

EXHIBIT 6



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Anatoly Kinakh

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Ukraine's smooth new prime minister looks unlikely to stop the rot[Get article background](#)

STARTLING orders are being issued. Ukraine must integrate fully in the world economy. There must be democracy and market reform. Both must be rooted in civil society, with human rights, freedom of speech, the rule of law and public control of the state. The country needs more small businesses and a stronger middle class. It also needs open government, which citizens can

...ment. Is this Sweden? Or is Anatoly Kinakh really talking about hapless

Kinakh's new government, you can't fault its ambitions, particularly in the PR department.

The difference extends beyond propaganda, though. Start with the atmosphere in the prime minister's office. Mr Kinakh's predecessor, Viktor Yushchenko, was lively and likeable, but chaotic. Appointments might run four hours late by the end of the day or not happen at all. His waiting-room swarmed with nervous supplicants. Piles of papers covered every flat surface. His staff included opportunists and oddballs. Mr Kinakh's style could hardly be more different. He and his aides radiate a slightly chilling self-discipline. Punctuality reigns. Decisions are made quickly and with little faffing around—or even discussion.

The first results since he took office in late May are mildly encouraging. With the formerly deadlocked political system now working smoothly, parliament has passed some long-awaited laws, including a new criminal code. The government eagerly seeks advice on improving corporate governance. Tedious registration and insurance requirements for foreigners have gone.

But it will take more than fine words and quick fixes to dispel the scepticism about Mr Kinakh, and Ukraine generally. He has taken over after a disgraceful year in the country's short history, marked by a botched investigation into the murder of a journalist, by the cynical use of state power against the opposition, and by the leaking of bugged conversations that made the country's leaders sound like a bunch of foul-mouthed thugs.

The outside world would love it to be different. Ukraine and its 50m people are important for Eastern Europe's future. With good government and a bit of luck, it could be a stable, prosperous neighbour for the European Union. Yet it risks becoming a cesspit of poverty, crime and disease. Foreign policy is shaky, too. Sometimes Ukraine flirts with NATO, sometimes with neutrality; sometimes it seems fated to become part of a new Russian empire. Ten years of generous western aid have fostered corruption more than change.

At first sight at least, Mr Kinakh looks an odd choice to sort all this out. Originally a shipyard engineer, his last job was running the industrialists' association, a stronghold of Ukraine's crony capitalism. His most obvious qualification for the prime ministership was that he was unobjectionable, as well as being loyal to the president, Leonid Kuchma—which others might consider a dubious recommendation. Mr Kuchma, and officials and tycoons close to him, are to blame for many of the country's ills. They sniped at, then ditched, Mr Yushchenko, who was strongly backed by the West and popular with Ukraine's long-suffering people. One of his leading ministers, Yulia Timoshenko, trod on some sensitive toes by trying to reform the energy industry. She was fired, briefly jailed and now heads the opposition.

It is possible but unlikely that Mr Kinakh marks a sharp break with this dismal past. He argues that the powerful interests that used to block reform have changed their minds. There is now a "critical mass" for legality, openness and honest competition. Certainly, some changes are afoot in Ukrainian business. As in Russia, managers who used simply to loot their companies are thinking a bit more long-term. But there is no change of heart in greedy bureaucracies such as the customs service. Mr Kinakh smoothly concedes that there are lots of problems—and smoothly gets back on message. Change, he argues, is irreversible. Reform of the bureaucracy is just a question of time. Fighting corruption means raising public-sector salaries (his own is about \$450 a month). Ukraine must join the WTO as soon as possible, to help make Ukrainian business more competitive.

When charity meets scepticism

For sure, Mr Yushchenko's two years in office laid useful foundations. According to (questionable) official figures, the economy, having shrunk by half after the Soviet collapse, is growing at a spanking 10% a year—much faster even than oil-rich Russia's. But Ukraine's lucrative and murky energy industry in particular seems to be slipping back to its bad old ways.

As for politics, the doubts overwhelm. Mr Kuchma and his pals are practised and ruthless in abusing power to keep it. The rectors at Ukraine's universities, for example, are told to send their students to official demonstrations and to keep them away from anti-Kuchma ones. Electoral fraud is widespread. The main state-run television channels virtually ignore popular figures such as Mr Yushchenko and Mrs Timoshenko. The gap between Mr Kinakh's noble ambitions and Mr Kuchma's habits will widen once campaigning starts next month for the general election in March. The authorities show no sign of tolerating a proper opposition.

Mrs Timoshenko says Mr Kuchma's model is Turkmenistan, an ex-Soviet police state in Central Asia with a bizarre presidential personality cult. That may be too harsh. But it is a fair bet that he is less interested in seeing Mr Kinakh engage in thorough reform than in managing Ukraine more smoothly, improving its image and making some changes that will not hurt the rich and powerful. Perhaps things could be worse. Like Russians, many Ukrainians just want some stability—even as their country rots, the talented leave and the gap with the rest of Europe grows.

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