

# TWGW NEWS

October-November 1996  
Volume XII Number 7



Monthly newsletter of The Washington Group  
An Association of Ukrainian American Professionals

## TWGW Conference Assesses Ukraine's Progress



Deputy Secretary Strobe Talbott

Dep. Sec. Strobe Talbott, Amb. Jeane Kirkpatrick, Justice Olexander Volkov, and 20 experts review developments in Ukraine during the five years since independence

*More than 300 attend Leadership Conference*

Photos by Natalie Sluzar



Ambassador Jeane J. Kirkpatrick

WASHINGTON—More than 300 activists, from throughout the United States, Canada and Ukraine, attended the 1996 Washington Group Leadership Conference, held October 11-13 at the Key Bridge Marriott Hotel in Rosslyn, Virginia.

They analyzed Ukraine's accomplishments as well as shortcomings during the five years of its independence, with the help of such featured speakers as Deputy Secretary of State Strobe Talbott, former U.S. representative to the United Nations and co-chair of the Bob Dole for president campaign, Jeane J. Kirkpatrick, Ukrainian Supreme Court Justice Olexander F. Volkov, and more than 20 other experts, representing the U.S. and

Ukrainian governments, the World Bank, the International Monetary Fund, academic institutions, think tanks, corporations and foundations.

The 1996 conference was co-sponsored by the Embassy of Ukraine, the Ukrainian Medical Association of North America and the U.S.-Ukraine Foundation.

The three-day event focused on five major areas contained in the major theme, "Ukraine at Five: A Progress Report": Ukraine's geostrategic situation, economic reforms, democracy and human rights, health care, and energy.

Conference participants also saw a presentation of the Oral History of (See *Conference*, page 3)

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## New Members



## Notes on Members

- **Oles Berezhny**, Graduate Student, National Security, Georgetown University, Arlington, VA.
- **Ivan Burmaka**, Consultant/Interpreter and President, XETCO Inc., Gaithersburg, MD.
- **Daria Dicky**, Professor of Anatomy and Anthropologist, N.Y. College of Podiatric Medicine, Flushing, NY.
- **Bohdan Fedorowycz**, Engineer & Consultant, Troy, MI.
- **Oksana Fedorowycz**, Teacher, Troy, MI.
- **Yaryna Ferencevych**, Graduate Student, Foreign Service, Georgetown University, Annandale, VA.
- **Motrya Hunia**, Program Manager, US-Ukraine Foundation, Alexandria, VA.
- **Juliana Kinal**, Graduate Student, Yale University School of Management, New Haven, CT.
- **George Krywolap**, Attorney, Baltimore, MD.
- **Luba Lukasewycz-Pyrih**, Educator, Jefferson County (Colorado) Schools, Golden, CO.
- **Walter Mysiw**, Retired, of Cleveland, OH.
- **Nicholas Ponomarenko**, Electrical Engineer, U.S. Commerce Department, Arlington, VA.
- **Lesya Richardson**, Undergraduate Student, Political Science, Marquette University, Greendale, WI.

*If you have any interesting news about a TWG colleague, or about yourself, share it with the rest of the TWG family. Send it to the TWG NEWS editor by e-mail, if you can, (yarob@aol.com) or by "snail-mail" to TWG, Attn: Editor, P.O. Box 11248, Washington DC 20008.*

As expected, TWG News missed mentioning some TWG members who were in Ukraine during the celebration of the fifth anniversary of its independence. They will be duly noted in the December issue of TWG News.

## CALENDAR OF EVENTS

### NOVEMBER

**23-24 Saturday, 10 a.m.-4 p.m., Sunday, 12-4 p.m.**

**Christmas Bazaar.** Arts and crafts, books, Ukrainian food, baked goods. Holy Family Parish Hall, 4250 Harewood Rd., NE, Washington. Contact: 202-526-3737.

### DECEMBER

**1 Sunday, 1-3 p.m.**

**Christmas Bazaar.** Traditional holiday food, crafts and other seasonal items on sale every Sunday after Mass through December. Holy Trinity Parish, 16631 New Hampshire Ave., Silver Spring, Md. Contact: parish office 301-989-3315.

**7 Saturday, at 7 p.m.**

**Andriyivsky Vechir**, sponsored by Plast Washington. Come one, come all for an evening of fun, frolic, fortune-telling, food and a good old-fashioned Plast sing-along. If you play the guitar, bring it along. Open to everyone in the community. Adults \$5, 18 and under \$3. St. Andrew's Cathedral Hall, 15100 New Hampshire Ave., Silver Spring, Md. Contact: Stephen Rapawy, 301-770-6911 or Tamara Woroby, 301-622-5456.

**14 Saturday, at 1 p.m.**

**St. Nicholas** visits children at the Taras Shevchenko Ukrainian School. Holy Family National Shrine Hall, 4250 Harewood Rd., NE, Washington. Contact: Theodor Caryk 301-840-1713.

**22 Sunday, at 3 p.m.**

**A Celebration of Carols.** A concert of Ukrainian and American Christmas music by the Ukrainian National Choir. Co-sponsored by the Ukrainian Association of Washington. Adults \$10, age 12 and under free. Maryland University Inn and Conference Center, University Blvd. at Adelphi Rd., College Park Md. Contact: Stephen Rapawy, 301-770-6911.

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## Conference....(continued from page 1)

Independent Ukraine Project by its co-directors Sarah Sievers and Margareta Hewko, a performance by the Yara Arts Group of New York directed by Virlana Tkacz, and witnessed the presentation of the TWG "Friend of Ukraine" award to Hobart Earle, music director and principal conductor of the Odessa Philharmonic Orchestra.

The conference began Friday evening with reception at the Ukrainian Embassy, at which TWG President George Masiuk and, in the absence of Ambassador Yuri Shcherbak, First Secretary Yaroslav Voitko welcomed the overflow crowd of conference participants and guests, among them: Central Intelligence Agency Director John Deutch, Deputy Chief of Staff to the First Lady Melanne Verveer, Russian Ambassador Yuli Vorontsov and the ambassadors of Azerbaijan, Georgia, Romania, Slovakia and Uzbekistan.

There were a few major changes in the previously announced list of conference speakers: Ukrainian Minister of Environmental Protection Yuri Kostenko had to remain longer than expected at the G-7 meeting in Paris, and Ambassador Shcherbak was called to Kyiv to participate in the meetings of the U.S.-Ukraine Binational Commission and the Ukrainian-American Advisory Council. Supreme Court Justice Volkov and Ambassador Kirkpatrick were late additions to the program..

Deputy Secretary Talbott, the featured speaker at the Embassy reception, gave what a State Department spokesman characterized earlier that day as "a major articulation of United States policy on Ukraine." Mr. Talbott outlined the Clinton administration's assessment of Ukraine's accomplishments and of Washington's relationship with Ukraine.

Mr. Talbott highlighted the many steps Ukraine took in building a strong nation, from declaring its independence to the passage of a new constitution in June, and in reforming

its economy, which went from a period of hyperinflation to the introduction of a new and stable currency, the *hryvnia*, in September.

"There is much hard work still to be done," he said "But Ukraine does not face the challenge alone." The Clinton administration continues to support Ukraine both politically and economically, making it the third largest recipient of U.S. foreign assistance.

"We've done it and we'll keep on doing it...because it is

in our own nation's interest to see an independent, secure, democratic Ukraine survive, succeed and prosper," Mr. Talbott said.

Noting Ukraine's "vigorous" and close cooperation with NATO, he said the United States and the Atlantic community see Ukraine's integration with Europe as "a critical goal."

As for its possible membership

in NATO, Mr. Talbott added, "Let me underscore two simple statements of fact—and of principle: first, Ukraine and only Ukraine will decide what associations or memberships it aspires to in the future; and second, NATO and only NATO will decide whom to admit to its ranks."

Asked as he was leaving the Embassy about Russian Security Chief General Alexander Lebed's remark about Sevastopol being a Russian port, Mr. Talbott said that Washington did not view his statement as reflecting Russian government policy. As for the United States, "We have supported the territorial integrity of Ukraine within its current borders from the day that Ukraine was born."

(For a transcript of Mr. Talbott's remarks see page 4.)

On Sunday, the issue of NATO enlargement came up during an address to the conference by Jeane Kirkpatrick, who stressed that "nobody wants to push or pull or even encourage Ukraine into NATO [and] no one wants to create problems for Ukraine by pushing or pulling other eastern European countries, central European countries into NATO."

(See *Conference*, page 4)



CIA Director John Deutch (left) conversing with Russian Ambassador Yuli Vorontsov (right) as the Ukrainian Embassy's First Secretary Vasyl Holovenko and Mrs. Maria Shcherbak, wife of the Ukrainian ambassador, look on.



## TALBOTT: A progress report on U.S.-Ukraine policy

The following is a transcript of the address by Deputy Secretary of State Strobe Talbott during the TWG Leadership Conference reception at the Ukrainian Embassy October 11, 1996.

Thank you, Yaroslav [Voitko], very much. My friend Yuri Shcherbak has delivered a better speech than the one I'm about to give, and he's not even here. But I do want to thank him, despite the fact that he's not able to be with us tonight, my friend Mr. [Valeri] Kuchynsky—and also my sympathies to Mr. Kuchynsky—and to Yaroslav [Voitko] and George [Masiuk], and to The Washington Group for including me in your celebration.

I know that some of you this evening have come from out of town. You've come from other parts of the country to take part in what promises to be a very stimulating and important and thoughtful conference.

To those of you who are coming from out of town I want to say: welcome to Washington. During the Cold War, this city was often called the “capital of the free world.” Washington still qualifies as exactly that today. In fact, with the collapse of Soviet Communism, with the disappearance of the USSR, and with the dissolution of the Warsaw Pact, the free world not only still exists, it's a much bigger place today than it was just a few years ago—and today the free world includes an independent, democratic Ukraine.

Over the past three and a half years, I've had six opportunities to visit that brave young democracy. It's good to be



Deputy Secretary of State Strobe Talbott at the Ukrainian Embassy with Melanne Verveer, deputy chief of staff of the First Lady.

back this evening on sovereign Ukrainian territory, and I'm grateful to the embassy for opening its doors not just to me but to my colleagues from the Administration: John Deutch [Director of Central Intelligence] gets applauded just for coming a few blocks to be on sovereign Ukraine territory [laughter]—imagine the reception you'll get, John, when you go to Kyiv for the first time [laughter]—also my friend

(See *Talbott*, page 14)

### Conference....(continued from page 1)

Ambassador Kirkpatrick, who was among those mentioned as a potential secretary of state in a possible Dole administration, said that she and Senator Dole felt that the Clinton administration “has not been quite as helpful to Ukraine as we think it should have been. We think it's had a tendency to Russia first,” she said.

In response to a question, Dr. Kirkpatrick said that both she and Bob Dole were critical of President Bush's infamous “Chicken Kiev” speech and of what she called Secretary of State Jim Baker's “Chicken Belgrade” speech, in which both cautioned against the dissolution of the Soviet Union.

(The excerpts of Dr. Kirkpatrick's remarks begin on page 6. See “In This Special Issue” for the location of transcripts and summaries of other conference presentations and panel discussions.)

In his welcoming remarks Saturday morning, TWG President George Masiuk highlighted some of Ukraine's accomplishments during the past five years: conducting fair and meaningful elections, adopting a democratic constitu-

tion, bringing inflation under control, introducing its new currency, the *hryvnia*, and its commendable showing at the Summer Olympic Games.

“But this conference is not only about feeling good,” Mr. Masiuk added, “it is also about soberly assessing Ukraine's situation.”

“Ukraine is not out of the woods yet,” he pointed out. “Its geostrategic role is not yet clearly defined, its economic reform is still painfully slow, its construction of a civil society is incomplete, its health care delivery system is barely working, and its level of energy dependence on Russia remains alarming.”

Conference participants, he said, would examine “all of these, both positive and troubling aspects of present-day Ukraine...in an open and constructive way.”

Mr. Masiuk thanked the corporate sponsors of the conference for their generous support: 1st Security Federal Savings Bank of Chicago, Self-Reliance New York Federal Credit Union, Selfreliance Baltimore Federal Credit Union, Ukrainian National Association, and Kontakt.

## VOLKOV: *Achieving judicial independence, reform*

Following TWG President George Masiuk's opening remarks Saturday morning, Ukrainian Supreme Court Justice Olexander Volkov addressed the conference about judicial reform and the creation of an independent judiciary in Ukraine.

He pointed out that experience—not only in Ukraine but worldwide—has shown that democracy cannot survive without an independent judiciary, which provides the balance of power between the legislative and executive branches of government and protects the rights of the people.

Justice Volkov said that the process of creating an independent judiciary, which began with the proclamation of sovereignty in 1991, entered a new phase with the acceptance of Ukraine's new Constitution June 28.

Unlike the American system, he said, the Ukrainian system, in addition to a Supreme Court, also provides for a separate Constitutional Court, which deals with issues of constitutionality. The general court system, he noted, is based on geographic divisions and specialization.

A major task now before the justices, the Parliament and

the president, he said, is to draft enabling legislation that will set up the court system as well as procedures for criminal, civil and administrative courts.

"Our recent history teaches us that in the absence of appropriate judicial procedures, the courts cannot safeguard the individual's rights when they come into conflict with the state, its officials and other individuals," he said.

Justice Volkov expressed the hope that much of this legislation will be completed and presented to the Parliament by the end of this year or early 1997.

The judicial system also needs more newly trained lawyers, he said. There are some 7,000 lawyers in Ukraine, almost all of whom were trained under the Soviet system. Future lawyers are being trained in new law schools, he said, but they have yet to be graduated.

"Much remains to be done," Justice Volkov said. But when the independent judiciary is achieved, he added, "We feel that this will gain the people's respect for the judicial system, for the national government, and it will be for their own benefit as well."



Justice Olexander Volkov (right) fielding questions with the help of interpreter George Sajewych.

## SHCHERBAK: *'Fostering the strategic partnership'*

*The following is the text of a letter from Ukrainian Ambassador Yuri Shcherbak to the participants of the 1996 Washington Group Leadership Conference, which was read by First Secretary Yaroslav Voitko during the reception October 11 at the Embassy of Ukraine:*

The Washington Group Leadership Conference is another major step in the process of defining the role and place of the Ukrainian community in contemporary American society. It is an opportunity for us to meet again and to discuss the best possible ways for fostering the strategic partnership between Ukraine, our common Motherland, and the United States of America, a relationship which is very important for both our nations and the European and global security at large.

Recent years saw tremendous progress in our bilateral relations, which have now reached their highest level ever. It is imperative that we not only maintain this level but also do everything possible to expand it, to cover more and more areas of mutual interest, to further develop mutual trust, friendship and understanding, filling the recently declared

strategic partnership between our nations and peoples with real substance and sense.

Regrettably, I cannot spend these days with you in Washington, but the reason for my absence is more than justified. As you may know, I will participate in the meetings of the Ukrainian-American Advisory Committee, composed of the prominent political figures and scholars representing our two countries. I will also take part in the meetings of the Sustainable Economic Cooperation Committee of the Binational Commission headed by President Leonid Kuchma and Vice President Al Gore. These bodies are called to play an important role in working out common decisions to make and enhance our mutually beneficial cooperation.

Let me wish you successful and fruitful discussions, as well as good results of your work in the form of wise and realistic decisions. The Embassy of Ukraine is ready to cooperate with you, dear friends, in bringing our two nations closer together for the benefit of world peace, security and prosperity.

## KIRKPATRICK: Ukraine 'one of the most successful'

Following are excerpts of remarks by Jeane J. Kirkpatrick, former U.S. Representative to the United Nations and co-chair of the Bob Dole for President campaign, at the TWG Leadership Conference October 13, 1996:

...With the end of the Soviet Union and the opening of the archives, it has become clear, as [Robert] Conquest himself says, that he grossly underestimated both the starvation and the suffering and the deaths of Ukraine in that dreadful period. But it was for me a very stirring experience just to read the accounts of the Ukraine ordeal, and I have been terribly pleased to see not only the independence of Ukraine—I hasten to say: if Ukraine doesn't want to be independent, that's fine with me, but if they want to be independent, I rejoice in the fact that they are able to be that. I have no special position on what the relationship between Russia and its former component parts should be, except that it should be decided by free and voluntary decision of peoples and not by force. What was wrong with the Soviet Empire and the Soviet relationship with Eastern Europe, and the Warsaw Pact countries, and the CIS countries and all of those in between, was that it was imposed by force on the people of the region and maintained by force on the people of the region who were submitted—all of them—to very heavy-handed government, at best, and to real repression, almost without exception....

I believe, myself, that it makes sense for Ukraine to be independent because it's a very large nation. Within the current borders there are 52 million people; that makes Ukraine a major nation in Europe. I grant you, one of the interesting facts about Ukraine is that not all the inhabitants of Ukraine are Ukrainian, of course. They never have been. Ukraine has been a multinational state as many other states in Europe are multinational.... And Ukraine, unfortunately, came by some of its multinational character in a particularly unfortunate way, that is, with the deliberate replacement of the Ukrainian population that had been destroyed, by Russians, who were imported in. But those Russians have been there for a long time now, and I

understand that they consider themselves Ukrainian—some of the time, at least, on some of the issues.... But this will be lived through, I believe, and peaceably, I expect, because it's necessary to the viability of the new independent state of Ukraine.

I think that Ukraine is, objectively speaking, one of the most successful of the former Soviet states in establishing a transitional sort of regime, if you will, to a government based on free elections, and an economy moving toward a market economy. I want to say that it is unrealistic to expect that those governments, beginning with Russia itself but also including Ukraine and all her neighbors, would have had a swift or seamless kind of transition from a condition of pure state socialism and dictatorship, of course, and colonialism, really, to a condition of independence and self-government and free market economics....

But what is remarkable to me about Ukraine is that

there has been progress, the progress there has been fairly steady, moreover, and there have been no major disruptions in this progress. They might develop. It's possible. There is, you know—whenever people have freedom to disagree, they usually disagree.... And so there have been disagreements about the direction and character of Ukraine's political development and economic development, but those disagreements have been carried out in a civilized fashion; they have been limited in their scope and depth, and they have not prevented or disrupted too seriously progress toward self-rule and self-government....

I think [President Kuchma] is a skillful leader, and he's a strong leader for Ukraine in this period when independence is being established and identifications and terms of reference are being set....

And as in all the former Soviet states, in Ukraine as well, there are many structures that are artifacts of the previous regime. The influence of the previous regime is deeply felt not just in the policies but in the structures and the habits, the institutions themselves. That's true of every former Soviet-system country—it's true in Russia, of course, espe-

(See *Kirkpatrick*, page 12)



**Ambassador Jeane Kirkpatrick receives a TWG plaque following her Leadership Conference address. Presenting the plaque are TWG Public Relations Director Jane Kunka and TWG President George Masiuk.**



## PANEL 1: Analyzing Ukraine's geostrategic position

Opening the first panel discussion on Saturday morning on Ukraine's geostrategic position, moderator Roman Popadiuk, who served as America's first ambassador to Ukraine, pointed out that the West has taken note of Ukraine during the past five years.



Roman Popadiuk

"And if you look at the situation, given Ukraine's population, its size and its geographic location, in terms of bordering on seven countries, most notably on

Russia, this attention is properly warranted," he added, before introducing the panel.

Presenting the Ukrainian government's view of geostrategic developments in Europe, Volodymyr Belashov, political secretary at the Ukrainian Embassy, said that Ukraine does not oppose the move to enlarge NATO since it feels that this will enhance security in Europe. Neither does it oppose any new NATO-Russian agreement in conjunction with this enlargement, he said.

Ukraine would like to see NATO enlargement as a gradual process, done in parallel with the strengthening of relations between NATO and Ukraine, he said.

As for the Commonwealth of Independent States, Mr. Belashov said, Ukraine sees it as a "useful framework" for bilateral and multilateral contacts.



Volodymyr Belashov

Ukraine places a high priority on its relationship with Russia and is working hard to resolve such problem areas as the Black Sea Fleet and trade issues, he said. But there are dangers, he added, resulting from the uncertainties caused by President Yeltsin's health.

Mr. Belashov said, Kyiv is satisfied with its "strategic relationship" with the United States and is grateful for the generous U.S. assistance it receives.

Ilya Prizel, professor at the Johns Hopkins University Paul Nitze School for Advanced International Studies, concentrated on Ukraine's relations with its large East European neighbor Poland.

The relationship is high on symbolism—Poland was the first of Ukraine's neighbors to recognize its independence, Dr. Prizel said. He added, however, that Poland's top priority is joining NATO and the West; everything else is secondary. Poland views Ukraine, like Russia, as a competitor and not as a partner, he said.

Dr. Prizel pointed out that, in many ways, the Ukrainian

government has been more astute than the Polish government, especially in recognizing that the expansion of NATO must proceed slowly and transparently.



Ilya Prizel

But Ukraine could learn from Poland's economic development, he said, pointing out the important role small, private businesses play as the driving force behind Poland's 6-7% annual economic growth. Ukraine's future will rely not on the production of its old "behemoths," he said, but on its small, private enterprises, which

will stabilize its currency and its security.

Sherman W. Garnett, senior associate at the Carnegie Endowment for International Peace, poured some cold water on some of the "warm language of yesterday" (Deputy Secretary Talbott's speech). He said the U.S.-Ukrainian relationship seems not to be future-oriented, but riding the momentum of past accomplishments.

There is a potential for crisis in Ukraine's relations with the West, he said, as a result of two unresolved political problems in Ukraine—one internal, and the other external.

The internal problem is that while Ukraine's government is coherent in its western orientation, that coherence is not evident in Ukrainian society at large, he said, and, therefore, Kyiv's western-leaning foreign policy still rests "certainly not on a concrete foundation."



Sherman Garnett

The other unresolved problem, he said, is Ukraine's relationship with Russia. While the relationship has not turned out to be as bad as some thought it would be, he said, "in fact, there has been no ability, really, of the Russian side

to move fully to a state-to-state relationship."

"And I would say there is a misunderstanding in [Washington] about how important that Ukrainian-Russian relationship is and how important it is that the West have a role and stake in that relationship," he said.

Despite what is said officially, when the presidents of the United States and Russia meet, they do not discuss Ukraine; the trilateral U.S.-Russia-Ukraine process "is dying"; and Europe—except for Germany—remains, for the most part, uninvolved in Ukraine, Mr. Garnett said.

"It's very clear that there has to be a couple of fundamental changes right now, and I think we have to become more and not less engaged," he said.

## PANEL 2: Progress in implementing economic reform

Andrij Masiuk, the director general of the International Management Institute in Kyiv, substituted for Andrew Bihun, the U.S. commercial attaché in Kyiv, as the economics panel moderator.

Opening the discussion, Mr. Masiuk made some personal observations from his many years of experience in Kyiv. He said that one way to gauge the state of Ukraine's economy is by asking the now-traditional presidential campaign question: "Are you better off today than five years ago?"



Andrij Masiuk

As for the development of the business climate in Ukraine, he observed that there was an increased

awareness of the international quality of economic activity and that most of the business people he has come into contact with think internationally and practice international business.

The first panelist, Yuri Yakusha, alternate executive director for Ukraine at the International Monetary Fund, said that since instituting economic reforms in October of 1994, Ukraine has made "significant progress" towards a market economy.

And even though political complications have caused delays in the process, he said, "macro-economic stability has now been achieved." Mr. Yakusha pointed to several "remarkable milestones" that Ukraine passed this year with the help of the World Bank and IMF: one-half of Ukraine's GDP now comes from the private sector; small enterprise privatization is complete; the hyperinflation of 1993 has been brought down to one percent per month in recent months and was two percent in September; and the value of its currency increased 10 percent against the dollar last year.



Yuri Yakusha

Financial stability is not enough, however, Mr. Yakusha said. Economic reforms must continue, especially in reducing taxes and broadening their base, in reducing the budget deficit, in cutting red tape and regulations, and in securing a social safety net.

Mr. Yakusha pointed out that Ukrainian exports were rising, although they encounter protectionist hurdles in Europe as well as in Russia, which, he added, "is not in line with Russia's responsibilities to international financial institutions."

"In general, I must admit that the IMF is optimistic about what's going on in Ukraine," Mr. Yakusha said. And that is amazing for a country that five years ago had fewer people working in the foreign ministry than the number of countries that recognized its independence, he said.

In response to a question, Mr. Yakusha said that debt is not a problem for Ukraine, which uses no more than 13-14 percent of its budget for debt servicing.

As for taxes, he said that corporate, income and value added taxes are not very high, but there are a lot of "hidden taxes," such as deductions for the social fund, Chornobyl fund, employment fund, and the like, which, together, raise the overall tax to an unreasonable level.

"That is why the government is considering a more comprehensive tax reform," he said. "But to be able to implement that, the government will have to fight with a lot of interest groups."

The American business analysis was provided by Kathryn



Kathryn D. Karol

Dickey Karol, director of international operations at Eli Lilly and Company, which began its activities in Ukraine in 1992. Eli Lilly produces insulin for diabetics, cancer products and medication for central nervous system and heart diseases.

The company opened 8 centers for diabetes testing in Ukraine and has had no problems finding highly qualified and talented employees to staff them, she said. Much of the company's work in Ukraine has been charitable, she said, pointing out that the diabetes testing, for example, is free. She added, however, that the operation may break even this year.

Eli Lilly's primary focus in Ukraine thus far has been on training and working with physicians, nurses and health care associations, she said. They have translated books on health into Ukrainian and Russian, and soon will be translating comic books for children on hygiene, she said.

In the future, Ms. Karol said, Eli Lilly wants to focus on research and development, to invest and test products in Ukraine, which is not being done now. Ukraine, however, must provide incentives for such investment, she said. "Ukraine is competing not only against its neighbors, but with the world."

Unfortunately, she added, health is not a high priority item for the government. She noted that health care was not on the agenda of the recently formed Kuchma-Gore Binational Commission.



## PANEL 3: Progress in building democracy, rule of law

Ukraine's progress in building a democratic society was the subject of the last panel discussion on Saturday, October 12, which was moderated by Orest Deychakiwsky, a staff associate of the U.S. Commission on Security and Cooperation in Europe.



Orest Deychakiwsky

Mr. Deychakiwsky, who recently returned from monitoring the elections in Bosnia (he has also monitored elections in Ukraine and elsewhere), said he did not see the possibility of a Bosnia-like scenario evolving Ukraine, as was suggested in a recent article in *Forbes* magazine.

"Among the reasons is the Ukrainian government's positive treatment of minorities over the last five years—in being inclusive, rather than exclusive, in having a progressive law on citizenship—and in the ability to resolve inter-ethnic tensions through peaceful democratic means," he said.

Judge Bohdan Futey of the U.S. Court of Federal Claims, who has traveled to Ukraine many times over the past five years to help establish its legal system and draft its new constitution, pointed out that Ukraine was the last former Soviet republic to adopt its own constitution, and that the Parliament would not have adopted it, were it not for President Kuchma's threat to hold a national referendum.



Bohdan Futey

Mr. Futey pointed out that polls conducted by the International Foundation of Election Systems showed that 67 percent of the electorate wanted a new constitution and that 64 percent were willing to vote in a referendum. At the same time, the approval rating of the Parliament was at an all-time low.

"The new constitution signals Ukraine's continuous movement from a command system towards a market economy and the rule of law," Judge Futey said. It contains two crucial articles, which guarantee the right to private ownership, including the ownership of land, he said.

Judge Futey pointed out that the constitution includes both "positive" rights (for employment, housing, etc.) and "negative" rights (speech, press, religion, etc.).

"Unfortunately," he added, "many of the protections guaranteed by these rights, have been curtailed, in my view, by what I call 'claw-back' provisions," which allow some

rights to be limited by future laws passed by the Parliament.

Markian Bilynskyj, director of the U.S.-Ukraine Foundation's Pylyp Orlyk Institute in Kyiv, took a critical view of Ukraine as a civil society. He noted that while Ukraine has most of the attributes of a civil society—it held elections; power changed hands peacefully; and there are civic organizations—the view is not as bright when looked at more closely.



Markian Bilynskyj

He pointed out that public opinion polls show that most Ukrainians would accept totalitarianism for the sake of stability, for example; the Parliament has a 2 percent positive rating and a 60 percent negative rating; there are 40 political parties, but most are limited numerically and geographically; while there are 740 registered non-governmental organizations in Ukraine, most are fictitious or are commercial enterprises; and 90 percent of Ukrainians belong neither to a political party nor to any non-governmental organization.

In one opinion poll, Mr. Bilynskyj said, when asked about their level of trust in various institutions and groups, "the respondents placed astrologers, at 6%, higher than the media, the police, political parties, the Verkhovna Rada, the government, private businessmen, and factory directors."

Ross Chomiak, a veteran journalist who spent a year and a half as the grant administrator of the U.S. Agency for International Development-funded International Media Center in Kyiv, gave an overview of how the press functions in Ukraine.



R.L. Chomiak

The press in Ukraine is "really free," he said, more so than in neighboring countries, and "maybe somewhat irresponsible." In 1966 there were 5,000 periodicals published in Ukraine. And as of September 11, Ukraine finally has an independent national newspaper, called *Den'* (Day), albeit still a weekly. The other two national newspapers are government subsidized—*Ukrayinskyj holos* (Parliament) and the *Uryadovij kuryer* (Council of Ministers).

Another thing that makes *Den'* different, Mr. Chomiak pointed out, was the fact that it has a circulation manager. Ukrainian newspapers, for the most part, continue in the old Soviet practice of letting the Postal Service handle their circulation, he said.

## PANEL 4: Ukraine's progress in health care reform

The panel discussion on health care in Ukraine was organized by the Ukrainian Medical Association of North America and was moderated by Roman Goy, a member of the UMANA board.

Myroslaw Kohut, an international health-care consultant who has worked with the World Bank and USAID in Ukraine, said that one can predict the health of a people by their income. In Ukraine, unfortunately, the needs of nation-building do not leave much resources for health care.



Myroslaw Kohut

He noted that the population is growing older and the health care system is breaking down. The fact that there have been five ministers of health in the last five years is another indication of the system's problems, he said.

At the same time, the system is shifting its function from that of a social safety net to that of an employment mechanism. The number of hospital beds per person continues to remain much higher than in the West, as do hospital stays, he said, citing nine days for a typical birth as an example.

Mr. Kohut made a number of recommendation for improving Ukraine's health care system, among them instituting cost control mechanisms, focusing on quality, creating an environment of performance expectations and introducing evidence-based management techniques and clinical decision making.

Yaroslav Voitko, first secretary at the Ukrainian Embassy, presented official government data about the state of health care in Ukraine based on testimony presented five days earlier in Parliament by the new health minister, Andriy Serdiuk. Mr. Voitko praised the new minister as a capable, dedicated professional.



Yaroslav Voitko

According to official figures: there is an increase in Chernobyl-related diseases; the birth rate is down; 6 million Ukrainians suffer cardiovascular disorders; 1.2 million are mentally ill; 700,000 have oncological diseases, 700,000 have tuberculosis; 1.5 million are disabled, 10 percent of them children; officially there are 56,000 drug addicts; every fourth person has a contagious disease; the number of infectious diseases such as AIDS is growing; and the population of Ukraine has decreased by more than 276,000 in 1995.

Mr. Voitko pointed out that in 1995 health-care providers received only 40 percent of the funds needed, only 36 percent of its minimal needs in 1996, and hospitals have received only 3 percent of the needs for patients' food.

"The indebtedness before the health care sector now amounts to 1,003.7 million *hryvni*, including 397 million *hryvni* of unpaid wages and salaries," Mr. Voitko said.

Ukraine is grateful for the assistance it receives through USAID and the American International Health Alliance, which have some "very good programs" in Ukraine, Mr. Voitko said. Between 1992 and 1996, USAID spent close to \$12 million for health care programs, he said, but added



Zirka Kalynych

that this was but 42 percent of the was initially approved for Ukraine

Dr. Zirka Kalynych, a senior staff physician at the Henry Ford Hospital in Detroit, shared her observations from her experience in the Lviv oblast. Among the rampant preventable health care problems there, she cited alcoholism, smoking, poor nutrition, and pollution, which causes asthma, cholera and cancer.

She pointed out that hospital stays are long for social rather than medical reasons; that the biggest cause of death in infants is ear infections, which are treated with microsurgery rather than antibiotics; throw-away devices are re-used many times; and there is an increase in traumas from auto and work-related accidents.

Focusing on the health of women, Dr., Kalynych pointed out that for every 100 babies born, 150 are aborted; contraceptives are not available, neither is breast cancer screening, and self inspection is not taught.



Roman Goy

Overall, she said, people should be taught that they themselves must take responsibility for their health.

Commenting on some of the statistics provided by the panel, Roman Goy pointed to one set of figures that showed the doubling of male mortality in Ukraine between the ages of 45 and 65. While 82 percent of Ukrainian men live to be 45, 20 years later only 46.3 percent survive.

"That's a great loss of men at the height of their productive years," he said, and added that it's not because of a deficiency in the health care system, but is the result of alcohol consumption, smoking and other social ills.

## PANEL 5: Ukraine's progress in energy sector reform

The final conference panel discussion dealt with Ukraine's energy sector. It was organized by the U.S.-Ukraine Foundation and moderated by Markian Bilynskyj, who directs the foundation's international programs as well as its Pylyp Orlyk Institute for Democracy in Kyiv.



Markian Bilynskyj

(The Foundation recently got directly involved in Ukraine's energy problems when it launched its Chernobyl 2000 project, aimed at closing the infamous nuclear facility by the end of the century and at the same time helping Ukraine

achieve energy self-sufficiency.)

Carlos Pascual, director for Russian, Ukrainian and Eurasian affairs at the National Security Council, observed that energy is both a political and economic issue. Politically it means warmth, jobs and dependence or independence.

It also affects the restructuring of the economy, he said. The decline in Ukraine's economy is expected to reverse in 1996 and then begin to grow, and as it does, the demand for energy will grow as well, he said

Mr. Pascual explained that, in fashioning a \$2.5 billion-dollar package for Ukraine, the G-7 chose to tackle its energy needs in a broader fashion than just shutting down Chernobyl and replacing its power capacity by finishing the Khmelnytsky and Rivne nuclear power plants.



Carlos Pascual

The \$655 million earmarked for the completion of these plants, which the Ukrainian government would like to receive this year, will probably be released in mid-1997, after the analysis of the project is

completed, Mr. Pascual said.

The World Bank has had a role to play in reforming the energy sector in Ukraine, and the Bank's principal economist for infrastructure development in Europe and Central Asia Laszlo Lovei reported on these efforts.

Mr. Lovei pointed to significant progress in reforming Ukraine's electricity sector, with the breakup of its monopoly and the establishment of a competitive wholesale market and a new regulatory system. Reforms in the coal sector, which started this year, are progressing rapidly, he said, but there is less progress in the gas industry, where the government has not fully adopted a comprehensive reform program. In the oil industry, reforms which began early,

have not been carried through to conclusion.

As for Ukraine's energy security, Mr. Lovei said that one may ask the question, "What is really threatening Ukraine's energy security? Is it that it is dependent on other countries for the import of energy—which many other countries are—or is it that it is unable to pay for its imports?"



Laszlo Lovei

Robert Archer, deputy chief of USAID's Energy and Infrastructure Bureau for Europe and the NIS, focused on power sector restructuring and energy efficiency.

He said the power sector reform in Ukraine initiated in 1994 is "really quite incredible." With

significant commitment from the Ukrainian government as well as from the international community, he said, the monopolistic system in Ukraine was restructured in one year. It created seven power producing companies; the market for electricity was put on a competitive basis; 27 distribution companies were set up to sell electricity; and a regulatory body was established.

He commended the World Bank for its role in helping Ukraine reform its energy sector.

"Basically, I think, resources follow reform commitment and performance," Mr. Archer said, and the Ukrainian government "has maintained a consistent commitment in the power sector area, and their recent movement toward energy efficiency issues is positive."



Robert Archer

Mr. Archer noted that the United States has provided technical assistance through contractors, partnership arrangement with U.S. utilities to give Ukrainian workers exposure to western practices, and training in the economic financial and management areas.

As for energy efficiency, he said, the benefits are significant. It is one of the least costly approaches and, therefore, "strongly applicable" in Ukraine.

"Whatever is done has to be paid for," Mr. Archer said. "And it is going to be a process where people look for the least cost ways of answering their energy problems."

Alternative energy, on the other hand, is not the key issue at this time, according to Mr. Lovei. The scope of alternative energy is very limited to the size of the problem, he said. "The most important thing now," he stressed, "is to get the prices right and the people to pay for it."



## YARA ARTS GROUP: 'In verse' – a retrospective

As in previous years, the 1996 TWG Leadership Conference had another cultural treat following the Sunday brunch.

This year it was the Yara Arts Group from New York, under the direction of Virlana Tkacz, which performed *In verse: a retrospective*, a multilingual rendition of selected poems, diary excerpts and songs, from such writers as Palvo Tychyna, Les Kurbas, Oksana Zabuzhko, Vasyl Yeroshenko.

For six years, Yara has captivated audiences with its presentations, which fuse drama, poetry, song, history, science and movement into unique productions with dialogue often incorporating words from different languages, including Ukrainian.

Thus far, Yara has created six original theater pieces and has hosted sold-out poetry events at the Ukrainian Institute

and the St. Mark's Poetry Project in New York. They have won national recognition for bringing Ukrainian poetry and theater to American audiences, receiving the prestigious Agni Prize for their poetry translations and the National Theatre Translation Fund Award for their work on Lesia Ukrainka's *Forest Song*.

Yara is a resident company at La Mama Experimental Theatre in New York and has performed and conducted workshops at Harvard, Yale, NYU, Kyiv Mohyla Academy, and theater institutes in Kyiv and Kharkiv.



The Yara Arts Group performing "Tale of the Paper Lantern" by Vasyl Yeroshenko, with (from the left) Tom Lee, Cecelia Arana and Katie Takahashi, as Olga Shuhan awaits her turn.

### Kirkpatrick....(continued from page 6)

cially—it will go on being true. While it's true in Ukraine, it seems to me that Ukraine has made some steady, if fairly modest but real progress towards transformation of its institution to something that will fit into indigenous specifications and preferences of the people today, perhaps, more clearly.

I think that Ukraine has suffered so much from the heavy hand of Soviet imperialism. Soviet people, I hasten to say, have suffered so much from the heavy hand of Soviet dictatorship, too. But Ukraine suffered so much, for example, from Chernobyl; it suffered so much from Soviet military policies and its nuclear policy; it suffered so much from Soviet policies in the Crimea—each one of which are the source of major problems today. Those problems are rooted in Soviet policies of decades past. And I think that although the problems remain, Ukraine is making steady progress....

I think that the government of Ukraine is inexperienced, to be sure, but it has behaved with quite a lot of sophistication and some success. I believe that Ukrainians all know

that they are vulnerable to the policies of Russia. And what is really true of the Ukraine and all of the other former Soviet States contiguous to Russia that Russia's policies will have a colossal impact on their futures.... They have, I think, behaved with some prudence, as the other former Soviet states have. It was prudent of them all to make clear in the last Russian elections that they had a marked preference for President Yeltsin.... At least the leaders of the former Soviet states made very clear their desire to see a leader in Russia who was formally committed to the respect for the independence and self-determination of the former Soviet states....

I believe that when there is incivility and uncertainty in Russia's leadership and succession, that must be disturbing to Ukraine.... The defining word is ambiguity, in my judgment, and uncertainty, because there's a good deal of shifting. And I think we should all pray for the health of Boris Yeltsin, because the longer there is leadership in Russia that accepts the independence and self-determination of the former Soviet states—even if he works to encourage them to rejoin voluntarily, as long as he leaves the decision in their hands and respects the decision and makes

(See *Kirkpatrick*, page 18)

## ORAL HISTORY: *Chronicling Ukraine's Independence*

Following the luncheon on Saturday, conference participants, with the help of a videotaped presentation by the co-directors of the Project on the Oral History of Independent Ukraine, Sarah Sievers and Margareta Hewko, were taken back in time to the beginning of the period they were analyzing at the conference.

What they saw was a sampling of excerpts taken from a series of videotaped interviews, chronicling Ukraine's role in ending the Soviet Union and its decision to pursue full independence. To date more than 70 interviews have been filmed and transcribed by the project. They include Ukrainian political leaders—from President Leonid Kravchuk, to Rukh leader Vyacheslav



Ukrainian Oral History project directors Sarah Sievers and Margareta Hewko.

Chornovil, to Communist leaders, such as Petro Symonenko—as well as former Polish President Lech Walensa and leaders of neighboring countries, and including some of the coup plotters in Russia.

As Ms. Sievers explained, the interviews, ranging in length from one to four hours, also include dissidents, diplomats, journalists religious figures, business people, academics military officers and the KGB.

The project plans include producing a videotape collection and interview transcriptions that will be made available to archives and research centers as well as a television documentary and a book with interview segments.

## HOBART EARLE: *Honored as 'Friend of Ukraine'*

During the Leadership Conference Banquet Saturday evening, The Washington Group presented its first-ever "Friend of Ukraine" award to Hobart Earle, music director and principal conductor of the Odessa Philharmonic Orchestra

Presenting the award, TWG Vice President Marta Zielyk said Mr. Earle was being honored in recognition of his

work, which "has greatly assisted Ukraine in her still-ongoing quest to achieve her rightful place in the international cultural community of nations."

Since taking over the baton in Odessa five years ago, Mr. Earle has expanded the orchestra's repertoire to include works by Ukrainian and western composers, and has taken the ensemble on tours to Europe, Australia and North America.

The Venezuelan-born, American-educated musician was the first foreigner to be awarded the title of "Distinguished Artist of Ukraine," and under his direction the orchestra was awarded national status.

Accepting the award, Mr. Earle recalled the many pleasant memories as well as the trials of his association with the Odessa Philharmonic, and he invited everyone to come to hear the orchestra play. But maybe not this winter, he added, because the hall may not be heated again this year.



Odessa Philharmonic Orchestra Music Director and Conductor Hobart Earle (center) with his family and TWG Cultural Fund Director Laryssa Chopivsky (second from left) celebrate his receiving the TWG "Friend of Ukraine" Award.

## Talbott....(continued from page 4)

and colleague Melanne Vermeer from the Office of the First Lady, who educated me a little on both Ukrainian history and on the Ukrainian language when we were together in Kyiv not too long ago, and Taras Bazyluk with the Arms Control and Disarmament Agency, and Bill Taylor and Bruce Connuck of the State Department and Carlos Pascual of the National Security Council. These are just a few of the members of the team that works in the Executive Branch on U.S.-Ukrainian relations.

President Clinton and Secretary of State Christopher have asked me this evening to convey two messages to all of you: First, they have asked me to extend their thanks for all that everyone here has done both for Ukraine and for U.S.-Ukrainian relations; and second, they have asked me to review briefly, from the vantage point of the Clinton Administration, the past five years.

Everyone here tonight knows very well how far Ukraine has come in that short period of time. This room is filled with witnesses of the transformation that George [Masiuk] spoke of in his opening remarks. Some of you here this evening were a part of the "Chain of Unity" that stretched from Kyiv to Lviv on January 22, 1990. Some of you were in the Verkhovna Rada on August 24, 1991, the day when an honor guard brought in a giant blue and [yellow] flag and Ukraine declared its independence. Others here were in Kyiv or Lviv or Kharkiv during the landmark presidential election in 1994, when Ukraine became the first New Independent State of the former Soviet Union to transfer power from one democratically elected government to another. Or you've been back for subsequent regional elections that have produced victories around the country for a new generation of leaders who have made the cities and towns they lead into hubs of reform and sources of new ideas and new hope for the future. Or maybe you were there this past June, when Ukraine adopted a new constitution that has codified the country's commitment to democracy and equal rights for all of its citizens.

Many of you—I'd guess most of you—have seen with your own eyes the industry and entrepreneurship of the Ukrainian people, which have spawned thousands of small businesses throughout the country. Those small businesses now account for more than half of Ukraine's national income. You've seen the hospitals where there are now MRIs and other modern diagnostic equipment, and you've seen the maternity wards where there are now for the first time incubators for premature babies. You've seen the churches and synagogues that are once again filled with worshippers.

In fact, many of you here this evening have been more

than just witnesses of all this—you've been benefactors and participants in the process, and your contribution goes back a lot longer than just five years. For more than seven decades, the Ukrainian-American community kept alive the dream of an independent and democratic homeland. Your faith nurtured the spirit and the substance of independence until the dream finally came true in 1991. Since then, you have labored on behalf of Ukrainian democracy, Ukrainian rule of law, Ukrainian freedom of the press, Ukrainian medicine and science, the Ukrainian environment—and Ukrainian prosperity.

Many of you have worked especially hard to put the Ukrainian economy on the right track. We all realize that that has been a monumental effort, and there have been some scary moments along the way. Not too long ago, Ukraine was looking over the edge of the abyss of hyperinflation. Yet last month, inflation was running at only 2 percent—which is a huge and very hopeful improvement. In September, Ukraine successfully launched its new currency, the *hryvnia*, which is already stronger than the *karbovanets*, the provisional currency that it replaced.

If Ukraine is to continue this progress—if it is to fulfill its tremendous economic potential—there is much hard work still to be done. That means cutting taxes and bureaucracy, promoting land reform, and building the legal foundation for a market economy.

But Ukraine does not face that challenge alone. The American people as a whole have followed the example of the Ukrainian-American community. Which is to say, we've all joined together in the great task of supporting a free and prosperous and democratic Ukraine. President Clinton has led the way. He's done so by calling on the international community to secure \$1.9 billion in cash commitments for Ukraine in 1996. He has gone beyond the mandates of Congress to provide Ukraine with \$330 million in bilateral grants and \$860 million in trade and investment credits.

We're in Ukraine not just with our dollars but also with our know-how, our expertise, our can-do bent for licking the toughest problems. We're on the ground, making a difference for the better, working with real people. Americans are in Ukraine today training the next generation of entrepreneurs. And, by the way, our exchange programs work both ways. Through the U.S. Information Agency and the Agency for International Development, nearly 8,000 Ukrainians have come to our country to share our ideas, to learn first-hand about our way of life and work.

By early next year, we will have helped Ukraine privatize virtually its entire small business sector, and also a significant share of its larger enterprises. We have already helped Ukraine build democracy by sponsoring town hall meet-

(See *Talbott*, next page)



## **Talbott....**(continued from preceding page)

ings, and sending legal advisors and constitutional experts, and assisting Ukraine's growing independent media.

Let me also make special mention of America's efforts—both public and private—to help Ukraine deal with one of the defining disasters of our time. Ten years ago, an obscure town on the Prypiat River became world-famous overnight. When Reactor Number Four at the Chornobyl nuclear power plant blew its top, it was more than an isolated accident; it marked the beginning of the meltdown of the Soviet Union itself. But Chornobyl also left Ukraine with a health crisis that will last a generation—and it left the world with an obligation to ensure that such a tragedy never happens again. Through the work of numerous volunteer groups, many of whom are represented in this audience, there has been an outpouring of support for the victims, and especially the children of Chornobyl.

A number of you were present at the White House when Vice President Gore and the First Lady commemorated the anniversary of the disaster—not just by looking backward in horror and in compassion, but by looking forward with hope and resolve. In this spirit, the United States has delivered over 100 tons of medical supplies to hospitals in Ukraine and Belarus. We have also used our leadership position in the Group of Seven major industrialized democracies to make available \$3 billion to support Ukraine's decision—its very courageous decision—to close Chornobyl by the year 2000.

Let me assert a key point here: Everything that we've done for Ukraine—and everything that we will do in the future—we do not just because we Americans are a generous people, although that is certainly the case. We've done it and we'll keep on doing it also because it is in our own nation's interest to see an independent, secure, democratic Ukraine survive, succeed and prosper.

Let me explain why that is by quoting our President. I was with him—as, of course, was Marta [Zielyk, the president's interpreter]—on a lovely spring day in May 1995 when he spoke to an audience of enthusiastic, welcoming students in front of the main building at Shevchenko University in Kyiv. President Clinton told that young audience that support for Ukraine's young democracy reflects our most deeply held American values and advances our most fundamental interests. He said a Ukraine that fulfills the hopes of its 52 million citizens will also, as he put it, and I'm quoting, “provide an essential anchor of stability and freedom in a part of the world that still reeling from rapid change.”

We have said over and over again—and we mean it every time we say it—that Ukraine is a key European country. It

is a bellwether for a vast region that matters deeply and enduringly to the United States. If Ukraine stays on course toward a better future for its own people, that will be good for all of Europe and it will be good for the larger transatlantic community of which we are a part. If, however, Ukraine goes off course, that will be bad for all of us. The rationale for a steadfast policy of American support for Ukraine is just that simple.

The fact is, while Ukraine still faces numerous challenges, it has already emerged as a force for stability and integration in Europe. It has done so through its courageous decision in 1993 to join the Non-Proliferation Treaty as a non-nuclear-weapons state. In exchange for assurances worked out with the help of the United States, Ukraine in that decision enhanced its own security, and it set a valuable example for the rest of the world. As a result of that landmark of Ukrainian wisdom, the whole world is a safer place today, and it will be safer still in the next century.

Ukraine has shown similar statesmanship and strategic foresight by forging strong new ties with the West while maintaining and strengthening constructive relations with its neighbors to the East—and, of course, to the North. Ukraine was the first New Independent State to join the Partnership for Peace program in February of 1994. This past summer American, Ukrainian, Russian, and Polish troops trained together for peacekeeping operations on Ukrainian soil.

And that training is already paying off. Today, American and Ukrainian soldiers are together in Bosnia, working side by side to deal with the first major threat to the peace of Europe since the end of the Cold War. And a Ukrainian-Polish peacekeeping battalion is taking shape.

Ukraine has also managed its complex relationship with Russia with prudence and balance, working hard to defuse problems before they become crises. From time to time, when both parties have asked us to do so, the United States has tried to help, and it stands ready to do so again in the future.

We in the United States government fully understand the difficulty that often attends the right decisions. Therefore we will use every occasion, including this one here this evening, to reaffirm our determination to ensure that there is a proud and prominent place for Ukraine in the growing community of market democracies—and in the institutions that undergird our common values, our common interests and our common aspirations.

My boss, Secretary Christopher, recently delivered a major speech on European security in Stuttgart, Germany. He laid out the President's strategic vision for a Europe that is increasingly stable, secure, prosperous, and democratic—

(See *Talbott*, next page)

## **Talbott....**(continued from preceding page)

a Europe that will be undivided for the first time in history. Let me quote just one part of what Secretary Christopher had to say about Ukraine in that speech. "A critical goal of the New Atlantic Community," he said, "is to achieve Ukraine's integration with Europe."

That statement will serve as a guiding principle for the United States in the months and years ahead. It means that we will support Ukraine's active participation in the Council of Europe and in the Organization on Security and Cooperation in Europe, the OSCE. It means that we will continue to assist Ukraine in its effort to join the World Trade Organization, and that we endorse Ukraine's interest in the Central European Free Trade Area, the European Union, and the Organization for Economic Cooperation and Development, the OECD, which is the international forum for monitoring economic trends in free market democracies.

That same guiding principle—that same commitment to Ukraine's integration into the community of nations—will also help dictate our leadership of the North Atlantic Treaty Organization. NATO is, and will remain, essential to the evolution of a new, post-Cold War Europe.

A solid, cooperative relationship between NATO and Ukraine is vital to European security. As all of you know, NATO is preparing to take in new members. There will be concrete steps in that direction next year. We are determined that the process of NATO enlargement will serve the larger cause of peace, security, prosperity, democratization and integration on the continent of Europe.

This is more than just a matter of asserting a negative: it's more than being determined that NATO enlargement not create new dividing lines or harm the legitimate security interests of any of the new democracies that are emerging from the old Soviet empire. Rather, it is also a matter of asserting a positive proposition—namely, that NATO will respect and enhance the security of the region as a whole and the security of all European states that deserve and aspire to integration. And that emphatically includes Ukraine.

As a vigorous, path-breaking participant in the Partnership for Peace, Ukraine is already cooperating closely with NATO. We've laid the basis for a steadily developing relationship of cooperation and consultation. There is nothing to limit how that enhanced relationship might develop over time.

Let me underscore two simple statements of fact—and of principle: first, Ukraine and only Ukraine will decide what associations or memberships it aspires to in the future; and second, NATO and only NATO will decide whom to admit to its ranks.

The watchwords of NATO enlargement bear repeating here: the process will continue to be deliberate; it will be transparent; it will be open; it will be inclusive; it will be respectful. "Inclusive" means that none of the emerging democracies is to be excluded. None means none. It means there will be no special categories for inclusion into NATO, and none for exclusion from NATO. "Respectful" means that the rights and interests of all those states will be taken fully and properly into account in the way that enlargement occurs. Both of these principles apply to Ukraine.

Now, how we apply those principles is one of the most important items on the ever-growing agenda of U.S.-Ukrainian cooperation and consultation. No subject has occupied more attention than European security in the dealings that Secretary Christopher and I have had with our friend Foreign Minister Hennadiy Udoenko, or in the talks that Tony Lake and I recently had with Volodymyr Horbulyn, the very able Secretary of the National Security and Defense Council. By the way, Foreign Minister Udoenko will be here again in just over a week for meetings with Secretary Christopher, Secretary Perry and National Security Advisor Lake.

The subject of Ukraine's important role in the building of a new Europe will also figure, along with a wide array of other topics, in a new channel that is opening between Washington and Kyiv: the U.S.-Ukraine Binational Commission, to be headed by President Kuchma and Vice President Gore.

Now, I do not want to impose on your kind attention very much longer. Nor do I want to delay the next stage of the embassy's hospitality. I've been here before for this event and I know that there's going to be a lot of good cheer and some excellent adult beverages in due course. But I do want to make one final point.

All of us in the Clinton Administration—starting with the President and the Vice President themselves—are optimistic—we are fundamentally optimistic—about Ukraine's future, and I sense that you are too. One reason for our optimism is that Ukraine has come so far in such a short period of time.

The United States' own historical experience should make us Americans humble, patient, persistent, and admiring when we look at Ukraine. After all, our own democracy has been a work in progress for 220 years. We must remember how long it has taken us to get it right (in fact, we're still working at it). The United States became a "new independent state" in 1776. When we celebrated the fifth anniversary of our own independence in 1781, we still had a very long way to go. It would take us another six years just to draft a constitution. Independent, democratic Ukraine  
(See *Talbott*, next page)

## Talbott....(continued from preceding page)

accomplished that task before it turned five. In our own evolution as a civil society and a multiethnic democracy, it took us 89 years to abolish slavery, 144 years to give women the vote, and 188 to extend full constitutional protections to all citizens.

All of which is to say that, even by the accelerated, fast-forward standards of the modern world, Ukraine at the tender age of five has much of which to be proud, much to make it confident about the future, and much that we Americans can be proud to support, to applaud and to join in celebrating—for Ukraine's sake, and ours.

So happy birthday, Ukraine. *Mnohaya Lita, Ukraino.*

*Following are excerpts of Mr. Talbott's responses to questions:*

### *Economic problems with Russia*

Essentially, we regard economic relations between Ukraine and the Russian Federation, along with political and security relations, as matters to be worked out between those two countries. We think it is particularly important, obviously, that Ukraine and Russia have economic and commercial ties that are mutually beneficial....

We are on the whole quite optimistic about how bilateral relations are developing between Ukraine and Russia, including in the economic area, but we are well aware, because we hear, of course, from both sides that there are lot of difficult issues that need to be dealt with. But the spirit of solving those problems seems to be there....

### *Dealings with "rogue" states.*

The United States feels very strongly, as you know, that some countries because of their international behavior, and also in some cases, because of the nature of their domestic regime, really require a solid policy or response of isolation by the international community, and to trade with those states—and here we're talking about such countries as Libya, Iran, Iraq—may carry with it the illusory benefit of economic pay-off in the short term for countries that enter into partnerships, but over the long term it will be bad for everybody....

We have had a very frank and very open dialogue with Ukraine about its dealings, or about its contemplation of dealings with some of these countries, just as we have had with some of the other states in the region. Now, we recognize that our interests, and our perceptions and our analysis are not always going to coincide with those of our partners, but the main thing is that we have an atmosphere in the relationship which allows us to address these problems....

### *Administration's position on aid earmarks*

This administration, like other administrations before it, is against earmarks generically, generally, across the board. We think that earmarks are a unwarranted infringement on the flexibility of the president, the chief executive, to make decisions about how the money allocated by the Congress is spent. This is not by any stretch of the imagination a position that opposes assistance to Ukraine. In fact, quite the contrary: the assistance that we have given to Ukraine exceeds the earmarks. So this is an issue of process and principle. We have been able to do a little bit more than the earmarks would have required.

Does that mean we're doing as much as we would like? No. But that's true, again, across the board. Secretary Christopher tries to make the point on every occasion when he speaks publicly, and I should do the same, of underscoring that our international affairs budget, in general, and our foreign assistance budget, in particular, are being kept on a starvation diet by the Congress....

### *Assistance for closing Chornobyl*

*Mr. Talbott callson Carlos Pascual of the National Security Council to provide details.*

First of all, I think it's important to say that the decision to close Chornobyl by the year 2000 was a decision of President Kuchma. And that was a decision based on the understanding of the liability of the Chornobyl reactor continuing.... And to support that, the G-7 countries came together to, in fact, try to provide the support, not just to address the small issue of Chornobyl, but, in fact, to look at how Ukraine can restructure its entire power sector, make it more efficient, make it more viable, and in the course of that addressing its energy needs.

Now, in terms of the funding flows, much of that money is, in fact, flowing already. This year Ukraine will get at least \$500 million and possibly more. That includes \$114 million for a power pump station that was approved a year ago, another \$62 million that was provided by the EBRD for a power sector loan, \$300 million which the World Bank, I think, just approved yesterday for an energy sector loan, another \$300 million which is going to come before the board of the World Bank for a coal sector loan, and there are several other projects that are involved. In fact, yesterday there was an agreement with the Nuclear Safety Account, which is managed by the EBRD, for another \$112 million which is focused on safety for Unit One of the Chornobyl Plant. So, in fact, many of these programs are moving directly together.

There is specifically the issue of the sarcophagus.... What we are engaged in with Ukraine and the other European G-7 countries is a process of defining a technical plan on how

(See *Talbott*, next page)



## Kirkpatrick....(continued from page 12)

that clear—the longer such leadership can stay in power in Russia, the longer the people of Ukraine have to institutionalize their own independence and solidify it, and the longer all of us who are friends of Ukraine and the Ukrainian diaspora in the United States and all over Europe, because there is a large Ukrainian diaspora that is the living artifact of the earlier tragedy of Ukraine, the longer that we have to make clear our support for self-determination for Ukraine and for Ukraine's neighbors.

I think that Ukraine has done a good job in cooperation with particularly the United States on the safeguarding of nuclear weapons,... And that's to be applauded; that's good for everyone. But it's also one more evidence that Ukraine and Ukrainians are serious about establishing themselves as responsible members of the European community—I don't mean a formal European Union; I mean the community of European nations.... Certainly in any Europe that is inclusive and historical, Ukraine will have a significant role, because Ukraine is an intrinsic part of Europe, just as Poland is, the Czech Republic is, Hungary is, Germany is. Ukraine has been somewhat unfortunate in its neighbors, much as Poland has been. It has had neighbors violated its borders repeatedly, and invaded and occupied and devastated. So Ukraine has been interested in developing a good strong army and a self-defense capacity, and I think that's not only acceptable but wise. I think that Ukraine has demonstrated its desire to play a positive role in Europe...

I want to say, with regard to NATO's expansion, I have felt since 1992 that new democracies in Europe who were subjected to foreign rule for decades because of the overbearing strength of the Soviet Union and their imperialist policies, that those countries who had suffered such pain and had emerged to independence and had become democracies and had desired to be part of NATO, I felt, should be admitted to NATO.... And I had felt that countries that desired closer affiliation with NATO, who were democratic and who were prepared to make a contribution and were able to make a contribution to NATO's strength, should be, in fact, admitted to NATO.

## Talbott....(continued from preceding page)

to, in fact, stabilize the sarcophagus and address the overall long-term problem of making it secure. The intent is that by the middle of November, the Ukrainian government and the donors will agree on that plan, and we're looking and hoping for either by the end of the year or early in January for a pledging conference where donors will come together for financing....

But obviously, I think this should be done in a fashion that is consistent with Russian security and with good relations with Russia and good relations with Ukraine. And I would not, myself, interfere or encourage any state in Eastern Europe to apply for NATO membership if they thought they could do better for themselves without NATO membership. I believe that the security structures of central and eastern Europe are in flux, and they will be in flux for the next half-decade, decade. They will be in flux as long as the governments themselves are not firmly grounded. And we've already seen that the Russian government has been the object of a lot of speculation and concern and anxiety, as its president [is in] uncertain health....

What they want to do about NATO is, in my judgment, their decision. I believe the United States has a vital, real interest in the democratic development of these countries, not necessarily as independent states, but as democratic societies and self-determining entities, and that because we have a vital interest and a geostrategic interest, we should do what we can to strengthen both the economies and the democratic governments of the people this region, especially including Ukraine, which is the biggest and the most geostrategically vital.

I know that Bob Dole feels very much that way. I know that you know that Bob Dole is a long-time supporter of Ukraine, who has supported Ukraine through thick and thin, through slavery and freedom....

He believes, as I believe, that one of the ways that the United States can help Ukraine is by developing cooperative relationships with Ukraine in a variety of fields.... The point is to develop institutionalized cooperation, to come to know each other better and to strengthen the evidences offered by Americans of respect for Ukraine and the ways the United States can help Ukrainians in diverse areas.

He believes that we should all encourage the Ukraine to continue its peace keeping role in Europe, because we think that's good for Ukraine as well as for the Europeans, where they are peace keeping. We think it integrates Ukraine further in relationships with other European countries, and that this is just good, not for distancing it from Russia but just good as a part of developing a peaceful Europe and a stable Europe....

I think that he feels—as I feel, as a great many of us feel, in fact—that the administration has not been quite as helpful to Ukraine as we think it should have been. We think it's had a tendency to Russia first.... That's important, and so any president, any prudent president would give a very great deal of weight to the U.S. relationship with Russia. But that's no reason, we feel, to give too much weight to the American relationship with Russia. We feel  
(See *Kirkpatrick*, next page)

## Kirkpatrick....(continued from page 18)

that on economic aid, for example, or some opportunities for institutionalized cooperation, the administration has not given as fair a shake to Ukraine as we think maybe should be the case. And we think that financial assistance to Ukraine is important for the future. And, again, Senator Dole and those associated with Senator Dole's campaign in the Congress, Republicans in the Congress, commit to supporting it in the future as in the past and to working as hard as they can to make certain that monies appropriated are, in fact, delivered.

I think that I speak for Senator Dole as well as myself when I say that we expect that people of Ukraine are on the verge today of the most prosperous, most free, most productive, most gratifying and successful years of this century. We wish them well and we wish all their friends well, too.

*Asked about the rumored possibility of the architect of President Bush's "Chicken Kiev" policy, James Baker, becoming secretary of state in a Dole administration, Ambassador Kirkpatrick replied:*

...I would say it is true that there were Republican leaders making those statements; there were also Republican leaders disagreeing with those statements. I, for example, may very well have been the very first American to have run on a very public record—certainly, I was the very first Republican...denouncing, really harshly rejecting that conception of stability first. I wrote a column, in fact, called "Freedom First," and suggested that it was most especially inappropriate for Americans, of all people, to be placing other values higher than freedom. We became a nation because we valued freedom above stability. If I may say so, we had dandy stability with the British inside the British Empire. So it is true that there were a number of those issues in which there were real deep splits within the Republican Party. Bob Dole was always on the other side....

I want to say just one more word about NATO, too—enlarging NATO. Nobody wants to push or pull or even encourage Ukraine into NATO. No one wants to create problems for Ukraine by pushing or pulling other eastern European countries, central European countries into NATO. Accepting other members into NATO is a big responsibility and expense for Americans and to the U.S. government. What Bob Dole and I and Paula Dobriansky, to name a Ukrainian at random, and a good many other people associated with the Dole campaign would like to see—and long before we were associated with the Dole campaign would have liked to see—is persuasive expressions of U.S.—and effective and meaningful expressions of U.S. concern and commitment, really, to the independence and self-determination of these peoples who so long were deprived

both.

We want them to be able to do what they want to do. I think it's just that simple. It's what I want about NATO. It's what Bob Dole wants. And, I suppose, some of you, it must be what you want, too. But you probably have more highly developed views about whether you want Ukraine's neighbors or Ukraine itself in NATO. I don't care, frankly. I only care that they have the opportunity for self-determination and self-government and the capacity to decide for themselves what their future should be and with whom they should seek it. And I can assure you that that is not only my view, but it's Bob Dole's view, no matter what Jim Baker said in Kyiv or in Belgrade, or anywhere.

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The Committee would like to express its gratitude to Natalia Zaroudna and Vasyl Zorya of the Embassy of Ukraine, and to Lida Bihun, John Kun and Nadia McConnell of the U.S.-Ukraine Foundation for their assistance.

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