



ICPS

International
Centre for
Policy
Studies

INSIDE UKRAINE

#7, April 2010

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News of the Month

Ukraine's foreign policy: Controversial success

There were two major breakthroughs in Ukraine's foreign policy in April. President Viktor Yanukovich met with both US President Barack Obama and Russian President Dmitri Medvedev—and gave both of them controversial deals that they had been pitching for years.

Russia's Black Sea Fleet can stay...

When Russian President Medvedev met with President Yanukovich, it was the first time a Russian Head of State had visited Ukraine since 2005. Moreover, Mr. Medvedev scored a major victory: Russia's Black Sea Fleet (BSF), a military base in Sevastopol, Ukraine, has had its stay extended until 2042 in exchange for gas price concessions for Ukraine. The deal has to be ratified by the legislatures of both countries on April 26.

Ukraine's security policy seems to be in a stage of drastic change, but with unknown strategy. After the deal Ukrainian president talked about BSF staying in Ukraine as about a wish of Ukraine to "get security guarantees" However, previously, he stressed that Ukraine should be a "non-aligned" and "non-bloc" . It is hard to deduce so far what these terms actually mean for Ukrainian leadership or what kind of security guarantees can BSF extend to Ukraine. So far only "no-NATO" part is crystal clear, the rest remains to be seen.

Should it be ratified, the deal has major security and energy ramifications. First, Russia will effectively prevent Ukraine from joining NATO until at least 2042. Second, pressure to reform Ukraine's gas sector and increase energy efficiency will be eased. Third, Ukraine's dependence on Gazprom as its main supplier of natural gas will grow. Fourth, Ukrainian exporters will get a temporary increase in competitiveness. Fifth, the government will have easier job balancing budget 2010.

The deal with Russia shows how Ukraine's big neighbor is effectively using energy to solve security issues. Mr. Medvedev noted that the matter of the BSF and the discount on imported Russian gas were "technically" related. The gas discount will be counted as part of the payment for renting the BSF base. The discount will take the form of cancelled export duty for gas, effectively making Russian taxpayers pay for the deal. Export duty will be dropped on an annual basis. This means the discount will be subject to annual approval by the Russian Government.

Public opinion on the Black Sea Fleet in Ukraine¹

Russia's Black Sea Fleet should:

- ✦ **stay only at a profitable price:** 43% (29% of Western Ukrainians, 50% of Central Ukrainians, 46% of Southern/Eastern Ukrainians);
- ✦ **leave in 2017:** 22% (47% of Western Ukrainians, 22% of Central Ukrainians, 10% of Southern/Eastern Ukrainians);
- ✦ **stay unconditionally:** 18% (9% of Western Ukrainians, 10% of Central Ukrainians, 27% of Southern/Eastern Ukrainians).

16% did not offer a response either way.

By accepting concessions on the price of natural gas, Ukraine will simply be less likely to reform its desperately inefficient gas sector. Only higher energy prices are likely to push the country to work on energy efficiency and conservation. Now, pressure on Ukrainian consumers will be eased and they can go on with their habitually wasteful use of energy. With cheaper gas, politicians will also feel less pressure to reform the entire energy and public utility sectors.

The natural gas price discount that Ukraine expects to receive in this deal is actually hard to assess at the moment. Russia offered a discount of US \$100 on

¹ The survey was conducted 9–15 March by the Research & Branding Group. 2,077 respondents were polled with a margin of error of 2.2%.

the current price of US \$330/1,000 cu m and above. Should the price be lower than that, the discount becomes 30% of whatever price is set. Should the price go up, the US \$100 cap remains.

All the previously reached agreements concerning the price setting for Russian gas remain valid. Foreign analysts already pointed out previously that Ukraine's gas price this year was actually 10% higher than the "distance-adjusted" European price. EU customer's are at the verge of decoupling gas prices from oil prices as demand for Russian gas in Europe declines. Ukraine, by contrast, is locking itself into a long-term contract with oil-based pricing for natural gas.

Moreover, to understand just how big this discount is, it needs to be seen how the base price is calculated in future. Right now, Ukraine's politicians are saying that the amount of "resources" Ukraine will get due to the deal are worth US \$40bn.

Under new agreements Ukraine is getting the discount under the condition of increasing the volumes of gas it will buy from Gazprom in 2010 – 2019. Since 2010 till 2019 Ukraine is locked in buying 40 bcm of gas annually under take or pay contract. Thus the price of the discount for the Russian budget will be compensated partially by Gazprom's rising profit taxes from gas sales to Ukraine.

During his visit to Russia, Premier Mykola Azarov discussed proposals that include the joint construction of new atomic energy stations (AESs) in Ukraine, with the Russian side gaining a stake in the ownership, transferring ownership of Ukraine's gas storage system to Russia, and so on. These conditions are likely to be part of the new BSF-natural gas deal.

The opposition was strongly critical in its evaluation of the new Russian-Ukrainian agreements. Verkhovna Rada Committee on European Integration Chair and Shadow Vice Premier Borys Tarasiuk said the implementation of these agreements "could betray Ukraine's national interests and possibly [even] contain elements of treason."² The opposition is threatening to raise mass protests against these agreements.

² <http://www.kyivpost.com/news/nation/detail/64522/>

Overall, the BSF deal with Russia shows that the country's new political leadership is taking decisions with long-term consequences simply to remove short-term problems.

... and the US gets enriched uranium

In Washington, President Yanukovich declared that the country was prepared to give up its enriched uranium, something Washington has been working on for the last 10 years. However, it is still not clear what Ukraine has actually committed to and what it will receive in return. White House spokesperson Robert Gibbs said that Ukraine is to transfer its stockpile of uranium to the US for reprocessing by 2012. Russian officials have already said that they would prefer to see that uranium transferred to Russia.

Minister of Foreign Affairs Kostiantyn Hryshchenko explained the deal. Ukraine gets rid of enriched uranium and gets rid of high-enriched uranium and in return gets low-enriched uranium and research facilities.³

Previous President Viktor Yushchenko was also preparing for the summit trying to get new security guarantees for Ukraine. However, no security guarantees were mentioned during the summit. There was also no mentioning of security guarantees to Ukraine in the US-Russia START-3 document signed in Prague in April.

Ukraine is now waiting for more details of the uranium deal. As in the case with the Black Sea Fleet, a pay back to Kyiv is supposed to be negotiated in the coming months. For instance, Kyiv plans to hold a tender to build a nuclear fuel processing plant for its AESs. So far, there are three likely bidders: Russia's TVEL, Europe's URENCO and the US's Westinghouse. The results of the tender could depend on what incentive package is proposed by Washington to eliminate rid of Ukraine's enriched uranium or what further talks with Russia bring.

Kyiv's decision to get rid of domestic enriched uranium was praised by Washington and by political leaders in Ukraine. However, it raised concern among pol-

³ <http://www.zn.ua/1000/1550/69209/>

iticians both within and outside the Verkhovna Rada coalition. Communist Party leader Petro Symonenko said that the decision to give up enriched uranium was being "taken too early."⁴ Former Premier Yulia Tymoshenko said that giving up the country's enriched uranium will decrease its clout on the international stage and retard domestic scientific research."⁵

The IMF stands firm

The new Government's №1 priority is getting the rest of the financing from the IMF that was put on hold last fall. Talks with the IMF continue and the IMF has praised the efforts of the country's politicians, but there is still no evidence that the IMF program will resume.

The problem appears to be that the IMF and the Azarov Government cannot reach agreement over the main stumbling block, the deficit. The IMF is insisting on a deficit of 6%—including Naftogaz and Pension Fund transfers, but excluding recapitalization costs. However, the Ministry of Finance has so far come up with a projected 10% deficit.

To bring the deficit down to 6%, the Government will have to go for unpopular measures—something it has little desire to do, with further elections in the wind. The Communist Party, which is one of the members of the ruling coalition, is openly against accepting IMF loan conditions. So far, the new team has preferred to buy lower gas prices from Russia using the Black Sea Fleet as a bargaining chip.

Overall, the gas price discount could save Ukraine an estimated US \$3bn in 2010, making a 6% deficit attainable. However, it is not clear that postponing unpopular decisions will be acceptable to the IMF.

The IMF is in no mood to be hoodwinked by Ukrainian officials⁶ for the second time and will likely de-

mand that some results be shown before it resumes financing.

At the same time as it is trying to resume the previous program, Ukraine has proposed that a new program be put in place. Vice Premier Serhiy Tihipko says that Kyiv would like to see a new US \$12bn, 30-month lending program for the country. A reform program is being drafted now to support the pitch for this potential new IMF program.

Financial markets so far have not reacted to the lack of progress in the IMF-Ukraine negotiations, as expectations are that the outcome will be positive.

Domestic policy: Reorganizing

Constitutional rulings

The Constitutional Court of Ukraine (CCU) intensified its activities and issued several rulings that will have a long-term impact on the political situation in Ukraine.

"The coalition is fine. The Constitution is wrong"?
The CCU rubber-stamped the new ruling coalition by ruling that individual deputies can form a coalition and this does not conflict with the Constitution—which states that a coalition is formed by factions of deputies.

This decision provoked strong protests from the opposition. Yulia Tymoshenko has said she would seek the dismissal of the judges who legitimized the current coalition. The opposition points to a contradiction with a previous ruling by that same Court, in September 2008, which was that only factions have the Constitutional right to form a coalition.

On the international level, there was no protest about the CCU ruling. One European MP, Adrian Severin, noted that Ukraine was more in need of stability right now than of another snap VR election. It seems that the international community, tired of Ukraine's political wars, has decided to favor stability over the rule of law.

With this CCU ruling, the current legislature is safe from elections until 2012. Other motions currently in review by the CCU could potentially delay local elections, which were originally scheduled for May 2010, until 2011.

⁴ <http://www.kpu.net.ua/petr-simonenko-retshenie-otdat-zapasi-visokoobogatschennogo-urana-biloprinjato-prezhdevremenno/>

⁵ <http://www.interfax.com.ua/rus/pol/36593/>

⁶ The IMF released around US \$11bn of a US \$16.4bn standby facility, but froze lending in late 2009, when, instead of cutting expenditures, Ukraine's lawmakers passed a law increasing them in the run-up to the Presidential race.

The survival of the proportional electoral system is under a big question mark at this point. Individual membership in a coalition is quite normal with a FPTP or majority system of elections. This will undoubtedly reduce the role of factions and that of party leaders. The role of individual deputies, by contrast, will rise, as will the complexity of managing them.

If Ukraine's electoral system remains as it is, the results of the next VR election could be distorted, as elected members will be able change their allegiance at any time after gaining their seats.

Meanwhile, trust in the CCU as a just arbiter in constitutional disputes has been undermined. The Court seems to be guided by politics, rather than by the Constitution. Not only does the current ruling on coalitions directly contradict the Court's previous conclusion—that a coalition should be formed exclusively by factions—, but the argument that the legal situation in the country has changed in connection with the new VR Regulations, is loose to say the least. After all, the Regulation is subordinate to the Constitution, and the Constitution has not been altered since 2004.

"The road to cut MP immunity is open." The Constitutional Court also ruled that a draft Bill that proposes limits on the immunity of Verkhovna Rada deputies is fine. The Bill would cancel the blanket immunity deputies currently enjoy for all offenses except for libel and verbal abuse. According to the Bill, criminal investigations can be opened against deputies, but they still cannot be arrested until a court rules against them and Verkhovna Rada agrees for the arrest to take place. Previously, however, just launching a criminal investigation required the consent of the Rada.

At the same time, the Presidential impeachment procedure remains unchanged. The CCU decided that a court conviction is not a sufficient reason for impeachment and that the complete immunity of the Presidency does not violate the Constitution of Ukraine.

Limiting the immunity of elected members of the legislature matches common European practice. However, the reality of politics in Ukraine today

means that restrictions on immunity could offer additional incentive for individual deputies to be even more compliant to with those in power.

The Opposition: Tymoshenko seems to be losing her second life-or-death battle

The role of opposition is currently split between Ms. Tymoshenko and groups of NU-NS insiders, one of them led by Arseniy Yatseniuk. In order to receive benefits from official opposition status, Yulia Tymoshenko has declared that all other opposition groups are mere "pocket" oppositions. BYT's shadow government includes BYT members and some deputies from NU-NS.

Although there are several opposition groups, the VR Regulations give the right to call itself the official opposition and enjoy the rights of such an opposition to a single faction.

At this point, Ms. Tymoshenko is in a very weak position, politically. She is not an elected deputy and thus cannot use VR podium as a platform for communicating with Ukrainian voters. Her access to the press is extremely limited. Moreover, the BYT faction is unstable and she is finding it virtually impossible to stop outflow of deputies from her faction.⁷

Because many of Ukraine's elected officials are in politics more to protect their own business interests or demonstrate party allegiance until they can launch a proper career in the government, loyalties shift with the shifts in overall power. In short, a political party or a faction can only count on solid support while they are closely linked to those in power.

One of the more high-profile switches of sides recently included Andriy Portnov, who headed BYT's legal department and has been elected to the Verkhovna Rada on BYT's party list since 2006. He left BYT to become Deputy Chief-of-Staff of the Yanukovich Administration.

⁷ Of the 155 deputies in the BYT faction, six jumped ship to join the coalition from the start. Then, on March 30 Oleg Zubov and Valentyn Malych switched sides, followed suit by Petro Kuzmenko on March 31 and Volodymyr Ivanenko on April 13.

Yulia Tymoshenko claims that her deputies are being bribed to join the coalition. This was vehemently rejected by members of the coalition.⁸ Unnamed sources in the BYT faction say that of the remaining 145 deputies, maybe 60 are loyal BYT deputies, and they are currently in the faction. It is expected that the "disloyal" wing will not leave the faction outright, but will support the coalition in key votes while not cooperating with BYT to block the work of the Verkhovna Rada, should it come down to that.⁹

For many deputies, the status of official opposition and the right to form a shadow government could partly ease the pressure the faction now feels after going from being in power to being virtually powerless—and set conditions for BYT's participation in the next election.

The opposition has put forward some demands already:

- The right to attend Cabinet meetings.
- A redistribution of VR committee posts. The opposition wants to control "opposition" committees, such as freedom of speech and others according to the Verkhovna Rada Regulations. HOWEVER, BYT would then have to withdraw from key committees such as tax and regulatory policy.
- The dismissal of 5 judges on the Constitutional Court bench. Currently BYT has no judicial and political power to dismiss.
- The right to attend political TV shows. This issue is regulated by the policies of individual television channels.

Black Sea Fleet deal with Russia gives opposition a powerful motive to organize itself and overcome internal quarrels of the recent months.

Testing President Yanukovich and his New Team

European Choice. The direction of Ukraine's foreign policy became one of the hot topics in political discourse during the last month. Vice Premier Semynozhenko raised the issue of a possible union between Russia, Belarus and Ukraine and was sharply criticized by President Yanukovich. After this, President reiterated that European integration was a strategic aim for Ukraine. All discussions of a customs union with Russia, Belarus and Kazakhstan were stopped. The draft VR Bill on holding hearings on "The prospects of Ukraine joining a Customs Union with Belarus, Kazakhstan and the Russian Federation" lost a vote in the legislature.

The President and Premier publicly stated their hope that a deep Free Trade Agreement and Association Agreement would be signed with the EU within the next 12 months. The President also set up a special group on European integration issues under the Committee for Economic Reform in his Administration.

Democracy. The new President is risking damage to his image on the international arena if the first signs of curbs on press freedoms turn into a trend. The international watchdog "Reporters Without Borders" expressed concern that freedom of speech has deteriorated since Mr. Yanukovich came to power. The main points raised included: pressure and physical attacks on individual journalists, restrictions on the activities of journalists, and the dismissal of the National Commission on Freedom of Speech.

Combating Corruption. There is no evidence of a campaign against corruption. The Interagency Working Group to Combat Corruption was disbanded by President Yanukovich—possibly due to its ineffectiveness. However, no anti-corruption bills have been drafted, either. The State Program for the Socio-Economic Development of Ukraine for 2010 indicates that a government anti-corruption strategy will become a priority only in Q4 of 2010.

Civil Service Reform. Civil Service reform is being developed by the Working Group on Support for Legislative and Institutional Reforms. The main idea advanced so far is to introduce a three-level model of central executive bodies (CEBs): the first is the Cabinet of Ministers, the second is the ministries, national regulators and CEBs with special status, the third is the civil service and other agencies and administrations. It is also proposing a 30% cut in the overall number of CEBs.

Judicial Reform. A concept for judicial reform is still being drafted in a working group chaired by Justice Minister Oleksandr Lavrynovych that is part of the Committee for Economic Reforms. Former BYT member Andriy Portnov, who recently joined the Presidential Administration as Deputy Chief-of-Staff, is also engaged in drawing up this concept of reform as head of the Department for Judicial Reform.

⁸ <http://news.bigmir.net/ukraine/268093/?p=0&sort=ASC>

⁹ <http://korrespondent.net/ukraine/politics/1067248>

Issue of the Month

Ukraine's "humanitarian"¹⁰ policy: A smokescreen or a landmine?

Early public debate was supposed to revolve around short-term measures that the new Government intended to take to stabilize public finances. However, voters' attention was drawn to new Government initiatives in the system of education instead. The first proposals from Dmytro Tabachnyk, the highly unpopular new Minister of Education and Science, concerned a highly divisive issues: the place of independent testing in public schools, the language of testing, and revisions of history texts.

Many argue that these moves are a smokescreen intended to mask unpopular decisions necessary in other spheres, such as raising the retirement age, raising residential services rates and canceling benefits. Ukraine's politicians are known for exploiting highly divisive issues, such as the status of the Russian language or membership in NATO, to cover up economic problems or a declining standard of living.

The Education Minister's controversial initiatives and his abrasive personality caused outrage among politicians, students,¹¹ the general public, and the expert community. A counter-campaign in support of the Minister has been less visible.¹²

The day after the Cabinet was appointed, Viacheslav Kyrylenko (NU-NS) registered a motion in the Verkhovna Rada to dismiss Dmytro Tabachnyk from his post. The motion failed, getting only 202 votes,¹³ from the BYT and NU-NS factions. One NU-NS MP, Yuriy Kliuchkovskiy, even referred to Mr. Tabachnyk as a "Ukraino-phage and Ukraino-phobe."

Student protests against the appointment of Dmytro Tabachnyk as Minister of Education arose across

Central and Western Ukraine. They ended with the arrests of activists and complaints of pressure from University administrations to abandon their activities.

Analysts say the appointment of Mr. Tabachnyk and his initiatives could roll back the initiatives of his predecessors to curb corruption in the system of education with the help of external testing. His initiatives regarding language use and revising history books are seen as a threat to the process of establishing a real Ukrainian identity in the country.

The controversy around this Minister can be seen from two separate aspects: political and institutional.

Politically, this appointment can become a landmine that threatens the success of the new Government. The new team is heading blindly into the same trap that alienated large numbers of voters in Eastern Ukraine from Viktor Yushchenko's policies.

Members of the Presidential team have already admitted the problem that Mr. Tabachnyk represents both for the team and for Ukrainian society. Deputy Chief-of-Staff Hanna Herman noted, "His anti-Ukrainian views are evoking outrage in a significant part of Ukrainian society."¹⁴ Ms Herman went on to say that it would be better for Mr. Tabachnyk to step down voluntarily, although she doubted this would happen. President Yanukovich "had a chat" with the Minister, requesting that he separate his views from his work. However, at this level of political leadership, an individual's views are supposed to be intertwined with their work, so it is hard to imagine how exactly Mr. Tabachnyk might achieve such a separation.

Institutionally, the new educational reforms being prepared by the Deputy Premier and Minister are likely to lead to greater corruption and a further reduction of the quality of Ukraine's education system.

¹⁰ A term "*gumanitarna polityka*" in Ukraine includes areas of education, cultural and social policy.

¹¹ <http://tabachnik.net.ua/>

¹² <http://zatabachnika.com.ua/>

¹³ 226 votes were needed for the motion to pass.

¹⁴ <http://ukranews.com/uk/news/ukraine/2010/03/17/14588>

Still, the decision to oust the Dmytro Tabachnyk is unlikely to come soon. The value of the smoke-screen that his high profile provides for the time being and his personal loyalty to Party of Regions are sufficient reasons, but ousting Mr. Tabachnyk could even be seen in Russia as a sign of unfriendliness.

Who is Mr. Tabachnyk?

Career. Dmytro Tabachnyk, 47, graduated from Shevchenko University in Kyiv with a PhD in History. In 1994, he ran the presidential campaign of Leonid Kuchma and became his Chief-of-Staff for two years. Until 1997, he was on the National Security Council and the Constitutional Commission. Over 1998-2003, Mr. Tabachnyk was a member of Verkhovna Rada.

Under the two Yanukovich Governments (2002-4, 2006-7), Mr. Tabachnyk held the post of Vice Premier for social issues. After the 2007 election, he returned to the Verkhovna Rada, giving up his seat in 2010 to serve as Minister of Education and Science in the Azarov Government.

Opinions. Dmytro Tabachnyk has openly voiced a number of radical opinions that have sparked both love and hate among large groups of Ukrainian society. He is a proponent of increasing Russian language rights and an opponent of accession to NATO. He sees Ukraine as a country that unites "clashing civilizations:" Halychyna (Western Ukraine) and Greater Ukraine. Oft-cited statements by Mr. Tabachnyk include: "Halychany [Western Ukrainians] have little in common with the people of Greater Ukraine, whether in their mentality or their faith, or their language or politics. We have different enemies and different allies. Moreover, our allies and brothers are their enemies and their heroes (Bandera, Shukhevych) to us are murderers, traitors and collaborators with Hitler's executioners."¹⁵ Mr. Tabachnyk holds equally intolerant views of his political opponents, labeling them "classical fascists."¹⁶

Independent testing: A good way to combat corruption

Independent testing was introduced for graduates of public schools in Ukraine in 2008. It has been widely

recognized as one of the very few tangible successes in Ukraine's education policy.

The primary goal of independent testing is to eliminate corruption not only from public schools, but more importantly from the post-secondary system. Bringing back entrance exams to these institutions has traditionally been the primary opportunity for University administrations to collect "rents". And thus a gift to rectors who will pay back by organizing numerous students electorate.

Independent testing is also expected to increase social mobility. Talented children from poor families thus gain a real opportunity to go to the country's best universities. Otherwise, endemic corruption during the admissions process favors children from better-off families.

With independent outside testing, corruption in the education system received a serious blow. However, many institutions still used "additional exams" or "interviews" as channels through which administrators could continue to take bribes.

Why scrap independent testing?

Among his first pronouncements, Social Issues Minister Semynozhenko declared that the system of external independent testing should be scrapped. This proposition was supported by Education Minister Tabachnyk.

The statement came as a shock to some 4.5 million Ukrainians: this year's applicants to universities and their parents. High-school graduates have invested considerable effort—and money—preparing themselves for independent testing, only to be told it may not help them get into a university.

Both bureaucrats spoke in line with Viktor Yanukovich's Presidential campaign, in which he promised to drop the system of independent testing if he became President.¹⁷

One of the main arguments against the system of independent testing is that it supposedly de-empha-

¹⁵ Dmytro Tabachnyk "From Ribbentrop to the Maidan," *Izvestia in Ukraine*, September 23, 2009. <http://www.izvestia.ru/politic/article3133320/>

¹⁶ Dmytro Tabachnyk, "Is fascism Ukraine's state roadmap?" №45, 2008, the 2000 paper, a one-time presidential mouthpiece under Leonid Kuchma. <http://2000.net.ua/2000/aspekty/vzglyad/44313>

¹⁷ <http://president2010.info/ru/page/263>

sizes the public school education. If this testing is the sole parameter on which an admissions decision is based, public school pupils will focus exclusively on the subjects of their tests. This places all other school subjects in the category of "electives" in their eyes.

Professors complain that the quality of the student body has grown worse in recent years and blame to the system of independent testing. One of the problems they see is that the children apply to most prestigious professions first, and when rejected there, they go into other disciplines for which they had no intention of applying in the first place.

The main reasons advanced against testing clearly are not substantial enough to drop the concept. What these complaints really require in response is debate about the approach and the location of testing, its costs and benefits. Clearly, if testing were to cover the majority of subjects taught in public schools, it would eliminate most of these dubious counter-arguments.

Completely canceling independent outside testing at this time would clearly benefit only one interest group: corrupt educators and university administrators.

Independent testing – what Ukrainians think¹⁸

Corruption in the post-secondary system is widespread and politicians should fight it: 68% of Ukrainians are convinced that corruption is widespread during traditional entrance exams. 81.1% say that fighting corruption should be one of the top government priorities.

Canceling independent testing will stoke corruption: 38.6% agree, while 13.1% think it will diminish the corruption. The remaining 48.3% could not say anything specific with respect to the connection between corruption and testing, showing a disturbing lack of awareness of what the system of independent testing is all about.

Independent testing is better than traditional entrance exams: 41% say it is a more honest, knowledge-dependent way of selecting future students than entrance exams, which were favored by 32%. In the group of respondents whose children or acquaintance's children entered the university on the basis of independent testing, this division is even more pronounced: 52% favor testing, compared to 25%, who still think traditional exams would be better. Most of those familiar with independent testing, 70%, were largely satisfied with the way it is conducted.

The benefits of independent testing are understood among Ukrainians. Independent testing:

- ✦ has brought greater access to a higher education (50% agree, 25% disagree);
- ✦ has given access to the most talented applicants entering even the most prestigious universities (48% agree, 25% disagree);
- ✦ has reduced corruption in the university system (43% agree, 28% disagree)
- ✦ is a step towards establishing justice in Ukraine (40% agree, 27% disagree).

Those respondents with direct or indirect knowledge of the independent testing system were more likely to assess it positively, compared to the general population.

Politicians' initiatives to drop independent testing are not clearly perceived. Public opinion is divided when people are directly asked to evaluate initiatives to drop independent testing: 36.3% oppose such a move, while 35.9% broadly support it.

Those respondents with direct or indirect knowledge of the independent testing system oppose dropping it. 54.2% of respondents whose children or acquaintance's children entered the university on the basis of independent testing oppose the initiative to cancel independent testing, while 33.8% support it.

¹⁸ This national poll was run by the Democratic Initiatives Foundation (DIF) and the Kyiv International Institute of Sociology (KIIS) 19 March—2 April 2010. The 1,226 respondents represented Ukrainians over the age of 18. The margin of error is 3%. This survey was funded by the International Renaissance Foundation (IRF).

Independent testing stays... but de-emphasized

After the outcry against dropping the system of independent testing, politicians backed off. The independent testing system stays—but this year's entrance requirements have already been revised.¹⁹

The first change is the right of applicants to submit scores from independent tests taken not only this year, but also in 2008 and in 2009. Previously, each applicant had to retake the test in the year of application: now it is possible to use old scores. This innovation, which appears innocent and even reasonable at the first sight, ignores the fact that scores from different years are not comparable, as admission is determined on a curve that shifts from year to year.

Second, the grade-point average of the high-school diploma must be converted to a scale that matches the testing and taken into consideration by the university during the admission process. This measure removes some of the weight of the independent test results and returns it to the overall performance of the applicant in high school.

Third, independent testing results will be accompanied by entrance exams for those applying to distance education programs.

Language—Ukraine's Achilles' heel

Ukraine currently finances public education in eight languages. The most widespread language used is Ukrainian (80%), with Russian second (20%). The share of schools teaching in the other six languages is insignificantly small.

The Ministry of Education suggests that independent tests should be taken in the language in which the pupil receives its public school education. The argument is that if a pupil receives an education in one language its ability to compete with other pupils for placement should not be undermined by having to take the key exam in a different language.²⁰

¹⁹ Ministry of Education Instruction №243 of 26 March 2010 "On amending the conditions of admission to post-secondary institutions in Ukraine."

²⁰ In the Russian Federation, by contrast, a decision was made that the universal state exam may be taken only in the Russian language, regardless of the actual language of schooling.

In addition to this change, applicants have been given the right to be admitted to universities even if they have failed on independent test subjects that are not relevant to the major they are applying for. It allows a math major to fail language and literature and a literature major to fail math.

These two Ministry initiatives mean that mastering Ukrainian language will no longer be required by the national system of education. Pupils who graduate from Russian-language public schools will be allowed to pass independent testing in Russian. Unless they apply to major in Ukrainian language or literature, they will effectively not be required to show any effective knowledge of Ukrainian, the state language—and the language of teaching in most post-secondary institutions.

Ukraine has ratified the European Charter for Regional Minority languages and the new education policy is expected to reflect that soon. The Charter grants the right of parents to participate in choosing the language of schooling. Many national governments are reluctant to implement this norm, fearing a blow to national identity—and the Ukrainian government has been no exception. However, the new team in charge of education policy is likely to insist on putting the Charter to work. That may reverse the downward trend in the number of Russian-language schools in Ukraine.

Mr. Tabachnyk also proposes dropping the rules mandating that foreign movies, other than Russian ones, be shown in theaters only with Ukrainian dubbing.²¹ This proposal has not yet been drafted, but it will undoubtedly diminish the number of movies dubbed in Ukrainian, destroying an important channel for promoting the Ukrainian language.

Who controls the past, controls the future

Ukraine's previous President, Viktor Yushchenko, was quite keen on promulgating the nation's past. Indeed, many of events in Ukrainian history were distorted by soviet versions of history and needed illumination. One endeavors in working on nation's past was an initiative to develop a history textbook

²¹ <http://ukranews.com/ru/interview/2010/04/06/108>

for Ukrainian schools that would present a balanced take on the country's history. For this purpose, Mr. Yushchenko established the Ukrainian Institute of National Memory²² to work on the nation's history.

One of the first moves by Deputy Premier for social issues Viktor Semynozhenko was to review the need for a Ukrainian Institute of National Memory. This has been seen as a signal that the Institute will be scrapped.

At the same time, Education Minister Tabachnyk proposed a new competition for a history book. It is quite probable that the new version of Ukrainian history will be very different from the one offered in the Yushchenko era textbook.

The Education Minister has also suggested that there be more emphasis put on "local history." His idea is that public schools should have the right to devote about 40% of the history curriculum to local history rather than national history.

Indeed, proposing a unified history for Ukraine is an arduous task that requires a careful approach similar to the one that Spain took after General Franco died. Otherwise, history books will be re-written every time the Government changes.

Another decision by the Ministry has been to require Ukraine's public schools to hold a Lesson of Collective Memory²³ dedicated to the 65th anniversary of end of WWII. Moreover, this lesson will be held jointly with Russia. It is the first time such a lesson has been mandated since 2007 and the first time it will be held simultaneously with a foreign country. In the last three years, it has been up to the schools themselves whether or not to hold such a lesson. This year, however, the Ministry has required it, which will only put more oil into the flames of protest against new Government's educational and cultural initiatives.

The new education reforms—what next?

Premier Azarov has instructed Deputy Premier Serhiy Tihipko and Education Minister Tabachnyk to

start preparing a concept for reforms of the education system. No definite deadlines have been set for a strategy to be delivered.

Deputy Premier Semynozhenko wants Ukraine's education policy priorities to focus on mathematics, physics and other hard sciences. "Mathematics and hard sciences should become the center of our new education policy, because they are the future of Ukraine as a country with a modern economy and highly qualified society,"²⁴ he said. This approach to education policy priorities is highly reminiscent of soviet times, when the country was geared primarily to producing "good engineers."

Who is Mr. Semynozhenko?

Career: Volodymyr Semynozhenko, 60, graduated from the Department of Applied Physics at Kharkiv University. Starting in 1985, he worked as director of Monokristal-reaktiv, a soviet R&D center for monocrystals. After that, Mr. Semynozhenko moved into a career as manager in new technologies. In 2002, he became director of the Institute of Monocrystals under the Ukrainian Academy of Science. In 2008, he was made Chairman of the Supervisory Board of Intego, a Ukrainian-American joint venture.

In 1996-98, Volodymyr Semynozhenko began his political career as Minister of science and Technology under President Kuchma. Over 1999 and 2001-02 he was Deputy Premier. In 2003-2004, he was an advisor to President Kuchma.

In 2001, Mr. Semynozhenko succeeded Mykola Azarov as head of Party of the Regions, a position he held for two years. In 2003, Viktor Yanukovich became the PR leader.

Opinions. Right after being appointed Deputy Premier for social issues, Mr. Semynozhenko voiced the opinion that a single state consisting of Russia, Belarus and Ukraine is "one of the schemes that, just as any other, has a right to be considered, on par with the participation of Ukraine in the European Union."²⁵ After being reprimanded by the President, Mr. Semynozhenko claimed that his words had been misinterpreted. That was not enough to stop the outrage that this idea has provoked among Ukrainians.

²² <http://www.memory.gov.ua/>

²³ <http://www.kommersant.ua/doc.html?DocID=1357461&IssueId=7000433>

²⁴ <http://kreschatic.Kyiv.ua/ua/3684/news/1271332169.html>

²⁵ <http://news.liga.net/articles/NA100124.html>

Experts conclude that the country's education policy will actually be the last priority on the political agenda and that of Big Business that is able to influence the process. Most of attention will be given to short-term concerns and to economic reforms. Education policy is too long-term, falling outside the short-term planning horizon for politicians and business alike.

Thus, it is likely that education policy will be monopolized by the officials in direct control of it. Judging from the first initiatives in the social sphere, these officials are mostly looking for short-term rewards and are ready to tackle highly-sensitive, political issues rather than looking at the real problems with Ukraine's system of education—of which there are plenty.

Which will win out— reconciliation or confrontation?

It is clear that the initiatives proposed by the country's new Cabinet are definitely missing the mark as a response to the most urgent education and cultural policy challenges facing Ukraine. Moreover, these

initiatives are clearly incurring outrage among a significant share of Ukrainian voters.

The new initiatives could also function as a test of how Ukrainian voters respond. If the new initiatives are tolerated, that could open the road to even more dangerous decisions in cultural and education policy. The student protests, which have so far been peaceful, could radicalize very easily, turning into student strikes. Moreover, protests in the student population could spill over into other social groups as they become disillusioned with the new governing team.

So far, instead of seeking reconciliation in a culturally divided society, the Government is determined to follow the politics of division. Yet, this is the same trap that the Orange team fell into. Should this trend continue, the Yanukovich Administration will not only see more protests in Western and Central Ukraine, but also growing sentiment against it in the South and East. Of course, it could choose to use such developments to divert voter attention from more serious economic and security policies that it is meanwhile pursuing.

What's really wrong with Ukraine's education?

To see whether the Government's eventual education reform program properly matches real priorities, a list of top priority problems facing Ukraine's system of higher education is needed:

Poor reputation. Two of the best-known international ratings, the Shanghai Jiao Tong University rating and the Times Higher Education ratings contain not a single Ukrainian university. In a Spanish rating of 8,000 universities worldwide compiled by CSIC, Ukrainian institutions are 1,346th—Shevchenko National University— and 2,055th—the University of Kyiv-Mohyla Academy.

Isolated. Ukraine's Ministry of Education still does not recognize foreign degrees, which raises barriers to foreign professors who might want to teach at Ukrainian universities. A Harvard graduate would not be recognized in Ukraine as having a higher education unless he also has a Ukrainian degree. At the same time, most professors at Ukrainian Universities have little or no knowledge of proper English and this means very poor access to international literature in their fields, due to both language and financial barriers.

Government meddling. Ukraine's universities are not allowed to offer new courses without Ministry approval. A language barrier also affects teaching, as it is practically impossible to offer a course in English at a state university.

Oversaturation. Ukraine has 861 universities that admitted 463,900 students in 2009. Yet, that same year, only 391,000 potential applicants graduated from the nation's high schools.²⁶ By comparison, France has only 87 universities, not including private academies and institutes. Thus, the quality of education in Ukraine suffers: many smaller institutions cannot afford to maintain the quality teaching personnel at the same time as there are no effective quality control mechanisms in place.

Distorted market. Ukraine's system is still producing too many economists and lawyers, although its economy does not need so many. Signals from the economy are not properly transmitted to the education system. This produces a mismatch between supply and demand among graduates in the marketplace. Many students complain that Universities offer too much theory and not enough application.

Overly cheap. Post-secondary educations are still overly subsidized by the State Budget. At the same time, there are no instruments to help students finance their education.

Poorly paid, overworked academics. Low pay encourages teachers to supplement their incomes by extorting money for grades. The average monthly salary of an education professional in Ukraine is about US \$200. The average professor at a university can expect to get around US \$400 a month, while teaching 750-900 hours a year. This emphasis on lecturing reduces the quality of education, as little time is devoted to interacting with students.

Corrupt teachers, lazy students, complacent parents. Poorly paid and overworked teachers are more likely to extort bribes from their students. The other side of this coin is that students are all-too ready to pay for grades and are used to cheating by copying the work of others (or having their parents do their homework assignments!) already at the Grade 2 and 3 level in public schools. Cheating is not frowned upon or punished in Ukraine as it is in developed countries. Bribery and intellectual theft are seen as acceptable and are engaged in by many students from their earliest years.

Lost opportunities. With the right kind of effort, Ukraine could become highly competitive on the international knowledge market. The country inherited an extensive education base from the USSR and its low costs mean it could well compete for students from the Middle East, Africa and Asia, becoming once again an exporter of education services.

²⁶ Derzhkomstat, the state statistics agency.