are in great demand in the West. I think the position of Russia's young people will be a decisive hit in the future that will facilitate the collapse of the current regime. Sadly, though, it can hardly change anything in the upcoming illegal election in Russia. ■



Tango-Stepping on a Rake

Why NBU's
regulation fails
to curb monetary
hunger

Author:
Serhiy Yarenko
ex-Deputy Governor of the
National Bank of Ukraine

The National Bank's attempts to restrict demand for hard currencies on the currency market by administrative means have caused quite a buzz. In fact, the central bank has virtually not changed its currency rate or monetary policy since its inception, when Ukraine gained independence. The IMF and the World Bank have always imposed a formula of success on governments with transition economies, the purpose of which was to curb inflation and currency fluctuations using monetary methods. The practical reality of the formula is strict control of the amount of cash, but in essence – monetary hunger. Ukraine has already been taking measures to curb inflation and stabilize the hryvnia rate for

more than 20 years, while setting the strategy and tactics for economic development as a secondary priority. The only exception was the period from 1999 to 2004, but it only confirmed the rule. At the same time, the fact that the formula does not work for transition economies was proved a long time ago. Moreover, the measures it entails only aggravate an already complex situation. Assuming that a transition economy will develop under monetary hunger conditions is simply nonsense. At the same time, a stagnant economy does not generate the cash flow needed to fuel its further development. So, here we are, trapped in a vicious circle.

It appears that the NBU leadership sees all these difficulties, understands the reasons for Ukraine's weak economy, and even regularly sends letters to the Government, making note of threats and offering solutions.

Meanwhile, the IMF, which is the key financial donor that has made Ukraine addicted to loans, is concerned with the growing inflation in the country. The Cabinet of Ministers is supposedly refusing loans, yet in fact, current economic policy barely differs from that implemented earlier. It uses the NBU to tighten the belt administratively, issues government bonds on an ongoing basis, designs some new instruments, such as currency rate-pegged government bonds, and collects detailed information on all bank clients... All this only strengthens monetary hunger.

Meanwhile, the key question for Ukraine remains unanswered. How will national manufacturers develop in a situation like this? Even if they have access to financial resources, the latter are extremely costly, borrowed under an annual rate of at least 15-25%. Bank loan portfolios tend to become thin or barely change during crisis years, while manufacturers end up with no free cash – in other words, they stop developing and bring in no income... At the same time, developed economies have other strategies. They cut their discount rates to a minimum, leaving only a symbolic 3-5% interest rate for loans, while companies get subsidies from state funds. Is it possible for Ukrainian manufacturers to strengthen their already weak positions under these circumstances at least in Ukraine, not to mention foreign markets? Without doubt – no... Under such circumstances, Ukraine's balance of payments inevitably remains negative – it cannot be otherwise, while currency risks grow. As a result, those in power are killing Ukraine's economy and creating all prerequisites for further devaluation while outlining good intentions for curbing inflation and keeping the hryvnia stable. In fact, though, it is real manufacturing that provides resources and improves the balance of foreign trade, and accordingly, stabilizes the hryvnia rate.

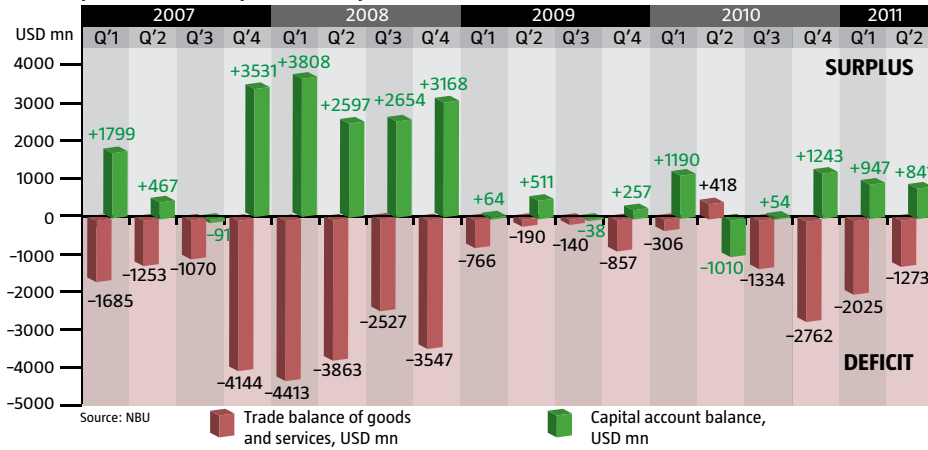
In 2007, the IMF and the World Bank diagnosed Ukraine with an overheated economy and forced a tough monetary policy on the government. But this was wrong. More than that, it was a killer! Ukraine had an overheated

Cumulative
current account
deficit has grown
10.8 times to
**USD
5.5bn**
over
January-September
2011

MACROSCOPE

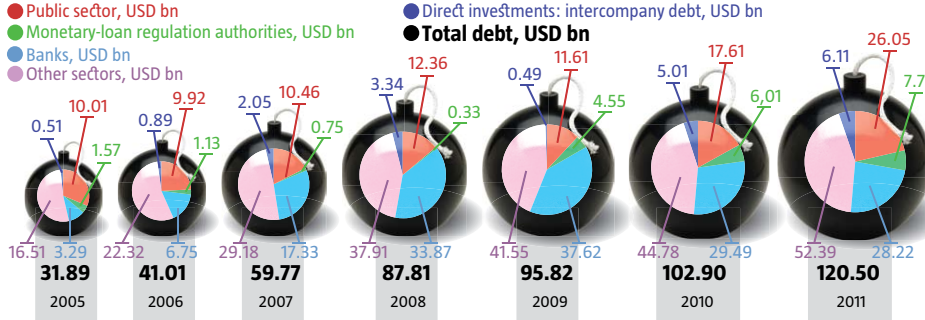
NO BARGAINING!

To stabilize the hryvnia rate, the government covers cash outflow resulting from the excess of imports over exports with the surplus in the capital account



DEBT TIME BOMB

Ukraine's growing foreign debt sends currency risks skyrocketing



demand, which was not the case with the economy, something that is completely different. The treatment should have been different, too. Now, Ukraine faces an inflation of expenses that has nothing to do with the amount of cash in circulation. Firstly, the USA has been printing ever more money since 2008, which is directed towards virtual markets, primarily stock and financial markets. This, in turn, sends oil, gas and food prices soaring on global markets and hurts manufacturers, particularly Ukrainian ones. Secondly, the growing cost of loans in Ukraine is the consequence of a decision for overcoming the banking system crisis in 2008 by means of the erroneous suspension of lending and the collection of debts to show good results to shareholders. Yet, both factors are in no way related to the excess of money! On the contrary, they signal a shortage of cash in Ukraine. Therefore, continuing to treating the illness with monetary hunger is absurd. Domestic enterprises get weaker by the day, accompanied by a growing demand for imported goods and a deteriorating trade balance.

Ukrainian economic policy looks inconsistent, to say the least. On the one hand, the NBU

CURRENCY INDICATORS

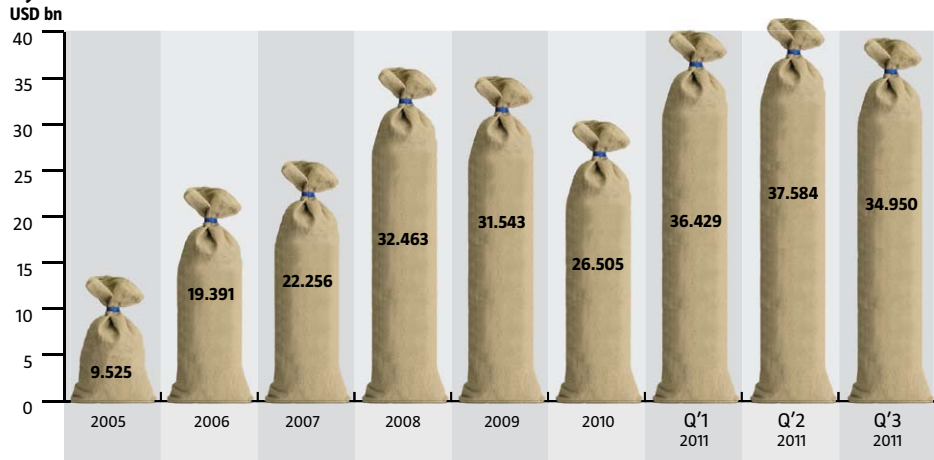
The Ukrainian Week's experts estimate key currency risks

	NBU, MINISTRY OF FINANCE	OLEKSANDR OKHRIMENKO President of the Ukrainian Analytical Center	OLEKSANDR PECHERYTSYN Head of the Financial Markets Analysis Department at ING Bank
2011 currency rate projections UAH/USD	7.95	Average annual - 7.985 Year-end - 8.05	Average annual - 7.98 Year-end - 8.1
According to the NBU, Ukraine has to pay more than USD 50bn of external debt by 1 July 2012, including the public and corporate sectors. Will debtors be able to postpone their liabilities?	Yes	Probably yes as the major portion of corporate debt is in commodity loans	Yes
Will Ukraine get an IMF loan in 2011?	Yes	No, for political reasons	Yes
Can Ukraine support the hryvnia rate without IMF's help? For how long?	Yes. Valeriy Lytvynsky, the Head of NBU Advisory Group, thinks Ukraine has "promising macroeconomic grounds"	Yes, if the NBU further increases control on the currency market	Yes, for the coming 6-9 months
Is the administrative intervention of the NBU on the retail currency market justified?	Yes	Yes, the NBU has no other alternatives	Currently yes
What will the trade balance be, based on 2011 results?	-USD 3.398bn (government's projections)	-USD 10bn	-USD 13bn
How will NBU's gold and currency reserves change by the year end?	Grow	Shrink by USD 3-4bn	Shrink

liberalizes the currency market, allowing banks to buy and sell currencies within the limits of the foreign currency position, introduces currency swaps and so on. Then, it accuses financial institutions of fraud, launches a battle to stabilize the hryvnia exchange rate via administrative means, particularly the tough control of currency exchange transactions and causes private individuals to panic. Before declaring war against the shadow market, it would make sense for the NBU to find out, first and foremost, why it has emerged and developed to an unacceptable extent. Most individuals have nothing to do with this! Moreover, the shadow market has always provided the cash that the legitimate one lacked. The government's attacks on the grey zone will only make the country more cash-hungry. Meanwhile, the restriction of cash resources by the NBU is the source of serious problems. The 2008 devaluation did not bring the expected results and domestic manufacturers became less competitive, yet nobody learned anything from this bitter experience. The policy that the NBU is currently implementing is simply a repeat of its old mistakes. The 2008 scenario is as follows. ■■

MACROSCOPE

CURRENCY RESERVES
Dynamics of NBU's international reserves



Source: NBU data as of 1 January of the reporting period (other than 2011)

Generally accepted practice is to count the volume of Ukraine's international reserves as an indicator of hryvnia stability. To support it, the regulator conducts currency interventions on the interbank market or buys excess currency. To estimate the hryvnia stability level, reserves are compared to the amount of critical imports, i.e. the import of strategic goods. In this context, things look okay. However, a better strategy is to take into account the extent to which Ukraine's currency reserves cover its external debt, which is a non-typical indicator of hryvnia stability, given the tightly intertwined political and business interests in the country. At the beginning of 2011, its short-term external debt that was supposed to be repaid or restructured by 1 July, amounted to USD 42.1bn. This amount includes the corporate sector but does not take interest into account. On 1 January 2011, Ukraine's currency reserves reached USD 34.6bn which meant it could only cover 82% (!) of its own current liabilities and those of its residents. The debt was somehow restructured back then. But the need to repay external foreign currency loans; the unstable demand for Ukrainian export, as experts expect that the sale of Ukrainian steel abroad will plummet in the second half of 2011; the weak financial discipline of exporters, since many of them do not return foreign currency earnings to Ukraine under unstable conditions, based on the 2004-2005 and 2008-2009 experience; the declining amount of cash transfers from Ukrainian migrant workers abroad; the growing price of Russian gas and other factors do not inspire optimistic mid-term currency rate projections.

DMYTRO SOLOHUB Head of the Analysis and Research Department at Raiffeisen Bank Aval	OLEKSIY BLINOV Head of the Analytical Department at Alfa Bank	ANATOLIY TYMOFEEV Advisor to the CEO at Unex Bank	SVITLANA REKRUK Analyst at Concorde Capital investment company
Average annual -8.0 Year-end -8.0	Average annual -7.97 Year-end -8.0	Average annual -8.0 Year-end -8.05	Average annual -8 Year-end -8.1
Yes	Yes	Yes	Trade loans will be repaid in part; the rest will be repaid in full or restructured
Yes	No	Yes	Yes
Extremely difficult	Yes	Yes, until the end of the year	Currently yes, but it will be more challenging in 2012 when the Finance Ministry and the NBU start to pay back debt (USD 3.5bn)
No	Yes	Yes	No
-USD 7.8bn	-USD 8.5bn	-USD 7bn	-\$12bn
Shrink by USD 2-3bn (not taking IMF proceeds into account)	Shrink by USD 2bn	Shrink by USD 1bn	This will depend on cooperation with the IMF

Watchdogs of the Regime

The Ukrainian police force outnumbers the military. Armed to the teeth, it can only fight against citizens but not protect them from criminals

Author:
Andriy Duda

The title of this article comes from a cover story about the black Tuesday of 18 July 1995 in one of Ukrainian newspapers. On that day, Berkut, a special-purpose police unit, violently beat up priests and lay people at the funeral of Volodymyr Romaniuk, the Patriarch of Ukraine-Rus. In those distant days, when racketeering thrived and young children knew criminal slang – *krysha* for the protectorate offered or rather enforced by a criminal group and *bratva* for a gang – Berkut was fighting against the common people it was supposed to protect.

History has a tendency to repeat itself. Today, the police, including members of the above-mentioned special-purpose police unit are once again efficiently fighting against opposition protest meetings, very “professionally” bringing a peaceful rally on Independence Day to a halt, heroically confiscating T-shirts with prints that insult the president, but fail to stop a car with several bandits...

JUST ANOTHER ARMY

At a parliamentary hearing, Minister Mohyliov stated that “182,000 police officers are conducting the tasks of the militia.” Thus, he concludes, 393 policemen per 100,000 citizens make the “number of police virtually equal to that in developed democracies.”

Reality differs somewhat. The Law “On the General Structure and Number of Staff of the Ministry of Interior Affairs of Ukraine” gives more specific figures: the total number of staff at the Ministry of the Interior, less the internal army, is 324,400. This includes the infa-

mous Berkut, which is structurally composed of two regiments, six separate battalions, 19 companies made up of a total of more than 3,250 people. Each oblast has Sokil, a special-purpose unit established under the Interior Ministry’s Department for Fighting Organized Crime that includes 10 to 50 people, depending on the oblast. There are also many other units. In addition, the 33,300-strong internal military forces are subordinate to the Interior Ministry. Therefore, the estimated number of the police is more like 357,000, than 182,000. If this is the case, comparing Ukraine to developed democracies makes no sense.

However, the Minister is right about one thing: of these 357,000 only 50% perform functions that are typical for the police. The Interior Ministry’s headquarters alone employs as many as 2,653 people, and this is after administrative reform. Such overstaffing of administration offices is not only inherent in Kyiv, but also in other regions. Meanwhile, the average district police inspector is responsible for 3,000 city residents and 2,200 rural ones. One can only imagine the efficiency of their work, bearing in mind the chronic underfunding of the expenses of policemen “in the field”.

Surprisingly, though, the Interior Ministry has pretty good funding. The government designated UAH 11,1bn for it from the general budget alone in 2011. This makes the Interior Ministry almost as expensive as the Ministry of Defense which costs the state UAH 11.4bn. The Draft State Budget for 2012 provides for an in-



crease in funding for the Interior Ministry in the amount of UAH 570mn.

AT WAR AGAINST THE NATION

When the special operation to eliminate criminals in Odesa failed, Anatoliy Mohyliov, the Minister of the Interior, blamed this on lack of funding. According to Mr. Mohyliov, the police needs UAH 26bn annually to operate properly. The Minister also blamed his predecessor, Yuriy Lutsenko: “Special operations training has been eliminated throughout these years,” Mr. Mohyliov claimed. “As a result, our police units were completely unprepared to fight against terrorism.”

Which are “these years” at issue? “Throughout these years,” i.e. from January 2005 until January 2010, the Ukrainian Ministry of the Interior was not headed by Yuriy Lutsenko alone. On 1 December 2006, Vasyl Tsushko was appointed as the Interior Minister, staying in office until 18 December 2007. Until recently, Mr. Tsushko was Anatoliy Mohyliov’s colleague in Mykola Azarov’s Cabinet of Min-

PROTECTION RATE

Police officers per 100,000 citizens

Germany

321

Poland

322

Hungary

399

Israel

420

Russia

1117

Ukraine

393

(according to Minister Mohyliov and

770

(taking all units into account)

Sources: Ministry of the Interior and *The Ukrainian Week’s* calculations, based on Ukrainian laws



PHOTO: OLEKSANDER CHEKEMENOV

isters. Now, he chairs the Antimonopoly Committee. During February-March 2010, Mykhailo Kliuyev was the Interior Minister. Since March 2010, Anatoliy Mohyliov has been running the Ministry, currently in office for more than 18 months. After all, Mr. Lutsenko worked under Viktor Yanukovych's administration in August-December 2006. So, why have neither Mr. Tsushko, nor Mr. Mohyliov resumed special operations training?

Perhaps, the fault does not lie with Lutsenko or the Orange government, but in the fact that Messrs. Tsushko and Mohyliov saw and continue to see their priority task as turning the police back into the regime's watchdogs rather than efficiently fighting against criminals? Party of Region's Vasyl Tsushko, a former minister, is also notorious not only for the special operation of storming the Prosecutor General's Office, but also for his demand for an arsenal of weapons to be transferred to the balance sheets of his authority back in 2007, before the President dissolved parliament.

The arsenal included 5,000 SKS or Simonov self-loading carbines, 5,000 TT pistols and more than 20mn cartridges. In April 2007, the Ministry of the Interior asked for a further 70 Dragunov sniper rifles and 150 AVL sniper army rifles. Was the police going to fight criminals with Dragunov rifles and Stechkin pistols, all intended for use in military action? Mr. Mohyliov, yet another PR Minister of the Interior, failed to answer MP Hennadiy Moskal's request to clarify why his Ministry had purchased GP-25 grenade launchers designated for use against manpower and as a rule, used in hot spots. The Interior Ministry is also buying a lot of Fort-224 assault rifles with silencers, Fort-301 sniper rifles, Fort-401 light machine guns and so on. Whom is Minister Mohyliov going to fight with all these firearms?

FOLLOWING GEORGIA'S SUIT

In fact, the main problems with the Ukrainian police force include inefficient training, corruption, police officers performing functions that are not part of their duties, and ulti-

mately, the total lack of transparency and non-accountability for the operations of enforcement authorities before society as a whole.

Ukraine is not the only country that entered the 21st century dragging an inefficient soviet-style militia behind it. However, Ukraine is one of the countries that has so far failed to reform its law enforcement sector. Such reform in Georgia showed how it is possible to overcome corruption quickly and efficiently. The essence of improving the Interior Ministry of this country lay in the total replacement of personnel and increased motivation for new employees. The new professionals, made up of regular residents from rural areas, were trained over a period of several months. The only category safe from the mass layoffs included criminal investigation officers and other specialized services. However, they were subjected to a much stricter control. Nearly 80,000 employees were laid off from Interior Ministry agencies over the two years of the reform. 88% of police officers were replaced. Currently, Georgia, with population of 4 million people has only 26,000 police officers. They work efficiently. The police have already eliminated the category of thieves in the law. Whole spheres of traditional criminal business have been eliminated. The carjacking rate has dropped to zero in both Tbilisi and rural areas. The crime-solving rate is nearly 33% which is comparable to that in Europe. Georgians themselves

OF 357,000, ONLY 50% OF THE POLICE PERFORM TYPICAL FUNCTIONS

claim that their road inspectors never take bribes. Each Georgian police officer's integrity is tested every day – the country has special units that provoke officers to take bribes. Yielding to temptation has costly consequences, ranging from dismissal which means losing their salary, social package and pension, which is quite significant for Georgia where unemployment is high - a district police officer earns USD 400-500 and heads of departments or detectives are paid up to USD 2,000, to 10 years in jail. ■

¹ On 30 September, two police officers were killed and four more injured while arresting Russian killer Aslan Dykayev and his two companions. On 1 October, the police raided a private hotel in Odesa. After a violent shoot-out, the police killed two criminals. The third killer fled and is now on the wanted list.

Dark M



The organ black market continues to thrive in Ukraine

Author:
Andriy Tkach

Another organ transplant scandal has shaken the country – the police are accusing doctors of stealing eyes from dead bodies. Doctors are surprised: they had no idea that they were doing something illegal. While doctors walk a fine line between aid and crime and the police run after criminals in white robes, thousands of patients don't get the aid they need. Their options are disability or death.

STOLEN EYES

The Prosecutor General has reported on the deactivation of a group of black transplantologists in Kyiv Oblast. A criminal case has been initiated against two heads of department at the Kyiv Oblast Bureau for Forensic Tests and the head of a pathoanatomical department at one of the district hospitals in Kyiv. They are accused of breaking the procedure for organ transplants. “The pre-trial in-

vestigation has found that these people illegally removed eyeballs from 26 bodies in 2010 when conducting autopsies” stated the press-service of the Kyiv Oblast Prosecutor’s Office. “The respondents transferred the organs to an ophthalmology hospital in Kyiv for subsequent transplant.”

Prosecutors claim that the respondents have admitted their guilt in the crimes provided for in Art. 143.1 of the Criminal Code, “Violations of the Legal Procedure for Transplanting Human Organs or Tissues.” They face up to three years in jail.

A knowledgeable source of The Ukrainian Week involved in medicine confirms that the whole thing started with an appeal to the police from the family of a dead man in Kyiv Oblast. They claimed that their late relative was missing an eye. However, the Ministry of the Interior insists that its staff have found black transplantologists on

their own, without any appeals involved. Later, the investigation unit of Kyiv Oblast joined efforts with the Department for the Prevention of Human Trafficking to begin inspections of local mortuaries and found 13 cases of organ harvesting in the Kyiv-Sviatoshyn District and Brovary where doctors removed eyeballs from dead bodies without the consent of the families. After a series of exhumations, this number increased to 26.

Doctors who prefer to stay anonymous say rumors circulated among ophthalmologists in Kyiv at the beginning of this year that the police had demanded a bribe of either UAH 100,000 or USD 100,000 from Iryna Shuliezhko, Head of the Department for Cornea Treatment at Kyiv Center for Eye Microsurgery to avoid criminal liability. The department had conducted the implantation of selected organs. In February 2011, the author of this article sent two official requests to the Ministry of the Interior concerning this matter, but in both instances, received the same response: “A case has been initiated. The details of the investigation are confidential”. Sources assume that this secrecy results from the fact that one of the “dirty” policemen planned to make money at the doctors’ expense and initiated the case when they refused to play ball.

BLIND JUSTICE

In fact, Doctor Iryna Shuliezhko refutes any rumors that the police demanding bribes from her. “Nobody asked me for any money,” she says. “I have no idea where this has come from. Back in winter, when the case against pathologists in Kyiv Oblast was initiated, we had the police in our section inspecting our patients’ records. At that time, they talked to all the employees. I’m currently involved in court proceedings as a witness.

Matter

But I could become a respondent after the court considers the case. I was just doing my best to save people and I continue to do so.”

Ms. Shuliezhko does not deny that she has been involved in surgeries in which organs were illegally transplanted into patients. “To be honest, I had no idea there had been a law since 1999 that banned taking biological material from dead bodies without their family’s permission,” she claims. “The guys from mortuaries didn’t ask for permission, either. That’s why they are in court now. Our doctors would always go to such places and negotiate to choose anatomical material. I have myself found pathologists in Boyarka and Brovary, both of which are in Kyiv Oblast, to supply transplant materials for our section. They never requested any money for themselves. If they called me to say that they had the material at 8 a.m. we did the surgery and saved a patient’s sight at 3 p.m.”

Ms. Shuliezhko states that nobody kept these surgeries secret. The patients who needed transplants transferred funds to an insurance company based at the center and got their surgery. The cost varied depending on the instruments and materials involved, starting from UAH 3,000 (USD 375).

The Center stopped cornea transplants a few months ago as mortuary employees are scared, while the families of the deceased do not give consent for organ harvesting. As a result, many patients could lose their sight altogether, due to a shortage of material and funds for treatment abroad.

Meanwhile, the police claim that only part of a much bigger case on the thieves of eyes from the deceased has been submitted to the court. “The court currently has materials on only a few participants,” says Yuriy Kucher, Chief of the Police Department

ANNUAL NEED FOR ORGAN TRANSPLANTS IN UKRAINE

Kidneys
4,000
Livers
2,000-2,500
Hearts
2,000

Annual number of transplants
Kidneys, nearly
80
Livers
30-40
Hearts, less than
10

Developed countries perform
40,000-50,000 transplants annually

against Cybercrime and Human Trafficking. “An investigation is on-going on other doctors. The total number of deceased, from whom eyes were harvested is huge. Those who claim that the police demanded bribes should apply to the Prosecutor’s Office. I think it’s insane to demand bribes when a case has already been initiated.”

ORGAN DEFICIT

According to leading transplantologists, the Law On the Transplant of Human Organs and Other Human Anatomic Materials, passed 12 years ago, is obsolete and needs revision. Based on the law, organs in Ukraine can only be transplanted from a close family member or a dead body provided that the deceased’s family has given consent. Since most Ukrainian families are quite small, the chances of getting an organ donated from a close family member are few, if any. Sometimes, family members have different blood groups or are sick and thus cannot be donors. Such circumstances push people in need of surgery and walking a fine line between life and death to employ various semi-criminal schemes. They range from searching for donors online to faking

certificates about family relations and arranging fake marriages between donors and recipients.

“The problem is not so much about bad laws as it is about the mindset of Ukrainians,” says Professor Ruslan Saliutin, Director of the Coordination Center for Organ, Tissue and Cell Transplants at the Health Ministry of Ukraine. “64% of countries worldwide have similar legislation yet they have no problems with transplants. Other countries have proactive NGOs educating people that donating organs is a necessary thing and nothing criminal. In Spain, even churches promote the donation of organs from dead bodies. In Ukraine, though, family members categorically refuse to donate the organs of their deceased relatives to save people who are still living. If public opinion changes and the donation of bodies to science develops, all patients in need will have the necessary organs. We already have seven transplant centers in Kyiv, Odesa, Donetsk, Dnipropetrovsk, Zaporizhzhia, Kharkiv and Lviv. There are enough professionals but a catastrophic shortage of anatomical materials.” ■

TRANSPLANT SCANDALS

Dr. Zis & Co

On 19 October 2007, Michael Zis, a citizen of Israel, was arrested in Donetsk, charged with establishing a transnational group that traded human organs for transplantats. His license was revoked in Israel so he moved to the black market for some cash. As a rule, Moldovans or Ukrainians agreed to sell organs for good prices, i.e. UAH 10,000 to USD 10,000 while each surgery brought USD 135,000 to Mr. Zis’s American account. His business soon faded in Ukraine. Mr. Zis was arrested and released twice followed by a non-guilty verdict from the Donetsk-based court. However, he failed to attain freedom, as he was extradited to Israel where he joined his 10 colleagues in court.

Vanished bones

Tutogen, a German company, has featured in scandals on a regular basis. Since 2005, the company, which has representative offices in Ukraine, has been accused of the collection of bones, tissues and cartilage from deceased Ukrainians for the production of bio-implants, to be sold on the global market. Many relatives of the deceased, particularly in Kyiv, have complained that bones in the bodies were replaced by wooden parts without their consent. According to Spiegel, a German magazine, 1,152 bodies of Ukrainians were used to produce medicines. However, Tutogen’s representative office continues to operate in Kyiv, while criminal cases on the violation of the procedure for organ harvesting came to nothing.

Kidney barons

In summer 2010, the Ministry of the Interior announced its discovery of illegal kidney transplants. The surgeries were performed by doctors from the widely-respected Shalimov Institute. Three doctors were arrested. The police say the group involved six people. They went to perform surgeries in Baku (Azerbaijan), while dealers delivered donors from Ukraine. Currently, the police are talking about 25 victims and the fact that in addition to violating legislation on transplants, the doctors are also facing a fairly serious charge of creating a criminal organization.

The Super-Rich Shall Inher

British journalist Stephen Armstrong shares his concern about oligarchs pushing democratic institutions in the world to the sideline

Interviewer:
Bohdan Tsiupyn, UK

What should the world do with oligarchs? In Ukraine, some suggest people should appreciate and honor the nice guys for giving thousands of jobs at their plants and mines, building a stadium and splurging on exotic football players to entertain their workers on a weekend. Some can be aggressive or sarcastic about oligarchs and the stories of their villas, yachts, jets and model girlfriends in the print and on silver screens. British investigative journalist Stephen Armstrong calls on the readers of his book titled *The Super-Rich Shall Inherit the Earth* to look closer at where their billions come from and how much political, not just economic power they have. “We are sleepwalking into a new era of feudalism,” he writes. What matters most is not a bright idea, a genius invention or skills – it is people in power you know.

This is a global system. The essence of Chinese Communism today is the fact that 91% of Chinese millionaires are children of the top officials in the party. 70% of Chinese wealth is in the hands of 0.4% of its population. Once Vladimir Putin made himself comfortable in the Kremlin he went on to fray tycoons. First, it

looked like Russian oligarchs would go extinct like mammoths. According to Mr. Armstrong, though, Mr. Putin turned out a paper tiger. Most of the country’s rich survived the first panic attack, gained support in the hard times, and joined the Russian machine churning windfall profits for those in power. The US has its powerful Goldman Sachs whose representatives migrate from one public office to another helping officials to take decisions on huge bail outs to banks including Goldman Sachs that were actually the source of the global financial and economic crisis.

Russian, Chinese, Indian and Brazilian oligarchs most often deal with oil, gas and steel. They have miniature armies of bodyguards, yacht fleets and private aviation. Having enough cash to buy the world, they can avoid government control and taxes. With huge resources and political power in hand, they can change laws or simply move to another country once the jurisdiction they are in is no longer comfortable.

Stephen Armstrong uses an episode from George Orwell’s *Animal Farm* to illustrate current global socio-economic situation: “we are animals who peek at the partying politicians and oligarchs through the window.” On the verge of yet another global financial and economic crisis Mr. Armstrong believes “the question today is not what is best for the economy but how we find a better way to protect democracy.”

SOCIAL PURPOSE OF WEALTH

The Ukrainian Week talked to Stephen Armstrong in his North London office packed with people and books. Shortly before the meeting, we learned that Steve Jobs died. Obviously, the first question was whether Mr. Jobs could qualify as a positive example from the super-rich crowd, with his estimated wealth at



rit the Earth

USD 7bn, and his company as an ethically appropriate business for making windfall profits.

If you look at a rich technological baby boomer, I don't think an oligarch is the right word for the superrich like Steve Jobs or Bill Gates. Bill Gates is more of this example. He reaches a certain age and retires to do good work and kill malaria. This is particular historical time and place. I think the baby boom generation grew up in the time of security in the West and with a particular set of ideas that probably came from the 1930's depression and their parents having gone through that, in particular from the States where family after family after family had been through free market capitalism. Perhaps, at the time of Keynesianism there was this idea that a completely unfettered free market was dangerous and it didn't solve social problems. It left people in the bottom very vulnerable. So, Keynesianism had this idea that you had cooperation in society: you taxed those on top and raised those from the bottom. That brought people closer together financially. This thinking dominated in the West from 1940's, 1960's and mid 1970's. Then there was an idea from a group of economists from the University of Chicago led by Friedman and Hayek that the state should disappear and give way to an unfettered free market. That is a dominating economic set of principles. Some economists say Keynesianism had its structural collapse in the late 1970's and monetarism was there to replace it. And now monetarism is going through its systemic structural collapse and there is no set of ideas ready to take its place.

If you look at someone like Jobs and Gates, they grew up learning everything from technology to social responsibility at the time when there was a belief that capitalism served a social purpose as well as a financial purpose.

That's why someone like Warren Buffet can say the rich don't pay enough tax. He believes in it.

91%
of Chinese
millionaires are
children
of communist
top officials

With the oligarchs of the developing world you see people who grew up in a very different set of ideas and a different view of the benefits of the free market system. Russia, for instance, was a collapsing state effectively selling off the family silver for a short-term political game.

UW: You could say Jobs, Gates and Buffet are the socially responsible rich. Perhaps, what the countries in transition are going through can be called the period of accumulating wealth? In a generation or two all those robbers and oligarchs will be respected philanthropists and their children will be free thinkers educated in Oxford and Cambridge?

I think that's one very possible alternative. If you look at the US which ultimately produced Gates, Jobs and Buffet, at the beginning of the 20th century you had the industrialists regionally called robber-barons, such as Carnegie and Rockefeller. They owned companies like Standard Oil which were larger than anything that Mittal or Abramovitch have now. They had an oil company and a steel company, all these vast empires. In part, they were legislated against and in part they had a sort of a change of heart. By the end of their lives, we tend to know them by their philanthropic deeds. We know Rock-

OLIGARCHS HAVE SO MUCH POWER IN CERTAIN COUNTRIES THAT THEY CAN CHANGE ANY LAWS THEY DON'T LIKE

efeller because of the Rockefeller Foundation and Carnegie for the Carnegie Hall. We know them by the things they gave rather than by the things they took. We see the same inquisitive behavior in the new generation of oligarchs. They are going into the same areas: oil, steel and aluminum – the basic fundamental elements of an industrial society.

UW: So, there is no problem with the superrich and oligarchs. But your book gives an impression there is!

The risk is that the robber-barons in America could be legislated against. The Sherman Antitrust Act was the law which basically broke those companies up. Standard Oil was broken up by the US government. What's happened to globalization is that an oligarch today – an equivalent of an American robber-baron of the early 20th century – doesn't really have a government. They may be the citizens of one country but they may not be living in that country. Look at Abramovich and Mittal: they live in London but they don't pay tax in London. They don't really pay tax. They move around the world all the time because of the way they structure their companies. They sell shares but these are simply investment shares while the controlling stakes are family-owned. The company is where they are. When regulation starts to threaten them in one country they simply move to another one. I don't see a body that could act against them. I don't see the equivalent of the US government who could say, your practices are unethical; your business is what UK would call a monopoly!

So, the business is globalized but controlling mechanisms are not. Lakshmi Mittal, for instance, owned about 20-25% of the world steel when I was doing the book, but probably more now. He had some factories in South Africa where there were some very serious issues about pollution, environment and labor problems. People in the local union were worried that if they applied too much pressure he could easily close down a steel factory and move elsewhere. In Kazakhstan he has an enormous operation. When the Kazakh government tried to introduce environmental laws he said, "I'll leave." They had to give him exemptions.

In some countries, you can't become rich only because you have good ideas or money. You need to know people or be a player, tough and competitive. If you go to China and want to launch a tin mining company, it doesn't matter how much money you borrow from a bank. It's who you know in the Party. You can't be a straightforward business person. You need to know someone with connections. I think that's true for almost everywhere now. ▶

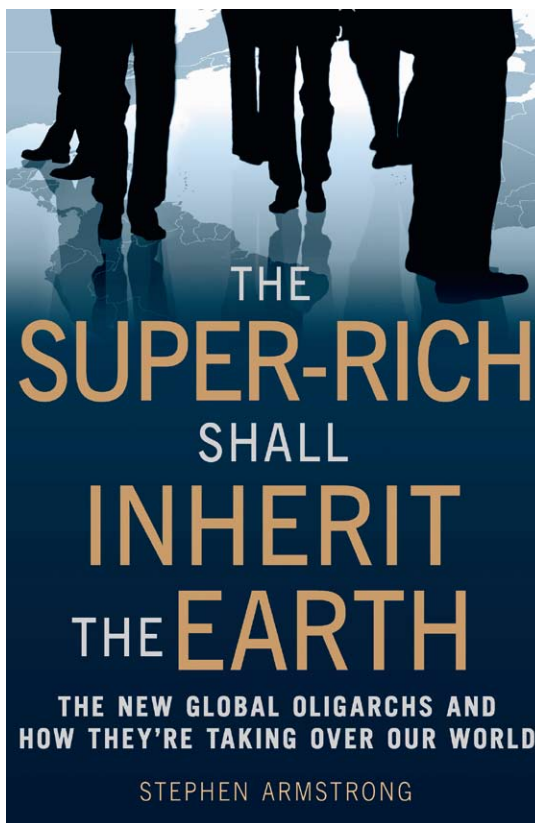
Oligarchs have so much power in certain countries that they can change any laws they don't like. Normally, they are not stupid people, nor necessarily evil. All the rich had started as outsiders. They had been outside the system.

UW: There is no political control, no consumer control over the super-rich. Is there anything that controls them?

Their own morality. There are attempts by governments in various legal and illegal ways to rein their oligarchs. If you look at China and the Forbes global rich list which comes out every year and the country-specific rich list of, for instance, China's billionaires, you will see the self-made oligarchs rather than princelings (children of the people who are in the party) tend to vanish from the top of the list next year. In China, the Forbes rich list is known as the death list. The Chinese government is a very complicated organism. It acts with astounding brutality when it needs to. For instance, against the Rio Tinto mining corporation, when it was trying to take over this Australian mine and it resisted, the executives of the mine were imprisoned. But this is not because they have democratic intentions with people in heart. Usually, it's because the governments resent the fact that the oligarchs have more money than they do. The government simply removes their business rivals in some countries.

UW: Many people were saying that the capitalism that was developing in China, for instance, would turn the country into a democracy. Would you say that China or Russia is moving in that direction?

I believe that democracy is largely driven by the middle class. Voting is one way to exert your opinion and ideas. It's the countries with a large middle class that have strong democratic systems. It's the middle class that produces democracy, not the other way around. At the moment, there is no sign of a real middle class in China. In Pakistan, the middle class is diminishing. It's moving further into superrich and super-poor because the middle class is leaving the country. In Brazil, there is an emerging middle class



In his book, Stephen Armstrong warns the audience that the world's oligarchs have gone out of public and social control due to globalization

but it has not yet grown into a serious power. In India, there is middle class in Bombay and Delhi but in some places you see poverty and isolation while in others you have incredible areas of huge wealth. There is hardly a strong focal middle. In a short-term prospect, the middle class is not in a healthy state, even in the UK.

UW: You didn't write in your book about Mr. Lebedev. Isn't it important that an ex-KGB officer is buying UK newspapers?

It's important to the media commentators, people like me. But if you just live in Manchester or elsewhere it does not affect your life directly. The thesis of the book was about survival-level industrial ownership, things like steel, oil and aluminum. In the beginning of the book I was trying to explain to the British reader why it matters to them. The example I used was the gas pipe that Russia employed on Ukraine, cutting off gas. Britain's North Sea oil and gas reserves are running out. It makes sense to turn to are Russian oligarchs. Around the time gas has been shut off to Ukraine, there was also a strike by tanker drivers in

the UK. The Government commissioned a report to find out what would happen if the oil ran out. The report said that by the end of the first day people would panic buying food and by the end of the second day the supermarket shelves would be empty because you couldn't drive the food to the supermarkets. By the third day, they'd be rioting. The author of the report called this "nine meals from anarchy." What you're trying to say to a British reader is "You may not think it matters, if BP loses control over 50% stake; it doesn't concern you, but these are oil and gas, the two fundamental things for your survival!"

UW: You say many oligarchs are very clever. Look at Abramovich and his navy. He has two submarines. Is it a bit disturbing?

It is always dangerous for high-profile rich individuals. There are people in all countries who would like to see the oligarchs without their wealth. And we've seen examples when people who were friendly with oligarchs, such as Aleksander Litvinenko, died under mysterious circumstances and the British establishment argue whether Russian security forces are involved. It's not hard, looking at Litvinenko, to see who he was friends with, see what he was saying and assume that someone like Roman Abramovich is equally paranoid and fearful that something like that might happen. What the likelihood of that is, I couldn't say. But it's not good for anyone because paranoid superrich individuals with armed security guards and a small navy are not good for economic security.

UW: Ukraine has Rinat Akhmetov, its richest oligarch. Some people say he's a very good manager who kept lots of mines and steelworks afloat and made them profitable. People have jobs, he's building football stadiums. Some people say we should thank him.

It's worth looking at how much money he is making and how much money the people who work for him are making to see how grateful people need to be. A football club is essentially a money pit, you don't make money out of

it. Even the greatest clubs have the spending worth hundreds of millions of pounds. Why would you do that? That's not a rational decision. People who own football clubs have a sense of self-grandeur or create an identity, a persona. That could be literally PR.

Way back in the old days there were these old Quaker families in the UK, such as the Cadburys, who would invest heavily in building houses for their employees, build theaters and cinemas, and make sure their workers were well-paid and had good health care. They even were slightly controlling: in Bournville, the Cadbury town, there were no pubs. You couldn't drink if you worked for the Cadburys, you had to be good, you had to have a Bible in your house. They wanted to control the way you behaved.

I don't think people become billionaires for the good of their employees. Those who say you should be grateful to oligarchs, perhaps, believe the oligarchs are the only alternative when the state collapses. This meant putting state assets to a handful of individuals who make themselves rich and now have an enormous say in the way the government is run, and you should be grateful for that? That's just not true. That's not the only option. That almost always leads to people losing democratic rights. Their voice gets heard less and less. I'm not saying in any way that the Soviet Union was a representation of democratic freedom. But there are ways you could have come out of it with more people benefit. Oligarchs are not the answer. The intention of oligarchs is to move their money around the world, to have no national loyalties. In the UK and London we may be dazzled by people who own football clubs putting on a great show in tabloid papers and having fantastic lifestyles. If you look at someone like Mittal, they employ something like 200-300 people in the UK. They pay almost no tax. One way oligarchs could show their gratitude to the country is by paying a higher income tax on the money they earn. But none of them do.

UW: What do you think of the demonstrations in big countries protesting against corporate

greed and using taxpayers' money to bail out financiers who pay multimillion bonuses to themselves in the times of crisis? They demand to restore fairness and put an end to "financial terrorism." But do they see any way out? What are the alternatives?

Partly, you can say there is no coherent economic alternative, an image of the global economy that is not dominated by oligarchs and banks. It's hard to find the sets of ideas that aren't already discredited, such as Keynesianism. There are people who work on it. There is one very good team at Manchester University. They are pulling ideas together about how you'd structure an alternative. They research the prospect of small amounts of taxation on financial transactions. It's like Robin Hood's tax. There are ways to consider reining in the unfettered power of certain ways of moneymaking and encouraging other ways of moneymaking. That's why demonstrators don't have any certain demand because we're in Catch-22 now. If we kick

all leaders out, we'll be poorer. If we keep them in, we'll be poorer. The only thing you can do is stand in the street and scream with rage because there is nobody you could put in their place. Whom could you offer as an alternative? If you don't like Obama in the Wall Street, would you put Republicans there? Would you put Miliband in the UK? Would you put Putin back in Russia?

I think there are answers but that's another two-hour conversation. There are people who are working on really interesting things, and those answers could be on a small national level, not global. These could be little steps even on the village level.

UW: Do you mean alternatives to capitalism and liberal democracy?

I think debating an overthrow of a system makes no sense now. It's only worthwhile if it's going to happen anyway. The great Karl Marx line was, "When capitalism collapses, the choice will be socialism or barbarism." And the argument is, if you don't have something, you get barbarism. Maybe barbarism is what we have now, going out in the streets and saying we want a complete overthrow of the global economy. But, in fact, you want practical solutions now. There are ideas which operate within the market but aren't subordinate to the market. That's where the market is a tool, like a spade or a car, not a god to be working for. The market now is a beast in itself. Our job is to tame its flame. We've accepted the idea of certain kinds of freedoms, cheap consumer durables, labor market, and flexibility. But we've realized they are not really the solutions. We've opened up a global labor pool competing against each other to bring their salaries down, to bring oligarchs with their factories to the country. What did we get in the end of the 1980's? We thought, let's not have our pensions and salaries and jobs for life. What did we get in exchange?

I don't believe we are on the verge of the end of the world. Humans are infinitely inventive and adaptable. The thing that worries me is that institutions by which we had all our say are being marginalized and damaged. Democratic ideas are under threat. ■

THE RICHEST OLIGARCHS IN THE WORLD

<p>Mexico Carlos Slim, USD 74bn</p> 	<p>India Lakshmi Mittal USD 31.1bn</p> 	<p>Brazil Eike Batista USD 30bn</p> 
<p>Russia Vladimir Lisin USD 24bn</p> 	<p>Ukraine Rinat Akhmetov USD 16bn</p> 	<p>Nigeria Alico Dangote USD 13.8bn</p> 
<p>Saudi Arabia Mohammed Al Amoudi USD 12.3bn</p> 	<p>Kuwait Nasser Al-Kharafi USD 10.4bn</p> 	<p>Source: Forbes's The Richest People in the World 2011</p>

A Plaything of Powerful

Internet governance is under attack; it may have to mend its ways to survive

NETHEADS build, run and protect the internet. They often profit from it too. More than 2,000 of them from more than 100 countries descended on Nairobi this week for the latest Internet Governance Forum (IGF), a conference organised under United Nations auspices. The ponderous official theme was the internet “as a catalyst for change”, with a lot of nodding to WikiLeaks and the Arab spring. The reality outside the conference hall, the UN headquarters in the Kenyan capital, was more striking. Kenyans nowadays often go online on their mobile phones. Surfing the web is getting faster and cheaper by the day. The internet is no longer a geeks’ affair in the rich world, but woven into the fabric of business and life even in the poor one.

The IGF is not a typical UN meeting with a carefully staged agenda and much diplomatic protocol. All participants had the same right to take the floor. Government suits had to listen patiently to the complaints of internet activists. And the end of the shindig was not marked by a finely tuned communique, but by a workshop dedicated to what the organisers should do better.

All this makes the IGF an unusual grouping. It is in effect a poster child for what insiders like to call the “multi-stakeholder” model. All involved have a say and decisions are taken by “rough consensus”. This approach has worked for the internet so far, but it is increasingly under attack. Governments now want to be given the last word on contentious issues rather than being merely treated as just another stakeholder.

The multi-stakeholder approach dates from the beginnings of the internet. Its founding fa-



thers believed that more openness would be both more secure and better for innovation. What is more, since the internet is a network of independent networks, it is hard to construct a form of governance that allows anyone to dictate things from the top.

Until the early 2000s most governments were happy—at least in Western countries where most internet users lived. They had no problem with the network’s standards being set by such organisations as the Internet Engineering Task Force, which is open to everybody. Nor did governments balk when America in 1998 set up the Internet Corporation for Assigned Names and Numbers (ICANN), also based on the multi-stakeholder model, to manage the

internet’s core: its address system.

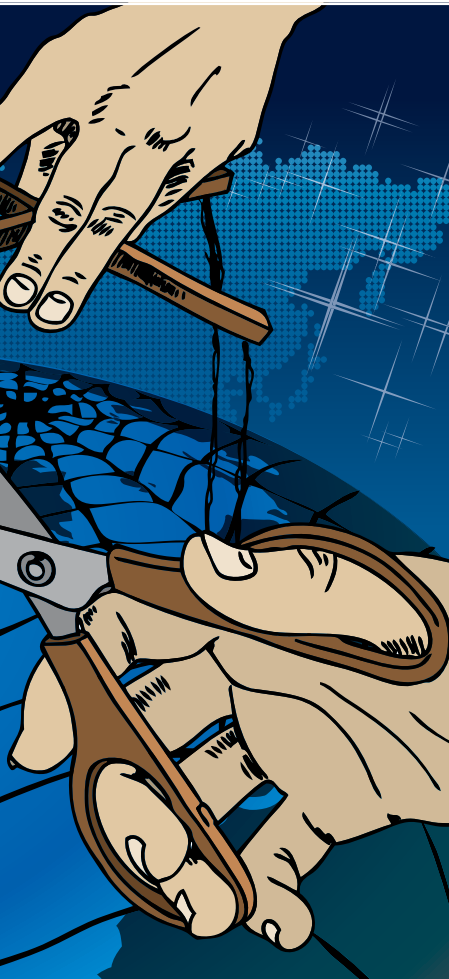
Yet as the internet has become a global medium attitudes have changed. At the World Summit on the Information Society 2005 in Tunis, many participants pushed for the UN and one of its agencies, the International Telecommunication Union (ITU), which co-ordinates the radio spectrum among other things, to take over the running of the internet. The effort was resisted by America and other Western countries. The compromise included the creation of the IGF.

Now some countries are at it again, even more forcefully than before. In most places the internet is now a crucial driver of the economy. More importantly, says

The Earth had
2.95 bn
or
30.2%
of the population as
Internet users on
31 March 2011

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Nations



Shawn Gunnarson of Kirton & McConkie, a law firm, the Arab spring has shown governments that social-media networks can become powerful tools for the organisation of political protest.

China, Russia and others have proposed an “International Code of Conduct for Information Security”—an attempt to strengthen the role of governments. Some of the same countries have launched a renewed push to get the ITU more involved when the treaty that defines its remit is up for renegotiation next year. India, Brazil and South Africa have called for the creation of a “new global body” to regulate the internet. Against all these efforts, the OECD, a club of mostly rich countries, felt compelled to hold a high-level meeting

in June to defend multi-stakeholderism.

The most immediate power struggle is taking place inside ICANN—between the body’s board and its stakeholder panel for countries, the Governmental Advisory Committee (GAC). Governments, even many Western ones, have long been unhappy with ICANN, which they think is not sufficiently transparent or accountable. The tensions came to a head when the board moved last year to allow many more “generic top-level domains”, as the suffixes of web addresses such as .com or the just launched .xxx (see article) are called. Officials are particularly worried about the introduction of controversial new domain names such as .jesus.

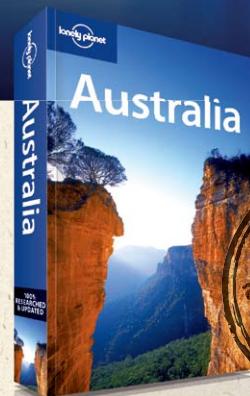
In June the board and the GAC at last agreed on a procedure to weed out unwanted domains. After all applications for new domains have been filed, countries can issue “early warnings” to signal that they object to a new domain. But only if the GAC as a whole does not like a suffix must the board take these objections into account—and then issue a detailed explanation if it overrides them. “Nobody really knows how this will work,” says Kieren McCarthy, who runs .Nxt, an online source of internet punditry.

If even ICANN cannot command the respect of its stakeholders, the entire multi-stakeholder model may be in danger. That is why the American government, long an ardent defender of the model, is expected to put a lot of pressure on ICANN to change its ways when a decision is taken next year whether the group should remain in charge of running the physical infrastructure of the internet’s address system, which—as critics keep pointing out—is still controlled by the American government.

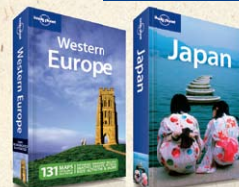
Yet some experts argue that ICANN—and thus the multi-stakeholder model itself—can firmly establish itself only when it is underpinned by a proper constitution, complete with a bill of rights for stakeholders and a separate board of review (or supreme court). ICANN, they say, resembles the kings and parliaments of old whose power is coercive and unconstrained. Only if internet governance has a “constitutional moment”, declares Viktor Mayer-Schönberger, a professor at Oxford University, will it avoid becoming the “plaything of powerful nations”. ■

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Finland Finds What Everyone Else is Looking For



Scandinavian anthropologist and sociologist Hans-Jørgen Wallin Weihe talks about historical traumas, college independence and existential challenges

Interviewer:
Zhanna Bezpiatchuk

Hans-Jørgen Wallin Weihe, a well-known anthropologist, sociologist, essay writer, and professor at several universities, says this for no grandeur or rhetorical effect. He compares Ukraine to Finland when evaluating the potential of academic education in Ukraine. The latter inspired him to visit the Center for Humanitarian Research based in Lviv's Ivan Franko University. Professor Wallin-Weihe also lectured at the Ye bookstore.

HELSINKI AND KYIV

U.W.: You draw some parallels between Finland and Ukraine when it comes to their past as colonies of the Russian Empire. Finland has somehow healed its cultural and historical traumas. Ukraine has not and today many things look even gloomier in our country than before. What's your view of this?

Finland is obviously a much different country than Ukraine. It is a much smaller country and it has a much smaller population. Still, even Finland includes minorities and large differences in the population. The Swedish population has a different language from the Finnish majority. In the north the minority of the Saami is divided in several different groups all speaking different versions of the Saami language.

Finland does indeed struggle with a number of memories. The civil war at the time of independence was very brutal and quite a

PHOTO: YUR KALININAK

number of people were executed. In the Second World War Finland lost substantial territory to the Soviet Union. Part of that land (Karelia) is central to Finnish folklore as expressed in the national epic poems of Kallevalla. For many Finns part of their innocence was lost in the civil war and part of what was important to the Finnish identity was lost in the Second World War.

I am mentioning those two examples to illustrate that Finland does have trauma and some that are not completely healed and which in many ways have a tendency to reappear. Finnish historians have in later years been discussing traumas as well as the painful alliance and co-operation with the Germans during the Second World War. Finland has found a way of coping with those traumas and the painful memories that often resurface even generations later.

U.W.: But the Finnish search was successful due to something?

Finland has both a state system and an economy with long historical roots. Even if changes have been great in the years after the war, a small country with a strong independent judicial system, a well built system of infrastructure and a strong private sector has obvious advantages over a large country with a weak private sector, a complete change in the economy and a judicial system which needs substantial legal change. Finland had its success story partly due to the high ethical standards followed by common people and their hard work. Finnish citizens voluntarily share their income with the state in exchange for good infrastructure, modern education and strong independent judiciary. Many Ukrainians, though, follow the same values and this looks inspiring.

MANIFESTOS AND TRAGEDIES

U.W.: How do you explain the phenomenon of Anders Behring Breivik? Has Norway been able to preserve its freedoms, feelings of security and high social trust after this tragedy?

The tragic terrorist attack by Anders Behring Breivik was the terrorist attack of an isolated loner inspired by Ted Kaczynski's Un-

abomber manifesto and by Timothy McVeigh's bombing in Oklahoma in 1995.

In a world of modern, easily obtainable information and communication isolated loners can easily be inspired by the evil deeds of other deviants. Anders Behring Breivik is indeed one example and we should all hope that he will not inspire others. We all need to have awareness in order to avoid future terrorist attacks. I do think that many Norwegians were deeply affected by the terrorist attacks. The attack was indeed a national trauma as well as many individual tragedies for both the victims, friends and families.

U.W.: As an anthropologist, what existential challenges do you think the average European faces today? What will help to meet them?

The challenges of what we are faced with indeed to serious only to be addressed by scholars. It is an existential question for all of us and I do believe that we need, today as in times past, to relate to the very core values of humanity. Some of us will find those values in religion, and other in care and compassion for each other and nature. Pure material possessions and values indeed can make life easier, but can never be the very values of society nor should they be for an individual.

INBORN SLAVES

U.W.: You say to students and professors that universities play an important role in urban culture. They have long memories, international affiliations and discipline of intellectual communication and cooperation. Lviv University and Kyiv-Mohyla Academy have the tradition of such autonomy. But other universities founded under the Russian Empire and especially later under the Soviet Union were controlled by the

State. How should we move on having such a legacy?

I do believe that the distance between Ukraine and the rest of the world will be diminished by international co-operation as well as by maintaining high standards in research and education. I myself travel to Ukraine because the scholars have a high standard, and because you have a very diverse culture with long roots stretching back in history shared not only within Europe but around the world.

As far as ideological control and discipline are concerned, that did not affect all fields of science and education in the same manner. Many scholars worked within fields that were international and maintained high standards independent of ideology. Both for Ukraine and the rest of the world it is important to develop joint projects both within science, economy and education. Language education both in Ukraine and abroad is an important part of this, as well as education and insights into the cultures of others.

U.W.: Today the current Minister of Education in Ukraine, Dmytro Tabachnyk, wants to subordinate universities totally to his ministry. How do you understand the freedom of universities? How is this guaranteed in Norway, for example?

On the level of principle I do indeed think that universities need to be independent and sometimes critical institutions. Still, I do think it is legitimate for the state to give some national and political priorities. Even in my country, where educational institutions are independent, we have to accept that financing from the state means that we have to live with political priorities as far as what kind of education the state wants to finance and of course what kind of research the state wants to finance.

What I will oppose is that the state tries to regulate the ideological content of education as well as the conclusions and methods of science. Ethical standards, research standards and educational standards need to be controlled by independent bodies. ■

BIO

HANS-JORGEN WALLIN WEIHE was born in 1951. He is a Professor of Sociology and Social Work at the University of Stavanger and Bordeaux and Lillehammer colleges. Mr. Wallin Weihe wrote and defended a thesis on European colonization of the Nicobar Islands, and eight books on the history of daily life and the interaction of conventional and modern cultures. He has crossed the Atlantic Ocean by boat many times. Mr. Weihe is a distant descend of Friedrich Christoph von Weihe, a Swedish Lieutenant who participated in the march of Charles XII and chronicled the Battle of Poltava.

Ucrainica Italiana

Italian scholar Giovanna Brogi Bercoff, a Slavic and Ukrainian studies specialist, talks about the state of affairs with Ukrainian academia in Ukraine and abroad

Interviewer:
Hanna Trehub

Photo:
Andriy
Lomakin

Giovanna Brogi Bercoff is not simply a world-class scholar. She is a European intellectual who deeply understands and cares about the problems that are tearing Ukrainian society apart. She is one of the enthusiasts with non-Ukrainian ethnic background who are doing everything they can to spread positive information about Ukraine and the riches of its language and culture at a time when the European and worldwide media space is flooded with news of political scandals in our country

ONE-SIDED SLAVIC STUDIES

U.W.: What is the state of affairs with Slavic, particularly Ukrainian, studies in Ukraine and abroad?

Several good academic centers have emerged in Ukraine and there are good scholars here. But it seems to me that most Slavists, including those studying Ukraine, are very traditional in their methodology and ideas. In this respect



UKRAINE'S GOVERNMENT HAS NEVER FUNDED UKRAINIAN STUDIES ABROAD

the situation does not seem to be the best.

Unfortunately, Ukrainian studies are not a widespread phenomenon on the official level in the world, but there is a lot of interest. There are many courses but virtually no university departments of Ukrainian studies, except in the USA and Canada. There are many universities in Germany in which they teach Ukrainian and courses in Ukrainian culture or contemporary literature. This is being done spontaneously, because outstanding Slavists of the older gen-

eration who were there before independence are now gone. This is a general phenomenon – great figures are departing from Slavic studies. However, there are representatives of a younger generation who have been taught by these luminaries.

Ukraine's independence, and a new culture and high expectations after the fall of the Berlin Wall, led many young people in Europe and across the world to take interest in your country and they have maintained it. But all of this is being done semi-officially and through the efforts of enthusiasts who are spreading knowledge about Ukraine in their countries. Importantly, they are not products of the Ukrainian diaspora but representatives of other European nations. They look at Ukrainian culture through different eyes and assess your realities from a completely different and often very interesting angle.

U.W.: How much substance is there to the statement that the study of the Russian language and culture dominates in contemporary Slavic studies? Why is there less interest in Ukraine? What can be done to create more parity in the situation?

There is no way to create parity in this situation. In this case, parity is more of a dream than a reality. I am talking not only about Ukrainian studies but also Polish, Bulgarian, Serbian and any other Slavic studies. Russia and Russian culture predominate because there is a powerful state and Russian chauvinism and nationalism which together make a significant impact on the development of Slavic and Russian studies. That is the reason why I think there will be no parity between the latter and the study of other Slavic languages. Certain

competition may come from Polish studies. I can also add that the problem of achieving parity between various branches of Slavic studies depends on what a particular Slavic state is doing to disseminate knowledge about itself abroad. Ukraine has not done anything along this line. It's disastrous!

Poland has always actively disseminated its language and culture and knowledge about them. Russia is doing the same now, intensively and on a large scale. There is interest in Russian and Polish also because the Russians and the Poles are investing money in their respective studies and so generate interest. In contrast, Ukraine has never offered targeted financing of Ukrainian studies on the state level, thus essentially killing interest among Slavists abroad. This neglect on the part of your state led to a situation in which the world essentially turned its back on the study of your language and culture. Moreover, we should keep in mind that Ukraine is not attracting people's attention now with anything positive, which also influences foreign interest in Ukrainian studies.

OVERCOMING BARRIERS

U.W.: It can fairly often be heard that Western scholars largely receive information about Ukraine and its language and culture from Russian sources and in a Russian interpretation. Is this a myth or the established practice in Europe? If true, why do European scholars turn to Russian sources rather than those in any other Slavic language?

It is a fact that Italians receive virtually all their information about Ukraine through Russia. For example, when our journalists speak about events in your

country, they use news from Moscow. At one point, I protested against this and wrote a letter to the Italian radio and television, asking why information about Ukraine was not coming from, say, Warsaw.

Our mass media offer very little information about your country. A journalist in Moscow may be a good specialist and person, but of course he will present a view of Ukrainian realities in the Kremlin's interpretation. This is a fact that is very difficult to change.

Furthermore, we cannot forget about economic and political interests, because many Italian mass media are in the shadow of the national energy company, which is very interested in Russian oil and gas. This is both an Italian and a pan-European problem. Europeans think that Russia is a very important partner, which is true, and that is precisely why they do not speak against it in any way. This influences the press and Western European awareness of Ukraine.

Departments of Russian studies are the biggest in the Slavic domain in Italian and other European universities. On the periphery of a language, science is more traditional and conservative than in the center, i.e., among its natural speakers. This means that Russian students of the Russian language and culture are more progressive than foreign ones. In the 1980s, political Kyiv was more conservative than Moscow. Therefore, this is a general rule which pertains also to Slavic studies. My fellow Ukrainian studies specialists and I find it very hard to fight against the pro-Russian biases of our Russian studies experts. Moreover, they do not know anything else except the Russian language, while those studying Polish and Bulgarian always study the Russian language and culture as well. This is true of Slavic studies in both Italy and Europe in general. It is an unhealthy and one-sided process when one language predominates.

about Ukraine in Europe having any success? If so, what specific projects are involved?

Such projects do exist. Until 2011, there was a good school in Greifswald which operated very successfully. However, it is being closed now. And the thing is not only a lack of financing but also the internal policy of German universities. There is also an international project of the University of St. Gallen in Switzerland and another German university that cooperate in social and political sciences. A three-year research project about Galicia as part of the Austro-Hungarian Empire involving multiple universities was carried out in Constanta. It included studies of Galicia's culture as well as contemporary, modern and postmodern Ukrai-

nian literature and their connections with European culture. The study of Galicia in the context of Austrian imperial culture has been the focus of attention of a PhD school in Vienna, where there is a huge institute of Slavic and Ukrainian studies. Also, a new center for Ukrainian studies and teaching was recently set up in Cambridge. ■

BIO

Giovanna Brogi Bercoff

1994-present – regular professor of Slavic philology at the University of Urbino and later at the University of Milan (Department for Linguistic, Literary and Philological Studies, Slavic and Finno-Ugric Section)

1993-98 – president of the Italian Association of Slavists

1987-97 – editor and later chief editor of *Russica Romana*

2000-present – president of the Italian Association for Ukrainian Studies

1999-2008 – vice president of the International Association of Ukrainianists in Western Europe

2003 – foreign member of the National Academy of Sciences of Ukraine

2011 – honorary professor at Kyiv Mohyla Academy

U.W.: Are initiatives to spread good, unbiased information



A Death Row Army

Stalin used penal battalions in the Red Army as an instrument of repression

Author:
Yaroslav
Faizulin

In mid-summer 1942, the German army reached Stalingrad while some of its units were trying to capture the Caucasus with some success. At the same time, the Red Army was retreating, with and without fighting. Joseph Stalin blamed this on cowardly officers and soldiers. Executions, penal battalions and stop-the-way detachments were the means to strengthen their combat power.

“Not One Step Back!” was the title of Stalin’s Decree 277, issued on 28 July 1942. It introduced penal battalions in the Red Army comprised of workers and farmers, and expanded the functions of stop-the-way detachments. German commanders followed suit shortly thereafter.

penal battalions were comprised of deserters, violators of army discipline and former prisoners of soviet camps, as well as criminals who volunteered to “wash away their guilt before the state with their blood.” For one reason or another, a lot of civilians ended up in these detachments.

LENIN’S TESTAMENT

Penal battalions and stop-the-way detachments were not invented during WWII. Bolsheviks used them extensively in 1917-1921, saying that it was a revolutionary necessity. “A real revolutionary cannot quit death penalties altogether. There has not been a single revolution or civil war that did not have executions,” claimed Vladimir Lenin, the Bolshevik leader, in 1917.

The threat of execution could force soldiers go into deadly attacks and fulfill the orders of their commanders, thought Lev Trotsky, the People’s Commissar for Military and Navy Affairs. The memoirs were published as *My Life* yet they closely resembled Adolf Hitler’s *Mein Kampf*.

The purpose of executions coupled with penal battalions and stop-the-way detachments was to ensure the discipline and stability of the Red Army. Their organization was considered to be one of the most significant tasks of commanders and emissaries.

KAMIKADZE BY FORCE

During WWII, penal battalions were thrown to break through “unbreakable” defense lines. They were sent as fighting patrols, to distract landing troops, clear minefields, reveal the enemy’s positions, and cross waterways without water crafts or life jackets.

“These units were of great use to commanders,” claimed Mykhailo Kliuchko, a one-time officer of penal battalion 322. “On the one hand, they maintained at least some semblance of discipline in the army. On the other, the officers could check whether their decision was correct, by using “cheap” cannon fodder.”

“Basically, the life of a common soldier was of no value on the front-line or for commanders. Nobody thought of us as people,” Maksym Voronkov, a retired colonel, reflected in 1989. In the summer of 1943, he was the commander of a reconnaissance unit with infantry regiment 128, later downgraded to a regular soldier in a penal battalion. “Is there any other way to interpret the attitude of the top commanders that threw use against the enemy units

that were 8-10 times larger? They knew we would all die, but still sent us there. The Germans would shoot at the penal battalion soldiers and thus reveal their positions. Then, our artillery would hit them. Of course, our army lost less people after such patrols but wasn’t the price too high?”

German soldiers were shocked by the insanity of penal soldiers. “Crowds of people walked the minefields in a tight formation, side by side,” a German soldier wrote in a letter to his family. “People in civilian clothes and penal battalion soldiers moved forward like robots. Only the mines that injured or killed people, cleared their rows. These people looked as if they felt no fear or had no hesitation. We noticed that the injured who fell, were shot by a small group of commissars or officers that followed the advancing line. I have no idea what these people could have done to deserve such treatment.”

OCCUPIED “TRAITORS”

The soviet army returned to Ukraine in 1943. Field enlistment offices re-



opened on the “liberated” territory and forced the mobilization of all men who were able to hold a gun. In fact, they raided households, and mobilized even 16-17 year olds.

Enlistment office staff and the commanders of military units who liberated Left-bank Ukraine looked at the conscripts as traitors, simply because they had been under German occupation. “People who lived on occupied territory and worked for the enemy were nearly all penal soldiers in the eyes of the soviet government,” Mykhailo Tkachenko told his son Dmytro. Born in 1923, Mr. Tkachenko escaped the forced shipping of Ukrainian labor force to Germany during WWII, but ended up in the Red Army in 1943. “The officers would throw us into second-priority areas as cannon fodder, poorly armed and without any training. Most were killed within a very short period. The soviet leadership did not consider this to be a great loss.”

“When the soviets returned in autumn 1943, almost immediately, they grabbed virtually all conscripted men in the village of Bulayivka,” Valeriy Semyvolos tells the Ukrayinska Pravda (Ukrainian Truth) website. He learned about this from his grandmother’s older sister. “They would take all the men, be they weak, sick or crippled. Of them, only one finally returned. He told the villagers how the men had died. As people under German occu-

QUOTE
Whenever we ran across a minefield our infantry moved in as if the mines weren't there. We estimate our losses from infantry mines as equal to those we would suffer under machinegun and artillery fire if the Germans decided to protect this area with strong military units instead of mines. But the assault infantry do not set off anti-tank mines. Once they get through the mine field and set up a platform, our sappers arrive and make pathways for our tanks.”

From what Georgy Zhukov told Dwight Eisenhower in 1945. Shocked, Mr. Eisenhower recalled later, “I pictured a clear image of what would happen to any American or British officer if he ever employed this strategy”

pation, they were qualified as enemies of the soviet nation and were sent to a penal battalion. German tanks involved in the Korsun-Shevchenkivsky Offensive crushed the whole battalion in the first attack. The only weapons they were given immediately before the operation were one rifle per ten people. The officers allowed the soldiers a shot of vodka and sent them to their deaths, with stop-the-way detachments comprised of Uzbeks and other Central Asian soldiers following them with machineguns.”

For many, the first battle was their last. “As long as I live, I will never forget one assault in the winter of 1943,” Anatoliy Dimarov, a writer and WWII veteran, recalls. “The Germans were fighting from behind thick brick walls of a steelworks above a water reservoir. The colonel and his commissar had nothing better to do than send several hundred new conscripts, poorly dressed and poorly armed, to attack them. They all crowded onto the ice-covered reservoir. The Germans let them get closer, then shot everyone. The ice turned into a bloody black pile of bodies.”

GET INTO THE WATER OR BE SHOT

Towards the end of September 1943, the soviet army reached the Dnipro. The German army used locals and prisoners of war to set up a defense barrier with fortifications and convenient shooting spots. The assault crossing near Bukryn began on the night of 22 September. The penal battalion came first followed by the rest of the army. The soldiers attacked the enemy without proper armor or preparation. This was their penance for being under occupation.

People swam to the right bank of the river holding on to logs, pieces of wood and raincoats filled with hay under a hail of bullets. “Machineguns were the worst,” said Viktor Astafiev, an eyewitness. “They had these lightweight, rapid-fire machineguns with cartridges containing five hundred rounds. They had all chosen good locations in advance and were pouring bullets over the bank, the island and the river, which was swarming with human bodies. The old and the young, the passionate and the indifferent, volunteers and conscripts, penal and regular soldiers, Russians and non-Russians, were all screaming one and the same thing; “Oh Mother!”, “Oh, God!”, “Help us” and “Save us”,

while the machineguns kept spitting deadly rays of fire at them.” The soldiers could not retreat. Stop-the-way detachments were waiting there in the rear, with their machineguns ready.

Of the 25,000 soldiers who entered the water on the Dnipro’s left bank, only 5-6,000 reached the right bank, Mr. Astafiev recalls. Overall, Joseph Stalin’s whim to take over Kyiv by the 26th anniversary of the October Revolution on 7 November 1943 cost 417,000 lives.

Before the Dnipro operation, soviet commanders met in the village of Trebukhiv in September 1943 to talk about the liberation of Kyiv. Someone mentioned that the nearly 300,000 new conscripts that had been enlisted by the field offices needed weapons and uniforms. Chief Commander Georgy Zhukov said, “They will fight in what they wear now! Why are we wasting our time here, my friends? Why should we dress and arm these khokhols? They are all traitors. The more of them we drown in the Dnipro, the fewer we’ll have to send to Siberia after the war.” This quote comes from the memoirs of Yuriy Konovalenko, a Special Tasks Officer of the Commander of the 1st Ukrainian Front.

“Once the war is over on the territory of Ukraine, everyone who was in occupied territories or was a prisoner of war, had to undergo purges, i.e. an investigation by Smersh, a counter-intelligence agency,” immigrant historian Fedir Pihido-Pravoberezhny wrote. “One of the first questions they asked was “Why didn’t you commit suicide rather than go into German captivity?” The investigations included interrogations that lasted 24 hours, provocative questions, the testimony of friends, the writing of reports and the compilation of detailed dossiers. Those who failed the investigation were sent to concentration camps, special battalions to build Communism in the Northern regions and to penal battalions.”

The first information about penal battalions in the Red Army was published in the USSR during perestroika, since the Red Army Procedure No. 034 on Military Confidentiality in Print during Wartime, approved by Marshall Aleksandr Vasilievski on 15 February 1944, prohibited the publication of “any information about stop-the-way detachments, penal battalions and squadrons.” ■



THE SURVIVORS
Joseph Stalin’s whim to take over Kyiv by the 26th anniversary of the October Revolution on 7 November 1943, cost 417,000 lives

PICTURE: D. MALAKOV, KYIV 1939 – 1945, K., 2005



Hutsul-Inspired Suprematism

Artist Oleksandr Ackerman talks about the phenomenon of the Zakarpattia school of painting and the sanctuary that is his own soul

Interviewer:
Olena Chekan,
Kyiv-Paris

His works are not easy to define as sculpture, painting or installation alone. The artist simply refers to all his artwork as graphics. He lives and works in his own fourth dimension. Kasimir Malevich called it Suprematism. Marcel Duchamp called it living time where love is born.

I left Ukraine a long time ago but I always aware of how much I gained from it in terms of color and ornamentation. I often dream of the Uzhhorod that is gone now, and the land of the Hutsuls with the landscapes I remember from my childhood. When Paris hosted a big Moscow-Paris exhibition, I was listed in the catalogue as an artist from Zakarpattia, Ukraine. I insisted on this.

For Western art critics, Kasimir Malevich, David Burliuk and Oleksandra Ekster are all Russian painters. But it takes just one visit to Ukraine to realize that they are Ukrainian. It's all about colors. Malevich's green is the natural shade of the spring flourish in Ukraine. It's what gardens, fields and meadows turn into. David Burliuk's colors burst into pictures as natural elements: winds and waves - pure, undiluted and natural. This is the power of Ukrainian freedom and anarchy.

Oleksandr Arkhyenko, by contrast, is more European than Europeans are because he intuitively found new horizons in sculpture, just like Constantin Brâncuși. Europe had paved the way for the emergence of abstract

sculpture, but it was discovered by a Ukrainian and a Romanian. Perhaps, this is one way to prove that Ukraine leans towards Europe in terms of art; that it is really is Europe.

The country ultimately became soviet after WWII, but people remained who continued to influence its art life for another 20-30 years. It was a stand-alone oasis, which, even though remote, it could not be compared to the arid cultural desert of Ukraine's Center and East. This, first and foremost, is how one can explain the phenomenon of the Zakarpattia school of painting.

Nobody painted in my family. I parents were religious, so they didn't encourage me to paint. My father thought it was a sin but



eventually came to accept my passion. My mother had been in Oświęcim (Auschwitz) before she met him. In 1944, the Nazis brought all the Jews from Zakarpattia there. Her family died, only she and her brother survived. My father was in a different labor camp. They met after the war. They spoke Yiddish to each other and in the Zakarpattian dialect to my brother and me. It was a funny mix of Ukrainian with the Hungarian and Slovak languages thrown in. I also spoke Ukrainian in school and college. See, I still remember it.

It was my parents who decided to leave for Israel. I would probably never have plucked up the courage to do it myself. That's where I became an artist. There were three of us - Mikhail Grobman was a dissident from Moscow; Avraam Ofik, a well-known Israeli artist, born in Bulgaria, and me. We founded the Leviathan community and had a few successful exhibitions.

It was Dmytro Horbachov, a Ukrainian art critic, who called me a Hutsul suprematist. He was the

curator of virtually all my shows in Ukraine. A show, which is an artistic report of sorts, requires a great deal of responsibility. I always worry, because this is the only way that you can evaluate yourself as an artist. I had many exhibitions, but there is always something special about them in Kyiv. 1995 was the first time I presented my work in Ukraine. In 2000, I had a significant exhibit called "The Shade of Ashes", a dedication to Paul Celan. The central installation was the "Knives and Dandelions"; with knives posing a threat to the world and art on the side, and on the other, art that is born of sacrifice, so you have to injure your hands to plant the dandelions. Later, the small parachutes with seeds will be blown by the wind and give life to new plants. This is a Celan image.

Later, I proposed the idea of organizing a Marcel Duchamp show in Kyiv. This artist brought a lot of humor and irony into modern art. I thought his sense of humor made him close to Ukraine, to early Gogol or Illia Repin's painting of the Zaporizhzhya Cossacks

writing a letter to the Turkish sultan. Duchamp's main themes include art and money. So, I took a bicycle wheel with purses and covered it with a huge see-through shawl with cherry blossom that I remember from my childhood. When spinning, the wheel looks like a dance of purses and the shawl hints at the veil that covers Mona Lisa's head and Duchamp who painted a mustache and a beard on her face once. This "profanation" shocked everyone.

I love to work with wood. This comes from the Hutsul culture with its wooden shingled churches and all kinds of carvings used in the household. My black and white works often feature fences. My family and our neighbors all had gardens with fences in various shapes that fit the landscape. They looked like beautiful graphics, particularly in winter. They started to appear in my work, which I found very unexpected. Fences are like symbols: they keep the territory of your own soul untouched and a dream that there will never be any real borders, and if there are - only peaceful ones. ■

BIO



Oleksandr Ackerman

1951 – born in Makarove village, Zakarpattia
1970 – graduates from the Uzhhorod College of Applied Arts
1973 – emigrates to Israel
1984 – moves to Paris

A Border Town

The reincarnation of the hetman capital



Author:
Olena
Maksymenko

The name of the Esman river that runs through Hlukhiv means a beautiful route in Persian. In recent times, this tiny town has been struggling for recognition as a tourist destination. Its unique charm is about authenticity, not yet coated in a shiny layer of new paint. However, the traces of neglect and ruins are slowly fading. The town with no cozy, glamorous coffee shops and transport infra-

structure - hardly a necessity for a place where everything is within walking distance - is coming back to life.

Hlukhiv has long been known as a military town, one of the biggest in Sumy Oblast. This was where soviet officers settled down with their families after WWII. The past decade has made the veteran town much younger, with soviet street names such as Lenin and Soviet

replaced by Kyiv-Moscovska and Tereshchenko, the downtown adorned with a cute white alley called Ratna Vulytsia and the old water tower turned into an ethnographic museum with an observation deck. After such radical changes, Hlukhiv won the Golden Phoenix award for the best urban upgrade a few years ago. Indeed, its history somehow reflects that of the mythical bird.



PHOTO: OLENA MAKSYMENKO



PHOTO: PHIL

A PARADISE FOR BICYCLE RIDERS: Old empty streets give endless freedom



LEGEND OF THE NAME

The name Hlukhiv sounds almost like *hlukhiy*, deaf in Ukrainian. According to a legend, once upon a time Catherine the Great's carriage got lost in the local wetland. She asked an old man for the name of the place. He did not answer the noble lady who shouted, enraged, "Vot glukhov!" - "Is he deaf, or what!" in Russian. Apparently, this gave the village its name. This is one of



PHOTO: OLENA MAKSYMENKO

the many politically motivated myths featuring the Russian Queen, Catherine the Great, as the godmother of virtually half of Ukraine's towns and cities. Yet, this version is incorrect. Hlukhiv is one of the oldest towns in Ukraine, first mentioned in the chronicles in 1152. Most likely, its name comes from Chernihiv Princes, back in the times of Kyiv Rus who appreciated its fortification and impregnability, the lat-

ter being another meaning for *hlukhiy*.

Located on the border with Russia, the town survived numerous jurisdictions: the Golden Horde, Lithuania, the Polish-Lithuanian Commonwealth, Muscovy and more recently, the soviet regime. It went through many wars, fires and a plague. After the fall of Baturyn, the previous hetman capital, Hetman Ivan Skoropadsky granted Hlukhiv that sta- ▶

tus in the early 18th century. Apparently, this has trained the place: it preserved its dignity and charm through the collapse of the Cossack Hetmanate, destructions and depressions. Today, new modern and sophisticated churches are replacing the sanctuaries and monuments ravaged by the totalitarian regime.

FROM GATES TO TOWERS

The best heritage from the past that escaped the soviet “managers” includes four churches, an arch and a tower. St. Nicholas Church is in the conventional Cossack Renaissance style; the Spaso-Preobrazhensky Cathedral is strictly classical; the dominating Church of Three Anastasias adorned with arches contains the Tereshchenko vault, a Ukrainian family of sugar barons and patrons of arts; and the Church of the Ascension looks archaic and humble. The town used to have the Trinity Cathedral but the communists blew it up in the 1960s. To this day, locals still remember that the church did not fully collapse, in spite of many attempts. The ancient building technique was to add egg whites to the mortar, which is what the old architects of the church did. Now, the place is a soviet-style bus station where the homeless sleep and women sell greasy meat pies.

Recently, the neighborhood got two new residents. They are the monuments to Dmytro Bortniansky and Maksym Berezovsky, two well-known Hlukhiv-born composers, incarnated in bronze, who now watch the pigeons and passers-by near the station.

The local Teachers’ College named after Oleksandr Dovzhenko, a Ukrainian film director, who studied here for three years,

HOW TO GET THERE

Take a bus from Kyiv or Sumy; a car on the Kyiv-Moscow highway or an intercity train to the Shostka or Tereshchenska stop and switch to a regular scheduled bus to Hlukhiv

Where to stay

Europe Hotel, 4A, Tsiolkovskoho vul.
Style Hotel, 19, Industrial vul.
Monastery Inn, 2, Poshtoviy Lane

Where to eat

Stare Misto (Old Town) café, 55, Kyevo-Moskovska vul.
Edelweiss, 45, Tereshchenkiv vul.
Duet, 67, Suvorova vul.



PHOTO:OLENA MAKSYMENKO

A MODERN MONUMENT to Maksym Berezovsky, a prominent Hlukhiv-born composer



HELPFUL AND BEAUTIFUL: The water tower offers pure tap water and a bird’s-eye view of the area

has also been rejuvenated and refreshed. Founded back in the 19th century, the college is now painted a juicy red and white.

Taras Prokhasko, a contemporary writer, wrote in an essay that the town had two unique features of its own – the gate and the tower. The water tower that acts as a local Eiffel Tower of sorts, supplies pure and safe tap water, which is a rarity for most cities and towns in Ukraine and boasts a curious architectural design. Recently, the administration opened a museum in the water tower with an observation deck on the roof. The tower has steel spiral stairs and the mechanism of a one-time huge clock darkened by time and dimly lit in yellow. The atmosphere is romantic with a hint of gothic. The observation deck opens onto a view of the surrounding fields and lakes.

The museum staff deserves a compliment. They eagerly share curious details from archives, generally not mentioned in most guidebooks. “Look,” one employee shows us a portrait of a stunning brunette. “That’s Anastasia, wife of Hetman Ivan Skoropadsky. Actually, she was the one making most political decisions. The Cossacks used to say that Ivan wore the skirt and Nastia held the mace.”

The Kyiv Gate, which is part of the Hlukhiv town fortification, known unofficially as the Arch, was once the main entrance into the town and a fortress towered here earlier. Just like the water tower, the classic-looking construction is an architectural symbol of the town. Both are depicted on souvenir magnets and postcards.

SITES WORTH SEEING

The water tower is on Tereshchenkiv vul. It contains an ethnographic museum and an observation deck on the roof

Monuments to composers Bortniansky and Berezovsky in a park by the bus station

The Prison Castle at 4, Spartaka vul. The jail, built in the late 17th century as part of the Hlukhiv Fortress, was turned into a brewery after World War II

Liusia’s Museum is the home owned by Liudmyla Deineko on Voikova vul. It houses a private collection of soviet artifacts

ALONG THE BEAUTIFUL ROUTE

The town was home to the Tereshchenkos, the patrons of the art. Artemiy, the son of the Chernihiv-based Cossack Yakiv, was the first to sell goods from his cart, thus launching the family business. He saved some cash and established a sugar plant with his sons. The family donated 80% of their proceeds to charity. Their presence is still felt everywhere – in the hospital they founded which is still in operation today, the sugar plant, their mansion and the street named after them.

Voikova vul. and the so-called Liusia's Museum are also worth seeing. The latter is a regular home with the busts of proletarian leaders planted instead of potatoes and tomatoes. As the town removed monuments after the collapse of the regime, Liudmyla Deineko, the owner started a collection of abandoned idols, incarnated in statues, flags, busts etc. She now has Lenin, Stalin, Engels, Chapaev, Gorki, the worker and the kolkhoz woman,

pioneer trumpets, red ties and many other nostalgic items that are all part of a colorful private collection.

The Archeological Museum is a destination for the fans of Cro-Magnons and Scythians.

The local dialect of *surzhyk*, a combination of Ukrainian and Russian languages popular in rural Central, Eastern and Southern Ukraine, sounds like nothing else. Hlukhiv is an arm's length away from the Russian

HLUKHIV WON THE AWARD FOR THE BEST URBAN UPGRADE A FEW YEARS AGO

border, so it affects the language. Nobody means to insult you when they ask you *Kakaya gadina?* in the street. It may sound as "What a beast!" to a Russian-speaker, but is in fact "What time is it?" in *surzhyk*. Like any border town, Hlukhiv is a mix of various nationalities. It even had a Gypsy town at one point.

The atmosphere in Hlukhiv is one of tranquility and something long forgotten. Old streets are flanked with two and three story buildings. Apartment doors and gates often have small stars. This means that the owner is a WWII veteran. Lush neat flower beds stretch alongside the roads. The old hospital looks more like a cozy hotel or a charming farmstead. The bright hospital buildings scattered around the park hardly look like treatment facilities. The Summer Park rides are long gone but it is still the favorite place for kids to play.

The last few decades have changed Hlukhiv dramatically. It has transformed from a sleepy post-soviet provincial town, where one would think most locals still expected the coming of communism, drinking vodka from the ever-present bottles, to an elegant, welcoming town with a cocktail of sophisticated culture and almost dacha-type relaxation and silence. Its biggest attraction is the unique ambience and a sense of something elusive, old and mysterious. ■



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