



EERC-Ukraine Economics MA Program* NEWSLETTER

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Year in review: from the Program Director

The first year of the EERC economics MA program has been a demanding trek through novel territory, calling more for wary attention to the moment, than for reflective evaluation. But in retrospect, important milestones stand out clearly. My appointment as director was for a term of 18 months to design and start up the program, shepherd it through an initial year, and to get faculty and students in place for a second year's operation. The new director, about to be appointed, will face new challenges and will have to make his own adaptation to the unexpected, but the program is now solidly in operation.

We are physically established, with nearly all the necessary facilities to support the program in place. Starting with only a promise of space at the beginning of the academic year, the program now has a reading room with hundreds of carefully selected economics books and journals. Through our computer lab, our students can now communicate with the world community of economists and access the rich resources of the Internet. We have succeeded in bringing our program to the attention of many institutions and publics that will send students our way, and have found an encouraging response of good will from numerous institutions and individuals eager to support our effort. We have strengthened our partnership with the University of Kiev-Mohyla Academy in common cause with university officials to establish world-standard graduate economics training in Ukraine. Most important, we have seen demonstrated the urgent need for a program like ours, and have seen validated our premise that the resources of talent to support it exist in Ukraine. The cycle characteristic of academic pro-

grams is for us a rising and widening spiral of activities. We have selected 40 new students to enter the Program in 1997/98. With three times as many students in residence next year we will expand facilities. Especially important will be expansion of our computer lab and its adaptation to intensive use of Internet and CD-ROM resources as learning and research tools. We are very grateful to the Digital Equipment Corporation for its generous in-kind contribution that has made such an expansion possible. Course offerings and faculty will also expand—we expect to have some fifteen visiting faculty here at various times during the academic year, in addition to the three UKMA faculty members teaching the math-for-economists course. In their second year, students will move on to an important new task in their apprenticeship as economists—carrying out a research project. We also envisage further expansion of the research activity that is a crucial adjunct of a training program, begun in this year's conference on the economics of Market Distortions in the Shadow Economy.

These are discouraging times for Ukraine - progress toward economic reform has been very slow. After so many promises made and unfulfilled, some observers now seem almost ready to write off real reform and a production upswing anytime soon. But anyone involved in education has to take the long view. Our goals of "producing a new generation of economists," and putting them to work fashioning the economic policies for a market economy cannot be accomplished in a year or so. But without creating a domestic capacity for modern economic analysis, Ukraine's transformation into a vibrant market economy is unlikely ever to happen. Creating such a capacity is our goal.

Inaugural Ceremony



Dr. Pynzenyk and Dr. Yushchenko at EERC's Inaugural Ceremony

On May 19, the EERC and its partner, the National University of Kiev-Mohyla Academy, celebrated the successful establishment of the MA program. A series of distinguished speakers addressed EERC students, faculty, staff, and more than 100 invited guests who gathered in the Congregation Hall of the Old Academic Building.

Among the speakers were such well known figures as Anders Aslund, adviser to President Kuchma and member of the program's international advisory board; U.S. Ambassador William Green Miller; Viktor Yushchenko, chairman of the board of the National Bank of Ukraine; Viktor Pynzenyk, a leading reformer in the Ukrainian parliament; and Gregory Perchatsch, country manager for the Motorola Corporation. It is perhaps indicative of the importance that Dr. Yushchenko and Ambassador Miller attach to the EERC program that they made a point of attending the ceremony just a few hours after return-

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Conference on Shadow Economy

On June 7, 1997, the EERC hosted a conference on 'The Economic Theory of Market Distortions of the Shadow Economy,' at the Kyivska-Rus Hotel in Kyiv. Conferees numbered over one hundred, and included officials from government and the Parliament, academics from throughout Ukraine, representatives of the international assistance community, the faculty and students of the EERC program, and members of the media. The four-panel, day-long conference included eight papers selected from among student entries and four selected from among entries in a nationwide competition.

Most of the papers focused on issues related to corruption and the shadow economy. Conferees included U.S. Ambassador Miller and members of his staff;

People's Deputy Hryhorij Omelchenko, chairman of the parliamentary committee on combatting corruption; and Dr. Larisa Leschenko, World Bank economist on macroeconomic reform.

The theme for the conference had been suggested by an EERC seminar earlier in the year that reviewed the study papers and findings of the World Bank Task Force on Corruption. Panels featured papers on the application of neo-classical economic theory and the new institutional economics to the issues raised by the rise of the shadow economy and corruption in Ukraine, as well as papers addressing specific sectors such as education, the oil industry, the police, direct foreign investment, etc. The final panel was devoted to comments and discussion by conferees representing academia (Dr.

Gene Ellis, EERC faculty), government (Deputy Omelchenko), the diplomatic corps (Ambassador Miller), and multi-lateral organizations (Dr. Leschenko), with an emphasis on 'Where Do We Go From Here?'

At a dinner closing the conference, student winners of the 'Best Paper' contest were announced by Dr. Campbell. The jury awarded first prize to Ms. Irene Pinchuk, for her paper entitled, 'Direct Foreign Investment and Corruption in Ukraine'. Second prize was awarded to the team of Taras Tkachenko and Volodymyr Khmurych, for their study 'Opportunities for Corruption in the Ukrainian Gas Sector'. Third prize went to Basil Golovetsky, whose paper 'The Economy of Corruption' opened the conference.

Ambassador's Fellowship Program

On June 7, at the EERC's conference on the shadow economy, U.S. Ambassador William Green Miller announced the creation of the Ambassador's Fellowship Program. The program, with funding from the U.S. Information Agency, will arrange internships for students of the EERC program to work in ministries, state committees, and other Ukrainian governmental organizations. EERC program director, Dr. Robert Campbell, expressed his appreciation to Ambassador Miller, stating that the ambassador's thoughtful initiative would enable EERC students to gain valuable experience in government, where it is hoped that many of them will someday serve. EERC students selected as Ambassador's Fellows will work full-time during July and August and part-time (up to 14 hours per week) during the academic year.

For further information, please contact Kent Lewis, EERC program administrator <klewis@eerc.kiev.ua>.

Inaugural Ceremony

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ing to Kyiv from the Gore-Kuchma meetings in Washington, D.C. The ceremony was opened by Vyacheslav Brioukhovetsky, the president of Kiev-Mohyla Academy, and Sophia Pokhodnya, vice president. Dr. Brioukhovetsky emphasized that the EERC program is very important for the university, "not only because it is running well, but because Kiev-Mohyla Academy, through a difficult competitive process, was chosen to prepare a new generation of economists."

Although the EERC master's program itself is new, it is building on the best traditions of Ukrainian economics. Dr. Robert Campbell, the program's director, presented a book by the famous Ukrainian economist Tugan Baranovsky to Dr. Brioukhovetsky. Dr. Campbell stated, "Ukraine has produced a number of illustrious economists, but in the Soviet period their legacy was forgotten. These economists were associated with a tradition that is close to the hearts of those of us involved with the EERC program—the tradition of internationalism in economics. Today being an economist means being a part of the international community of economists."

In his speech, Viktor Yushchenko spoke of his stewardship of the National Bank

of Ukraine. He observed that old-style economists tell why Ukraine's economy cannot be changed; young specialists trained in modern economics tell not only how the economy can be changed but why it must. He concluded by stating that Ukraine is in great need of young, well-trained specialists like those in the EERC program.

Viktor Pynzenyk, who until recently served as vice prime minister in charge of economic reform, remarked, "I am glad that Kiev-Mohyla Academy has become a carrier of the 'disease' of market economics. Please disseminate it. Spread this disease to every corner of Ukraine, to every Ukrainian family!"

Ambassador Miller observed, "Ukraine's economy is at a crossroads. It is very appropriate that you have started a program that will address the fundamental problems of building a nation's economy. There could be no better time, because there is a great need for the help of the students who will learn modern economics. Viktor Yushchenko and Viktor Pynzenyk need the help of the students of this program. These students will determine the future of Ukraine. My government will help in every practical way to assist this program."