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The Ukrainian government

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Much talk and little reform. Poor Ukraine

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A STATUE of Joan of Arc sits on the desk of Yulia Tymoshenko, Ukraine's opposition leader. This sharp politician, who led the "orange revolution" in 2004 and then served as prime minister, but lost to Viktor Yanukovich in January's presidential election, is neither saint nor martyr. But she is in combative mood—and Mr Yanukovich gives her much ammunition. "We hardly have time to respond to everything he does," she says with a sparkle.

Several allies have been arrested on charges of corruption. Her one-time deputy, Oleksandr Turchinov, is under investigation. Ms Tymoshenko says Mr Yanukovich is waging a campaign to intimidate the opposition and retaliate for her efforts to clean up the notoriously corrupt gas-trading business in Ukraine. The government insists it is simply going after corrupt officials. There is some truth on both sides.

Few politicians in Ukraine are completely clean. But when corruption is widespread, going only after opposition figures undermines pluralism. As one of Mr Yanukovich's allies says, "foes get the rule of law, friends everything else." That some investigations are carried out by the security service, headed by a media tycoon who fell out with Ms Tymoshenko, merely proves the point. Even more disturbing are reports of intimidation of non-governmental organisations.

In seven months in power Mr Yanukovich has realised more fears about authoritarianism than hopes of reforms. He has played fast and loose with the constitution to form a coalition in parliament and is trying to remove a constitutional amendment that restricts presidential power. In the run-up to local elections on October 31st, the government tried to erect new barriers to opposition parties. Ms Tymoshenko also claims that Mr Yanukovich has worked hard, and with some success, to split her own party.

Yet, as her critics say, this is a reflection on the weakness of her party, which has no ideology other than to advance her interests. Pre-election hopes that Mr Yanukovich would face strong opposition from her are yet to be fulfilled. She is still mistrusted by many Ukrainians. Only the previous president, Viktor Yushchenko, is more unpopular than her. By chasing corrupt officials and pledging reforms, Mr Yanukovich is actually doing what the orange revolutionaries promised (but failed) to do in 2004.

Under Mr Yushchenko, the economy grew on average by 7%. But as the World Bank says in a forthcoming report, this growth was achieved without serious reform, thanks to favourable terms of trade and an inflow of capital. In the financial crisis the economy contracted by 15%, putting an end to the bonanza and leaving a mass of problems, including crumbling infrastructure, insecure property rights, an ageing population and red tape.

The immediate financial pressure has been lifted by a generous \$15 billion IMF package that, as a close observer says, has been too easy on reforms. Sceptics say this was a prize Ukraine won from America for giving up its supply of enriched uranium. Even so, to get the money, Mr Yanukovich has had to raise domestic gas prices. But he has yet to pass any reforms that upset the vested interests in the bureaucracy or set fire to what the World Bank describes as a "bewildering array of rules and regulations, permits, licensing, standards and certifications, most of which serve no public services and are designed to allow an army of inspectors find fault, collect fines or bribes and feed the large bureaucracy."

Cosmetic measures will not do, the World Bank says. Ukraine must shift from a parasitic state that extracts rents to a modern state that provides services. The good news is that there is a domestic appetite for reform and much opposition to authoritarianism. The bad news is that even this may not be enough to force change.

Europe

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