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Presented by

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EVALUATING INDEPENDENCE: UKRAINE SINCE 1991

(The abridged version of the lecture)

The topic that I have chosen is almost suicidally ambitious: Evaluate Ukrainian Independence. Who would dare do such a thing as that? On the one hand, it is a very, very difficult task; on the other hand it is simple. Simple because you say, they are in a mess. It is terrible. So you could take either one or the other.

Well, I would like to give some refinement to these two positions. The topic is multifaceted, and when you take a topic like this, the first question is: How can you approach it? How can you do justice to a topic like that? What I will choose to do is to focus on the key aspects when it comes to evaluating independence, and that word is change, a transition. We evaluate what is going on in Ukraine in terms of much are they changing. So that will be what I will be focusing on today.

When we begin to speak about change, I think that we-especially here in North America-make certain assumptions. And before I discuss the change, let's just be clear. Some of the assumptions that we make when we talk about change. Many of us think that what happened in the former Soviet Union, or in the Soviet Union in 1991 was the failure of a system. And what Ukraine is going through now is adopting, ridding itself of a system that failed and transiting to a system that works. So from failure to one that did not work to one that works. And for all of us, it would seem to be a simple thing to do, a very obvious thing to do. So that is probably one assumption we make.

There is an implied, a hidden assumption, very often in the way we look at things in Ukraine, and that assumption is: How close are they coming to us? So success very often means: How are they becoming more like our society? We know that Canada has been selected recently in the UN as the best place to live in the world. So I think that Canadians, especially, have a - I would say arrogant Canadians, and they are arrogant-but rather demanding in a standard, vis-a-vis events in Ukraine. So that is usually an assumption. Then there is the assumption about time. It is already seven years. Why cannot they get their act together? It is seven years. Finally, we assume when we look at the changes in Ukraine that everything will be happening at once. The entire society will be happening, all dimensions of society will be changing, and the assumption here is that that is possible, that you can change society on all levels at once. Obviously, it is a bit too simplistic to look at things this way and if we think a little more deeply about it, I think we would agree that qualifications have to be made in this approach.

First of all, it is not really a transition-a change from the system that failed, stopped, did not function-to one that is working like ours. The transition, if we were to use an analogy... Well, the transition is more complex. It is the transition from one highly complex system that was not very effective, but was very complex, to another very complex system. So the complexity is very great. If I can use a simplistic analogy, it is not like standing still and getting on a train that is moving, but is jumping from one slowly moving train to another one that is moving faster. It is a much more complex, difficult trick to achieve. Then the measure. Can we be the measure? Can Canadian society be the measure of how well they are progressing? I think that most of you will agree that that is... The longer you think about it, that is rather a high standard to propose, especially in a society in the seventh year of independence.

I think better measures of trying to evaluate where Ukraine is going, how far it is come, are the following: We should be looking at Ukraine in comparison to countries that have gone through a post-imperial development. Where would India be in 1965, after seven years of independence? That is the kind of comparison we should be making. Or Algiers after the French left? Where were they after seven years? Another cohort of comparison might be the other post-Soviet states. So we should be looking at Ukraine in relationship to these countries rather than Ukraine in comparison to the west and Canada. Then the question of seven years already. The answer to that is: it is only seven years. So that depends how you judge time, what can be achieved in a certain number of years. As a historian, seven years is very, very little.

Finally, the idea that everything in Ukraine can be changed at once as a kind of conglomerate of changes. I think that sometimes it is more effective or more useful to think in terms of sequence that Ukraine had to go through Step 1, Step 2, Step 3, rather than trying to change everything at once. And this, it is sequential approach that sometimes is more helpful. And lastly, the question of magnitude of change. Just exercise your imagination for a moment. If Canada, led by people from Bay Street, had to go Soviet in seven years without outside force, on its own, how long would it take? How successful would it be? How complicated would be the process, and especially, what would the opposition be like? We are talking about changes of this magnitude. So we are talking about-in every sense of the word-revolutionary change, but the difference is that it is not forced change. It has to come from the people itself. So they are supposed to change themselves totally, rapidly by their own volition. Not an easy thing to achieve anywhere, and as a historian, I do not

know of many societies that have been able to do it that quickly and so comprehensively.

Having said that about the whole problem of how you approach the topic, let us now focus on aspects of changing Ukraine. And what I would like to do is just take aspects of Ukraine, this experience of change, and deal with each aspect piece-by-piece. The first transition in Ukraine, and that comes in terms of time, in sequence, temporal sequence. The first transition is from imperial rule, self-rule. That comes first. Rather obvious. It is decoupling. It is separating Ukraine from the Soviet Union. That had to happen first and the question is: How did they handle this? First, let's be conscious of the fact that for Ukraine to separate from Russia, and again not the same as India separating from Britain: not Algiers separating from France. Viet Nam from France, or an African country, from Portugal or what have you. Not the same at all. The problem is much greater. Russia and Ukraine were inter-related in myriad ways for centuries. They are continuous. It is side-by-side. They were living in one country. So to pull out is a highly complex, highly difficult project. How well is Canada dealing with the possibility of Quebec separatism? Just how well could Canada handle it? How well would Quebec? We see how complicated that is.

Well, this is something that Ukraine had to achieve in 1991. Ukrainian leadership was very hesitant, rather slow, but once they made the decision, their decision was, in many ways, decisive. When that 90 percent vote for independence came, it spelled the end of the Soviet Union. Right after that, the Soviet Union dissolved, so Ukraine is decisive when it finally chooses to act.

As far as rationales for Independence are concerned... There were a whole variety of reasons for going independent. The most decisive and important people were the ones who led the country, the nomenclatura, the old Communist elite. Their rationale was that the Soviet Union is a sinking ship; jump to another more stable or more promising opportunity and independent Ukraine. So it is opportunistic, it is self-serving in many ways, but it was effective. Many of leadership made the decision and that was the rationale for them.

Then we have the rationale that many of us here are familiar with and that is the rationale personified in Rukh, in Western Ukrainian ethnic nationalism that we are a nation, and if we are a nation, we should have a separate state like everyone else. So that was the rationale motivating Rukh and especially Western Ukraine.

Then there was the rationale of many, many people in Ukraine, especially in the east, south, and the center, and that was called sausage internationalism. That is the idea that rich Ukraine will be better off on its own. We will not be feeding the Russians anymore, and therefore, we will have more to share among ourselves. So that rationale was very widespread, especially on the mass level in the east.

And then finally, the Communists. Over 2,000,000 people in Ukraine belong to the Communist Party. Many of them, especially their representatives in the Verhovna Rada were for independence, sovereignty at least. Why? Self-preservation. They wanted to isolate themselves from Yeltsin in Russia who had beaten the Communists and who had looked, in 1991, that he was going to go and purge the Communists, and in order to protect themselves from an attack on all Communists in Moscow and Moscow Centre, they wanted to breakaway, and it served their purposes to do so.

So we have a variety of reasons for this proclamation of independence that we saw in 1991. Well okay, these are the reasons. Now once the decision is made, how do they decouple? How do they leave? I would say a very impressive success story.

First of all, the creation of the CIS Commonwealth. The Russians go into it thinking that CIS is going to replace the Soviet Union as another type of union, which Russia, naturally as the biggest, will dominate. Kravchuk goes to Russia, to Minsk, with the idea CIS is just a way to get out. A civilized divorce as he called it. Oh yes, yes, we will form the CIS, but that is a bridging, a transition to independence. And of course, as it turns out, the Ukrainians maintain that. For them, the CIS helps to ease their way from Russia without bloodshed, without any fireworks, they ease out. So this is rather skilfully handled, this Ukrainian use of the Commonwealth as a means to a civilized divorce. Let us recall that at the time this is happening, there are one million Soviet soldiers, or recently Soviet soldiers in Ukraine. One million. Can you imagine the difficulties that could have occurred? Some of the best Soviet military units, some of the most disciplined Soviet military units, some of the most loyal are in Ukraine.

The problem for Kravchuk is how to deal with this. I will not go into details. Suffice it to say that they solved the problem. He declares to them, "Those who want to join a Ukrainian army can and those who do not can leave. We are not going to fight about it, we will give you the option." And for many Russians who find Ukraine a pleasant place to live, you can stay. No confrontation, no conflict and the large majority chooses to stay, those who do not leave. Handled rather well.

First days Crimea. Russians are made to realize that they have lost Crimea. That it is not theirs. Again, a flashpoint, natural place for conflict. There is a very activist Russian group in Crimea. Somehow right from the beginning to the end, Ukrainians avoid any conflict in Crimea. No bloodshed, no conflict. They just sort of finesse their way around the question and somehow they reach the point where today, Russia almost has acknowledged a Ukrainian sovereignty over Crimea. It would be difficult for it not to. Link to Crimea, the problem with Black Sea Fleet. Again, when we talk about Crimea, remember this is what something like Kosovo is to the Serbs. This is holy ground for Russians. This is where some of their greatest battles took place and some of the most heroic deeds and military tradition were in Crimea. So this loss is exceedingly painful, and therefore the success that the Ukrainians have had in maintaining a sovereignty is all the more surprising.

The Black Sea Fleet today. What the Ukrainians basically have done in their own inimitable fashion is they put it off, put it off, put it off, until the problem of the Black Sea Fleet has become irrelevant. The ships are rusting, they are sinking, and the problem is just fading away in a very real way. So that is been the solution. Note the wonderful skill of putting these off and the effectiveness of such a tactic.

Finally, the success story, especially in these early years, if we remember in 1991, the Ukraine was nowhere. People did not recognize it, did not consider it of importance. Today, Ukraine is one of the most strategic countries in the west as far as NATO is concerned. It had been commonly, in western strategic thinking, seen as a swing vote. If Russia does not dominate Ukraine, Russia cannot be an empire. It is Brzezinski who proposes this idea, and it had been accepted in western thinking and Ukraine from being nowhere, has suddenly become a key player in geopolitics and Ukrainians have taken good advantage inviting both NATO and then having

manoeuvres with Russia. Doing it with both sides, going down the middle, fence-sitting beautifully, and developing its position internationally, very effectively, while not confronting Russia. Who could have thought that NATO would be exercising in Crimea? Well, it happened.

And finally, Ukraine has solved its problems with its neighbours. It has very good relationship with Poland. Poland, and we all know what the history of Ukrainian/Poland relations are, is now one of the greatest cheerers for Ukraine in Europe. Poland realized that with a Ukraine not dominated by Russia, Poland can be independent. So it is to their interest. The problems with Romania have been solved.

Therefore, if we add this together, it is astounding success and if I were supposed to give them a grade, I would give Ukraine A-. Why A-? Well they have not solved certain problems. The question of borders with Russian has not been resolved. The border with Russia is still not clarified and it is very problematic still today. And finally, we have 25,000 Russian sailors in Crimea, which means sovereignty is not 100 percent. Nonetheless, a tremendous success.

The second transition. If we had lighting, we'd have a sombre colour coming in and sort of sombre music. The second transition is a transition from a quasi state to a bonified state. Quasi state, which was Soviet Ukraine to a real genuine state like all the others. And this point is a complicated part of my presentation and I think you will see why. In this phase, the key question is the question of the elite in Ukraine. The nomenclatura, the people who were in charge. It will be essential to look at them and they really are the people. So it is party bigwigs; the people who did very well in the old Soviet system, who are now supposed to make that transition.

Again, I use that analogy of the Wall Street/ Bay Street businessman now changing to a Soviet System. These are the people who are supposed to create a market economy, a parliamentary democracy. Well, first of all, what strikes you about Ukraine in this situation is that right after 1991, this achievement of independence and this skilful transition to independence.

What is surprising is we have no heroes in Ukraine. If you think of the hundreds and thousands of people who died for an independent Ukraine and never achieved it, you would think that the people who achieved independence without bloodshed would certainly be heroes. Ukraine has no heroes. Any name you mention to a Ukrainian, they have something negative to say, never anything positive, starting with Kravchuk. Find a hero. Gone bad, ineffective. The other dissidents, no good, hopeless, ineffective, idealists. We do not need them. So an unusual situation where a country achieves independence without any heroes. How did this happen? The key moment is the deal. The deal that is struck at the moment of striking independence. Kravchuk and the top party people in Ukraine turned to their fellow communists who are still not sure about independence and basically say, when we achieve independence, we are not going to touch you. Do not forget Yeltsin in Moscow is threatening to prosecute the communists. Kravchuk in Kyiv says, "Do not worry. If you do not resist, if you keep quiet, if you accept independence, we will not touch you. So the deal is made up on the top, and that deal means that Ukraine achieves stability. No bloodshed, no White House, no tanks in Kyiv they way they are in Moscow. And this achievement of stability in the transition is probably the point where the Ukrainian political elite takes the greatest pride. You criticize them about

anything and they say, "Ah, no blood was shed," and you cannot deny it. It is impressive.

Now, we are focusing on the elite still. The elite, this nomenclatura. It is numbered in various ways, some people say 200 rule people Ukraine today effectively. It might have been 300, 400 at the time we are talking about 1991, 1992, 1993. This elite splits. Those members of the elite that occupied state positions, go with the Ukrainian state. They might have been some of the people who were running ministries and so forth and others. Kravchuk was not a state person, but one of the group that jumps and occupies positions in the new state. They become presidents, they become ministers, they become ambassadors, and they become tied with a growing state structure. So it is in their interest to build more of this structure. So this is one group that goes with the idea of a Ukrainian state, because it is in their interest. There is another group.

Well, let me go on with this first group that I mentioned. This first group is pretty large and very soon this group breaks up into clans. There is a lot to be shared out in this new state and the problem comes that groups fight each other were getting the best share. We will have the Kyiv clan, the very well known Dnipropetrovsk clan, from which Kuchma comes. When Kuchma comes, he brings his clan with him. The Donetsk clan. And so up there in the top, among those who have chosen to go with the state, there is a further breakdown into clans who are struggling to get the most of the best positions in the state. But there includes the state. A part of the old nomenclatura and elite, the very top levels says we will not partake. We are communists and we will stay with the party. As long as you do not prosecute us, we do not oppose you, but we are not going to join. And they retreat into Donetsk, and remain communists. The distinction is that those who went with the state usually were the top level. They were the party secretaries, at the top levels of the Soviet Ukrainian elite. They went with the state. The second, especially third, fourth level beyond secretary, city mayor, they go more with these communists. But this is the split up of the elite.

Well, let's look now at that part that goes with the state, with the idea that the state, the Ukrainian state is where we will make it. The next thing they do is, "Well, if we have to build a state, let's look to the west. How does the west build a state?" Executive, legislature, judicial. The division of power. Note how strange the idea of division of power is in people who were brought up in the Soviet system that is a vertical power. From Moscow straight down. No question of division. They are trying to introduce something called division of power - executive, legislature, and judicial. They have real problems with that concept. They do not know the art of compromise. The president cannot believe that if he is the president, his word does not go. It is a strange concept to him, and Kravchuk has the problem, Kuchma has the problem. It is very difficult for them to grasp. So they put the structure of the state in, but they do not get the idea of dividing power. So that is one problem. Then, in establishing this structure, what it involves is that the legislature, the Rada, gets power it never had before. It was rubber stamped before. Now, it supposedly has real power. The Rada is dominated by those communists that did not go with the state. And so this new state gets a group of people who are opposed to the state. The Rada is really opposed to the building of the Ukrainian state. This becomes the base of the communists. The president wants to expand the state. They are almost right from the beginning in constant conflict, and what you get is a logjam at the top. . So they

are using the division of power in a highly destructive fashion, unconstructive fashion. And that, of course, is going on until today.

The problem is that democratic institutions like division of power, are used in a highly unconstructive fashion in Ukraine and that explains why the Constitution takes so long until 1996 and the problems passing the Constitution, adopting the Constitution. Then they introduce something else. Elections. What could be more democratic? Just like the west. Just like the States in the west. What elections come to mean to the members of the elite is that there is a possibility that their tenure in power is limited. If you were in the old communist days and you made party secretary and you listened to Moscow, you could stay and stay and stay. But in an electoral system, you can lose. That means you might be out in four years.

Now think of a nice opportunistic member of the nomenclatura when he sees that he might have to face an election. What does he do? He had to grab as much as he can before he is out. They are under time pressure to make their stay worthwhile. And so the speed with which they have to get something out of the state is pretty intense and this, of course, explains this corruption at the top that we see. This comes up in an economic issue like privatization. For example, privatization on the one hand becomes a means by which this elite starts grabbing what the state has to offer and on the other hand, privatization is also rather slow because the clans within this elite cannot make up their minds who gets what. So they postpone and postpone and postpone, and privatization does not go very far in Ukraine, because they cannot decide how to divide up. New elections are coming up, these people have problems. On the issue of privatization. Communists, of course, will oppose it. Ideologically opposed and they will use the Rada to block it. So it does not go anywhere with that. And then finally you may be surprised to here that people in Rukh will not support something so western as privatization. Or many of them will not. Why? Well, privatization means that factories go up for sale, can be privatized. Who can buy them? Russians have the capital. Farmers have the capital. So if the state starts selling items and Ukrainians do not have the money, they will be bought by farmers. So even democratic western oriented movements do not support privatization in Ukraine to the extent they might.

The third transition. There are only four I am going to talk about. Third transition. That is the transition from an ill-defined nation to a well defined nation. I think we will all agree that until 1991, Ukrainians as a whole were rather ill defined as a nation, especially if you went east. A very difficult problem. Not a problem in the west. But certainly in the east, for many people, it was very difficult to find out what you were. Your mother is a Tatar, your father is a Ukrainian, your grandpa is Jewish or something like that. What are you? That was a very common phenomenon in Donetsk and Kharkiv, somewhere like that. How do they handle this transition? Sequentially, a well-defined nation should have happened first.

Ukrainians should have been well defined and then demanded a nation state. Partly that happened in 1989 when suddenly, if you recall, this upsurge interest in Ukrainian history, Prosvita, the Ukrainian language. There is this big upsurge 1989, 1991. And this is Rukh, these are west Ukrainians who begin defining Ukrainians as an ethnic nation, ethnicity. And that goes up to 1991. In 1991, the state is announced, the patriocratic elite comes in.

What happens to nation building now? Many of them do not relate to the ethnic. They never had any ideology. These are people who are pragmatic. They do not relate, most of them do not speak Ukrainian at home. How are they going to find themselves as Ukrainian? So they will move to the concept of civic territorial Ukrainian. Everybody who lives in Ukraine is Ukrainian. In the early days, 1989, it was Ukrainskyi Narod (The Ukrainian People). Now it is Narod Ukrainskyi (The People of Ukraine), a very important distinction. Narod Ukraine is everybody in Ukraine, which should not be strange. We in Canada do it. Everybody who lives here, so they go to a civic territorial definition. They have to do that, they will argue because you have 11,000,000 Russians in Ukraine. How can you call them Ukrainians? How can you use an ethnic criteria? So there are arguments. But what is striking about a civic territorial one, it is rather ill defined. You are Ukrainian as long as you live in Ukraine. You stop being Ukrainian when you leave Ukraine. So it is not exactly a permanent definition that people sacrifice for. It reminds you of the 18th century. There was a phrase - "where it is good for me, that is my homeland." So this is this kind of approach.

What kind of citizens are you going to get who take this approach? Well the elite finds this very acceptable. This territorial definition has also linked to a natural Ukrainian phenomenon, a widespread. Ukrainians are ambiguous in terms of identity. They have it. They have not had a state and so their sense of identity has often been ambiguous. It is quite strong in the west. Then you come to that middle on both sides of the Dnipro where it becomes sort of, well yes Ukrainian, but I will speak Russian just as easily. And then it goes to the east itself where they prefer to speak Russian. So it is kind of stages. And who becomes a typical Ukrainian today. It is the Russians speaking Ukrainian who is running Ukraine today, which is a characteristic of this ambiguity. Oh yes, they are Ukrainian now. In fact some of them are very patriotic Ukrainians and I do not think we have to make a fetish of language, because I have heard some of the strongest criticism and foulest language in Russian against Russia in Ukraine. So that is not necessarily.

So I think this is a kind of reflection of this ambiguity that many Ukrainians have about their identity. How do we evaluate this process of nation building? Well C- at best, C-. Not very good. First, they switch from one concept to another and then the second concept is not being pushed strong enough and basically it is being pushed aside by the elite in Kiev. It is not of primary importance and I leave it up to you to decide whether it should be, but that is what had been happening.

Finally, the fourth transition, and this is the one that many people might say, "Why did not you start with this?" The fourth transition is from a command economy to a market economy, and many will argue this is where it is at. This is where the people are hurting. The economy is the problem. If the economy is solved, everything else will be fine. We all know that the economy is a disaster area and I think some of you might know the figures -45 to 50 percent drop in GDP. If you want analogies, it is much worse than the Depression in Canada and it is worse than what Ukraine looked like after World War II in terms of productive capacity. So it is a traumatic drop in productive capacity. There is also - I should add a qualification - we do not know about the shadow economy. It is difficult to measure, but from what we can see, it truly is horrible what has happened. The drop has been made all the worse by the fact that the expectations were so high. The stereotype of rich Ukraine. If we breakaway, we will be so rich.

The Deutsche Bank in 1992 does an analysis and says Ukraine has to do well because it has all the resources. It should be doing very well in a matter of three years. So the expectations are very high and therefore, the drop hurts all the more compared to now. Think of all those people who voted independence for material reasons. Where will they be? Well, the timing. Could they have started with the economy right away? Could they have left everything aside and addressed the issues of economy quickly and decisively? It is my feeling that it would have been impossible. The motor for economic change in Ukraine had to be, and will partly continue to be, and has always been in this part of the world, the state. Economic change has been usually propelled by the state. It has not done very well, but that was the motor and if you do not have a state that is formed and established, what are you going to power the economic change and guide economic change with. An answer to this might be, well why bother with the state? Just let the investors in. Just let capital in. Just let people do their own thing and many Ukrainian businessmen today will say that. If they would just leave us alone. If the state would not get involved, we'd really get things moving. Well, the state has to be there. First of all, the state has to formulate the Constitution. The Constitution is what defines what private property is. It did not have Constitutionally enshrined property until June 1996. How can you start talking about economic change without that? The issue of land ownership is still not defined. So how can you begin selling land to private farmers, forgetting all the other reasons why you cannot sell it, but if you do not define who owns land. That is still unclear. The state has to define that. So the state, as a motor, has to do it and yet, as we know, it is the state that is not all that interested. Now to be fair to the people who run the Ukrainian state, certain economic problems they had are inherited. Very difficult to do something about them.

The collapse of the Soviet Union was the collapse of the first industrialized empire. All empires that collapse, and there were many that collapsed before, were largely agrarian. That is, when the Hapsburg Empire collapsed, a Czech villager keeps living like he lived before. No big deal. A Galician villager lives like he lived before; the village is self-sustaining. In the Soviet Union, it is the first time we have seen an empire collapsing, which is industrially highly developed and interlinked. First time. And the problems that this engenders are overwhelming.

We all know that Stalin purposely built factories in such a way that they were interdependent on each other. This was done. So when this structure collapses, the economic disruption is greater than any time we have seen historically. So we have to take that into account. This is an inherited problem. The elite could do nothing about it.

Another inherited problem is that if we take the Soviet system and say that it did not work well, well the worst of that system was most concentrated in Ukraine. Ukraine had a disproportionately large part of the military industrial complex was based in Ukraine. So all those rusting factories that the Soviets were building up were concentrated, to a great extent, in eastern Ukraine. So it had a large portion of that.

And then collectivization. Ukraine really got hit hard by collectivization and an intense collectivization in Ukraine. So those parts of the system that turned out to be ineffective were highly concentrated in Ukraine. That is an inheritance.

And finally of course, Chernobyl. If we count up Chernobyl has been costing the Ukrainian government, Ukraine has an external debt of about \$10 billion, I think today. Well, probably a large part of that debt could be wiped out if there were no Chernobyl. So that is something that the government had to face and we have to take that into account.

But there are certain problems that are the responsibility, or you might say, not inherited but created problems of the government in economic terms. The first created one is the question: Will it change. Did the government actually want to introduce a market economy, and that, I think, is highly doubtful. The situation which obtained highly ambiguous questions of ownership was very much to the advantage of people on the top. It is no revelation. You could control things that are not privatized. You could live from them and therefore it was the advantage to very many people in the top spots to keep the situation ambiguous and not go into a market, and yet not have it in the Soviet system. So ambiguity was there, and therefore, the will to change I think can be questioned very much. This will to change was also viewed that elites up at the top couldn't make up their mind who owned what. They are fighting each other and so they put it off. The communists do not want a change as I said before. So I do not think the will of change was there. You had the stalemate.

The government tried an easy way out of its financial problems, and that, well you can only say - I am looking for sort of a gentle word - that ridiculous tax system where a 90 percent tax on business activity, supported very often by the communists who would prefer to see less. Well, with a tax system like that, how can you get a business going? You either go underground, shadow, or you do not survive. No business, no tax revenues. Then how can you collect money from people when they are not being paid? So tax flow is not there, how are you going to finance change. So that obviously would not work.

Well, the question of foreign investment. Who is going to go into Ukraine when ownership is not defined? The Constitution only comes in 1996. Who is going to invest? Especially when you have seemingly attractive Russia next door. So the farmers are not going to come. It is well known, the policy of the elite, so investment is minuscule in Ukraine. I do not know. We have specialists here, but I think it is about \$2 billion, which is practically nothing in Ukraine. Well, I could go on and on about the economics, but it is too sad to get into detail. Suffice it to say that I think we can draw certain conclusions.

On the economy, I really should, since the title of my talk deals with evaluations. On the economy in Ukraine I think is somewhere around C-. I would give it a D, maybe an E, but the reason I would not is that supposedly Russia took a more effective radical approach, and where are they now? The Russians sort of got the foreign investment moving and so forth, and yet that approach has not especially been effective either. So I think that...and considering the problems, it is not the worse case. And I should add there have been some success stories on the economic front. Financial policy has been good. The Central Bank managed very well with inflation. The currency change has been handled well, so there were some success there, not total disaster. As far as energy policy is concerned, Ukraine is finally making an attempt to get energy directly from the Caspian region, not from Russia. So there are some brighter spots in the economic picture. I know there is a tendency maybe

of some of you to compare Ukraine to Poland. Well, I can go into that later. It is not a comparable situation.

Conclusions

It seems that the great success of the first transition, the decoupling, the separation created problems in the other transitions. Because it was so smooth. Because it was carried out so well by that elite, that elite stayed. And as the elite stayed, it slowed down everything that came after. Too much of the Ukrainian elite stayed in place. Even compared to Russian and other republics, because it had success in that first phase. They said, "Look how well we handled it. We should be in charge throughout." So I think that is unfortunately an ironic development.

There is, in my presentation, possibly a certain methodological flaw. People can argue that what you said is basically this. What happened, had to happen. Deterministic that my argument is that there is no other way things could have gone, except this way. It is a valid argument, but I honestly cannot see how things could have been different. I do not see a point where... I do not see people who could have made the difference and I do not see any other path that really could have been followed.

Today, Ukraine is half-stream. It has definitely left one bank and is very far from the other bank, and the weather is stormy. So it is not a very optimistic picture, but at least there is some movement. They are managing to float on their own. And then finally, what we are expecting from Ukraine is, in every sense of the word, revolutionary change. Total change. And we are expecting this revolutionary change without a revolution having occurred and without any revolutionaries. And maybe our expectations are simply too high.