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# 100 days of President Yanukovych: Ukrainian democracy on hold?

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**>>** The fourth president of Ukraine, Viktor Yanukovych, has had a whirlwind start. Since he took office on 25 February 2010, politics in Kyiv have developed quickly and dramatically. Yanukovych's performance has been impressive on many fronts: he formed a new governing coalition in Parliament called 'Stability and Reforms' and took control in the capital and the regions. He managed to please all Ukraine's key international partners: he made the symbolic first foreign visit to Brussels and paid lip service to reform; gave up enriched uranium in Washington; and granted Russia's Black Sea fleet leave to stay in Ukraine after 2017. Through the latter deal, Yanukovych fulfilled his electoral promise of securing cheaper gas from Russians. In return, the 30 per cent gas 'discount' has allowed the new government to consolidate public finances, a step required by the International Monetary Fund to resume cooperation with Ukraine.

However, the opposition and some sectors of Ukrainian society feel that Ukraine's national interests have been betrayed in the gas-for-fleet deal. They decry the new government's steps as flouting the constitution and rule of law, while many in the West feel that Ukraine is in danger of being lost to Russia. What is happening, a counter-revolution by the Kuchma old-guard or a mere evolution in Ukrainian reform?

## STABILITY ABOVE ALL ELSE

Having taken rapid – constitutionally dubious – control over the Parliament, the executive, and the judiciary, Yanukovych's team is managing Ukraine as though it were a private company. The rush of activity contrasts with the previous 'Orange' stalemate. Executive

## HIGHLIGHTS

- New president Viktor Yanukovych has built an effective government, contrasting with former 'Orange' infighting
- For the sake of government effectiveness, political competition and some freedoms have been limited
- Multi-vectorness is restored: pro-European rhetoric continues but is combined with strengthened ties with Russia

»»»» dualism has disappeared. Yanukovych's Prime Minister Mykola Azarov acts effectively as legal executor of the president's will. After just one hundred days in power, the president has already accomplished a number of his electoral promises, including improving relations with Russia, securing a lower price for Russian gas, an extension of the linguistic rights of the Russian speaking population and reform plans.

For the first time since 2006 clear political responsibility is evident. The head of state has become a real head of the executive.

However, the price of government effectiveness and political stability seems to be the rule of law and democratic governance. The government coalition was formed by breaking with constitutionally prescribed procedure. Independent members of Parliament were incorporated into the minority coalition of the Party of the Regions (PoR) and its junior partners, the Communist Party and the Bloc of Lytvyn. To maintain stability, Parliament cancelled the local elections originally scheduled for May 2010. The elections will most likely be held in autumn 2010 only when the PoR has changed both the regional cadres and the legislation. Insiders speculate that the government wishes to cancel direct elections for the post of Kyiv city mayor, as the PoR is unlikely to win in the capital.

Parliament's role has diminished. The coalition acts only to rubber stamp the president's acts. The opposition has been marginalised. Acts initiated by the executive are being smoothly passed by the Parliament. The 2010 state budget was adopted without the discussions and three hearings required by law.

The opposition was deprived of the existing mechanism to influence the election of Parliament's leadership. The 'opposition' chair of the first vice-speaker of the Parliament was given to the Communists, while leadership of traditional opposition-run parliamentary committees remained under the control of the coalition. Moreover, the government uses law enforce-

ment agencies to repress the opposition; a criminal case was even opened against former Prime Minister Yulia Tymoshenko.

Self-censorship has increased among major Ukrainian TV channels. There is no direct government impact on the private media, but the government encourages this pattern by using the state TV channel as its propaganda mouthpiece. Human rights defenders report new limitations in freedom of assembly by the state administration. Protesting students have been threatened with expulsion from their courses. Protest is scheduled to be banned in city centres. The Ministry of the Interior has scrapped its own monitoring of human rights violations.

Since the 2004 transition, Ukraine's nascent democracy has had plenty of political pluralism but has lacked effectively functioning democratic institutions. The concentration of power in the hands of one person and the weakening of the opposition now endanger the pluralist nature of the Ukrainian political regime.

Concerns over Ukraine's continuing democratisation should not be exaggerated. Unlike in Russia, resistance to authoritarian leadership is deep-rooted in the Ukrainian political mindset. This is a bottom-up phenomenon, spurred on by Ukraine's vibrant civil society, the rising class of independent journalists and local activists who have strengthened their voice and power since the Orange revolution.

## **REFORMS OR RENTS?**

During the first ninety-nine days of his presidency Yanukovych focused on building stability, but on the hundredth day he presented his reform plan. The Committee on Economic Reforms established under the president has developed an ambitious economic reform plan for the presidential term of 2010–2014. This plan envisages comprehensive reform of the economy and the state, including reforms of the tax system, public finances, the financial

sector, budget relations, healthcare, pensions, the social protection system and education. It promises measures to improve the business climate and attract foreign investment along with reforms in the energy sector, transport, communications and agriculture. The first assessment of the plan's implementation will be possible by the end of 2010.

In April, the EU Commissioner for Enlargement and Neighbourhood Policy Stefan Füle presented in Kyiv the EU's 18 priorities for economic

and political reforms to be fulfilled by Ukraine. The government responded positively to the economic reforms stipulated, especially those allowing access to the EU's aid, market and visa free

travel regime. The Parliament passed a new public procurement law required for the EU macro-financial aid package of EUR 600 million and the law on personal data protection needed for visa liberalisation. Yanukovich is living up to his promise on EU integration: less airy pro-European talk, more action.

Enforcement of many listed reforms would seriously harm the rent-seeking schemes of the political elite. Will President Yanukovich be willing and able to undermine the rent-seeking interest of his own party? Perhaps, but the first actions of his government demonstrate that rent-seeking behaviour prevails.

In education policy, the government attempted to scrap the independent testing system for secondary school graduates. Independent testing was one of very few successful reforms during the past five years, aiming to reduce corruption in both secondary and higher education establishments. Implementation of the anti-corruption legislative package was further postponed by the new president. The readjustment of household energy costs in line with the market

price has been postponed again, presumably until the next election.

The government's will to reform seems genuine, sparked by the country's economic woes. However, the extent of reform may be limited. To carry out reforms, the government will need to find both internal and external resources. In 2010 at least, reform steps will be modest, given the current dearth of public finances.

### NATIONAL INTERESTS

Restoring the strategic partnership with Russia was Yanukovich's most important foreign policy move. In the opinion of the president's team, during the past five years Ukraine leaned too far towards the West, but received little in the way of tangible benefits.

According to the new foreign policy doctrine, diplomacy will primarily serve the interests of the Ukrainian economy. In practice, this has been narrowly understood to mean the interests of the Party of Regions' big business supporters. The new president has taken a pro-Russian stance on the issues where he believes business interests will not be prejudiced (such as the Black Sea fleet and resolution of the Transnistria conflict). Yanukovich has a different understanding of national security than his predecessor Viktor Yushchenko, who saw only the threats posed by Ukraine's northern neighbour.

Importantly for Russia, Yanukovich has formally ruled out NATO accession for Ukraine through a new law on foreign policy principles. Ukraine, as a European non-aligned state, will continue 'constructive cooperation' with NATO but without membership ambitions.

Ukraine's short-term thinking of winning the gas battle sharply contrasts with Russia's long-term calculation of winning the Ukraine 'war'. The Kremlin is well aware of the long term impact of the new Western technologies making shale gas affordable, which has prompted

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»»»»» changes in Russian policy. To assure markets for its conventional gas, Russia must keep Ukraine – one of the world's biggest gas consumers – sweet. Ukraine's strategic importance to Russia is today as much about its consumption as its transit role to Europe. The current gas dependence will increase even more if Russia takes over Ukraine's steel industry.

On the positive side, the agreement on the demarcation of the Ukraine-Russian border was signed after many years of exhaustive negotiations. Moreover, the issue of the land border was separated from the Russia-Ukraine dispute over the border in the Black Sea.

Despite the concessions made by the new government, the nature of Ukraine's relations with Russia has actually changed little. What has changed are the background conditions. Ukraine has emerged weaker from the global economic crisis and thus, its position vis-à-vis a weakened but still powerful Russia has suffered. The Ukrainian government will increase its cooperation with Russia in a number of sectors where its industry is oriented towards the Russian market or technologies, such as aviation or nuclear industry. However, Yanukovich's negative responses to the energy giants' merger, invitations to join the Russia-led Customs Union and collective security bloc show the limits of Ukraine's 'Russian embrace'.

#### **THE EU: PRACTICAL STEPS**

Ukraine's integration into the European Union remains a key foreign and domestic policy priority. Moreover, the new government goes beyond rhetoric and demonstrates the willingness and ability to take at least small steps in this direction. Yanukovich seeks quick, easy 'wins' with the EU, just as he does in relations with Russia. The immediate priorities are a visa-free travel regime and signing the Association Agreement by the end of 2010. Ukraine's new pragmatism has already won some bureaucratic hearts, especially in the European Commission.

However, EU relations with Ukraine continue to lack an overarching vision. The EU accession tools made available to Ukraine seem redundant, as Ukraine lacks an understanding of and a genuine interest in the technicalities of European integration mechanisms. EU conditionality seems almost laughable given the latest injection of Russian cash. The Eastern Partnership has brought nothing new to Ukraine and the EU remains reluctant to offer a reasonable timeframe for the abolition of the visa regime with Ukraine, as it did with the Balkans. Even the long-awaited Association Agreement will be a disappointment for Ukrainians if it holds back a membership prospect.

The EU remains divided on the geopolitical implications of Ukraine's overtures toward Russia. Some member states see the assurances of gas supplies to Europe as positive and interpret the Black Sea fleet deal as 'ensuring stability in the region'. But some Northern and Central Europeans are more critical, afraid of further moves by Yanukovich's Ukraine towards Russia. These states continue to see an incompatibility between authoritarian Russia and the desirability of democratic consolidation in Ukraine.

#### **CONCLUSION**

President Yanukovich promises to reform Ukraine economically and bring it into 'to the world's top twenty nations'. To this end, he has managed to form an effective government concentrating legislative and executive powers in his own hands. Deepening democracy is declared the country's priority, but for the sake of government effectiveness, this aim has, at the very least, been put on hold.

The main question that remains is whether Ukraine will reform this time. The government's quest for reform seems genuine. It is inspired by the country's dire economic and financial situation. The current reform planning process is unprecedented by Ukrainian

standards. Nonetheless, the short-term thinking of the Ukrainian elite is likely to push towards preserving, albeit in a more controlled way, rent-seeking mechanisms. Moreover, if political competition is limited, there is a high chance that the government will try to avoid comprehensive reforms.

The new leadership may also run into a domestic support problem. So far, it seems to underestimate the need for public dialogue and a legitimate and inclusive policy-making process. The controversial move on the Black Sea fleet has alienated a large part of Ukrainian society not only because of the matter in question but also due to the heavy-handed way in which the deal was adopted. If another 'fleet' incident occurs, Ukraine's opposition may rear its head. Ukraine's path towards democracy should be preserved as the guarantee of its national integrity and statehood.

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