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## INSIDE UKRAINE

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The International Center for Policy Studies (ICPS) restores issuing analytic paper «Inside Ukraine», the last issue of which was prepared in September 2010.

The aim of the publication is to provide objective information on current political events in Ukraine and thorough analysis of major tendencies in domestic politics. Such analysis will assist in setting priorities in the process of implementing reforms in Ukraine and in evaluating quality of state decisions from the viewpoint of their impact and sustainability. Special attention is paid to evaluation of political competition in Ukraine and ability of key political players to address challenges.

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## 1. The Government policy

From the very start, the Yatseniuk Government was formed as a transition Government whose purpose was to stabilize the situation in Ukraine and take the political hit for the unpopular reforms that the country badly needs. To reach these goals, the government that only has the time up until the presidential election, which was no more than 90 days – half of which have already passed. Now is the right time to assess the progress of this Government's efforts, which we provide in this paper.

### 1.1. The Achievements of the Yatseniuk Government

Among those measures already taken, key ones include the adoption of an anti-crisis package to bring the economy under strict control and stabilize the financial situation in the country. In fact, this step does not establish a foundation for reforming the economy as it merely sequesters the Budget. It helps fulfill the requirements for renewed work with the IMF and brings public finances in line with real indicators – but nothing more. As anticipated by the Action Program, the anti-crisis package includes unpopular policies regarding prices and rates, and institutes the necessary targeted compensatory mechanisms.

One positive accomplishment of the Government was the adoption of a Law on mandatory reporting by state and community enterprises regarding purchase made from their own pockets. On April 10, the Verkhovna Rada also approved a law that details the entire state procurement process and its mechanisms and cuts down the opportunities for abuse in this field.

On April 3, the leadership of forces agencies announced the first results of the investigation into the mass murders of demonstrators on February 18-20. In its Program, the Government had committed itself to undertake a multi-faceted investigation of crimes related to the massive protest actions between November 2013 and February 2014. Thus, the investigation is going at a slow pace and there are doubts that it can be concluded by May 25, especially given that there was no lustration in the law enforcement agencies. Although thousands of police and special forces took part in the crushing of the mass protests and their orders came from hundreds of superiors, there is a big chance that only a few dozen directly responsible individuals are likely to be brought to justice.

On April 8, the Verkhovna Rada, Ukraine's legislature, passed a Law "On recovering trust in the court system of Ukraine", which anticipates the procedure for lustration of judges and ensures the independence of the judiciary branch of power. It also ensures that judges are not appointed by Kyiv but elected by their colleagues via secret ballot.

The problem here is not only that there is no trust in judges per se, but also that the judiciary is not independent. Such laws should help partly clean up the ranks of judges, but they will not change the system itself. Replacing one group of judges by another will not provide the desired results unless there is a change in the approach to determining the qualifications of judges, new requirements for being appointed, and greater liability for their actions. At the same time, the system for appointing judges needs to be completely protected from unlawful political and other influence by interested parties.

*The anti-crisis package improves state finances, but does not reform the economy*

*Objective investigation of crimes on the Maidan is impossible without reforming of the Interior Ministry and Prosecutor's Office*

*Lustration of judges will not ensure independence of judicial system*

## ***1.2. First failures***

The Yatseniuk Government declared its first priority ensuring the sovereignty, territorial integrity and inviolability of Ukraine. Given the effective annexation of Crimea by the Russian Federation, it is already obvious that this objective has not been reached. The reason for this failure is likely either lack of professionalism in the new government or deliberate inaction.

Also under question is the development of multilateral neighborly relations with Ukraine's northeastern neighbor, as Russia continues to refuse to acknowledge this country's government as a fully empowered entity in negotiations and continues to foster destabilization in the southeastern regions of the country. Should it come to a military confrontation, Ukraine will have to either fight and win or sit at the negotiating table with its opponent. The Ukrainian government has not yet made a clear choice regarding either of these options and is not undertaking enough measures to increase the country's battle readiness.

One key objective was to reform the law enforcement agencies, but no steps have been taken in this direction so far. All that was done was that the names of the heads of units were changed, but not the mechanisms for how the police and prosecutors function. This kind of failure to tackle top priority objectives has already led to the inevitable results. For over a month, it has been impossible to overcome insurgent activity in Kharkiv, Luhansk and Donetsk, and the passivity of local police units has not been the least factor in this. Most of them actively defended the Yanukovich regime and are oriented on regional elites and not on the central government in Kyiv. Counteracting the insurgency will only be possible through decentralization, but this initiative has not yet moved beyond the declarative stage.

Although the political aspects of the Association Agreement with the EU were signed on March 21, the postponement of the economic provisions makes it difficult to call this event a victory for the Ukrainian Government and a milestone in the execution of its program. At best, this part will only be signed in the second half of 2014. Valuable time was also lost in adopting three bills that were necessary to institute a visa-free regime with the EU. These factors illustrate the lack of professionalism in this Government's work regarding international policy.

## ***1.3. The Yatseniuk Government's "homework assignments"***

Of the 23 objectives that the Yatseniuk Government declared priorities in its Program, a good number have not even begun to be realized.

A National Anti-Corruption Bureau was supposed to be set up, but although its director was appointed, the bill on the functioning of this agency has still not been adopted and the legal basis for its activities has not been established.

The Government also did not explain how it visualizes reforms to the political system in Ukraine and to election legislation, although these appear in its Program.

Premier Arseniy Yatseniuk has stated that in order to fulfill his Government's program, 35 bills need to be passed. So far, only six of these have been passed: "On amending the State Budget," "On state procurements," "On providing the conditions for economic growth," new

***Government does nothing to restore dialogue with Russia***

***Non-professionalism of the government is revealed in signing only political part of the Association Agreement***

***Out of 35 bills, needed to implement the Program, only six have been adopted***

versions of the laws “On public information” and “On higher education,” and changes to the Criminal Procedural Code of Ukraine.

The Government has not taken specific steps to carry out economic reforms, although Premier Yatseniuk has made clear that he intends to demonopolize the economy, reduce administrative regulation, and provide conditions to improve Ukraine’s investment climate. The PM also promised to return capital that has been offshored to Cyprus and other offshore zones. This step would help replenish state coffers at a time when the country is headed for default, but it was not carried out. On the contrary, the anti-crisis package has increased tax pressures on the middle class and on businesses registered in Ukraine. Increasing taxes and excise duty will only expand the grey economy and spur growing contraband and counterfeiting, which will only worsen the problems facing the Budget.

Faced with the growing confrontation with Russia, it has become extremely important to focus on energy security and to diversify the sources of the country’s energy supplies. Of overarching importance here is joining the Third Energy Package of the EU, which establishes the sellers of energy and companies engaged in transporting it. Ukraine should not be afraid of the idea of privatizing its gas transport system (GTS), as such a step would not only reduce corruption in the energy sector but could also be used as leverage in negotiations with Russia. Still, the Government is not being active in either reforming the energy sector or in carrying out a long-term state program to improve overall energy efficiency.

Ordinary Ukrainians are also not seeing the results of this Government’s work in the social sphere and the healthcare system, although these areas have also been declared priorities in the Government’s Action Program.

Reforming any of these areas is impossible without administrative reforms to establish a professional civil service that is trained to undertake the necessary changes and is not linked to any political parties. Although this reform is not even mentioned in the Government’s Action Program, it must be the basis for carrying out changes in all other areas and the main driver for modernizing and democratizing the public administration system in Ukraine.

***Joining III energy package of the EU is of paramount importance***

***Administrative reform is a key to reforms in all the other spheres***

## 2. Political competition

In choosing their candidate in an election, Ukrainian voters continue to be more driven by the personalities of the leaders than by their political platforms. This leads to such platforms becoming a collection of populist promises that are largely disconnected from any realities. Rebuilding the country requires changes both in the political awareness of voters and of their future representatives. Such changes will develop a sense of political responsibility among leaders and will ensure the accountability of the government before its electorate. We analyzed the platforms of key candidates and how they intend to fulfill their promises.

### *2.1. The overly promising platform of Yulia Tymoshenko*

“Let the others hand around election promises, but I’m getting down to business right away,” is how Yulia Tymoshenko’s platform starts. But the large number of appeals without prioritization and concrete timeframes for fulfillment suggests that this platform remains a populist one.

In terms of national security and defense, Tymoshenko promises to increase defense spending to 5% of GDP and to give loyal service personnel who were in Crimea the status of participants in military action.

Tymoshenko is convinced that she will be able to release Crimea from Russian occupation and even to get compensation for all the damages through international courts.

Tymoshenko plans to sign the full Association Agreement by the end of 2014 and to gain EU membership for Ukraine in the shortest possible time. She also proposes deepening cooperation in Common Security and Defense Policy, but fails to even mention Ukraine’s relations with NATO.

To reduce dependence on Russia, Tymoshenko proposes establishing closed-cycle nuclear fuel production, increasing the extraction of domestic oil and gas, developing alternative energy, and promoting energy conservation.

Among the innovations in her platform are instituting a mechanism for private suits from ordinary citizens, which would allow them to turn to the courts to establish the liability of an official who is in violation of human rights and the law. Tymoshenko has also set certain ideas that are popular among community activists in her platform, including lustration that would cover judges, prosecutors, police officers and officials who were involved in political repressions and human rights violations.

The Batkivshchyna leader promises to eliminate the immunity from prosecution of national deputies (MPs) and judges and to establish a proper impeachment process for the President and a mechanism for removing elected deputies. Given that Batkivshchyna is currently in a leadership position in the Verkhovna Rada coalition and there is no full-fledged President who might resist the streamlining of the impeachment process, it seems strange that this promise is not already being fulfilled.

Yulia Tymoshenko promises to create more favorable terms for entrepreneurship. Procedure of the business registration will be simplified – a respective statement to controlling bodies will be enough. Investors will be exempt from taxes while exporting the produce and the number of taxes will be cut from 100 to 7. At the same time in real life the government of Batkivshchyna and Svoboda does not decrease the number of taxes. On the

*Yulia Tymoshenko’s program is full of populism*

*The promise to introduce a mechanism of presidential impeachment is not transformed into real actions*

contrary, it introduces new ones: taxes on FX purchase and deposit income. Besides, as early as in the next section of her program, Yulia Tymoshenko herself says about a new luxury tax both for individuals and legal entities.

Tymoshenko also wants to continue the moratorium on sale of agricultural lands and grant the ownership right over these lands only to the Ukrainian citizens. She promises to introduce cumulative pension plan and decrease interest rate for entrepreneurship loans. Yulia Tymoshenko says that she will close the channels through which oligarchs transfer billions of dollars to the off shore zones. Strange enough, this item was not included in the anti-crisis package. Instead, the government decided to decrease the budget deficit through the increase of taxes and excises which will hit the middle class and legal businesses, but not the oligarchs.

Tymoshenko has also promised to decentralize in line with the European Charter by devolving power to local governments, eliminating local state administrations, and keeping the Ukrainian language as the only state language.

Overall, Yulia Tymoshenko's program is a kaleidoscope of good intentions and popular slogans that have been debated more than once in Ukrainian society but have not been carried out by any government that made those promises, including Tymoshenko's. The question remains whether the Batkivshchyna leader will find enough political will and resources to carry out such an ambitious program.

## ***2.2. Poroshenko vs Tymoshenko: two leaders – one rhetoric***

Similarity of Poroshenko's and Tymoshenko's slogans confirms that both politicians try to play on the same electoral field. As well, his political program is not specific enough; it does not say how each of the items will be implemented and till what deadlines.

Petro Poroshenko defines judiciary reform as one of his top priorities. He promises to secure unbiased and competitive litigation and anticorruption lustration of courts, law enforcement, tax and customs agencies.

Similarly to Yulia Tymoshenko, Petro Poroshenko offers to cut an amount of taxes, reduce their rates and close the off shore zones. Similarly to Yulia Tymoshenko, Petro Poroshenko did nothing for these initiatives to be included in the anti-crisis package.

Like Yulia Tymoshenko, Poroshenko promises to sign economic part of the Association Agreement as soon as possible, get visa-free travel to Europe and start accession talks with the EU. Promises to increase the Ministry of Defense financing, use diplomatic and political means to return Crimea, diversify gas supplies and reduce energy consumption are also common for the Ukrainian billionaire and the leader of "Batkivshchyna" party.

At the regional level Petro Poroshenko offers decentralization and two-round mayor elections. He promises to transfer functions of heads of local state administrations to executive boards of local councils. The candidate supports the idea of open-list proportional representation voting system, while Yulia Tymoshenko criticized this recommendation of the EU.

Poroshenko has an opportunity to fulfill some slogans, for instance, to introduce the bills on parliamentary opposition, a transparent structure of media ownership and public broadcasting. Yet his declarations are not transformed into real actions. As for the language issue, the candidate offers

***Justice reform is the priority No. 1 for Petro Poroshenko***

***Poroshenko supports open-list proportional representation voting system***

to keep the status quo: Ukrainian as the only state language while Russian is also widely used.

“All the political programs you had read before were about the godsend, but you got nothing”, says Petro Poroshenko to the Ukrainian voters. At the same time his program content does not present the convincing arguments that it is different from other similar documents.

### ***2.3. Sergiy Tigipko strives for the Party of Regions’ heritage***

Sergiy Tigipko’s electoral program is one of the shortest. The candidate that strives for a part of the Party of Regions’ electorate demands the government of technocrats, stabilization of national currency as well as a broad economic and cultural autonomy for the regions.

Similarly to Poroshenko, Sergiy Tigipko supports open-list proportional representation system, reform of law enforcement, courts and civil service. With Yulia Tymoshenko he shares appeals to introduce the procedure of MP withdrawal and presidential impeachment.

Unlike previous candidates who enjoy electoral support in the West and Center, Sergiy Tigipko, oriented to the East, wants Russian to become the second state language.

In the economic sphere the candidate offers to carry out full-scale reforms, but he does not specify which. Among the specific steps he names implementation of large investment projects such as construction of bridges and roads, creation of conditions for innovative industries and minimization of energetic dependence on Russia.

In the international affairs Sergiy Tigipko advocates rough and independent foreign policy. To his mind, Ukraine does not need to integrate to any structures, while it is necessary to conduct negotiations with Russia on a pragmatic basis.

The candidates’ slogans are not purely pro-Russian, but there is some connection with the Party of Regions’ program of 2012. Thus, the politician wants to receive a more moderate electorate of this political party in the South and the East, which is a bit disoriented right now. He also wants to restore the brand of “Strong Ukraine”, which allowed him to get the third place at the 2010 presidential elections. It results in his appeals to conduct pragmatic foreign policy and support the infrastructural projects.

### ***2.4. Blatantly pro-Russian position of Mykhailo Dobkin***

Mykhailo Dobkin, officially supported by the remains of the Party of Regions, calls for renewal of partnership with the Russian Federation and Ukraine joining the Customs Union. Pro-Russian character of the politician is also confirmed through his claims for federalization the Kremlin demands from Ukraine.

Dobkin offers to provide a mechanism for public withdrawal of civil servants: MPs, governors and judges. The latter should also be elected by the local community.

The Party of Regions’ candidate draws a considerable attention to agriculture. Creation of agricultural fund, long-term financing of farmers and smaller taxes for agricultural companies for 15 years are among his major promises. In the economic sphere Mykhailo Dobkin wants to prohibit the possibility for the Interior Ministry, Prosecutor’s Office and Security Service of Ukraine to inspect the businesses. Favorable investment climate must be

***Sergiy Tigipko’s program is one of the shortest***

***Focus on pragmatic approach to foreign policy***

***Mykhailo Dobkin wants Ukraine to join the Customs Union***



forged by the principle of complete protection of the private property.

Regardless of his support to the business and protection of the private property, leftist views of the candidate are revealed through calls for free health care. In the area of humanities Dobkin promises to guarantee self-government of universities.

In order to neutralize his major competitor – Sergiy Tigipko, Mykhailo Dobkin heavily criticizes Tigipko’s pension plan reform and promises to cancel it.

The candidate believes that the major means to increase efficiency of the army is to make it contract-based. Dobkin modestly calls occupation of Crimea by Russian troops as “a tough situation”. It shows that he does not perceive Russia as an aggressor and does not want to recognize responsibility of his party for separatism in the South and the East.

The politician who received support of the Party of Regions does not say a word about reforms. It is convenient for him to build his campaign on the slogans of stability and welfare the Party of Regions’ voters are used to.

***The Party of Regions candidate does not talk about reforms***

## ***2.5. Medically political program of Olga Bogomolets***

In her program Olga Bogomolets focuses on reforms and claims that “deceitful aggression of the neighbor” cannot be an excuse for not conducting radical reforms. At the same time she says little about what reforms should be implemented, what implementation mechanisms they will have and how much time it needs.

Being a civil activist from the Euromaidan, Olga Bogomolets calls for public control over the government. She offers to develop a mechanism when citizens may call off civil servants, judges and politicians. A sort of “know-how” is the idea to approve the law on the Maidan as an instrument of public influence on the government.

Out of the programs being analyzed, economic program by Olga Bogomolets is the least specific. Economic issues are largely ignored. However, general logic of the program shows that Olga Bogomolets is prone to socialist ideas in economics.

As a doctor, Olga Bogomolets promises to launch a state program which will increase life span of Ukrainians and create a professional health care system.

In local self-government Olga Bogomolets, similarly to other candidates, offers to broaden authorities of local communities. Many of her ideas are similar to those of Yulia Tymoshenko, which gives another reason for political experts to perceive her as anti-Tymoshenko.

Olga Bogomolets is the only candidate who does not say a word about creation of professional army. It is explained with her image of a peacekeeper. At the same time her program is rather general – the fact which may be used to criticize her for populism.

***Olga Bogomolets calls for public control over the government***

***Some political experts perceive Bogomolets as anti-Tymoshenko***

## ***2.6. Revolutionary Dmytro Yarosh***

Dmytro Yarosh’s program is very specific and sincere, which is not typical for other candidates. When being asked about his political program, the politician used to refer to the ideas of Ukrainian nationalism in the version of Stepan Bandera. In his political program he answered how he sees each of the spheres in state policy.

The major priority of the candidate is to counteract neocolonial

policy of the Kremlin. In order to stop the Russian aggression he offers to triple state expenses for the army, to restore the nuclear status of the country and to fight separatism.

Having entered the big politics in the wake of the Euromaidan, Yarosh does not forget key demands of the latter. As for the justice reform, he promises to renew law enforcement agencies, to ensure independence of judges, to introduce jury hearings and to take the function of pre-trial investigation from prosecutors.

As for the administrative reform, he offers lustration campaign in civil service, three-fold reduction of the number of civil servants and introduction of electronic government. Corruption should be punished by life-time prohibition to take state positions.

As for the local self-government, Dmytro Yarosh also promises to enlarge the authorities of local councils.

In foreign policy Ukraine has to develop cooperation with the EU within the Association Agreement and with NATO. All the other candidates were afraid even to mention NATO in their programs.

Dmytro Yarosh wants to adopt a new Constitution, according to which Ukraine will be a presidential-parliamentary republic.

Economic vision of Dmytro Yarosh is clear, yet a bit contradictory. His major task is to create socially oriented market economy and fight against corruption and oligarchy. The vector of economic development is pro-Western.

The candidate calls for the drastic tax cut (down to three), lesser influence of the state over the economy, while promoting a more active state involvement in financing of large-scale infrastructure projects in order to create new work places.

Like Tymoshenko, Yarosh believes that only citizens of Ukraine may own agricultural lands in Ukraine.

Due to the ultra-right image of the politician, Yarosh's economic block might have had more radical economic and social initiatives, for instance, as regards protection of national producer or domestic job market. These issues are associated with "classical" ultranationalists. His economic program shows that Dmytro Yarosh does not agree to play such a role, while offering his voter more moderate economic ideas.

Though the candidate is the leader of the ultra-right party, his promises in the sphere of social security are leftist: non-commercial healthcare and support of independent trade unions. The only thing that does not fit the pattern is a gradual transition to cumulative pension plan.

Dmytro Yarosh's program differs from the others due to his idea to approve the law on lobbying and grant citizens the right to have guns.

One may not agree with particular clauses of Dmytro Yarosh's program, but it perfectly suits his image of a tough and radical leader. A straightforward nature of the program is a rare phenomenon in Ukrainian politics. Certainly, it will bring a new quality in the Ukrainian political process.

***Yarosh wants to restore the nuclear status of the country***

***Yarosh is the only one mentioning NATO***

***Leftist slogans of the ultra-right leader***