

Post-Orange Ukraine: The lesser evil?

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»» As Ukraine awaits the second round of presidential elections there are growing warning signs in the country's political, economic and social situations, sending a clear message to the international community. Not only has Ukraine been one of the countries most affected by the global economic crisis, but Europe has also lost confidence in it during the past few years, and not even Russia wants to 'take it over'.

Predictably, the presidential election results mean that the largest opposition party candidate Viktor Yanukovich (who received 35 per cent of votes) and current prime minister Yulia Tymoshenko (25 per cent) will meet again in the second round run-off scheduled for February 7. The surprising number of votes for Serhiy Tigipko (13 per cent), a well-known businessman who has held various posts within different administrations, including that of National Bank governor, and Arseniy Yatsenuk (7 per cent), another National Bank governor, former minister and ex-speaker of the parliament, clearly suggest that Ukraine will retain its democratic credentials and continue to hold fiercely competitive elections. There are now two competing voter tendencies: voting for the 'lesser evil' gives hope for Yulia, but the popular pre-election observation that 'luckily Yulia will not be the president; unfortunately, Yanukovich will be' suggests that voter passivity could enable Yanukovich's victory.

Both presidential candidates are likely to question the result if they do not win the elections, which is short-sighted from a democratic point of view. Ukraine's short-term future is increasingly worrying. Neither of the candidates will undo progress made towards Ukraine's European integration, but neither politician is likely to consolidate the country's fragile democracy by strengthening governance and ensuring the nationwide agreement necessary for reform.

HIGHLIGHTS

- Forget pro-Russian vs. pro-Western, all candidates in Ukraine's new elections are pro-Ukraine. As a result, democratic chaos will continue for a while.
- Tymoshenko has the energy to change the current system, but her aggressive approach could increase Ukraine's instability. Yanukovich may bring predictability and stability, but no change.
- Moscow and Brussels seem to prefer Tymoshenko, who promises greater cooperation after the election. However, the 'lesser evil' may surprise both.

»»»»» More importantly than the pro-Russian and pro-European labels, all candidates and actors involved in the elections are Ukrainians. They play for their own interest. Unlike in 2004, the choice between the two election frontrunners is not a decision between a truly European democracy and a 'sovereign' Russian democracy. The current election does not call the political regime into question; it will merely result in a change of leader. This change may bring some political stability by ending the four-year period of tense cohabitation between President Yushchenko and the heads of government, who belong to the opposite political camp. However it is also possible that the change will worsen the current chaotic situation and lack of adequate governance.

Yulia Tymoshenko was Viktor Yushchenko's main ally in the Orange Revolution, while Viktor Yanukovich was former president Kuchma's successor and Viktor Yushchenko's rival in the 2004 election. Although the two candidates were on opposite sides in the Orange Revolution, their election promises are very similar: to end the economic crisis, to combat corruption and to increase social expenditures. Both of their campaign strategies make it appear that the candidates have forgotten the president's responsibility for the key issues of foreign and security policy, emphasising an end to the financial crisis instead.

EU ONE DAY, PRIVATE INTEREST NOW

The two candidates agree that Ukraine should one day become a European Union (EU) member and see the Association Agreement with the EU as positive progress. While pursuing the goal of EU membership, they will also both try to build closer relations with Russia. However, neither of them has publicly revealed that advancing European integration would require de-monopolisation. This would include 'de-oligarchisation', as big businesses currently have a monopoly and hold politicians firmly in their hands. It is necessary to improve Ukraine's abysmal governance record as well as its existing democratic credentials, which could be in danger as neither of the two politicians has put

democracy consolidation on their agenda. Both Tymoshenko and Yanukovich are primarily interested in cementing their own power rather than making democracy work.

Six months before the election, Yanukovich and Tymoshenko formed an alliance in an attempt to push forward controversial constitutional changes that would lead to the cancellation of the direct presidential election and of the next parliamentary election. Before the start of the election campaign, the Bloc of Yulia Tymoshenko and the Yanukovich-led Party of Regions adopted this presidential election law, which is widely viewed as step backwards from Ukraine's current democratic standards and international norms. Furthermore, the two largest parliamentary parties refused to introduce democratic changes to the law on local elections, which are to be held in May 2010. Both frontrunners served as prime minister under President Yushchenko, but neither of them tried to challenge the fact that the government is seen by the elite as a path to enrichment, rather than a service to citizens.

Although Ukrainians frequently criticise the EU for not offering their country a membership perspective, Kiev was not capable of using (or willing to use) the existing mechanism the EU has offered towards closer integration and the adoption of European standards in governance, business regulation and especially in citizenry. The self-declared pro-European Tymoshenko has made fewer steps towards EU integration than Yanukovich's party, according to a recent declaration by EU diplomats. Political decisions have been delayed or shelved due to the political battle between Tymoshenko and Yushchenko, while Ukrainian bureaucrats have further delayed the integration process. Hardly any commitments from the jointly agreed EU-Ukraine Action Plan have been implemented in the past year. Of nine ongoing twinning aid projects, only one was recently completed. None of these projects resulted – as has been the case in other countries benefiting from twinning – in legislative proposals, which should be the major indicator of success. The negotiated agreement on civil

aviation has been blocked by (oligarch owned) Ukrainian airports, and airlines do not wish to lose their monopolies through European competition.

The EU-Ukraine declaration on the modernisation of Ukraine's gas transit system signed in March 2009 may now be dismissed following a similar agreement between Prime Ministers Putin and Tymoshenko in Yalta in summer 2009. Even more worryingly, Tymoshenko, in coalition with Moscow, misled the European Commission regarding the amount of gas needed this winter in order to obtain more payments

from the consortium facilitated by the European Commission to ensure that Ukraine could supply EU countries from its large reservoir even if Russia was to cut supplies to Ukraine.

Unlike Victor Yushchenko, the next president will not insist upon NATO membership for Ukraine. Victor Yanukovich prefers a neutral stan-

ce for the country and is interested in Russian President Dmitri Medvedev's security proposal, while Yulia Tymoshenko supports Ukraine's integration into the elusive European Security and Defence Policy. In sum, both candidates are likely to preserve the status quo and there is no strong external incentive to reform Ukraine's security sector.

YULIA'S HIDDEN POTENTIAL

According to polls conducted in late December 2009, Viktor Yanukovich should 'easily' win the second round unless something unpredictable happens: Yanukovich was an estimated 15–17 per cent ahead of his rival. The only hope for Tymoshenko is that Ukrainians may have 'fooled' the pollsters, as occurred previously when Tymoshenko experienced an unexpected but significant growth in

popularity during the previous parliamentary elections in 2006 and 2007. Tymoshenko's main task in the second round is to obtain the votes of former Orange Revolution supporters who voted for other candidates on January 17, many of whom still have not made up their minds. Although many have wondered why Tymoshenko did not switch sides to the opposition, where she would have had chance to establish her 'anti-oligarchs' platform more effectively, the explanation is relatively simple. She remained prime minister in order to utilise her dynamism and prove herself to be the most energetic Ukrainian politician.

During the campaign she effectively used her position as the person responsible for the state treasury by distributing money to different sectors to ensure nationwide support. This included funding for areas suffering due to the financial crisis (the mining industry, agriculture and the public health care system); combating corruption (most importantly in the case of Viktor Yanukovich, who allegedly illegally appropriated a state residence), and the effort to control 'swine flu'. Even more importantly, if Yanukovich wins she will remain in government as the prime minister, with some capacity and resources in her grip, in particular control of the police under the Ministry of the Interior. Many expect her to challenge the election results in court if she loses.

Still, Tymoshenko has a chance to build a more controlled government and open the door for reforms if she is able to make bureaucrats implement her policies. She has the necessary energy and may face relatively weak opposition from the demoralised (and likely divided) Party of Regions, whose business supporters will prefer to support her to avoid being victims of 'the war on oligarchs'. If she has the parliamentary majority, appoints a loyal prime minister and controls her aggression, her presidency may bring stability in the short term. But many are afraid of her being too heavy-handed a ruler with a tendency to centralise power and sideline opponents.

If Yanukovich becomes president, power will be less consolidated. First, he will face a challenge in the



Ukraine will elect its new president on February 7, but more geopolitics and less democracy is expected whoever wins

»»»»» early parliamentary election which may change the power balance in favour of new political parties. Moreover, Yanukovich, as the fraudulent winner of 2004, will be under much greater public and international scrutiny and will face the ever-vigilant Tymoshenko in opposition. In the case of a Party of Regions-led government, the system would probably be run by Mykola Azarov, whom the Ukrainian media call the 'father of the Party of the Regions'. Azarov is believed to have gathered information during his eight year tenure as head of the state tax office under President Kuchma, which makes him incredibly influential in Ukraine's business circles. Whatever happens, it is highly likely that an early parliamentary election will follow the presidential one. Yanukovich is clearly interested in a quick election, as for him it would be the only opportunity to get the Party of Regions-led majority in the parliament, while Tymoshenko may have to call for an early election to consolidate her support in parliament. Meanwhile, Ukraine is expected to enter a period of greater economic chaos following the elections, especially if there is infighting instead of a quickly formed government. Many cash-strapped Ukrainian businessmen will be forced to sell their assets, while the budget deficit and current social policies will mean the government must sell whatever it still owns. One examples of this is the current bail out of Industrial Union of Donbass – one of the largest Ukrainian business groups, specialising in metallurgy – by the Russian state-owned Vneshekonombank, whose board is headed by Prime Minister Putin. This deal suggests Russian eagerness to make strategic investments in Ukraine in the coming months (or years).

EU-UKRAINE FATIGUE

It seems that both Brussels and Moscow think that Tymoshenko better corresponds to what they need. Moscow looks for political pragmatism in Ukraine to ensure safety of Russian business and political interests; Brussels seeks what is left of the Orange values in the hope of continued democratic change. Tymoshenko has proven to be a practical partner for Moscow. She established good working relations with Prime Minister Putin during the successful gas

negotiations. In January 2009 she managed to negotiate the new – and more beneficial to Ukraine – gas deal after proving to Putin that the RosUkrEnergo gas intermediary did not pay the agreed dividends to the Kremlin. The elimination of the intermediary was the first common action of the two prime ministers. Unlike previous years, Russia has not cut off supplies to Ukraine this winter. Tymoshenko allegedly made important economic and political concessions to Moscow in exchange for a warm winter and no monetary sanctions. However, although she may be pragmatic, she will still be an unpredictable partner for Russia.

Many in the West have lost patience with Ukraine, given its political chaos, lack of governance, unfulfilled international agreements and reform promises, high level of corruption and the long-lasting conflict between the main country's leaders. There is a 'Ukraine fatigue' hanging over the EU and 'European fatigue' among Ukraine's elite due to the lack of membership promise. This locks EU-Ukraine relations into a vicious circle: Europe believes that the Ukrainian elite behaves as though it would not be responsible for the country, only concerned by its own personal gains; while Ukrainians do not see the reason for change. It is not surprising that the EU and Russia tend to talk over Ukraine's head rather than involving it directly in big strategic discussions.

Today, Ukraine is where its elite wants it to be, where it can gain the most benefit and nurture the elite's own monopolies ensured by political power: in the buffer zone. Now more than ever, it is up to the Ukrainian elite to decide whether it wants to reform the country or continue on a road of gradual decline. Meanwhile, the West should not give up the process of bringing Ukraine closer to the EU, but should realise that Ukraine needs more patience and upgraded assistance to move beyond its current travails.

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