

MERGERS & ACQUISITIONS IN THE UKRAINIAN
MASS MEDIA SINCE 2010

IN PURSUIT OF THE PRESIDENCY:
INTERVIEW WITH VITALIY KLITSCHKO

TOP FESTIVALS NOT TO MISS IN UKRAINE
AND EASTERN EUROPE THIS SUMMER

i n t e r n a t i o n a l e d i t i o n

The Ukrainian Week

№ 12 (54) JULY 2013

THE WATCHDOG OF DEMOCRACY



THE PRESENT AND FUTURE OF UKRAINIAN JOURNALISM

The
Economist

Featuring selected content
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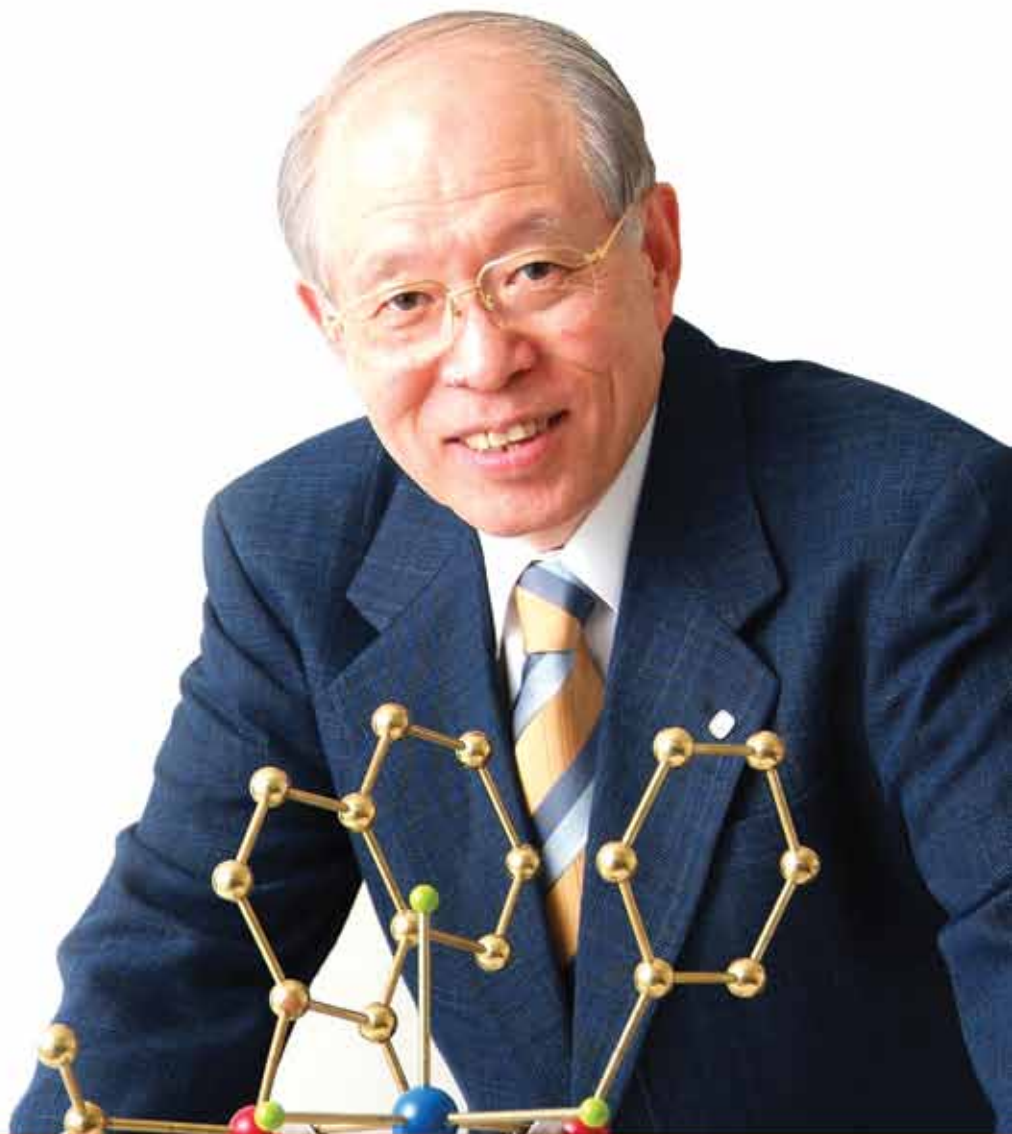
22 | 07 | 2013

(Monday)

10:00

**Great Conference Hall,
National Academy
of Sciences of Ukraine**

55 vul. Volodymyrska, Kyiv



**The Embassy
of Japan presents**

**Science Shapes
Our Future**

a lecture by **Dr. Ryoji Noyori**,
a Nobel Prize-winning chemist

Dr. Ryoji Noyori is the President of RIKEN, the Institute of Physical and Chemical Research of Japan, and Chairman of the Science and Technology Council at the Japanese Ministry of Education, Culture, Sports, Science and Technology. His scientific contributions have been recognized by numerous awards including the Tetrahedron Prize (1993), the Japan Academy Prize (1995), the Arthur C. Cope Award (1997), the King Faisal International Prize for Science (1999), the Order of Culture (2000), the Wolf Prize in Chemistry (2001), and the Roger Adams Award (2001). In 2001, he shared the Nobel Prize in Chemistry with W. S. Knowles and K. B. Sharpless.

FREE ENTRANCE

Inquiries: Embassy of Japan in Ukraine
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international edition
The Ukrainian Week

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International edition
The Ukrainian Week

The Ukrainian Week № 12 (54) July 2013

Founder ECEM Media GmbH

Publisher ECEM Media GmbH

Address Austria, Am Gestade, 1, 1010 Vienna

State registration certificate KB № 19823-9623П 19.03.2013

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Tel. (044) 351-13-87

www.ukrainianweek.com

Editors address 37 Mashynobudivna str., Kyiv, 03067, Ukraine

Print Novy Druk LLC, 1 Mahnitohorska str., Kyiv, 03056, Ukraine

Ordering number **13-6990** Sent to print on 4 July 2013

Print run 15 000. **Free distribution**

Our partner

ТИЖДЕНЬ

19 June – 3 July



The Constitutional Assembly approves in principle the draft concept of amendments to the Constitution: this could signal the preparation of a back-up for Yanukovich in the form of a premier's position with extended powers



Taliban terrorists attack a group of alpinists in Pakistan, killing three athletes from Kharkiv



The screenings of Open Access, a cycle of short films including one about the president's residence in Mezhyhiria, were disrupted all over Crimea

Beyond Tolerance



The injustice and impunity of those in power are pushing Ukrainians towards decisive action that grow ever more frequent and consistent. The riot in the small town of Vradiyivka in Mykolayiv Oblast is merely the latest link in a chain of many spontaneous revolts against those in power. In Vradiyivka, people stood up with the demand to punish two policemen who brutally raped and beat a local female resident and tried to hush up the crime under the protection of highly-placed superiors. The police kept secret the name of one of the rapists, Captain Yevhen Dryzhak, for quite a while. He turned out to be the godson of Valentyn Parseniuk, Chief of the Mykolayiv Regional Office of the Interior Ministry. However, in addition to demands to bring the guilty people to account, the protesters recollected other numerous crimes committed by law enforcers. The Ukrainian Week's reporter heard many horrendous stories about people who were tortured or driven to suicide by the police, of confessions that were beaten out of them and the moral terror committed by the now detained officers, as well as other "defenders of order". Opposition MPs, who had come to Vradiyivka, called on the victims as well as their families to report this to the Prosecutor's Office. People who spoke of the terror were hesitant initially but then started sharing their evidence one by one. If the

Prosecutor's Office does not back-pedal cases and opposition MPs supervise the process, the Vradiyivka precedent could well stir quite a few investigations against a substantial number of local policemen. Overall, the Mykolayiv police is known to have conducted 63.3% of all non-public proceedings in Ukraine, which could be evidence of profound corruption.

Meanwhile, the government reacted to the riot, just like to other local protests, in a perfectly predictable manner (especially provided that it has never admitted its own obvious mistakes and has never surrendered its people). It tried to intimidate potential protesters, in order to discourage them to take to the streets. For example, instead of at least apologising for the actions of his subordinates, the Interior Minister announced that "the forms of protest chosen (by the people in Vradiyivka – Ed.) are unacceptable." The Interior Ministry has initiated criminal proceedings regarding the unrest and storming of the regional police station in Vradiyivka upon charges of hooliganism, conducted by a group of people, and deliberate destruction or damage of property. On July 3, TVi, 1+1 and LB.ua journalists were arrested and taken to the regional station.

In the last three years, similar riots have flared up in various regions. The murder of student Ihor

The month
in history

27 June 1663



The Chorna Rada (Black Council) in Nizhyn seals the split of Ukraine into Left-Bank and Right-Bank hetman States

28 June 1940



The Red Army enters Bessarabia and North Bukovina

2 July 1853



The Crimean War for domination in the Middle East and the Balkans between the Russian Empire and the coalition of allied states is launched





Lithuania's presidency in the EU Council kicks off, setting the signing of the Association Agreement with Ukraine at the Vilnius Summit in November as one of its top priorities



Croatia joins the EU as the 28th member-state



Local authorities report that the State Treasury has blocked their funding on a massive scale

Indylo while in detention at a police station in May 2010 infuriated Kyivites and led to a human rights campaign, demanding an impartial investigation of the case. In Kyiv Oblast, fellow villagers stood in defence of Vitaliy Zaporozhets, who killed a policeman who terrorized the local residents. The Mykolayiv cases of Oksana Makar and Oleksandra Popova, the victims of rape and violence from Mykolayiv, have also gained resonance thanks to the people, who pressed law enforcement agencies to act efficiently within the law, bringing the rapists to account. The latter were sentenced to a significant prison term – more than ten years. In June, in Lysychansk, Luhansk Oblast, people who had sunk into despair because of mass unemployment due to the closure of enterprises around which the town had been built, twice seized the meeting room of the city council. In Mykolayiv Oblast, villagers working at an agricultural company of opposition politician Arkadiy Kornatskiy are currently engaged in guerrilla war against raiders, who are supported by the local authority.

Riots repeat with new force for various reasons, and sometimes are of a new quality. In a country where the level of trust in power bodies is critically low (up to 20%, talking into account “partially trust” responses in a survey conducted by the Democratic Initiative Foundation) and less than 1% in law enforcement officers, the high degree of protest sentiments appears completely normal. It's indicative that public anger ignites suddenly, without any thought-out organization, which sometimes



leads to a wave of violence, as was the case in Vradiyivka, when local residents tried to storm the regional police station.

Sociologists feel that the degree of protests could increase. Iryna Bekeshkina, Chairperson of the Board of the Democratic Initiative Foundation, notes that according to survey data, a relatively small number of people are prepared to participate in protest actions today (25.5% of Ukrainians are willing to do so), but they can be exceptionally effective in terms of organizing one in certain circumstances: “People don't see how their protests will change anything. This view is held by more than 50% of those surveyed. One third of those surveyed are afraid of repression. But there is a point when they stop being afraid. The loss of fear is directly proportionate to the number of people who came out to protest. When a

whole village comes together, then no one is afraid any longer.”

Today, opinion polls show that Ukrainians consider the worsening of their financial standing as the main reason which would make them take to the streets. Indeed, riots often flare up in poor areas. But poverty is hardly the main reason. There is not much in common between the cases of Vitaliy Zaporozhets, Iryna Krashkova, the victim of Vradiyivka's policemen-rapists and raider attacks against Kornatskiy's agricultural company. In all of these cases people had just one motivation for protest – the reinstatement of justice. This once led to the 2004 Orange Revolution when Ukrainians felt that they were fed up with blatant falsifications during the election, in other words, injustice on the part of the authorities. ■

3 July 1973



The Conference on Security and Co-operation in Europe, the predecessor of the OSCE, begins in Helsinki



Danylo Demutskyi, the Ukrainian photographer and camera operator involved in the production of Oleksandr Dovzhenko's *Zemlia* (Earth), is born



The Battle of Kursk, the largest armoured clash in human history, begins



The Ukrainian High Pedagogic Institute of Mykhailo Drachmanov opens in Prague

Media & Acquisitions

The Yanukovych circle is launching a media purge: Some media moguls have already lost their assets. Meanwhile, new empires are emerging in Ukraine. The secrecy of their real owners is a typical common feature

When Viktor Yushchenko was president, the acquisition of media assets was a kind of sport for the oligarchs, who viewed the mass media as convenient political leverage. However, the 2008 economic crisis shifted priorities and media projects turned into something like a suitcase without a handle for business conglomerates. First and foremost, this was true for print publications. In 2009, the first ones to face change were KP Media with the American publisher, Jed Sunden, as its main shareholder; and Glavred-Media controlled by tycoon Ihor Kolomoyskyi.

Sunden had closed down Novynar, a Ukrainian-language magazine that had survived just one year, back in summer 2008. In 2009, he sold Kyiv Post, an English-language weekly published since 1995, to the Pakistani-born steel tycoon, Mohammad Zahoor. In subsequent months, he got rid of a number of glossy magazines.

In spring 2011, the time came to sell the entire holding whose triune face was the Korrespondent weekly, as well as the bigmir.net and korrespondent.net websites. Petro Poroshenko and his Ukrainian Media Holding (UMH), run by media mogul Borys Lozhkin, became the new owners of KP Media. Poroshenko joined the deal as a minority shareholder of UMH. Salary arrears began at Kolomoyskyi's holding in 2009, even causing a strike at Glavred.

A TURNING POINT

The real changes came after Viktor Yanukovych became president. By the end of 2010, the holding stopped publishing the magazine and the Novaya (New) daily, as well as the print version of the Telekrytyka media publication. Summer 2011 saw the closure of Gazeta po-Kyivsky (Kyiv Newspaper), the brand under which a number of regional publications

Author:
Oleksandr
Mykhelson

were produced, following a notorious scandal after the chief editor left what was one of the most popular dailies. Profile, another business magazine, went out of business. The online version of Telekrytyka and the Izvestiya v Ukraini (News in Ukraine) newspaper left the holding and underwent rebranding. This was, in effect, the end of the holding.

Meanwhile, Kolomoyskyi maintained control of the UNIAN news agency. In early 2010, he bought a group of TV channels, including 1+1, TET, Kino (Films) and City.

Many saw a political motive behind this, particularly since most of Kolomoyskyi's publications' teams were critical of the Yanukovych regime. However, it turned out that the government hadn't even started the media purge at that time. The fully-fledged campaign kicked off in 2013.

Inter Media Group was the first to go. On February 1, news surfaced of the sale of Inter Media Group to gas and chemical tycoon Dmytro

since and shows no intent of returning to Ukraine indirectly confirms this.

In April, it was the turn of TVi. The journalists of the cable TV channel, owned by a number of offshore companies, criticized the government so harshly, that many operators refused to broadcast TVi before the 2012 parliamentary election. In April, it suddenly changed hands: control went from the offshore companies controlled by Russian political migrant Konstantin Kagalovskiy to those ostensibly founded by an Odesa-born American businessman Alexander Altman. However, the public couldn't help but notice the obscure role of Mykola Kniazhytskyi, an opposition MP and TVi's former CEO, who backed the change, or the shady ownership structure of the "fair channel" (the authorized capital of the ultimate offshore company that owned TVi turned out to be a mere USD 1,000). Most journalists left the channel, while its reputation among the narrow but loyal audience suffered a devastating blow. Speculation as to who really stands behind the new owner still varies, but it is the Family that is mentioned most often.

The deal to sell UMH, a huge media holding, to the golden boy, 27-year old multimillionaire Serhiy Kurchenko, was relatively transparent. UMH is mostly comprised of various print publications, including the Korrespondent and Forbes-Ukraine business weeklies, the Komsomolskaya Pravda v Ukraini (Komsomol Truth in Ukraine) daily newspaper, tabloids, as well as sports and cooking magazines. The holding also includes a number of radio stations and the most popular online portals.

In his comments shortly after the deal, Borys Lozhkin hinted that he had sold 98% of UMH for around USD 450mn. This is expensive, but the license for the Ukrainian version of the international Forbes, a

**THE RELATIVELY WEAKEST
PLAYERS WILL PROBABLY FALL
PREY TO THE AMBITIONS OF
THE NEW MEDIA MOGULS FIRST**

Firtash. Until then, Valeriy Khoroshkovskiy who was first vice premier in February-December 2012, owned the controlling stake. "I am unable to ensure the Group's development under current circumstances, and these circumstances are my main motivation for the sale," Khoroshkovskiy stated immediately after selling his company.

The leaked price of the deal left experts shocked: the holding supposedly cost the buyer an incredible USD 2.5bn. However, rumours in political circles have it, that it wasn't the price that made Khoroshkovskiy accept the offer. The fact that Inter's former owner has been abroad ever



vast distribution network and the advertisement market it dominates, may have swelled the price.

Experts surveyed on our website assume that there will be no sudden changes in the editorial policy of Kurchenko's publications, but gradual ones are inevitable. Some projects may close down. "Perhaps this was a kind of strategy, whereby Borys Lozhkin used mass publications like the Komsomol Truth to keep Focus and Korespondent intact," says Oleksiy Mustafin, the Director General of the Mega TV Channel and one of the Inter Group's top managers. "But it looks as though with time, it will become more and more difficult for them to stick to this strategy. It is quite possible that a demand (by Kurchenko – Ed.) to fold everything down prevailed here, or the magazine covers were simply irritating because far more people looked at them rather than the articles."

So, some media moguls have already lost their resources. Meanwhile, new media empires are on the rise. One feature they all share is secret owners. This cannot but fuel suspicion of government support in the establishment of the new informal media groups. Experts unanimously claim that the Family is thus establishing its propaganda arsenal.

Unknown people have recently bought a number of TV channels and established several new newspapers. This is not easy to do at a time when most big businessmen are cash-strapped and do not expect investments. Someone bought Tonis, a TV channel that was on the brink of

bankruptcy. Someone also bought four channels of the Business Group. There is an interesting story behind this: the group's owner, Ruslan Demchak, was detained on charges of the misappropriation of state funds shortly before he was going to run against Hryhorii Kaletnyk, a pro-government businessman and the father of the current First Vice Speaker of the VR, in the last parliamentary election. Demchak was released in February, and signed the deal to sell the channels shortly thereafter for an undisclosed sum.

MORE NEW PLAYERS

The Family is not the only rising media mogul. Ex-chief editor of Akhmetov's Segodnya (Today) daily newspaper, Ihor Huzhva, recently headed a new media holding based on the Vesti (News) daily newspaper distributed for free in big cities (**see The Purging of the Media**). The group's sources of funding are a secret. According to Huzhva, it operates on "borrowed funds" and the free daily should start bringing profits within four years, mainly due to advertising. Media experts see a different purpose. "As a non-market but quality product, Huzhva's Vesti may well oust Segodnya and Fakty from the market," Natalia Lyhachova, chief editor of Telekrytyka, notes.

Rumour has it that Dmytro Firtash may be one of the new media group's financial donors, while the media talk of Russia, more specifically Gazprom. "Nobody in Ukraine has a spare few million dol-

lars a year today to support a newspaper distributed for free, but it's not a problem for our neighbours," an experienced PR expert shares his assumptions. "The Kremlin has probably not yet decided whom it will support in the 2015 presidential election but it is already preparing propaganda instruments."

The owners of media holdings who have so far managed to protect their assets from the appetites of Russia and the Family must feel very insecure in this situation. The biggest ones include Petro Poroshenko with his Channel 5, Ihor Kolomoyskyi with the 1+1 Group, Viktor Pinchuk whose group of STB, ICTV and Novy Kanal (New Channel) accounts for nearly 1/3 of the total viewing audience, and Rinat Akhmetov who owns Segodnya multimedia group and Ukraine TV Group, which recently merged into a single holding.

Naturally, the relatively weakest players will probably fall prey to the ambitions of the new media moguls first. "The less powerful the asset, the greater the doubt that it remains in the hands of the current owner," Oleksiy Mustafin explains. "First, all the rubbish will be bought (fortunately, the buyers don't know much about the Ukrainian media market), followed by small assets."

However, the reality is more complex than this. Since last year, Kolomoyskyi's group has been in a long-drawn-out war for the advertising market against the united front of Pinchuk, Akhmetov and Firtash, making it financially vulnerable. Meanwhile, Kolomoyskyi's interests are backed by other businesses, primarily banking, and links to the establishment in Israel and the US. Similarly strong is Pinchuk's position in the West. Akhmetov has enough authority within the country.

Still, everything comes to an end at some point. "I think many are frozen in anticipation to see the fate of UMH in the television segment," Natalia Lyhachova concludes. "For now, Kolomoyskyi, Akhmetov and Pinchuk still have their holdings. Given the circumstances, the Family trusts none of them as much as it trusts itself. Everyone can thus draw their own conclusions... But the monopoly of one group poses the threat of the establishment of total media purge regime and a return to the times of "party hierarchy and party literature." ■

The Purging of the Media

From 2010, with the Party of Regions coming to power, the Ukrainian media market underwent a dramatic transformation. Many publications that used to be part of the biggest media holdings that were shut down or, just like TV channels, ended up in the hands of the friends and oligarchs close to the Family. A relevant transformation in the content followed.

● 1+1 Group

Includes **1+1**, **1+1 International**, **Kino** (Cinema, now **2+2**), **TET**, **City** (now **PlusPlus**) and **Unian-TV** channels. Acquired for USD 319mn in 2010 from a foreign owner, SME, the group had nearly 18% of the total TV audience by the end of 2012, with 1+1 as the group's main channel accounting for 11.2%. Over the past three years, several channels in the group were rebranded. The new general concept replaces the informational and analytical function with entertainment.

● Glavred Media

In 2010, the holding's major media resources included **UNIAN**, **Glavred weekly** and website, **Profile** magazine; **Novaya** (New), **Izvestiya v Ukraine** (News in Ukraine) newspaper and **Telekrytyka** (TV Critics) magazine. Another media asset, Ihor Kolomoyskyi's **Gazeta po-Kievski** (Kyiv Newspaper), was not part of the group then. In 2010-2011, Glavred, Profile, Gazeta po-Kievski and Novaya were closed down. The official reason was the losses they incurred. In summer 2011, Glavred Media disappeared. Telekrytyka and Izvestiya v Ukraine underwent rebranding, while UNIAN became part of the 1+1 Group.



Borys Lozhkin,
(the main owner
until June 2013)



**Ihor
Kolomoyskyi**

● Ukrainian Media Holding (UMH)

Main assets in 2010 included **Focus weekly**, **Forbes Ukraine** weekly published from August 2010, **Komsomolskaya Pravda v Ukraine** (Komsomol Truth in Ukraine) and **Argumenty i Fakty v Ukraine** (Arguments and Facts in Ukraine); a number of radio stations; **Menu TV** channel. In 2011, UMH and Petro Poroshenko became co-owners of **KP Media** with its **Korrespondent** weekly, **korrespondent.net** website and more, formerly owned by Jed Sunden. Overall, the UMH Group includes over 50 media brands. In June 2013, after the holding bought minority stakes from Petro Poroshenko, Ihor Kolomoyskyi and Hennadiy Boholiubov, it was sold to Eastern European Fuel and Energy Company (SEPEK), owned by Serhiy Kurchenko, who is said to be linked to the Family. According to Borys Lozhkin, the price paid for 98% of the holding's shares was USD 450-500mn - "in line" with his previously mentioned estimated value of the holding. The Focus weekly was sold to Vertex United, an investment company involved in the hotel business.

● A share at UMH, Channel 5

For a long time, Petro Poroshenko owned just **Channel 5** covering 1% of the total TV audience in Ukraine. In March 2011, he became a co-owner of former **KP Media** assets and **Nashe Radio** (Our Radio). He also had a share in **Retro FM** and **Radio Next**. In February-March 2013, Poroshenko sold all his shares to UMH's Borys Lozhkin. The price of the deal is unknown.



**Petro
Poroshenko**,
(co-owner of UMH
until March
2013)



Serhiy Kurchenko,
SEPEK Group
owner



Serhiy Arbuzov,
First Vice Premier

● Sources claim that **Serhiy Arbuzov**, who is often called the right-hand man of President Yanukovich's older son, acquired four TV channels that are part of the **Ukrainian Business Group** from former owner Ruslan Demchak. The latter was arrested before the parliamentary election. According to unofficial information, he estimated the value of the channels at USD 12mn, including USD 10mn for the group's main channel, **Business**. The three other TV channels in the group are **Ukrainian Fashion**, **A-One** and **Dobro TV**.

Sources also report that Arbuzov controls two more TV channels, **Tonis** and **BTB**, the latter having been established by the NBU when Arbuzov was its Governor, **Vzgliad** (View) tabloid and **Capital** business daily. Arbuzov has denied personal involvement in control over any mass media on a number of occasions.

● **KP Media**

Jed Sunden's key assets in 2010 included **Korrespondent**, **bigmir.net** and **korrespondent.net**. In March 2011, he sold these to Borys Lozhkin's UMH and Petro Poroshenko's entities. The deal was unofficially estimated at USD 20mn.

● **Multimedia Invest Group**

The owner is as yet unknown. The group has been publishing the **Vesti** (News) daily with a print run of 350,000 copies since May 2013. The publication has the **vesti.ua** website, and intends to launch a new weekly, **Vesti. Reporter** (News. Reporter). While the daily is currently distributed free of charge, this will not be the case with the weekly. The group has acquired UBR, a satellite business TV channel that will be renamed **Vesti.TV** and is seeking to buy a radio station. According to rumours in the media segment, the project has Russian funding. Some mention Gazprom (in view of the large amount of funds thrown into it in one go) and support from Viktor Medvedchuk's entities. Dmytro Firtash is considered to be another co-owner of the holding.

● **TVi channel**

Presented as an opposition TV channel for a long time, TVi was transferred to offshore companies linked to Aleksandr Altman in April 2013. Meanwhile, Russian political migrant Konstantin Kagalovskiy claims that the transfer was a raider attack and that he is the owner.

● **StarlightMedia**

Includes **STB**, **ICTV**, **Novy Kanal** (New Channel), **M1**, **M2** and **QTV**, with a total share of the audience of 34%. Viktor Pinchuk also owns the **Fakty** (Facts) daily.

● **Media Group Ukraine**

Includes **TRK Ukraina**, **Football and Football +**, several regional TV channels and **Segodnya Multimedia** (Today Multimedia), the publisher of the **Segodnya** (Today) daily with supplements and online versions. The holding is a minority partner in the management of **bigmir.net**, **i.ua** and **tochka.net**.

The share of TRK Ukraina's audience is about 12%. The total nationwide circulation of **Segodnya** is 155,000 copies.

● **Inter Media Group**

In 2010, the media holding of Valeriy Khoroshkovskiy (Head of Ukraine's Security Service – the SBU, then first vice premier in Mykola Azarov's Cabinet) included **Inter**, **NTN**, **K1**, **K2**, **Enter Film**, **Mega**, **Pixel**, **MTV-Ukraine** and the satellite **Inter + TV channels**, as well as the **Ukrainski Novyny** (Ukrainian News) news agency. After falling out of favour with the premier and then President Yanukovych, Khoroshkovskiy was forced to sell his media holding (some say that he did so under pressure) to Dmytro Firtash and Serhiy Lyovochkin (a minority shareholder) on February 1, 2013. According to unofficial reports, the deal was worth USD 2.5bn. As of the end of 2012, the media holding had up to 18% of the total TV audience in Ukraine, including 15.2% for **Inter** as the main channel.

Jed Sunden

Viktor Pinchuk

Rinat Akhmetov

Serhiy Lyovochkin,
President Yanukovych's
Chief of Staff

Dmytro Firtash,
Group DF owner

Valeriy
Khoroshkovskiy
(the main owner until
February 1, 2013)



Media holdings that could end up under the control of the Family's close circle in part or in their entirety, according to projections by **The Ukrainian Week**



The migration of media assets



The biggest Ukrainian media holdings as of the end of Q1'2010 and their transformation over the past three years



Media holdings established over the past three years



An exceptional case

The Hidden is Becoming More Evident

The sale of the UMH group to a friend of the Family is not likely to worsen the quality of Ukrainian journalism, since most of it has long become a paid notice board. However, the good news is that from now on, the government will be held responsible for the use of manipulative techniques in the print media

The huge deal to sell Boris Lozhkin's UMH group, one of Ukraine's biggest media holdings, to Serhiy Kurchenko, a new-coined 27-year old oligarch, stirred a tsunami of publications lamenting "the end to free press". Volodymyr Ferodin, Chief Editor of Forbes Ukraine, which is part of the

UMH holding, said openly that he is leaving the magazine because he is convinced that Kurchenko bought the holding for political purposes, such as to "Shut up journalists before the presidential election", "whitewash his own reputation" and "use the publication to solve issues that have no bearing on the media business", thus Fedorin sees the sale of Forbes Ukraine as "the end of the project in its present form."

In fact, it is too late to shed tears over the freedom of press in Ukraine. It was stolen a long time ago, not least by the people linked to the biggest media holdings.

Until recently, UMH was an incarnation of the

thriving Ukrainian media, at least print and online ones, as opposed to television. They all seemed to be independent, diverse in content and audience, some even competing among themselves. Boris Lozhkin and his UMH always managed to persuade everyone around that his business was actually business, and a profitable one, with undeniable success. He even maintained the illusion of success during the crisis period, when companies started cutting their advertising budgets and many publications closed down in 2008. How and at what expense he did this is still unknown.

Anyone who deals with the domestic media is well-aware that profitability is almost impossible in Ukraine. A simple calculation of the number of pages in a publication, the size of advertisement banners, discounts and barter advertisement reflects this. All this is a consequence of the lack of a media market in Ukraine.

The biggest media holdings, primarily UMH, made every effort to build a system with rules that suit them but bear little relation to market conditions. UMH's promotion strategy in Ukraine focused on the expansion and takeover of the advertising market. The first objective was a success: UMH now has 860 own points of sale and an extensive presence in all retail chains, from Soyuz-Druk, a nationwide chain of press kiosks, to supermarkets. So was the second: UMH is now No. 1 in cumulative print advertising in Ukraine. This leadership comes largely from the distorted division of the advertisement market, while advertisers' choice is based on misleading and subjective criteria. One is the brand recognition survey conducted regu-



larly by TNS Ukraine. There are no specific facts to confirm the manipulation of monitoring results, but practical experience has often proved that domestic conditions distort the activities of the well-known international companies compiling media ratings (**see *Sleeping Beauty and Bread Crumbs at ukrainian-week.com***). Numerous attempts to introduce a comprehensible, uniform and objective system of print run and sales certification (there have been two initiatives so far) have faced sabotage and resistance from key players.

Obviously, segment leaders define the rules, support their homeboys and oust strangers. In other words, they act as masters. Among other things, they impose the notion that Ukrainian-language media are unpromising and unattractive in the country where 2/3 of the population list Ukrainian as their native language. "The Ukrainian readership can't afford to pay," an advertising agency once explained.

The key problem of the print media market in Ukraine is the lack of one. Instead, the segment is dominated by the "standards" imposed by the biggest holdings, such as

UMH. Advertisers see these manipulations with ratings and overblown print run figures, so are reluctant to work with the press because they do not trust its effectiveness. This forces the print media to product placement masked as unpaid covers, interviews or Company News or Position sections, which is blatant PR. As a result, the Ukrainian mass media system created by the leaders of the present quasi market was corrupt from the very beginning. The overall system of relations in a segment with no transparent competition, the blocking of proper feedback from the readers and flirting with those in power, has in no way facilitated the freedom of speech. And the UMH management is not the only one responsible for this. Just recollect Borys Lozhkin's proactive participation in the 2012 World Newspaper Congress and World Editors Forum held in Kyiv under the patronage of President Yanukovich and his Administration with its relevant content and messages (**see *The Ukrainian Week No.16(39) of October 2012***).

Therefore, the fact that a friend of the Family has acquired UMH does not change anything. The new

owner bought the holding with all the manipulative instruments available in the Ukrainian mass media. No matter what Serhiy Kurchenko says, he clearly did not acquire UMH as a business because it is not one, but as an instrument of influence. How effective this influence will be is a different matter; the system that turned most Ukrainian print media into an advertisement board has deprived them of it. Indeed, a publication can hardly influence the readership without a sustainable and accountable editorial policy, its own opinion and stance. Meanwhile, only market conditions allow the profitable operation of publications, such as *The Economist*, that do indeed have their own editorial policy and intellectual platform.

Paradoxically, the acquisition of UMH by Kurchenko may be a good thing. As the talented illusionist Lozhkin walks away from the business and the Family's friend enters the print media system, things may well become much more transparent. At least now it will be clear that the government is watching over most publications in Ukraine. ■

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БАТКІВШЧІНА



United Twice

Despite the successful merger of the Front for Change and Batkivshchyna, the united party could face more dissent and lose voter support unless Arseniy Yatseniuk revises his approach to party building

Batkivshchyna's merger congress on June 14 could well turn into a scandal, given all the earlier turmoil in the party. However, its leaders managed to stage a pretty show and the merger of Batkivshchyna, Front Zmin (Front for Change), Reformy i Poriadok (Reforms and Order) and part of Narodnyi Rukh (People's Movement) did indeed take place. Apparently, the party leaders tried to seek a compromise and avoid a war at the congress, so some of Batkivshchyna old guard's claims were fulfilled: the Front for Change dissolved itself (but did not suspend activity), Arseniy Yatseniuk was not authorized to fire local party leaders singlehandedly, while his grey cardinal, Mykola Martynenko, does not hold any position, nor has he become a member. Representatives of Batkivshchyna's old guard who signed the notorious letter to expremier Yulia Tymoshenko were not expelled from the party. The congress confirmed the decision to nominate Yulia Tymoshenko as a candidate in the upcoming presidential election without any mention of Yatseniuk in this context.

A PRECARIOUS ADVANTAGE

Apart from the new position of chairman of the political council,

created specifically for Yatseniuk, amendments to the party's charter entail the transformation of Batkivshchyna's executive secretariat into its headquarters chaired by Oleksandr Turchynov, who was also appointed the party's first deputy head. From now on, a person will be elected to this position by the party's congress rather than appointed by its political council. At first glance, looking at the new composition of the political council and its presidium, the old BYuT members have apparently managed to maintain their positions and did not allow representatives of the Front for Change to take over the new united party. The Batkivshchyna to Front for Change ratio is around 3:2 in the political council and 2:1 in the presidium, which holds the exclusive right to dissolve territorial branches.

The Front for Change dissolved itself and recommended all of its members to join the new united party. The leaders of the Front for Change's local branches will then become first deputy heads of Batkivshchyna's local branches. This is precisely how Serhiy Tshipko's Strong Ukraine merged with the Party of Regions. However, not all local branches of

the Front for Change have consented to merge with Batkivshchyna. Many of the former's current members once left Batkivshchyna for Yatseniuk's party and are now reluctant to go back. Four MPs, including Andriy Pavelko, Leonid Serhiyenko (who have long been considered the most likely to jump ship soon), Volodymyr Polochaninov and Hennadiy Zubko have already expressed their opposition to the merger at the congress to dissolve the Front for Change. Zubko has been in a conflict with Serhiy Pashynskiy, the head of Batkivshchyna's branch in Zhytomyr Oblast where he used to head the Front for Change branch, would thus become first deputy head to Pashynskiy after the dissolution of Yatseniuk's party. For this reason, Zubko has recently been promoting his own regional project, Zhytomyr is Our Home.

OLD VS NEW

Objectively, the merger of the Front for Change, Batkivshchyna and Reforms and Order has exposed the fracture within the new united party that could aggravate the discord within the Batkivshchyna parliamentary faction. Thus, in effect, Anatoliy



PHOTO: UNIAN

Hrytsenko, Mykola Katerynychuk and the Viacheslav Kyrylenko group (which has long exhibited its intent to reincarnate its own party, *Za Ukrainu!*, (For Ukraine!)) gain a wider field for manoeuvre. Moreover, new party structures alternative to *Batkivshchyna* are being established within its faction. More specifically, a group of MPs is forming, that got into parliament under Petro Poroshenko's quota in the united opposition. On June 17, his top manager and *Batkivshchyna* MP Yuriy Stets became head of the *Solidarnist* (Solidarity) party and became its representative in the united opposition's political council. Oleksandr Bryhinets, another *Batkivshchyna* MP linked to the chocolate billionaire, has welcomed this move. Moreover, given the rumours of Yatseniuk's and Poroshenko's rapprochement, these processes could signal Poroshenko's growing influence on decision-making in the united party. His nomination in the upcoming mayoral election in Kyiv may be one of the first results thereof.

Immediately after the merger congress, Yatseniuk tried to confront the most proactive frontiers. However, his failed attempt to exclude the initiators of the scandalous letter to Tymoshenko from the party was followed by an attack on Anatoliy Hrytsenko that has also proved to be fruitless so far. Attempts were made to disgrace him for his public criticism of the opposition that plays into the hands of the government, and force him to voluntarily leave the *Batkivshchyna* faction and resign from parliament. He refused to do this, and continues to criticize Yatseniuk for his inability to establish

normal cooperation with fellow MPs in the faction. According to Hrytsenko, Yatseniuk views them merely as powerless button-pushers. Hrytsenko's destructive criticism aside, the number of those unhappy with the united party who are ready to jump ship and oriented at alternative political projects will continue to rise unless Yatseniuk starts to respond to constructive criticism.

Yuriy Lutsenko has essentially launched a new project that could ensure a comfortable new political force for those in the united opposition who are frustrated with Yatseniuk's voluntarism to switch to, without ruining their opposition image and turning into crossovers. Although Lutsenko stressed at the congress that his formal greeting to its participants addressed "the party of Yulia Tymoshenko", he claimed that he had not become a member because he will "embark on a path to the same goal pursued by *Batkivshchyna* from the bottom up and from the people, by organizing a connection between opposition parties and the populace". He also noted that "an important component of future victory is not the debate on who will be the single candidate (representing the opposition in the upcoming presidential election – **Ed.**) but efforts to encourage millions of those who do not belong to any party to support this candidate". This implies Yatseniuk, who hopes that his membership in *Batkivshchyna* will allow him to be said candidate. A more candid signal came from Yuriy Hrymchak, one of Lutsenko's allies, who stated in an open letter on Facebook that he was forced to leave the party because "the party I belonged to no lon-

ger exists. There were and will continue to be crossovers in the Rada," so he expressed support to those opposition members who have decided to stay out of the united *Batkivshchyna*.

Clearly, each group that lobbied the merger – the leaders of the old *Batkivshchyna* headed by Oleksandr Turchynov, and the new party members led by Yatseniuk – is counting on using it for its own benefit. The former believe that the merger will allow them to keep the party rolling and financially safe. Under favourable circumstances (such as the release of Tymoshenko from prison or the



THE NUMBER OF THOSE READY TO JUMP SHIP WILL CONTINUE TO RISE UNLESS YATSENIUK STARTS TO RESPOND TO CONSTRUCTIVE CRITICISM

rise of a more promising candidate than Yatseniuk), they will be able to remove the new head of the political council from his position or eliminate his influence in the party, as was the case with Serhiy Tihipko in the Party of Regions. Yatseniuk can count on a chance to "win *Batkivshchyna* from inside" turning what is a relatively strong party structure in the current opposition into a foundation for the presidential, local and parliamentary elections. He has a much better chance of implementing this scenario under current circumstances than Serhiy Tihipko did in the Party of Regions. The release of Tymoshenko prior to the Vilnius Summit of Eastern Partnership this autumn is the only factor that could ruin these chances. ■

Vitaliy Klitschko spent almost two days in Paris. The French audience found him much more interesting than Premier Mykola Azarov who had visited Paris a week earlier. After the debate entitled "What is the political future for Ukraine?" held by the Paris-based Centre for International Studies and Research (CERI) together with the Robert Schuman Foundation, Vitaliy Klitschko talked to *The Ukrainian Week*. Similar to his earlier interviews, including those for our publication, this one shows that he is consistently cautious and unspecific in answers on language, oligarchs and his party's action plan when and if it comes to power. This signals that the priority is to attract the majority of voters, and not only the protest-oriented ones. The goal is apparently to become the most popular opposition candidate by spring next year, thus forcing opposition partners to support him. Meanwhile, specific answers would outline UDAR's stance on crucial issues for society and probably cause some backlash among potential supporters and even its core electorate. So far, they have been supporting Klitschko rather than UDSR's platform, which essentially does not exist. Apparently, UDAR's greatest fear today is to lose support. This was confirmed by Vitaliy Klitschko's answer to the question about how his party would implement changes in Ukraine, to which he replied that the main thing is the people who implement the programme, rather than the programme itself, followed by the usual "we have developed specific steps for the transformations that we will implement". This is nothing specific. In fact, other opposition leaders do the same, but this only signals that they are once more try to sell a pig in a poke to the voters, just like in 2004. If Klitschko really intends to become an alternative to the current regime, he would be wise to walk away from this image. As part of the parliamentary opposition, UDAR has yet to realize that the necessity to change the oligarch-controlled economy is one of the top priorities of a political force aspiring to lead the country after the Yanukovich regime. Among other things, Klitschko's answers raised doubts as to whether he and his allies realize that this is a priority task in unleashing the nation's development. Perhaps he prefers to not focus on this until the presidential election. Does this signal that he hopes to become the most acceptable candidate for oligarchs, too? This seems to be perfectly in line with the logic of UDAR's "grey cardinal", Vitaliy Kovalchuk (deputy head of UDAR and leader of its executive headquarters) who once expressed the expectation that "the time will come and elites will be forced to support Klitschko". Moreover, given Klitschko's answers, he does not really understand the difference between wealthy people, big entrepreneurs and oligarchs. The latter are plundering the nation's assets and resources, backed by administrative leverage and their influence on ruling regimes, instead of developing business.

Klitschko also avoided giving a definitive answer to the question of his possible support of oligarch Petro Poroshenko, known for his political opportunism (co-founder of the current Party of Regions, one of the leaders at *Nasha Ukrayina* (Our Ukraine) and minister in Tymoshenko's and Azarov's cabinets), in the Kyiv mayoral race.

And, just as before, he continues to ignore discrimination against the Ukrainian language. "The language issue is not the top priority," he says over and over again, and does not insist on the abolition of the language law passed a year ago, although he opposed it back then. This time, his answer to the question of "Should this law be abolished?" was an obscure "it could be". Unfortunately, this means that he and UDAR on the whole, do not realize the role of the Ukrainian language as a basis for the consolidation of the nation, the overcoming of its postcolonial inertia and Ukraine's exodus from the Kremlin's orbit and neo-imperialistic concepts, based on the expansion of the Russian language as a determining civilization marker.

In Pursuit

Vitaliy Klitschko is improving his rhetoric, but fails to give clear answers to crucial questions regarding the nation's development

Interviewer:
Alla Lazareva

UW: You stated that you do not take part in the Rise Ukraine! campaign in person because the vacation season has begun, therefore there is no point in holding them at this time. So, what tactics do you propose for the struggle against the government during the summer period? Or do you prefer to do nothing?

— If we do anything, the event should give maximum effect. On the one hand, summer is vacation season. On the other hand, many Ukrainians are working on farms. Political activity is low. Therefore, it makes no sense to hold events in late June, July and August if we want to achieve a maximum result. Of course, this does not mean that political activity should be halted altogether. But as for rallies... It will be strange to employ a lot of human and organizational resources at rallies where there will be a low turnout.

it of the Presidency



This is why the format of communication with people should change in summer. And work should continue.

UW: Yuriy Lutsenko recently stated that voters should unite around a programme of changes in the country rather than a leader. UDAR's election platform contains many reasonable provisions but it is not very specific, and has no algorithm for accomplishing the goal. This may be enough for a platform, but does your party have a step-by-step programme for the transformations that the country needs?

— I don't entirely agree with Lutsenko. A programme is very important but look at the platforms of, say, the Party of Regions or the Communists. You will find well-written reasonable things there. Any party can have a nicely-written platform. But the most important thing is the people implementing it. Unfortunately, there is a huge gap between the declaration and implementation of intents in Ukraine. Of course, we do have specific steps for transformations that we shall implement.

UW: Are you ready to name ten members of your team who could take the top offices in the country if your party comes to power?

— First of all, it is too early to talk about this now. We have two more years before the presidential election. Secondly, I believe that we should nominate a single candidate from all opposition forces in the presidential race. This should be someone who stands the best chance of winning against Yanukovich. Thirdly, My team is made up of people who meet three key criteria. First, they must be hard-working; second, they must be »

PHOTO: PHL

professional, and third, they must possess moral qualities.

UW: You mentioned the oligarch-controlled economy that hampers the development of society and throws the country into regression and poverty in your speech today. What are you planning to do with oligarchs? How do you intend to restrict their political and financial impact?

— I don't want to run too far ahead. Let's remove the "ifs". As I said today, oligarchs also want to have rules that don't change. That's the first point. Secondly, we shouldn't struggle to eliminate rich people, as was the case in the past. We must take reality into account. People who work in Ukraine should pay taxes rather than transfer funds to offshore accounts, but create new jobs. They should be socially accountable. Unfortunately, Ukraine does not have this today. The financial means of people are currently being depleted at an alarming rate.

UW: Should the EU sign the Association Agreement with Ukraine if the government does not release Yulia Tymoshenko?

— Let's think about it together. The Association Agreement includes provisions whereby Ukraine undertakes to implement judicial reform. Let's imagine that the agreement is not signed and Yulia Tymoshenko is in prison in a country where no one puts pressure on the government, or insists on reforms, or says that there should be no political prisoners... And another option: the government has not released Yulia but has committed to implementing reforms, particularly of the judiciary and a profound reform of law enforcement as crucial elements, by signing the agreement. Both opposition forces inside the country and foreign observers supervise and control these transformations. Let's choose the course that is the least painful both for Ukraine and Yulia Tymoshenko.

UW: If the mayoral election takes place in Kyiv, what could force you not to run? After all, this would significantly im-

prove the chances of a pro-government candidate.

— First and foremost, we demand that the mayoral and city council elections are held simultaneously in Kyiv. With an illegitimate Kyiv City Council, the mayor will be forced to sign illegitimate decisions. This is a matter of principle. But the government does not want to hold the Kyiv Council election simply because anti-government sentiments among city voters are at a critical level, and opposition deputies in a new council would



THE ISSUE OF NOMINATING A SINGLE CANDIDATE IN THE FIRST ROUND IS STILL ON THE AGENDA.

THE PERSON WITH THE MOST ELECTORAL SUPPORT SHOULD BE THE CANDIDATE. THIS IS THE ONLY CRITERION

comprise 90%. The government knows this and categorically opposes holding the election.

UW: Do you think that the opposition, including UDAR, would support Petro Poroshenko in the mayoral race? He is not really an opposition politician, is he?

— Let me reiterate: we have to choose a candidate before we can support one. Meanwhile, we don't have the election but already have a crowd of candidates. First, the designation of an election, then we can talk about candidates to support.

UW: You said at the conference today that Ukraine lacks independent and unbiased judges. How do you propose to ensure the independence of judges?

— They must be elected rather than appointed. The Ukrainian judiciary is currently a closed clan; life-long judges and appointments through administrative leverage. This must be changed.

UW: Both UDAR and you yourself have spoken against the

language law passed last year. Have your MPs drafted a bill to abolish this law?

— We will do our best to abolish laws that run counter to the interests of society, more-over split it. Currently, the issue of the language is not the top priority. Ukrainians are first and foremost interested in employment, salaries, high prices, social standards and pensions... The language issue is not quite so acute. However, some politicians are deliberately fuelling animosity to gain political dividends. This fractures society.

UW: Do you think that this law should be abolished?

— I believe that this law could be abolished.

UW: Have you ever heard questions about UDAR's cooperation with Svoboda in conversations with Western politicians? The Ukrainian government's lobby has shaped a pretty negative image of it in Europe.

— I haven't been asked such questions. We are united in a struggle against the current regime. We are different political forces and we have different programmes, platforms and voters. However, we are joining our efforts to reboot the power system in Ukraine.

UW: Do you support Tymoshenko's idea of three opposition candidates running in the 2015 presidential election? Or do you think that the opposition should nominate a single candidate agreed upon before the first round?

— I believe that the issue of nominating a single candidate in the first round is still on the agenda. I think we will have an opportunity to decide on this in spring next year and opposition forces will be able to nominate one. Who exactly? The politician who stands the best chance against Yanukovych. We have to think about this, about a change of government in the country. Therefore, the person with the most electoral support should be the candidate. This is the only and most logical criterion. ■



Author:
Philippe
de Lara

Freedom for History

The myths of the Great Patriotic War are a massive misrepresentation of history and a tricky political trap for Ukrainians who are forbidden from recovering their own history and claiming recognition of their suffering. They are suspected of “fascism” as soon as they part from the orthodox narrative of the GPW, and forced to struggle against doubts about crimes whose memory should belong without question to the universal conscience. But, like Chernobyl, GPW spin doctoring is a poison which is not confined to local devastation — it is spreading all over Europe by distorting the memory and understanding of events which shaped the continent. This is a well-known fact, but one which needs constant reassessment, since the poison was inoculated very early in the 1940s and it cannot be fought by brisk counter propaganda but only by a patient, steady quest for the truth, by unfolding all the facts and placing them into the big picture, while fostering an open historical discussion through education and media. The action of states is crucial in establishing this freedom of research and discussion, in supporting academic research, education and memorial policies.

Even in Western countries where freedom of speech and strong independent academic institutions have been established for a long time, it has not always been easy to free ourselves of the grasp of the “antifascist legend”, which muddled the facts of WWII by putting all the Allies on the same footing, colouring any criticism of the USSR as impossible or illegitimate. Of course, in liberal countries, we did not have to struggle against the bigger tricks of the Soviet illusionist, like the downplaying of the Holocaust by merging all the “victims of fascism” together, or the denial of the Holodomor or the Katyn massacre. But there was all the same a difficulty in coping with history, for instance in acknowledging and giving all its significance to the Nazi-Soviet alliance in 1939-1941, which is still downplayed and misunderstood, as if it were a strictly defensive move by the Soviets and as if they did not invade Poland (and hereby Western Ukraine). Soviet lies about Katyn and about the Holodomor were only recently fully disclosed to Western educated opinion. The improvement in knowledge about WWII and the political massacres perpetrated by the Nazis and the Soviets in Eastern Europe is a task that re-

mains for our time. Newly disclosed archives and testimonies, new perspectives and deeper understanding have proven more than once than it has been wrong to believe that “we already know everything that is to be known”.

Sceptics will say: “This is an issue for academics, for readers of history books, it has no political bearings.” Activists will say: “We just have to fight for the recognition of our status as victims, don’t complicate things, let’s keep the skeleton in the closet.” They are both wrong. The progress of historical understanding becomes widely known sooner or later, it spreads in the global culture, creates new standards for the historical narrative. This is a piecemeal but inevitable process. The Russian policy of forbidding free history and imposing an official (actually Stalinist) version of the GPW by law and threat, with its heroes and villains and its secrets and lies is of course a frightening policy. It seems to be finding success in corrupting the youth, imprisoning generations in ig-

norance and false consciousness. But it is bound to fail. Russia is no longer a closed fortress hiding the world from its inhabitants. Whenever a Russian citizen travels abroad, be it

THE GREAT PATRIOTIC WAR STORY-TELLING IS BOUND TO FAIL DESPITE ITS TEMPORARY HEGEMONY



an oligarch skiing in Austria or a student studying in France, books, talks, movies, etc. put them in contact with an open history which cannot but in the long run challenge and overcome the story-telling in which they are trapped. However invasive, this story-telling is weak. Pretence, even violent pretence backed by the state is still pretence and does not have many true believers.

That is why the fight for the freedom of history, for a liberal education, without imposed textbooks, the sharp and patient criticism of all the flaws, to say the least, of the orthodox narrative of the Great Patriotic War are important for all Europeans and, let me insist on it, for the Russians which are the first victims of a policy than can bring them no good, which is a false pride that has very little to do with authentic memory and spoils even the glorious aspects of their history.

To put my point briefly, the meaning of WWII is not a mere intellectual affair but a critical political issue, a barometer of re-Sovietisation or democratization in eastern Europe, and therefore a key for its future, and GPW story-telling is bound to fail despite its temporary hegemony. ■

On June 24, Russian Duma registered a United Russia-sponsored draft law to introduce criminal liability for anyone who denies the verdicts of the Nurnberg Trials, the contribution of an anti-Hitler coalition armies, and spreads “intentionally misleading information on this contribution by accusing them of war crimes.” One of the reasons behind this was a scandal caused by a publication of Leonid Gozman, a well-known politician and Director of Humanitarian Projects at Rusnano. He compared Soviet counterintelligence agency SMERSH to the Nazi SS divisions

Keeping Up With the Croats

After Croatia's accession, Europe should be ready to admit more new members

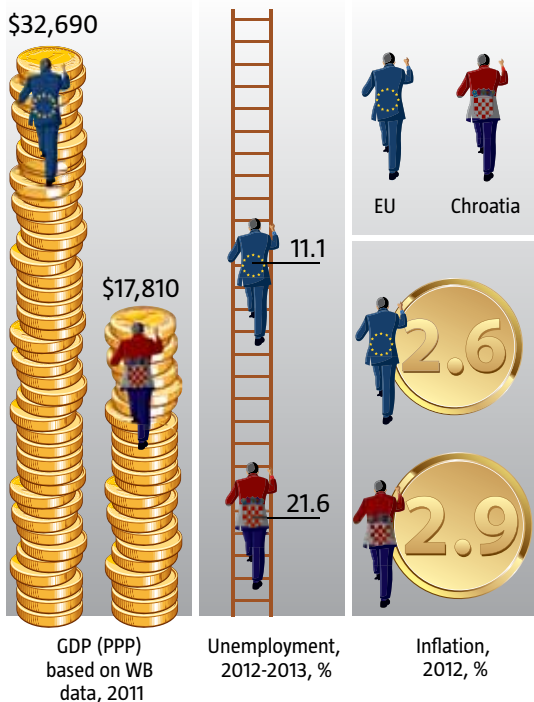
CRITICS who say the European Union has been tipped into inaction by the euro crisis are mistaken. Despite it, policymaking in such areas as competition, energy, the single market and telecoms carries on. And on July 1st the club will admit its 28th member, Croatia.

To many this marks the beginning of the end of a process. Most people accept that the western Balkans must eventually join the club, so membership talks continue with Montenegro and will open next year with Serbia. But further negotiations with Turkey, already almost frozen, have at German insistence been put off until October, because of the Turks' crackdown on protesters (see article). And nobody even raises the possible accession of Moldova, Ukraine or the Caucasus.

This is a mistake. Enlargement has been the EU's most successful policy bar none. The hope of membership was crucial in fostering and smoothing the transition to democracy, first in Greece, Spain and Portugal and later across large parts of eastern Europe. The lure of joining the rich democrats' club led countries into social and constitutional reform and persuaded them to free statist economies. The results benefited not just new members, but existing ones, too.

Those who oppose further enlargement offer several arguments. The EU club is already too large to function well, they say, and is anyway in too big a mess to afford new distractions. Some countries were let in before their institutions were sufficiently developed (Romania and Bulgaria in 2007), or with unresolved territorial disputes (Cyprus, 2004). Hungary (also 2004) has regressed in its de-

The EU's next poor cousin



mocracy. Others, like Turkey, are not really European at all. Public opinion is against more expansion, partly because of rising resistance to large-scale immigration. Potential candidates from

suffered from enlargement: policy squabbles are mostly among older members, not between old and new. Romania and Bulgaria may indeed have joined too soon, but the admission criteria have been toughened since they signed up. Countries with frozen conflicts should be told to resolve them before they join and not after. Hungary is being nagged back into line, albeit with difficulty. Turkey was accepted as a European country at least as far back as 1963, when it signed an association agreement.

Clearly, people in the EU are worried about immigration. But it will be decades before many of these countries can join, and even then they will have long, potentially unlimited, transition periods before enjoying full free movement of labour. Size, poverty and religion have never stood in the way of membership and should not suddenly become obstacles now. Democracy and the rule of law remain fundamental requirements for the EU—indeed, this is precisely what gives it such powerful leverage over would-be members.

FENDING OFF A BEAR HUG

There are also strategic arguments for continuing to dangle the prospect of EU membership, however far off it may be. Russia is promoting its own Eurasian customs union. It has little to offer beyond cash and cheap energy. But if Ukraine, for instance, concludes that EU membership is off the table for ever, it may drift eastward. Turkey's adherence to Western alliances is similarly embedded in its EU aspirations. If these are thwarted, it too could look elsewhere. Europe would do better to have hopeful neighbours that aspire to its standards than grumpy ones that feel they have been rejected. ■

**DEMOCRACY AND THE RULE OF LAW REMAIN FUNDAMENTAL REQUIREMENTS FOR THE EU—
INDEED, THIS IS PRECISELY WHAT GIVES IT SUCH POWERFUL LEVERAGE OVER WOULD-BE MEMBERS**

If Ukraine, for instance, concludes that EU membership is off the table for ever, it may drift eastward

the east are too big (Ukraine), too poor (Moldova), too Muslim (Turkey again), too autocratic (Azerbaijan)—or some combination of the above.

Yet all these points have answers. Decision-making has not

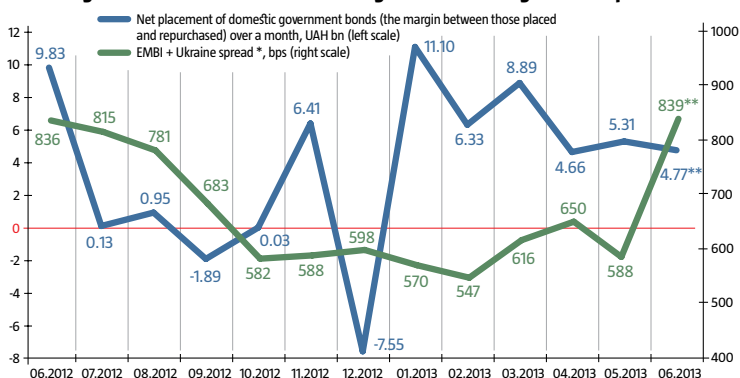
SYSTEMATIC RECESSION

Last week, the State Statistics Service of Ukraine released Ukrainian industry indices for May 2013: the decline compared to the same month in 2012 constituted 9.3%. A closer look at a wider range of data reveals that the current pace of decline is not random and the economic situation is in fact worsening rapidly. In May, the volume of work in the construction industry dropped 29.1% year-on-year (in April – by 21.7%). As a result, the industry lost 17.8% in production volume in the first five months of 2013 and fell below the lowest figures of 2010, the period between the 2008–2009 economic crisis and the recovery in the run-up to the Euro 2012. Since the lack of investment today means the absence of growth tomorrow, such dynamics signal that the worst months for the economy lie ahead. The crisis is also deepening in the transportation industry: over Jan-Apr 2013 cargo turnover dropped 10.7% compared to the same period last year; over the past five months the decline hit 11.4%. The crisis is mitigated by a moderate growth of agricultural output and retail trade at 5.1% and 11.6% accordingly in the first five months of the year, compared to January – May 2012. However, this is not enough since agricultural output growth remains unchanged for the second month in a row, while retail trade turnover fell 12.7% in four months. The situation on external markets is more likely to deepen the economic crisis in Ukraine rather than lead to economic recovery.

According to Eurostat, the decline of industry in the EU continues, although it slowed to 0.8% in April year-on-year, after almost 18 months of 2–3% monthly declines. This could be seen as a positive trend that could support Ukrainian industry in time, particularly if Ukraine signs the Free Trade Zone Agreement with the EU in November 2013. However, the Russian factor is currently putting pressure on the Ukrainian economy. According to RosStat data, Russian industry faced a 1.4% decline year-on-year in May. This is now the third negative monthly result in 2013 after several

Author:
Lyubomyr
Shavalyuk

It is becoming ever more difficult for the Ukrainian government to finance the budget deficit – external borrowings are becoming more expensive



* EMBI + Ukraine spread – the difference between the cost of Ukraine's and the US' external borrowings (the difference of weighted YTM between Ukrainian Eurobonds and US Treasury bonds)

** As of 24.06.2013

Source: NBU and CBonds

years of continual growth. Unsurprisingly, this made Ukrainian mechanical engineering an outsider of domestic industry after it lost 18.1% in May, since the Russian Federation is its main target market. How deep down the industry will drag Ukraine's entire economy will be clear in the second half of 2013 when Russia is likely to plunge into recession itself.

Financial sector indices look menacing against the backdrop of declining industry. In four months of 2013, Ukraine's consolidated budget deficit hit UAH 18.9bn, which is three times more compared to the same period in 2012. Meanwhile, this year's budget revenues listed UAH 10.7bn of advance income tax payments from enterprises in Q1'2013. Thus, if the government had not pumped money out of business, the consolidated budget deficit of Jan-Apr could have been almost twice as high. Over Jan. 1 through June 24, the amount of outstanding domestic government bonds increased by UAH 41bn. Of this, the NBU undertook the liabilities worth UAH 23bn by issuing the relevant amount of hryvnias for this. Commercial financial institutions undertook another UAH 19bn. Two more international government bonds placements were made replenishing the Treasury with USD 2.25bn. This left the government with a UAH 13.1bn reserve on the NBU's accounts and UAH 5.2bn in commercial banks. This should

have been enough to finance the budget deficit "from loan to loan", but for two factors. First, Ukrainian Eurobonds have already started to see a rapid loss in value. For example, Ukraine-2013 is currently trading with a 9.75% YTM, although these bonds were listed at 7.5%, and traded at 6–7% only two-three months ago. Foreign borrowings are growing more expensive and this is unlikely to improve, if only Ukraine will be able to borrow anything at all. Secondly, domestic borrowings are seasonal: In 2012, the amount of domestic government bonds increased by UAH 28bn in the first six months, but did not change for the rest of the year. While banks had sufficient liquidity to help out the government by buying out bonds worth almost UAH 18bn in the first half of 2012, subsequent liquidity problems caused them to reduce their government bond portfolios and the NBU was forced to intervene by repurchasing them.

This signals that the solvency of the government will be under threat within the next few months. The present condition of the economy and public finances is far worse than it was last fall. The Family's young reformers team is making last-ditch efforts to stave off economic collapse turning to Treasury bills, struggling with transfer pricing, etc. However, all these measures will merely worsen Ukraine's prospects once "stabilization" resources have been exhausted. ■

The Illusion of Big Business

High deposit rates with zero inflation, expensive loans and a production sector underfinanced by banks whose funds are channelled to support the cash-starved budget are all results of the government's detrimental economic policies

Author:
Oleksandr
Suhoniako,
Chairman of
the
Association of
Ukrainian
Banks

A swimmer's performance depends on the water in which he swims, its temperature, chemical composition and waves. Banks similarly depend on the economic environment in which they operate.

Ukraine's GDP remained over 5% short of the pre-crisis level in 2010-2012. The economy has been in downfall and recession the past three quarters, and experts, international financial organizations and rating agencies are not optimistic about 2013. The industries facing negative trends include processing,

construction, transportation, steel production and chemistry, to name a few. These economic conditions are hitting the state budget hard. The budget deficit for 2012, less the deficit of NaftoGaz Ukrainyiny, was twice that of 2011, reaching UAH 53.5bn. Four months into 2013, the budget deficit was UAH 16.2bn compared to only UAH 4.5bn over the same period in 2012. Meanwhile, budget revenues were lower in April this year compared to April 2012.

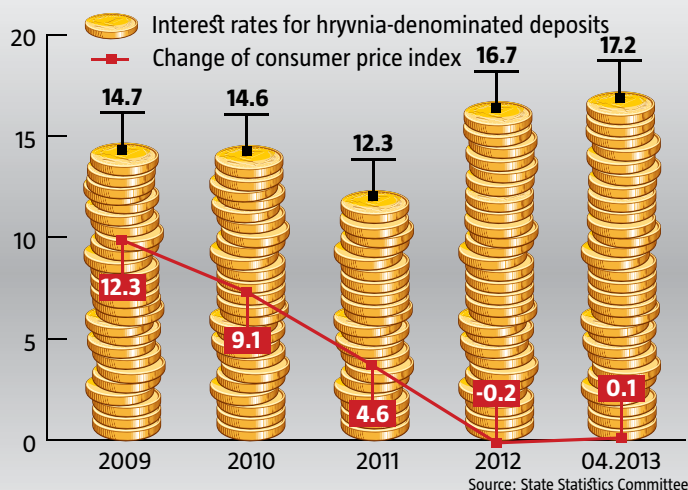
The fundamental problems of Ukraine's economy show in the bal-

ance of payments. The current account deficit grew from USD \$3bn to USD \$14.8bn in 2010-2012, compared to USD \$12.8bn in the crisis year of 2008. This is close to the balance of trade worth USD \$14.8bn. In this case, where did the money come from to buy the imported goods and services? The government took funds from foreign-exchange reserves and borrowed money thus boosting government debt. In 2011-2012, the National Bank of Ukraine (NBU) sold a net of USD \$11.2bn from foreign exchange reserves, compared to USD \$10.4bn in the crisis year of 2009. How did the crisis differ from the "recovery"? Moreover, foreign exchange reserves were higher back then. Another source of foreign currency is the growing government debt. It grew by almost USD \$25bn from 2010 to 2012, adding another USD \$4.7bn over the first four months of 2013. In 2009, government debt per capita was around UAH 7,000 or USD \$864. Now, it exceeds UAH 12,000 or USD \$1,480. Sooner or later, Ukrainians will pay this through inflation and devaluation.

Keeping the hryvnia exchange rate stable and inflation low has been the government's strategic goal for the past three years—one

Inadequate deposits

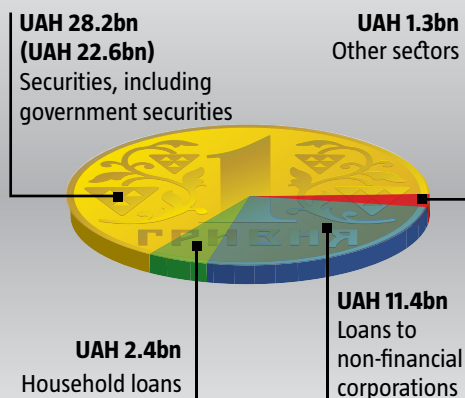
The real deposit rate has grown more than sevenfold over three years, from 2.4% in 2009 to almost 17% in 2012



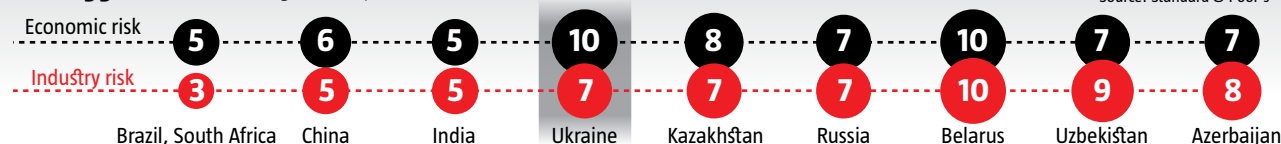
The biggest risk

Over January-April 2013, the deposit base grew by almost UAH 43bn. However, banks invested less than 30% into production segments. Over 52% was borrowed in loans to the government

Distribution of funds available at banks over Jan-Apr, 2013



The biggest risk. Banking industry risks – BICRA assessment



that damaged both the economy and the banks. The government accomplished these political goals through a liquidity crunch in 2011 and 2012. The deficit of hryvnia that was manually kept out of the economy and artificial rise of the hryvnia exchange rate froze production, knocked GDP down and increased the debt burden on banks. The stable hryvnia cost Ukraine the stifled economy, a government debt 1.75-times larger than that of 2010, and the sale of foreign exchange reserves worth USD \$11.2bn over the past two years. All these negative economic trends are damaging the banking sector. The artificial liquidity crunch in 2011-2012 boosted the cost of bank liabilities. From January-April 2013, banks earned 8.3% on interest rates, while spending 21.9% to cover interest on their own liabilities. Over 2012, interest income grew 3.7% while spending to cover interest charged on banks went up by 14.6%. This trend began in the last quarter of 2011.

The deposit rate as a difference between the interest rate and inflation has grown seven times over the past three years, from the normal 2.4% in 2009 to almost 17% in 2012. This signals the extent of the manually created hryvnia deficit, deposit risk growth and lending to the production sector hampered by high credit interest rates. Over four months of 2013, the deposit base grew almost UAH 43bn. Household deposits increased 8% over this period. Less than 30% of this newly-drawn funding went to the production sector that creates the added value. Instead, over 52% was used as credit to help the government deal with its budget problems. The government spends this on social benefits rather than production. Where will it get the money to return it to banks under the current state of the economy and budget? Ukrainian bankers should keep this in mind when they channel their clients' deposits into the Cabinet of Ministers' default liabilities. They should remember the sad experience of the Cyprus banks that also invested their money into the Greek government's bonds.

At least 70% of the banks' resources should be channelled into the economy. However, this is not happening due to the huge risks involved. In terms of the economic risk that includes economic stability, distortions and credit risk,

Ukraine's banking sector has the worst possible rating of 10. Its industry risk is 7. Standard & Poor's BICRA rates Ukraine's banking at 9, one of the lowest among all post-USSR states with only Belarus lagging behind with 10.

Over the past four months, banks have drawn more deposits than they issued loans to non-financial corporations over sixteen months. Soaring credit interest rates on the one hand and huge risks in lending to the economy on the other have stifled the key function of the banking system, which is to channel free assets drawn from households into the economy. In this situation, banks need to cut their spending to stay afloat. Thus, many banks have already resorted to layoffs and network branch closures. Most of the UAH 2.3bn income the banking sector reported over the past four months came from cutting expenses, namely the reduction of provisions for transactions with assets (UAH 2.4bn), rather than the growth of income from lending. Meanwhile, subsidiaries of Western banks are leaving the Ukrainian market because they see no economic prospects of staying in the country.

Economic and industry distortions have accumulated some explosive ingredients in Ukraine's banking system. The share of bad loans is 20% according to S&P and 35% according to Moody's. The risk of hryvnia devaluation is pressing the banking sector. The gap between their liabilities and assets in foreign currencies is over UAH 6bn. Devaluation will cause direct losses proportionate to the depth of devaluation and the foreign-currency denominated liability to asset ratio. The intense drawing of free funds from the population and enterprises under huge real deposit rates and the channelling of these into unproductive consumption by the government (through government bonds), consumer or import lending is aggravating Ukraine's economic crisis and increasing the risk of default of the banks' liabilities.

With this crisis in the economy, industry, banking and other sectors, banks will only be able to resume normal operation if the government's economic policy changes dramatically, focusing on maximum employment of the population and economic growth boosted with bank lending. ■



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Refugees in U

Not Our P



Author:
Hanna Trehub

2,435
officially recognized
refugees from
47
countries live in
Ukraine today
*Source: State
Migration Service*

The world gets a new refugee every 4.6 seconds. Afghanistan, Somalia, Iraq, and now Syria are just four of the many countries where wars, persecution and terror have prompted millions to join the most vulnerable members of society by seeking refuge abroad.

Sadly, Ukraine is not a particularly welcoming place for refugees and asylum seekers. Despite the efforts of international services and human rights organizations dealing with this issue, refugees still risk being

denied entry into Ukraine, being arrested and extradited to their country of origin. This policy pushes Ukraine farther from civilized countries that respect international law, and is an obstacle on the path to the full liberalization of the visa regime with the EU.

A WAY OUT?

People fleeing their home countries for justifiable reasons face complex obstacles when applying for refugee status in Ukraine. According to Oldrich Andrysek,

UNHCR Regional Representative for Belarus, Moldova and Ukraine, “the long-lasting administrative reform implemented in Ukraine is just one of a slew of obstacles.” He claims that too many Ukrainians still view refugees as simple migrants seeking a better life.

Ukraine has not yet developed or implemented effective refugee legislation. According to the UNHCR, refugee related procedures do not comply with international standards, just as before, despite a new law on ref-

Ukraine: problem?

Ukraine has often turned a blind eye to international refugee law. This is another blow to its reputation in the world



ugees passed by the Verkhovna Rada in 2011. Among other things, asylum seekers with no documents may be detained for up to 12 months.

In January 2012, a group of 81 refugees, mostly from Somalia, announced a hunger strike to protest their detention in camps for illegal migrants. They were placed in two camps in Volyn and Chernihiv Oblasts following a police operation to eliminate "illegal migration" in late December 2011. Most of them had no chance to apply for asylum

because many oblast offices of the national migration service were not operating for most of 2011. Some of the protesters were repeatedly detained and placed in temporary shelters after authorities refused to grant them refugee status and tried to force them to leave Ukraine. The hunger strike ended on February 17 after the oblast migration service assured detainees that it would resume applications for refugee status and protection.

A significant impediment is the fact that most Afghan, Somali and Syrian asylum seekers detained by the border or migration police are unable to fill out the seven-page application for refugee status or additional protection in Ukrainian without assistance from lawyers and interpreters. As a result, they are treated as illegal economic migrants in Ukraine. By contrast, EU member-states provide legal assistance and translation free of charge, while the border police fill out applications which refugees must simply sign.

In 2012, only 12% of applicants received protection in Ukraine. Some were only granted refugee status after they appealed the initial refusal in court. In the EU, 26% out of 268,000 were granted refugee status or additional humanitarian protection without court appeals.

POLITICAL FLAVOUR

It is no secret that many asylum seekers in Ukraine fled their countries because of political persecution. However, Ukraine tends to break its international commitments under the UN Refugee Convention by satisfying extradition requests. Such cases have grown more frequent under the current government. Very often, Ukrainian judges seem to forget the fact that UN conventions are the top priority in the

tion of international asylum seekers or people with refugee status is illegal.

To a large extent, this is a Soviet legacy. In the USSR, human rights and anti-discrimination laws were unheard of, something from beyond the Berlin Wall. Even after 19 years of UNHCR activity in Ukraine, Ukrainian prosecutors, judges, and law enforcers still do not understand the key principles of protection for vulnerable people such as refugees and asylum seekers.

For some reason, the Minsk Convention on Legal Aid and Legal Relations in Civil, Family and Criminal Cases has no clauses regarding asylum seekers, although there are many CIS citizens fleeing to Ukraine and seeking asylum there due to political persecution. Most of them come from Russia, Belarus and Central Asia where authoritarianism thrives.

A 2013 Amnesty International report lists the most notorious cases of rights violations against political asylum seekers in Ukraine. These violations show the international community and the EU (with which Ukraine hopes to sign an Association Agreement) that in practice, Ukraine is not implementing a key European value: the protection of human rights and prevention of discrimination.

Kyiv ignored Ukraine's commitments under the UN Convention against Torture and the Refugee Convention when it tried to extradite Ruslan Suleymanov to Uzbekistan. He moved to Ukraine in November 2010 out of fear of an unfair trial, torture and violence in his home country after competitors tried to acquire Karavan Bazar, the development company where he worked. He was arrested in Ukraine on February 25, 2011 and placed in a detention centre when he came to the Chernihiv police station to apply for permission to work in Ukraine. Ruslan did not have access to a lawyer until May 18, 2011, although this was a violation of Ukrainian and international law. That same month, the Prosecutor General's Office confirmed that he would be extradited to Uzbekistan where he would be tried for economic

**TOO MANY PEOPLE IN UKRAINE
STILL VIEW REFUGEES
AS SIMPLE MIGRANTS
SEEKING A BETTER LIFE**

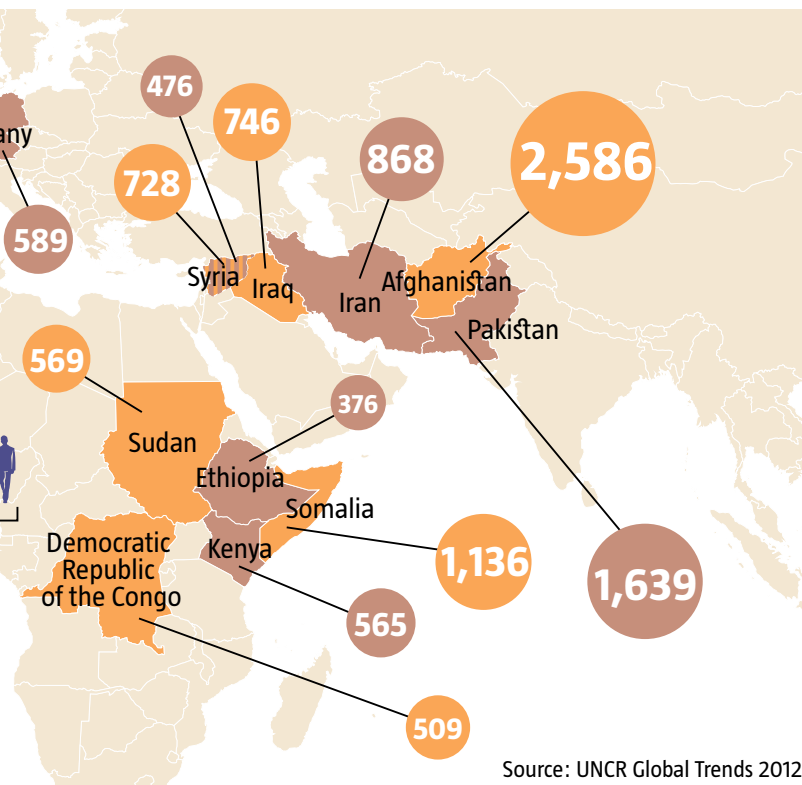
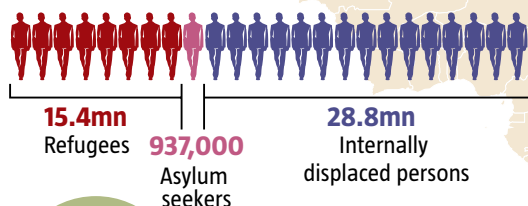
hierarchy of legal commitments in a UN member-state. Under these conventions, the extradi-

Exporting refugees

Countries of origin, '000, end of 2012

Top host countries by number of refugees, '000, end of 2012

Over **45.2 million** people were displaced in 2012
This was the highest since 1994



Source: UNCR Global Trends 2012

crimes. His request for asylum in Ukraine was rejected, but the UNHCR recognized him as a refugee in May 2013 and took an active part in his resettlement to a third country that would agree to grant him asylum.

Another notorious violation surfaced in October 2012 when Russian special services kidnapped Leonid Razvozhayev, a Russian citizen and activist of the Left Front, a union of leftist organizations in Russian and former soviet countries, in Ukraine. Alongside Konstantin Lebedev and Sergei Udaltsov, Leonid faced charges of "plotting mass disturbances" known as the Bolotnaya Square case. This occurred after he filed all of the required documents to apply for refugee status in Ukraine. His illegal extradition to Russia was followed by torture and violence to force him to admit that he and other activists were plotting mass disturbances in Russia. Subsequently, the Ukrainian Interior Ministry confirmed that Leonid was kidnapped by "law enforcement employees of a foreign country", qualifying this as "an act of cooperation between

23,000 refugees leave their homes in search of shelter from wars and persecution every day

35.8mn people in the world are under protection of the UN High Commissioner for Refugees

There are **10mn** stateless people in the world

law enforcement entities" of two neighbour states rather than as a crime.

Almost ten months later, nobody can say whether this will be an exceptional case that will never happen again, or a precedent followed by more similar cases and subsequently a blow to Ukraine's image in the world. Thus, many Russian, Belarusian and Central Asian citizens who fled to Ukraine due to actual or potential political persecution face the question: can Ukraine really protect them?

A MATTER OF VALUES

According to the State Migration Service, 2,435 officially recognized refugees from 47 countries reside in Ukraine today. This is nothing compared to the 16mn seeking shelter in 2012 according to the UN's estimates. Despite official statements whereby Ukraine is gradually becoming a destination for refugees, it is still just another transit country on the way to Europe, the US or Canada.

As they leave their native countries, asylum seekers leave the direct threat to their life and health behind, but face burdensome local bureaucracy in

Ukraine, alongside a slew of linguistic and other technical issues Ukraine is not yet ready to solve. Equally unsolved are the issues of proper recording of incoming asylum seekers, provision of social assistance while their applications are considered and the lack of a real mechanism to integrate recognized refugees and people in need of additional protection into society.

Sending peacekeepers to conflict zones is obviously not enough. Ukraine must properly receive refugees on its territory, just like most countries in the world do. To accomplish this, Ukraine has to make a long-awaited move and adopt the anti-discrimination law.

In its two decades of independence, Ukraine has managed to shift the responsibility for refugees to the UNHCR one way or another. The latter provides significant help but cannot solve the problem for Ukraine.

This issue is not simply about Ukraine's interest in the liberalization of the visa regime with the EU. It is about whether Ukrainians are living in a truly democratic country that will protect their rights. ■

UNHCR's Vincent Cochetel:

“Ukraine has to realize that granting asylum to someone is a humanitarian act. It’s an act of protection, not a political statement”

UW: Which countries are the top destinations for refugees in Europe today and which ones produce the most refugees?

C: Right now, the biggest destination country for refugees is Turkey. It has accepted 400,000 Syrian refugees. This is more than the number of refugees who arrived to the rest of Europe in 2012. In Europe, the main destination countries for asylum seekers are Sweden and Germany with refugees arriving from Syria, Afghanistan or Russia.

UW: Where does Ukraine stand on this map of refugee migration in Europe?

In 2002, Ukraine signed the international refugee protection instrument. Every year, there is a certain number of people crossing Ukraine and applying for refugee status here. The important thing is that this is not a large number. Last year, you had less than 2,000 asylum seekers coming to Ukraine. This is nothing. Turkey has 2,000 crossing its border with Syria every day.

It has taken Ukraine a lot of time to put the adequate legislation in place, and we still see many gaps in the local procedures. It’s a pity because progress has been made since 2002 in legislation but not the implementation thereof. And different governments in Ukraine have seen it as a transit country. So, they were reluctant to take any effort to determine the status of refugees, since they had the impression that people are just transiting the country and there is no point in integrating them into society. Now, Ukraine has to wake up a bit and realize that some of those people are coming to stay in Ukraine as a middle-income country which may be attractive for some. You also have people coming for economic reasons who have no right to stay in the country, while others flee persecution in their country. And they think that they can’t find asylum, peace and protection in this country. In fact, asylum seekers face numerous practical problems in Ukraine, the first one being inability to talk to the authorities. They can’t make themselves understood without interpreters. In principle, the local legislation provides for interpreters who should assist asylum seekers in filing and examining their applications. But

there are none in many institutions, so the administration has a hard time dealing with such cases and often makes a negative decision.

UW: We’ve had some negative experience in terms of political refugee protection over the past few years. What problems do you see in this respect in Ukraine today?

Ukraine has to realize that granting asylum to someone is a humanitarian act. It’s an act of protection, not a political statement. The fact that a country recognizes someone as a refugee does not mean that it condemns the person’s country of origin or expresses a judgment about the situation in the country of origin. It is not just Ukraine, but several more countries in this region that do not understand it this way. Some of them say that they can’t have asylum seekers from certain countries because they are neighbour states or the ones they don’t want problems with, so they prefer to not recognize asylum seekers from there as refugees. However, the 1951 Refugee Convention says that people who flee persecution for political reasons, religion, nationality, race or membership in a particular social group can qualify as refugees regardless of where they come from.

UW: What are the biggest challenges you face in terms of refugee policy and protection not only in Ukraine, but in Europe in general?

One of the problems in Europe is access to territory. We realize that states have their national security concerns. They need to protect their citizens and borders. However, border management should be protection-sensitive to help people who move because they face persecution in their country of origin. Sometimes people flee persecutions and wars, and do not have the necessary papers to cross borders. Border management has to recognize that these people flee for their life and freedom, and they need to be identified. They are not economic migrants. That’s one of the big challenges in Europe. The other one is consistency in decision making. It shouldn’t be like a Russian roulette where one person applies for a refugee status and gets



it, and another doesn’t because of skin colour, nationality or any factor. The only thing that matters is whether there is a well-founded fear of persecution, and the authorities should be looking at that. They should not look at whether the person is a trouble maker or whether he will be able to integrate easily. And this is not an easy fix. It takes time, resources and commitment.

UW: Can you speak of any examples of effective refugee integration in the European society?

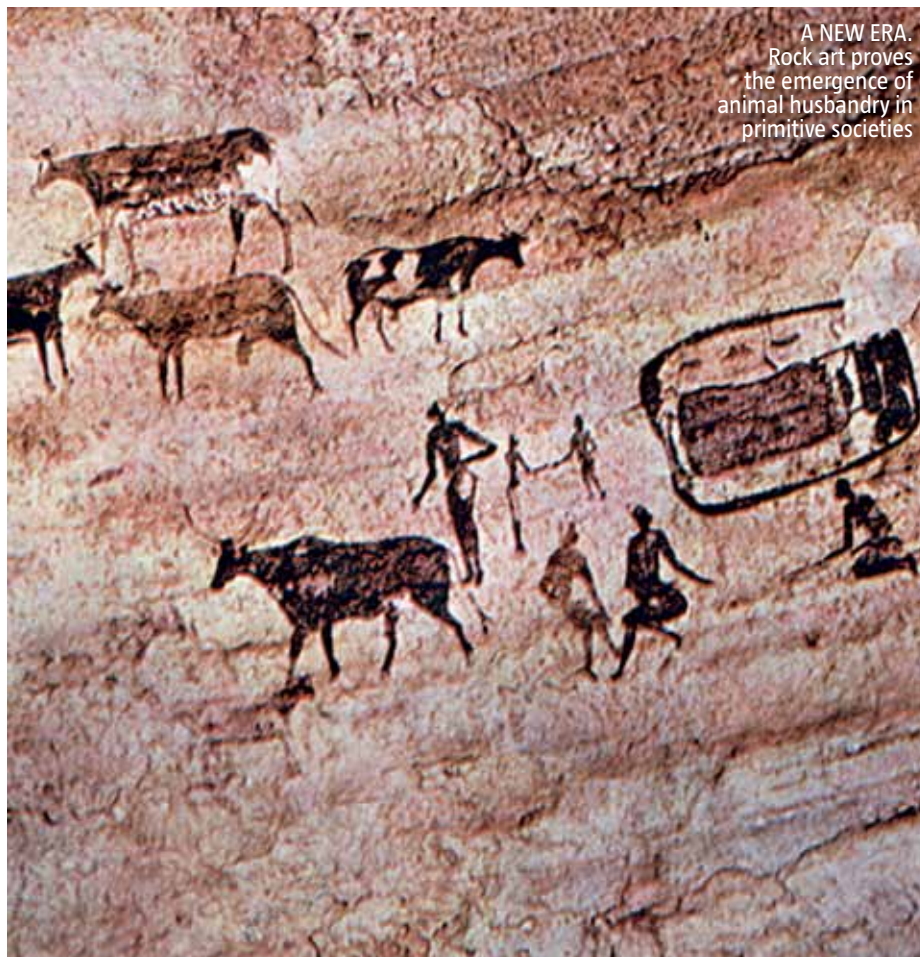
All Nordic countries are doing very well in this respect. Germany and the Netherlands do, too. The interesting aspect here is not only the responsibility of the authorities, but the private and public partnership. Authorities admit that they cannot do this all on their own. They have laws and procedures, but when it comes to practical implementation, they need municipalities or NGOs to implement government projects and programmes. They realize that the government can’t do everything. Integration is not just about one government taking a decision on someone staying in its country and integrating into it. It takes a welcoming community. This means that the process can involve neighbours, a local organization or a church. They make sure that the kids can go to a local school or young men in a refugee family can join the local football club. Integration has several components to it: it’s not just an economic issue, but a cultural and a social one. ■

BIO Vincent Cochetel

has been Director of the Bureau for Europe of UNHCR since March 1, 2013. Mr. Cochetel joined UNHCR in 1986. He managed UNHCR field offices in Central Europe, Eastern Europe and the Middle East.

The First Econo

By mastering new ways of procuring food, ancient people were freed from the dependence on natural factors, causing their numbers to grow exponentially



Author:
Leonid Zalizniak

The concept of the Neolithic Revolution was introduced by legendary Australian archaeologist V. Gordon Childe, one of the founders of the contemporary version of the prehistory of mankind. He was a convinced Marxist and even sympathized with the Bolshevik experiment in the USSR. When he last visited Moscow and Leningrad in 1956 after Nikita Khrushchev's denouncement of Joseph Stalin at

the 20th CPSU Congress, he gained a new perspective on the Soviet reality and the condition of science in the USSR, a country he had considered the only alternative to capitalism.

Disillusioned, Childe returned to London where he wrote a bitter letter to leading Soviet archaeologists, speaking about the hopeless backwardness and political motivation of Soviet science. He voluntarily resigned as the director of the Institute of Archaeology in London and went back to Australia, his homeland. There he

climbed atop a 70-metre-high rock, left his glasses on a parapet and jumped off the cliff. His suicide was a tragic consequence of his deep disillusionment with Marxist the dogmas that he had upheld throughout his life. Yet his concept of the Neolithic Revolution lived on. Rather than being instantaneous, this revolution unfolded over the course of several millennia and represents a turning point in the history of humanity in which ancient people began to gain independence from their natural environment.

The Neolithic Revolution was a transition from food procurement by means of hunting, fishing and gathering to food production by means of agriculture and animal husbandry. This important event, which divides history into two great eras (procurement economy and production economy), is called Neolithization or the Neolithic Era.

In earlier periods, population growth was constrained by natural factors—primarily limited access to naturally occurring food sources. By mastering relatively nature-independent and efficient ways of obtaining food, mankind freed itself from the yoke of natural limitations, enabling its exponential pop-

BIO:

Leonid Zalizniak is Head of the Department for Stone Age Archaeology at the NANU Institute of Archaeology. He represents Ukraine in the International Union of Prehistoric and Protohistoric Sciences as a member of a commission on the Paleolithic period. He has authored several books, including *Narysy starodavniyi istoriyi Ukrainy* (Outlines of the Ancient History of Ukraine, 1994), *The Swidrian Reindeer Hunters of Eastern Europe* (1995), *Vid sklavyniv do ukrainskoyi natsiyi* (From Sklavens to the Ukrainian Nation, 1997), *Naidavnishe mynule Ukrainy* (Ukraine's Most Ancient Past, 1997), *Peredistoriya Ukrainy X-V tys. do n.e.* (The Prehistory of Ukraine, 10th to 5th millennium BC, 1998), *Finalnyi paleolit pivnichnoho zachodu Skhidnoyi Yevropy* (The Northwestern Region of Eastern Europe in the Late Paleolithic Era, 1999), *Pervisna istoriya Ukrainy* (The Earliest History of Ukraine, 1999), *Pokhodzhennia ukrainsiv: mizh naukoyu ta ideolohiyeyu* (The Genesis of the Ukrainian People: Science vs Ideology, 2008) and others.

mic Revolution



ulation growth. As a result of the Neolithic Revolution, the Earth's population has increased 1,000-fold in the past 5,000-7,000 years.

Production agriculture (farming and animal husbandry) emerged some 10,000 years ago in the Near East. It came to Europe (and in particular Ukraine) through the Balkan Peninsula. However, the process was preceded by significant natural and climatic changes.

NATURAL AND SOCIAL PRECONDITIONS

In the Ice Age, warm humid air from the Atlantic did not move across Europe as it does now, but rather traversed the Mediterranean, North Africa and the Near East, making these regions more humid. When the Scandinavian glaciers melted away 10,000 years ago, the Atlantic cyclone belt moved northward to Europe, stripping North Africa and West Asia of oceanic humidity and leaving vast deserts there — Moroccan, Libyan, Sahara, Arabian and Judean. Unfavourable climatic changes depleted the flora and fauna, forcing ancient hunters to improve their weapons in order to provide their communities with

enough food. The spread of bows and arrows further depleted the population of game animals and led to a hunting crisis. Primitive communities were forced to seek alternative methods of food procurement.

A large part of the diet in the Eastern Mediterranean consisted of wild wheat and barley, lentils and vetch, which were found in large quantities in mountain valleys in the Near East. As they gathered wild cereals, women acquired skills in working the land and gradually began cultivating crops in a primitive form of hoe agriculture.

In conditions of food shortage, male hunters had to make more efficient use of their spoils. Wild baby goats and lambs were kept in special pens until they grew large enough to be killed and consumed. In this way, cereal gathering and hunting led to the emergence of two types of production agriculture in the Near East — cattle breeding and farming.

Cooking cereals required heat-resistant waterproof utensils. Moreover, containers were also needed to preserve grain until the new crop. Thus, early crop growing was accompanied by a massive spread of earthenware, which even became an archaeological marker of the Neolithic era.

By focusing their efforts on farming, formerly nomadic hunters adopted a more sedentary life-

tion. Population density in early hoe culture communities was 50-100 times that of hunter-gatherers.

The fundamental change of lifestyle and diet in the Neolithic era also had some negative consequences. Crowded settlements had worse sanitary conditions and often suffered from epidemics. The amount of food in farming communities increased, but its quality was greatly inferior to the meat ration of hunters. The crop diet consisted largely of carbohydrates, while protein, amino acids and vitamins were lacking. This sapped energy from the human body, making it an easy target for various diseases. It is believed that the degradation of teeth and gracilization of the skeleton (weakening of the bones) were caused by the transition from a meat-rich hunter's diet to a farming ration largely consisting of carbohydrates.

NEOLITHIC COLONIZATION

The demographic explosion in the Near East created a population surplus that was unable to obtain enough food in its indigenous lands, forcing it to migrate to neighbouring territories with sparse hunting communities. The far more developed Neolithic newcomers brought along production agriculture, cultivated crops (barley, wheat and peas), domesticated animals (goats and sheep), and their lifestyle, culture, language, and beliefs. The settlers implemented their economic model in new lands, leading to new demographic explosions. Together with soil depletion, this stimulated migration to even more remote fertile lands. Scientists have calculated that the demographic wave of early farmers spread out from the Near East at about one kilometre per year.

Farming and animal husbandry came to Europe some 8,000 years ago from the Anatolian Peninsula (modern Turkey). The bulk of Neolithic settlers moved from the Near East across

Areas populated by the earliest Neolithic farmers in Europe, 7th-5th centuries BC

HUNTING AND FISHING CONTINUED TO DOMINATE IN POLISSIA AND EASTERN UKRAINE, WHILE RIGHT-BANK UKRAINE QUICKLY ADOPTED AGRICULTURE AND CATTLE BREEDING

style as crop fields required constant care and protection. Improved nourishment and a sedentary lifestyle led to drastic increases in the human popula-

islands in the Aegean Sea to eastern Greece and from there northwards to the territories along the Danube. Some colonists proceeded along the Danube river valley to Central and Western Europe, while others crossed Transylvania to reach the territory of modern Ukraine.

In Europe, the earliest Neolithic cultures emerged in Thessaly, a region in eastern Greece, from the late 8th to 7th century BC. The wild ancestors of domesticated animals (sheep and goat) and cultivated plants (wheat, barley, lentil and pea) can still be found in the Near East, which points to the origins of the Neolithic culture of the Balkans. The settlers' material culture and Near Eastern (Armenoid) anthropological type provide further evidence of their origins.

In the late 7th century BC, early farmers reached the northern boundary of the Balkan Peninsula, giving rise to the Criş culture that represented a large Mid-Danube Neolithic community. Its members advanced far to the east to the basins of the Prut, the middle Dniester and the Southern Buh. These influences shaped Ukraine's earliest Neolithic culture, known as the 'Buh-Dniester culture', around 5700 BC.

A new stage in the Neolithic colonization of Europe began in the mid-6th century BC when early farmers advanced from the middle Danube to the north of the Alps and the Carpathian Mountains. The Criş culture gave rise to the Linear Pottery culture in what is now Hungary. Its members quickly spread westwards to the Paris Basin and eastwards to southern Poland, Volhynia, the Dniester region and Moldova. Colonization of the forested area of Central Europe was made possible by the implementation of the slash-and-burn agricultural technique.

The agricultural colonization of Europe stopped at the southern frontier of the Middle European Plain: the North German lowlands, the Polish Plain and Polissia. Abounding in sands, clays and marshes left behind by a glacier and overgrown with impenetrable forests, this territory was not attractive to farmers. This is why it remained home to Europe's aboriginal forest-dwell-



TRYPILLIAN CULTURE. Clay figurines (1, 3 and 4), bull's head made of bone (2) and earthenware (5-10)

ing hunters. However, due to the intensive use of bows and arrows in hunting, the numbers of forest ungulates (aurochs, elk, deer, roe and wild boars) declined sharply. A crisis of the hunting economy forced European hunters to first adopt earthenware from Neolithic colonists and then learn farming and cattle-breeding skills.

Thus, two parallel ancient worlds took shape in Europe around the 5th century BC. Europe's southern part was inhabited by Neolithic farmers and cattle-breeders from the Near East. The forests in the north continued to be populated by hunters and fishers. These were distant descendants of near-glacial communities that hunted mammoths, bison and moose, and ancestors of the contemporary European people. The skills of production agriculture were disseminated through the forest belt much later than in the Balkan Peninsula and the Danube region. Neolithic innovations were borrowed by the indigenous forest population from their southern neighbours to-

gether with words of Near Eastern origin.

The border between the two cultures also cut across Ukraine. Hunting and fishing would predominate in Polissia and Eastern Ukraine for a long time to come, while Right-Bank Ukraine, which was close to the Danube region, quickly adopted hoe agriculture and cattle breeding.

The conversion of Ukraine, much like Central Europe, to production-based Neolithic culture took place under influences that originated in the Balkan Peninsula and filtered through the Danube region. From the 7th to 5th centuries BC, four powerful waves of migrants came from the Danube region: the Grebenyky culture (Odesa region) and the Neolithic Criş, Linear Pottery and Cucuteni-Trypillian cultures. The arrival of Cucuteni-Trypillian farmers who settled in the forest-steppe zone between the middle Dniester and the southern part of the Kyiv region in the late 6th century BC resulted in the final triumph of the production economy in Right-Bank Ukraine.

As a result of the Neolithic Revolution, the population of the Earth has increased 1,000-fold in the past 5,000-7,000 years

WHO WERE THE TRYPLLIIANS?

More than 100 years ago, Vicenty Khvoika conducted excavations near the village of Trypillia in the Kyiv region, thus initiating the study of this significant phenomenon in Ukraine. However, contrary to popular belief, Khvoika was not the first to discover this ancient culture. Even before he made his finds, the same culture was known to Polish and Romanian archaeologists as the 'Painted Ceramics' culture and the 'Cucuteni' culture, respectively.

The culture took shape in present-day Romania and Moldova on the basis of several cultural expressions of the Balkan-Danube Neolithic era. Moving eastwards, the carriers of the Cucuteni culture crossed the Dniester in the late 6th millennium BC and reached the Dnieper at a point between Kyiv and Cherkasy around the middle of the 4th century BC.

The economy of the Cucuteni-Trypillia culture in the territories of modern-day Romania, Moldova and Right-Bank Ukraine revolved around growing wheat, barley and peas and breeding cattle, goats, sheep and pigs. When land was depleted, the Trypillians moved eastward, gradually colonizing all *chernozem* (black soil) lands from the Carpathians to the Dnieper that were suitable to their farming system.

Trypillian rectangular wattle and daub homes are a typical example of the Balkan tradition of house construction. Numerous clay vessels and figurines of women that have been found in Trypillian settlements are also convincing proof of the Balkan origins of this culture. The Mediterranean anthropological type of the Trypillians provides further evidence. It has been reconstructed based on rare skeletal remains of Trypillians themselves and through anthropological studies of Neolithic burial places in the Balkan Peninsula and the Danube region.

Trypillian agriculture reached a peak and was on the verge of becoming a civilization complete with cities, a writing system and a state, but ultimately failed to develop these aspects. Huge settlements (Maidanetske, Talianky,



NOT THE ANCESTORS OF UKRAINIANS. The Mediterranean "Armenoid" appearance of the Trypillians based on their clay figurines



Trypillian figurine of a woman



THE NEOLITHIC CULTURES OF THE BALKAN PENINSULA, THE LOW DANUBE AND RIGHT-BANK UKRAINE HAVE DISTINCT PARALLELS TO ASIA MINOR

THE "NATIONALITY" OF THE TRYPLLIIANS

Some scientific data, primarily from archaeological sources, permits genetic attribution of the Balkan Neolithic era (including its Ukrainian form, the Trypillian culture) to specific ethnic communities in the Near East. The primary suspects are the Hatti from Southern Anatolia and the Hurrians, a related people that lived in the upper Tigris and Euphrates. Because the Neolithic colonization of the Balkan Peninsula and the Danube region began precisely from Anatolia, which was home to the Hatti and partly to the Hurrians, it is no surprise that the Bal-

kan Neolithic culture exhibits a powerful Hattic-Hurrian influence. The Neolithic cultures of the Danube region and Right-Bank Ukraine have distinct parallels to Asia Minor, according to archaeological, anthropological and paleolinguistic data.

The genetic connection between the Balkan Neolithic culture—and through it the Cucuteni-Trypillia culture—with the South Anatolian (pre-Hattic) centre of Neolithization suggests that, ethnolinguistically, the earliest farmers in the Balkan Peninsula, the lower Danube and Right-Bank Ukraine were most likely related to the pre-Hatti people. This is also true of the Trypillian culture in Right-Bank Ukraine as the northeasternmost manifestation of the Balkan Neolithic proto-civilization.

Therefore, the Neolithization of Ukraine took place under influences coming from the Balkan-Danube region in the 6th to 5th centuries BC and followed a typical Central European scenario. Early farmers (including Trypillians) came to Right-Bank Ukraine from the Danube Region. Through the Balkans and the Danube, they had a genetic connection to the earliest centres of the Neolithic Revolution in the Near East, particularly southern Anatolia. Their entire cultural and economic complex was essentially Near Eastern in nature. The northern neighbours of the Trypillians were the indigenous hunters and fishers of Polissia and the Dnieper region who borrowed Neolithic innovations from their southern neighbours 1,000-2,000 years later.

The advance of the steppes and their drier climate led to the collapse of the Trypillian culture and the spread of free-range animal husbandry in the late 4th century BC. In the 3rd century BC, former Trypillian lands in Right-Bank Ukraine came to be populated by the earliest cattle-breeders of the 'Yamna' and 'Corded Ware' cultures which are believed to be ancestors of the Baltic and Slavic people. In this way, the connection of the Trypillians with the subsequent generations that inhabited the territory of present-day Ukraine was severed, which rules out their direct involvement in the genesis of the Ukrainian people. ■

The Trypillians were not directly involved in the genesis of the Ukrainian people

The Trypillians ultimately failed to cross the civilizational threshold because of deficiencies in their economy and natural calamities that befell them in the late

4th century BC



PHOTO: ANDRIY LOMAKIN

Nude Interpretation

Photographer Roman Pyatkovka talks about conservative Kyiv, the balance of social and personal in his work and the new wave of contemporary Ukrainian photography

Interviewer:
Bohdan
Butkevych

This spring Roman Pyatkovka won the prestigious 2013 Sony World Photography Award for Conceptual Photography. His photographs are in the collections of several top galleries and museums in Europe, Russia and the US. He is also a coordinator for the Ukrainian Photographic Alternative (UPHA) union. Pyatkovka chose to utilize the nude body as his artistic medium without trying to shock the public or be scandalous. Sometimes dubbed the “Tinto Brass of photography”, the artist uses nude images as a prism through which he interprets the world, human relations and social problems, while accurately sensing the line between art and profanity.

I investigate the collective Ukrainian and global body. By this I mean relations within the social environment from this perspective. Therefore, I can guarantee you that I won't show my photographs to anyone if they only evoke physical desire. Of course, my art is based on libido.

But it's not the same as pornography, which is an applied thing. A lot of people really need it for understandable purposes. It should definitely be legalized yet put into a strict legal framework. But I personally am not interested in photography that will only evoke sexual drive.

I like to take photographs in Ukraine specifically because our people are more beautiful, emotionally expressive and artistic than Europeans. Of course, I don't like working with professional models because they follow the clichés of their profession, plus they have glamour. I am interested in average real women and men in realistic interiors, real situations where we live our real lives. This is nude social photography for me.

The Kharkiv school of photography where I come from transformed the poor quality of photographs into an aesthetic category. In fact, it was Borys

Mykhailov, the most respected Ukrainian photographer, one of the top ten artists in the world and my teacher, who created this concept. We started working in the USSR where we had no quality photo materials or equipment. The only available “Svema” brand film and paper were terrible. Then we decided to make the most of our problems, so we started to make images of poor quality intentionally. For instance, we did not rinse the film or colour the images well, did the toning wrong, and even worked with expired materials. The resulting brutality of the images became one of aspects that defines contemporary art in the whole world today.

There is no reason for the word “situational” to have the negative connotation it now has. This may sound very cliché but understanding a trend or, to be more specific, a context is fairly important for an artist. Every new day brings changes into art. If an artist does not

see and follow them, and doesn't know what is exhibited in the world art galleries and sold at auctions, he risks crawling into his own shell. Treating the situational as business, i.e. when you produce crap but present it as art because you know what is "in", is a whole different matter. Creating art with the thought "will it work?" is unacceptable. Indeed, it does work sometimes, even earns you a penny, but it will still be cheap and crappy. The biggest mistake is to try to make things like everyone else. An artist should let everything through his or her own perception. I normally do six or seven projects a year but show only half in public because I feel that the rest didn't come out right, so it makes no sense to show them.

I'm crossed out of the Sony Awards winners list in Russia. This is because an old photograph I made of a woman with a bag on her head that resembles a balaclava the Pussy Riot girls wore. It was used in my Soviet Photos series that won the award. The series is a compilation of agitprop images from the Soviet Photo magazine published in the USSR from 1926 through 1992, and my own underground photographs of that time which could easily send one to jail back then. In fact, I was summoned to the KGB a few times for them. Moreover, it's the witch hunters that run the show in Russia today. For them, any naked body is a taboo. Overall, the Russians often find it very hard to admit that Ukrainians are not worse than they are and can be just as great as their photographers. Still, I love Russian photography and amazing Russian photographers.

THE FUTURE OF UKRAINIAN PHOTOGRAPHY

I think Ukrainians should first of all switch from the usual asking to offering. Offering will bring them more benefits. Therefore, my generation should help young Ukrainian art just like the giants of the Kharkiv school once helped me. We have only 80 people at the Ukrainian Photographic Alternative now. Most of them are the talented youth. I can't say that they are an alternative to the Soviet-type Union of Photo Artists but you can't be an alternative to a half-decomposed corpse. Interestingly, I was one of the founders there, but things have changed over time and now the members of that organi-

zation are virtually exhibited in supermarkets and library corridors.

There is barely any photo infrastructure in Ukraine: galleries selling photographs, collectors, and very few photography festivals. Fortunately, a new generation of 30-something art dealers is emerging. I am now willing to sell my works as inexpensively as possible just to give those young people a chance to develop and sell my art here, in our homeland. We have to eliminate this terrible stereotype of a true artist who is drunk all the time and completely unknown. Luckily, Ukrainian artists are finally getting opportunities to live on what they create and sell.

The financial crisis created the impulse for a new wave of art photography in the world and in Ukraine. I remember how photography was in stagnation in the very lucrative mid-2000s. It must have been some sort of a counterforce, but it brought forth the talented generation of young Ukrainian artists during the five years that followed the crisis, and this new generation is now winning its place under the sun. Earlier, the notion of contemporary art was only associated with painting here. And even if many like whining that "there is nothing to do here, we should flee asap," I'm very optimistic about the future of Ukrainian photography.

The periphery often generates art waves that are much more interesting than the capital does. I saw many extremely good works from Donetsk, Luhansk, my hometown Kharkiv, Lviv etc., as a reviewer at the latest Kyiv Portfolio (an annual photography fair where photo experts are invited to assess the works of their younger colleagues – Ed.). Kyiv tends to be much more conservative than the Donbas in many aspects. In the Donbas, there will most often be just one interesting photographer in a distinctly hostile environment and it's very hard for him. But he will do things that nobody in the capital could think of.

Kharkiv is a city of tension where you can't relax. On the one hand, it has a massive creative class of students and artistic youth. On the other hand, it has an equally massive conservative class of real proletariat. There is constant tension between

BIO **Roman Pyatkovka** is a Ukrainian photographer, curator and tutor. Born in Kharkiv, he graduated from the Kharkiv Polytechnic Institute. Before taking on photography, he worked as a theatre director. Pyatkovka is a coordinator of the annual Ukrainian Photography in France project and the Ukrainian Photographic Alternative union. His artistic biography includes over 100 personal and group shows in Ukraine and abroad, participation in Les Rencontres d'Arles, the oldest international photography festival in the world; FotoFest, an international photography festival in Houston, USA; the International Photo Biennale in Rotterdam, Netherlands, and more.



PLAYING WITH CONTRASTS: Roman Pyatkovka made a compilation of Soviet agitprop photos and his own underground images

these two poles, and it creates a perfect environment for the new and futuristic in all branches of art.

KNOCKDOWN SUCCESS

An artist should strike the viewer metaphorically, make him stop, surprise and shock him. Only then will there be a chance that the viewer will start thinking, looking and deciphering a certain system of signs the artist laid in his work. My older colleagues taught me that. That's why my erotic images are social if intimate because they are an attempt to study human behaviour in society.

Artists have no formula for success. Art is not maths – there is no such thing as $a+b+c=\text{perfect}$. Everything is very subjective and objective at the same time in art. The time and place where the work was created and the location where it is exhibited are very important. An artist cannot live without sensing a country in him. The work of a contemporary artist should contain the right balance of social and personal. It's very important because one's opinion and world matter in the context of a specific social problem because that is how the general and personal perception of a phenomenon is shaped. Boring artists who focus on the social only act as propaganda. Digging into oneself is equally uninteresting.

The archive is a dominating trend in contemporary photography. I don't mean rolls of film that are 50 years old or dusty cards with names, but searching for one's place in the past and understanding one's future through this.

There are three pillars on which an artist's work should be based. The first is ideology, intellectual content. The second is a new or at least an individually revised form of creativity and the extent to which it fits into the general context, i.e. the extent to which the contemporary audience responds to one's artwork. The third pillar flows out of the second one – it is the visual joy of the work for the artist primarily, and then the audience. After all, a nail stuck into the wall, no matter how important in the context of a given moment, is not something a viewer can enjoy aesthetically as a beautiful thing. Visual pleasure is a very important component of art to me, although many artists ignore it. ■

The Legacy of George Orwell



Author:
Leonidas
Donskis

On June 25, 2013, George Orwell (1903–1950) would turn 110. He appears to have been the real prophet of totalitarianism, and far and away the most insightful writer in the West to get the very essence of the tragedy of Eastern Europe. With sound reason, then, the Russian poet, translator, and dissident Natalya Gorbanevskaya called George Orwell an honorary citizen of Eastern Europe.

A left-winger who was bound to examine his political views with his own life, Orwell was a maverick and dissenter among those who were inclined to think about themselves as mavericks and dissenters by vocation. Fiercely attacked by his fellow leftists in Great Britain as a traitor or, at best, as a fellow traveler, Orwell avoided ideological blindness and selective sensitivity so widespread among his brothers-in-arms. Like Ignazio Silone, described by Czeslaw Milosz as one of the most decent political figures in Europe, Orwell held humanity prior and superior to the doctrine, and not the other way around.

A passionate collision took place between Orwell and the left of Great Britain over the roots of a supposedly bourgeois and reactionary concept. Deracination was always favoured by the left as a sign of personal liberty and dignity, yet Orwell tried to reconcile natural patriotic feelings with other modern sensibilities, first and foremost with individual freedom, dignity, equality, and fellowship. He believed that our existential need for the roots and home, if neglected or, worse, despised, may make an awkward comeback in the form of symbolic compensation, such as a fierce attachment to the doctrine or ideology that becomes our symbolic home. Our homelessness calls for compensation which comes in the form of ideological substitutes. As Karl Marx would have had it himself, a genuine proletarian does not have home, for his home is socialism.

In his essay *Notes on Nationalism*, Orwell drew a strict dividing line between patriotism, which he understood as identification with a way of life and all earthly forms of human attachment, and nationalism, which appeared to him as a belief that one's group is superior and better than other groups. What results from such a divide, according to Orwell, is a carefully disguised propensity to classify human individuals as if they were communities of bees or ants. For him, patriotism is silent and defensive, nationalism is offensive and aggressive.

Far from several major forms of radical forms of nationalism and ideological zeal and fervour in general, nationalism may come in many faces. According to Orwell, the transferred or transposed forms of nationalism signify our willingness to find an object of worship which may vary from time to time. A pious Zionist may become an ardent Marxist, or the other way around, while it takes little effort to move from left-wing views to un-

critical adoration of Russia, even failing to notice Russian imperialism and colonialism.

G. K. Chesterton's love for Italy and France led him so far as to fail to notice the emergence of Mussolini and Italian fascism, whereas H. G. Wells was blinded by Russia to such an extent that he refused to see the crimes of Lenin and Stalin. That our propensity to fool and deceive ourselves is nearly limitless was closely observed with wit by a perceptive British journalist and writer who easily surpassed all British and European thinkers put together in his ability to foresee the tragedy of Europe. Orwell's critical essays appear to have been even more original and groundbreaking than his famous satires and dystopias.

Animal Farm has been widely celebrated in the world without paying much attention to the fact that it was the Ukrainian writer Nikolai (Mykola) Kostomarov (1817–1885) who preceded and anticipated Orwell's vision becoming the first writer who depicted the future Russian revolution in the form of the allegory about the rebellion of animals against their masters. We would never know if Orwell knew Kostomarov's fable, but we do know that he was perfectly aware of the Holodomor as well as the tragedy of Ukraine, since he wrote the Preface for the

Ukrainian Reader in the Ukrainian edition of his celebrated social and political satire.

Neither was his masterpiece *1984* terribly original. Orwell owed much to Yevgeny Zamyatin whose novel *We* (1923) served as a great source of inspiration not only for his *1984*

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but for Aldous Huxley's *Brave New World* as well. Yet whereas there is not a single mention and word of credit to Zamyatin in Huxley's work, Orwell acknowledged the genius of Zamyatin in the review he wrote for the British edition of *We* (incidentally, it saw the light of the day after a good deal of delay, compared to the American edition which came out much earlier). The point was that Orwell received from Pyotr Struve the manuscript of Zamyatin's *We* in French. At that time, Struve, having escaped from the Bolshevik terror, lived in Paris. The author of *Down and Out in Paris and London* spoke French, and it took little if any effort to fully appreciate the superb literary quality of *We*. In all likelihood, *1984* has become a variation on all major themes developed in *We* with the stroke of genius.

However influenced by Zamyatin, George Orwell, much to his credit, was quite profound in making his nuances of thought, such as petty attachment of Winston Smith to little favourite things – a seemingly bourgeois weakness for which he was severely criticized by Raymond Williams and other critics. His keen observations have become history, such as his somber vision of the death of privacy, the colonization of human sexuality, and infinite control over us through the tyranny of TV screen. For this, Orwell will long be remembered as a true prophet of our present condition. ■

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2013 Festival Season

ArtPole (ArtField)
July 10–14, Unizh, Ivano-Frankivsk Oblast



Every year, this festival becomes ever more compact, cosy and home-like. It always offers surprises with its lineup, which rarely coincides with other festivals. ArtPole is a small event, but nonetheless, it is one of the most vivid ones in Ukraine. This year, there will be some very interesting presentations beyond the actual festival grounds – on the closing day, elderly ladies from Drevo (see photo) will be singing in the field above the village. The organizers plan to engage the residents of Unizh in the festivities. There will also be a water-stage at ArtPole, so part of the music will resound directly from the River Dniester. There will be a stage for the most hardy of listeners – a night-time public-stage with DJ sets and open jam sessions. At the fourth experimental stage stories will begin at midnight. In spite of the rapid rotation in the lineup at each festival, the irreplaceable headliner is always the Ivano-Frankivsk orchestra of joy and luck, Perkalaba. The programme also includes performances by Yoriy Klots, Hych Orchestra (Ukraine), Fantazio (France), Evolution Dejavu (the Czech Republic), Enchanted Hunters (Poland) and Napra (Hungary).

Bazant Pohoda
July 11–13, Trencin, Slovakia

This is even closer to the Ukrainian border than the Hungarian Sziget festival. It is the biggest Slovakian music open air festival, which first and foremost, always stood out with a great selection of performers. Bazant Pohoda is more than just a festival. It's a meeting place for artists from around the world: musicians, artists, writers and performers. They include Australian Nick Cave (see photo), Atoms For Peace (USA), The Smashing Pumpkins (USA), Bonobo (UK), Kate Nash (UK), Midi Lidi (the Czech Republic).



The Best City
July 12–14, Novoselytsia
Recreational Park, Novomoskovsk County,
Dnipropetrovsk Oblast

The festival will feature some of the top Ukrainian bands - VV, Kozak System, TNMK and Motor'rolla, and Russian rock bands, such as Leningrad, Spleen, Dolphin, Mumiy Troll and Bi-2 – alongside international headliners, including Scorpions, Hurts (see photo), Guano Apes, Enter Shikari and Lacuna Coil. The festival also has a competition for young musicians, in which anyone who has registered for the event on-line, can enter.



Zakhid
August 18-19, Rodatychi, Lviv Oblast

This is the biggest festival in Western Ukraine in terms of audience and sections. Its music part ranges from traditional light to hard rock. This year, however, the list of performers includes Rocky Leon, inspired by Bob Marley who hardly fits into the usual nature of the music at this festival. Other bands playing at Zakhid this year include the Russian Noize MC, Moldovan Zdob Si Zdub (**see photo**) and Belarussian Liapis Trubetskoy, the latter being perhaps the most popular and eagerly awaited guest in the lineup of any festival in Ukraine. And, of course, the programme will feature top Ukrainian bands, such as Boombox, VV, Skriabin, O. Torvald, Khrykhitka, Rolliks, SunSay and The Vyo.

Tauron Nova Muzyka
August 22-25, Katowice, Poland

As always, the programme offers a great selection of world music, from jazz to experimental electronic music. In previous years, the festival invited top performers, such as Autechre, Fever Bay, Bonobo and Flying Lotus. According to the European Festival Awards, Tauron Nova Muzyka was the best small festival in Europe in 2010. This year, the audience will hear Moderat from Germany, Jon Hopkins from the UK, Za! from Spain, Jets from the US, Coma from Poland, MMOTHS from Ireland and many more.



Koktebel Jazz Festival, September 12-15,
Koktebel, Crimea

Running ahead a little, we are listing the festival that traditionally takes place when Indian summer kicks off in Ukraine. For many years now, the Koktebel Jazz Festival has not been the purely jazz festival that it initially was. However, the lineup continues to excite the audience every time, on major and smaller stages. It is still too early to talk about the programme, but we already know that the 2013 Koktebel Festival will feature Nils Petter Molvaer from Norway, the Erik Truffaz Quartet from Switzerland and France, Bonobo from the UK, Telepopmusic Live from France as well as the Ukrainian Pianoboy and The Hardkiss.



Respublika
September 13-15, Kamianets-Podilskyi,
Khmelnitskyi Oblast

The biggest contribution of this festival is the upgrade and promotion of this old Ukrainian town with its beautiful medieval fortress overlooking a vast and calm river. Traditionally, the festival invites graffiti artists from all over the world to turn several typical grey Soviet apartment blocks into works of contemporary art. Needless to say, it will also involve a lot of music. This year, headliners include Serhiy Babkin (**see photo**), Skai, Tartak, Kozhanyi Olen, Vivienne Mort and many other popular bands. Concerts are held within the old fortress. So if you haven't been there yet, make sure you visit this festival and one of the most beautiful and serene towns in Ukraine.



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