
Euromaidan and the Demise of the Yanukovich Regime, November 2013 to February 2014

If this is a revolution, it must be one of the most common-sense revolutions in history.

—Timothy Snyder (2013), Yale University

In its last year, the Yanukovich regime grew increasingly surreal. The president concentrated power and wealth to an ever smaller group of family and friends, while doing nothing to satisfy his population. Ukraine's already fragile institutions were further undermined.

The population grew alienated. When I visited Crimea in September 2011, I talked to a couple of middle-aged women from Sevastopol. They had voted for Yanukovich, but now they complained that he had abolished the “Sevastopol Salute,” their city's annual festivity, for no apparent reason. He ignored the wishes of his people, who had had enough.

Yanukovich's equivocation over his policy on the European Association Agreement was his ultimate mistake. His initial interest in advancing European integration ran counter to his other blatantly predatory policies, offering the Ukrainian nation hope. In the fall of 2013 he allowed the Europe issue to crowd out everything else from Ukrainian political discourse.

On November 6, Yanukovich stated: “By choosing to get closer to the European Union, we are making a pragmatic choice for optimal and rational modernization.”¹ He promised repeatedly that he would sign the Association Agreement, and Ukrainians started believing him. Yet, on November 21, his government announced that it would not sign the agreement. Ukrainians were greatly disappointed because this was their single hope. Yanukovich's about-face instigated the Euromaidan demonstrations, with protesters draped in European and Ukrainian flags.

1. James M. Gomez and Kateryna Choursina, “Yanukovich Defends Ukraine EU Trade Pact as Competitiveness Lags,” Bloomberg, November 6, 2013; “EC—eto pragmatichno, no prekrashchat' sotrudnichestvo s drugimi nel'zya,” [“The EU—That Is Pragmatic, But We Cannot Stop Cooperation with Others”], *Ukrainskaya pravda*, November 6, 2013.

Yanukovych continued making increasingly bad mistakes until the Ukrainian Parliament finally ousted him on February 22. The parliament quickly restored the 2004 constitution with stronger parliamentary powers and appointed a new government, which adopted a very different government program: Ukraine reversed course toward democracy, market economic reform, and European integration.

Violence Erupts on the Maidan

In the early hours of November 30, 2013, the situation on the Maidan took a sharp turn for the worse. Riot police cleared out 300 demonstrators legally holding the fort on Independence Square. Thirty-five were injured and 31 detained, although no demonstrator was accused of resisting. The official reason for the cleansing of the square was to raise a Christmas tree. Yanukovych lamented the violence, without blaming the police, while the minister of interior apologized for using excessive force. For the first time, the Ukrainian authorities used serious violence against the population; the Orange Revolution had been nearly bloodless.

Three developments occurred simultaneously. First, the opposition called for massive peaceful demonstrations. Hundreds of thousands of people came out in the street on Sunday, December 1, and reoccupied the Maidan. The main slogans were: “The boar [Yanukovych] to the [Christmas] tree!” “Down with the gang!” “Ukraine is Europe,” “Christmas without Yanukovych,” “We do not forgive!” and “Revolution!”² The EU ambassador and nine ambassadors from EU countries joined the demonstration. The United States, the European Union, and various EU countries condemned the authorities’ violence against peaceful and legal demonstrators. Demonstrations spread to almost all the big cities in Ukraine. Nobody loved the European Union more than the Ukrainians.

Second, defections started in Yanukovych’s inner circle. His chief of staff, Serhiy Lyovochkin, resigned, but Yanukovych refused to accept his resignation. A stream of Regions parliamentarians, including several former ministers, began crossing the aisle to the opposition. The Regions had only 207 seats out of the actual 442 seats in parliament, but usually 31 communists and 35 nonaffiliated parliamentarians supported it, whereas the three opposition parties had 168 seats.³ Yanukovych risked losing control over the parliament, as many parliamentarians adjusted to the wind. The special forces of the Ministry of Interior in Lviv in western Ukraine refused to obey orders to clear out demonstrators,⁴ and they were soon followed by others in the western regions.

2. Serhiy Rakhmanin, “Sed’moi Maidan” [“The Seventh Day of Maidan”], *Zerkalo nedeli*, December 6, 2013.

3. Official results of voting in the Verkhovna Rada, November 21, 2013, http://w1.c1.rada.gov.ua/pls/radan_gs09/ns_golos?g_id=3371.

4. ‘Lvovskii ‘Berkut’ otkazalsya vypolnyat’ prikazy Kieva’ [“‘Berkut’ in Lvov Refused to Carry Out Orders from Kyiv”], *Ukrainskaya pravda*, November 30, 2013.

Third, the authorities brought in a large number of paid hooligans, so-called *titushki*—young men in sportswear and many with masks—to attack both the riot police and peaceful demonstrators in staged provocations. The combination of thousands of violent hooligans and riot police fighting for the regime made the Euromaidan quite different from the Orange Revolution. The Euromaidan became a warlike operation with ragtag uniforms, barricades, and check points, while the Orange Revolution had been a peaceful dance. All along, people feared that Yanukovich would declare a state of emergency. As during the Orange Revolution, protesters camped out in tents on the Maidan, but this time several public buildings in the neighborhood were occupied.

At the outset, five evident leaders of the opposition took the stage together on the Maidan. They included the three party leaders, heavyweight boxer Vitaliy Klitschko of UDAR (Punch), the experienced politician and technocrat Arseniy Yatsenyuk, who led Yulia Tymoshenko's party *Batkivshchyna* (Fatherland), and Oleh Tyahnybok, the leader of the nationalist party *Svoboda* (Freedom). Former minister of interior Yuriy Lutsenko, who was one of the leaders of the Orange Revolution, was the most revolutionary leader. Petro Poroshenko, Ukraine's chocolate king and former minister, seemed the most resourceful organizer. His television Channel 5 covered the Euromaidan as it had broadcast the Orange Revolution.

These politicians were highly experienced. At 39, Yatsenyuk had already held many high government posts. Poroshenko and Lutsenko had been leaders of the Orange Revolution as well as ministers. Missing were former president Viktor Yushchenko, who was widely considered to have betrayed the Orange Revolution, and former prime minister Tymoshenko, who was serving a seven-year prison sentence on politically motivated charges that she abused her power. Yet, her picture hung on the big Christmas tree on the Maidan.

The old opposition leaders, however, did not enjoy much authority, and the protestors were greatly dissatisfied with their perceived passivity. Some new leaders had emerged. Andriy Parubiy, a Fatherland parliamentarian, rose to prominence as the commander of the Maidan. Moscow complained about the rise of the hard right on the Maidan, in particular the so-called Right Sector led by Dmytro Yarosh, but they were only a few hundred strong; the Maidan gathered hundreds of thousands on peak days. The Maidan took on a life of its own with its defenders organized in groups called *sotni* (hundreds) of different political inclinations. A large number of civil activists came to the fore. On stage, entertainers and speakers followed each other.

Media exposure had improved considerably since the Orange Revolution. Then mobile phones, the independent internet news service *Ukrainskaya pravda*, and Poroshenko's television Channel 5 had been key (Prytula 2006), while the official and private television channels had been more or less hostile to the protestors. Now, the television channels owned by big businessmen tended to be rather objective, notably Ihor Kolomoisky's 1+1 and Victor Pinchuk's ICTV. Poroshenko's Channel 5 was still there and supported the opposition, as did the reinforced *Ukrainskaya pravda*. The respected independent *Weekly Mirror*

had established a similar internet news service. Facebook, Twitter, and other social media were important novelties, capturing the mood of Maidan virtually.

As Serhiy Leshchenko (2014, 52) put it: “It all began with a simple Facebook post.” On November 21, *Ukrainskaya pravda* journalist Mustafa Nayem invited fellow Ukrainians who shared his disaffection with Yanukovich’s policy reversal to join him for a protest on the Maidan.⁵ Soon afterward, Nayem started a popular online television channel, HromadskeTV. Online news coverage was better and more objective than ever. It was very popular, and its role cannot be overestimated. Millions of people watched the live broadcast of the events.

A stalemate evolved between the two camps. The protests continued and the democratic opposition seemed ready to take over, while Yanukovich’s camp appeared reluctant to apply harsh methods to suppress the protests, but nor did it give up. The regime maintained the power of government, but it did not control the country and it enjoyed no popular majority.

Yanukovich’s Deal with Putin

In the fall of 2013, Putin and Yanukovich held several private meetings in Russia. Finally, on December 17 the two presidents met in Moscow to conclude a series of agreements, which changed the Ukrainian situation.

In the midst of political and economic chaos, Ukraine was quickly running out of international reserves because of a fixed exchange rate that it could not possibly defend. Yanukovich needed to change economic policy and mobilize substantial international financing. To save Yanukovich and insert himself onto the center stage of the Ukrainian drama, Putin offered Yanukovich a credit of \$15 billion, which was sufficient external financing until the presidential elections scheduled for March 2015. Russia let its sovereign wealth fund buy \$15 billion of Ukrainian bonds and it swiftly purchased two-year Ukrainian eurobonds denominated in dollars for \$3 billion with a yield of 5 percent.

Putin also cut the price of Russia’s gas exports to Ukraine for the first quarter of 2014 by one-third to \$268.50 per 1,000 cubic meters, providing considerable cost savings to Ukraine’s energy-dependent producers and consumers, but this price was just below the approximate market price in the region. In addition, Russia eased some but not all trade sanctions against Ukrainian exports to Russia. The two countries also concluded a few agreements on production cooperation, essentially in the armaments industry, involving large Antonov military transportation airplanes, shipbuilding, and construction of space rockets. One agreement concerned the building of a bridge over or tunnel under the disputed Kerch Strait at the Azov Sea, which seemed to potentially undermine Ukraine’s claim to Crimea.⁶

5. Mustafa Nayem, “Uprising in Ukraine: How It All Began,” *Open Society Voices*, April 4, 2014, www.opensocietyfoundations.org/voices/uprising-ukraine-how-it-all-began.

6. Agata Wierzbowska-Miazga and Arkadiusz Sarna, “The Moscow Deals: Russia Offers Yanu-

Both sides maintained great secrecy about the negotiations and the details of most of the agreements, leaving the Ukrainian opposition to fear that their president had given up some sovereignty to Russia. This was a victory for both Putin and Yanukovich, but it resolved none of Ukraine's economic or political problems as was obvious to the Ukrainian opposition.

It was as if Putin had pulled a rabbit out of a hat, magically solving a series of problems in one set of agreements. He tied troubled Ukraine financially to the Kremlin, while luring it away from the European Union. It was also a victory of authoritarianism over democracy and of corruption over European legal reforms. Nor did it cost Putin anything. The risk but also the yields on some of Russia's reserves increased, and the lower gas prices secured the important Ukrainian gas market for Russia.

This deal was also a personal victory for Yanukovich. The European Union had tried to persuade him to opt for the rule of law and democracy. By pretending to be serious about negotiating accession, Yanukovich had convinced Moscow to provide the international financing he needed to sustain Ukraine's debts until the presidential elections, and the Russians did not ask him to pursue any pesky reforms. Now, he and his family could indulge in authoritarian rule and personal enrichment, although it was difficult to see how he could survive the presidential elections with such a policy.

The Ukrainian nation was the main loser. A significant majority of Ukrainians wanted Yanukovich to sign the European Association Agreement, expecting to gain from access to its markets, job opportunities, and presumably visa-free travel. They hoped that democracy and the rule of law would be reinforced in Ukraine. But their president had let them down. Short of violent revolution, the opposition's only feasible road to victory was to attract more defectors from Yanukovich's faction in parliament to oust the government. On December 19, the parliamentary opposition had tentatively grown from 168 in November to 217 deputies, but they needed nine more defectors to reach a majority.

After Yanukovich's agreement with Putin, Ukraine's financial crisis ebbed and the political crisis entered a lull. The stalemate was reinforced. Neither side could win without resorting to substantial violence. People continued to work while the Maidan protests persisted.

On January 16, 2014, Yanukovich ended this standoff by unexpectedly compelling the parliament to adopt nine dictatorial laws. "A series of laws passed hastily and without following normal procedure did away with freedom of speech and assembly, and removed the few remaining checks on executive authority. This was intended to turn Ukraine into a dictatorship and to make all participants in the Maidan, by then probably numbering in the low millions, into criminals" (Snyder 2014c).

kovich Conditional Support," Centre for Eastern Studies, December 18, 2013, www.osw.waw.pl/en/publikacje/analyses/2013-12-18/moscow-deals-russia-offers-yanukovich-conditional-support.

These measures were reminiscent of the authoritarian laws Putin had promulgated in Russia in 2005 in response to Ukraine's Orange Revolution.⁷ Many Ukrainians presumed that the writer of the laws was Putin's aide Vladislav Surkov, the author of Putin's "sovereign democracy," who had been transferred to deal with Ukrainian politics in the Kremlin. A government crackdown threatened all opposition activists with imprisonment, giving them little choice but to stand firm. Yanukovich had crossed the Rubicon, transforming the power struggle to a winner-takes-all battle. But, as Timothy Snyder, professor of history at Yale University, who chronicled the Maidan, wrote, "Ukraine is not Russia. Too many Ukrainians have tasted too much freedom for too long. The people resisted this sudden attempt at tyranny. Mr. Yanukovich lost control over local institutions of power" (Snyder 2014a). The protests turned violent, and three protesters were killed in Kyiv.

During the weekend of January 25–26, Yanukovich lost territorial control over the country, as the opposition occupied the regional administrative headquarters in the western half of the country. The unrest spread throughout Ukraine except Crimea and Luhansk in the east, the two most Russia-oriented regions. In parliament, Yanukovich's remaining support was shaky, and opinion polls suggested that only one-quarter of the population was with him. He had to rely on the Berkut riot police and hired thugs. The president had lost administrative and political control over the country.

In spite of growing protests from the nationalist right, the opposition leaders still found it worthwhile to negotiate with Yanukovich. On January 28, in an attempt to salvage the situation, the now ambivalent parliament revoked the repressive laws of January 16. Prime Minister Azarov and his Cabinet of Ministers resigned, which did not resolve anything.⁸

The next day Yanukovich committed yet another political mistake. He forced the parliament to vote for his version of an "amnesty" bill for political prisoners. Amnesty would be granted only if the protesters first vacated the buildings they had occupied and ended their protests. The opposition, having lost all faith in Yanukovich, found his gambit unacceptable. He went to parliament himself and threatened recent defectors. Even so, he managed to mobilize a slim majority of 232 votes (226 were needed).⁹ This turned out to be a Pyrrhic victory.

Yanukovich had effectively united the opposition around one demand: his resignation. They also called for early parliamentary and presidential elections as well as the reinstatement of the parliamentary-presidential constitution of 2004, which the Constitutional Court had obediently abolished in October

7. Will Englund, "Ukraine Enacts Harsh Laws against Protests," *Washington Post*, January 17, 2014.

8. Richard Balmforth and Pavel Polityuk, "Ukraine PM resigns amid unrest, parliament revokes anti-protest laws," Reuters, January 28, 2014.

9. "Rada progolosovala za amnitsiu po stsensariu vlasti" ["Rada Voted for the Government's Version of amnesty"], *Ukrainskaya pravda*, January 29, 2014.

2010 upon Yanukovych's command. The only topic that the opposition was willing to discuss with Yanukovych was the conditions for his resignation.

Ouster of Yanukovych and Restoration of the 2004 Constitution

On February 18, 2014, the authorities tried to break the impasse by escalating violence. Police shot 18 people dead in the center of Kyiv. Two days later, snipers reportedly belonging to the Ukrainian Ministry of Interior killed a large number of people. The opposition named the victims the “Heavenly Hundred,” who were recognized as martyrs.

Yanukovych had gone too far. After three months of public protests, turmoil, and violence, the opposition finally achieved a major breakthrough on Friday, February 21. Two developments occurred in parallel: an EU mediation and a shift in the majority in parliament. Most accounts emphasize the EU mediation, but the change in parliamentary majority was far more important.

Thanks to mass defections from the Regions party protesting the massacres of February 18–20, the opposition at long last won a majority in parliament. Late at night on February 20, 236 out of 450 deputies voted for a resolution calling on all armed forces to stop shooting on protesters and to return to their barracks.¹⁰ Sixty-eight parliamentarians had defected from the Yanukovych camp. They were largely big businessmen and their representatives in parliament. Akhmetov and Firtash, the last two oligarchs in the Yanukovych camp, were seen as their leaders. Many of Yanukovych's most loyal lawmakers started fleeing the country, predominantly to Russia. His power base was quickly disintegrating. The shift of power in parliament made all the other changes possible.

Also on February 20, the EU Foreign Affairs Council, comprising foreign ministers from all EU countries, decided to impose visa and financial sanctions on a score of top Ukrainian officials responsible for the violence.¹¹ While the bottom was dropping out from under the Ukrainian president, three EU foreign ministers—from Germany, France, and Poland—spent hours negotiating with him.

In the midst of the negotiations on February 21, Yanukovych stated that he had to take a phone call from President Putin, after which he suddenly made substantial concessions in negotiations with the three opposition party leaders mediated by the three EU ministers. A Russian representative was also present but did not sign the agreement. At the same time, the security guards around the presidential administration and the Cabinet of Ministers withdrew

10. “Deputaty progolosovali za prekrashchenie ognia” [“Parliamentarians Voted to Stop Fighting”], *Ukrainskaya pravda*, February 20, 2014.

11. Council of the European Union, “Ukraine: EU agrees on targeted sanctions,” February 21, 2014, www.consilium.europa.eu/homepage/showfocus?focusName=ukraine-eu-agrees-on-targeted-sanctions&lang=en.

in trucks. The European negotiators got the impression that Putin had told Yanukovich to pack up and leave. The agreement consisted of six points.

First, the parliament was to restore the presidential-parliamentary constitution of 2004, which the Constitutional Court illegally abolished on October 2010 to grant Yanukovich sweeping powers. The parliament did so later in the day with 386 votes, far more than the required two-thirds constitutional majority of 300 votes.¹² Yanukovich's defeat was so complete that he ordered his own deputies to vote in favor. As occurred the previous evening, the parliamentarians stood up and sang the national anthem after their vote. The signatories also declared their intention to create a coalition and form a national unity government within 10 days.

Second, the agreement called for the adoption of substantial improvements to the 2004 constitution in September 2014. Third, early presidential elections would be held no later than December 2014. Also, new electoral laws would be passed and a new Central Election Commission would be formed on the basis of proportionality. Fourth, the recent acts of violence would be investigated jointly by the authorities, the opposition, and the Council of Europe, Europe's primary human rights organization. Fifth, the president guaranteed not to impose a state of emergency, and both sides committed themselves to abstaining from acts of violence. Finally, the parliament was requested to adopt a new law of amnesty for protesters.

After the three opposition leaders—Vitaliy Klitschko, Yatsenyuk, and Oleh Tyahnybok—had signed the agreement with Yanukovich, they went down to the Maidan. The protesters were unhappy and complained that the accord did not contain anything about the resignation of Yanukovich, the dissolution of the parliament, or the arrest of Minister of Interior Vitaliy Zakharchenko. In the end, the protesters' ruling body, the Maidan Council, approved the agreement 34 votes to 2.¹³

The next day Yanukovich departed for Kharkiv in the east, and a week later he surfaced in Russia as did several of his top loyalists. Many things happened in parallel in the parliament. Immediately after Yanukovich's escape, his outlandish residence Mezhyhiria was opened to the public, which flocked to it in large numbers. It struck the visitors as both luxurious and in very bad taste, looking more like Disneyland with a pirate ship and a zoo than a palace. It appeared like the dream of a poor street boy who had got all he ever wanted but did not know how to indulge in luxury. The grand villas of other prominent members of the Yanukovich family were also opened, and they too displayed great wealth but no taste. Plenty of documents on Yanukovich's corrupt transactions were found at Mezhyhiria.¹⁴

12. "Konstitutsia 2004 goda vernulas" ["The Constitution of 2004 Has Returned"], *Ukrainskaya pravda*, February 21, 2014.

13. "Sikorski: This Agreement God Himself Blessed," *Ukrainskaya pravda*, February 21, 2014.

14. Jurij Kultschynski, Jürgen Schrader, and Bernhard Riedmann, "360-Grad Ansichten: Janukowitschs Gold Villa" ["360-Degrees Views: Yanukovich's Gold Villa"], *Der Spiegel*, February 2014.

On February 21, the parliament, with a majority of 372 votes, legislated against any prosecution of arrested protesters.¹⁵ It also voted to oust Zakharchenko. With 322 votes, it decided to free former prime minister Tymoshenko.¹⁶ The parliament had the two-thirds majority, with which it could overrule a presidential veto.

On February 22, the parliament voted to oust Yanukovich with a majority of 328 votes and decided to hold early presidential elections on May 25 (Snyder 2014b). Tymoshenko was released from prison, and her right-hand man Oleksandr Turchynov was elected speaker of parliament and then acting president.

As during the Orange Revolution in 2004, the European Union provided the critical mediation services, while both Russia and the United States stayed on the sidelines. President Putin's aggressive gamble to draw Ukraine into Russia's sphere of influence had suffered a serious setback. Yanukovich's downfall was hardly surprising. He had made every conceivable political mistake, confusing ruthless steamrolling with political strength.

The New Government and Its Program

The last days of February were ripe with revolutionary fervor. On February 27, the opposition formed a new government. It consisted of three parties, Fatherland, *Svoboda*, and Euromaidan activists; Klitschko and his UDAR party chose not to join the government. In effect, Fatherland came to dominate with one-third of the portfolios. Its leader, Arseniy Yatsenyuk, became prime minister. Half a dozen of the ministers were Maidan activists, mainly liberal intellectuals. *Svoboda* received three portfolios.

The new government was criticized on two fronts: One that it contained too many inexperienced activists “who had only stood on the Maidan,” and the other that it contained too many old faces. In fact, only four of the 23 ministers had been ministers before, but they did include the prime minister, the finance minister, and the energy minister. Yatsenyuk presented his government as a “kamikaze” government, which was supposed to carry out heroic reforms in the next three months, presuming that a new government would be formed in June after the presidential elections.

On the day of its appointment, the Ukrainian government issued its action program.¹⁷ It was brief with six pages, but it offered a clear sense of direction. Of all the government programs that have been issued since Ukraine became independent, none has been so coherent and sensible. It contained 23 priorities. The top 10 in abridged form were:

15. “Rada osvobodila ot presledovaniy vsekh aktivistov Maidana” [“Rada freed all Maidan activists from prosecution”], *Ukrainskaya pravda*, February 21, 2014.

16. “Rada osvobodila Tymoshenko. Ona vot-vot vyidet iz kolonii” [“Rada released Tymoshenko. She is about to leave the prison”], *Ukrainskaya pravda*, February 22, 2014.

17. Programma Deyatel'nosti kabineta ministrov Yatseniuka [Action Program of the Cabinet of Ministers of Yatseniuk], *Ukrainskaya pravda*, February 27, 2014.

1. Safeguard the sovereignty and territorial integrity of Ukraine.
2. Sign the European Association Agreement.
3. Develop good neighborly relations with the Russian Federation.
4. Conclude a new stabilization program with the International Monetary Fund (IMF) and attract financial support from the IMF and the European Union.
5. Stabilize the financial situation.
6. Secure the rule of law through judicial reform.
7. Reform law enforcement.
8. Punish the culprits for violence against the Euromaidan protesters.
9. Form a new governance system on the basis of rule of law, openness, and transparency of the government.
10. Carry out lustration of law enforcement and judges.

Other major objectives were: impose strict control over the budget, hike energy tariffs and provide social compensation, reform the political system and electoral legislation, hold honest and transparent presidential elections in 2014, and monopolize the economy.

These priorities were followed by a long list of legislation to be enacted. All this seemed impossible to do within three months. Since Ukraine had not enacted sensible laws for so long, many draft laws had been collected on the shelves of the parliament; they could quickly be dusted off and promulgated. Some of them were not of sufficiently good quality, and the speed of the legislative process did not allow for much improvement, but in three months the new government probably adopted more laws of significance than the Orange government did in five years.

Three months later, the Euromaidan public relations initiative issued a document enumerating no fewer than 60 achievements of the new government (Euromaidan Press 2014). The list was quite impressive. It covered almost all the fields—politics, economics, and justice. I discuss the details of the new laws in following chapters.

Ukrainians were most concerned about justice, and the immediate concerns had been satisfied. The constitution of 2004 had already been reinstated. The government abolished 158 acts of the Azarov government and adopted a law on free access to public information and on lustration. It fired 24,000 government officials and the privatization of state dachas in Koncha-Zaspa began. Mezhyhiria and other mansions of government officials built with stolen funds were confiscated. All political prisoners were freed and the riot police eliminated.

Economic policy was dominated by the conclusion of a new two-year Stand-By Arrangement with the IMF (2014a) with \$17 billion of financing. In return, Ukraine adopted a law on open and competitive public procurement. Substantial cuts in public expenditures were undertaken. The government in-

creased gas prices for the population by 56 percent, and the exchange rate was allowed to float.

Ukraine signed the EU Association Agreement on June 27 and ratified it on September 16. Gas deliveries from Europe were organized through Slovakia, Poland, and Hungary, making it possible to cut excessively expensive gas purchases from Russia. The European Union opened its borders for Ukrainian goods, admitting 98 percent of Ukrainian imports free of customs taxes. The necessary laws for a visa-free regime with the European Union were enacted, and the Ukrainian government hoped it would come into force in 2015. Meanwhile, Ukraine announced that it would exit the Commonwealth of Independent States.

By July, however, most reform legislation was halted. Some blamed the government for not being sufficiently interested in reforms, but the defectors from Yanukovich's Regions party had never favored reform. After a few months of the new regime, they started voting in line with their old special interests.

Another problem lay in the system of appointing officials. A group of "gray cardinals" appointed ministers down to the local officials on the basis of a party quota system. The gray cardinals were responsible for the illegal financing of the political parties and did not play any prominent political role, but they handled appointments according to the old rules of clientele. Competence or other merits were not necessarily taken into account. A minister could not appoint his or her deputies, who naturally did not obey him or her. One consequence was that Ukraine got a minister of defense who did not issue any order until Crimea was lost. Another consequence was that the country got prosecutors who let the whole Yanukovich family off the hook without prosecution.

Ukraine needed new parliamentary elections and a reform of the state to rid itself of the old political system.

Avoiding the Mistakes of the Orange Revolution

As President Yanukovich departed from Ukraine, questions arose whether a new democratic government could avoid the mistakes and disorder that prevailed after the Orange Revolution. The situation was quite different, but the policy lessons from the mistakes of the Orange Revolution remain poignant.

The mood after Euromaidan could not be more different from the atmosphere after the Orange Revolution. Then, the victors were high on euphoria. Now, the Maidan was tainted with blood and Ukraine was subject to severe Russian military aggression, with Russia having annexed Crimea and devastated large parts of Donbas. Corruption and government dysfunction were no longer issues of inefficiency but matters of national security and sovereignty. The challenge of the democratic government was to save the nation.

Ukraine has not been blessed with strong leaders. The risk that the country would pick another president so incompetent or detrimental seemed small, but will he have the required strength?

Not only the leaders but also the Ukrainian people were euphoric in early 2005. This time, however, the public mood is heavy with suspicion. Ukrainians are aware that the democratic opposition is also deeply corrupt. Civic society has grown much stronger. It is not prepared to give authorities the benefit of the doubt. The new worry is that they will be so suspicious that they will block everything.

In 2004, the economy grew by 12 percent, limiting economic concerns. Democracy appeared secure, and no Russian threat was apparent. Now the situation is much more sinister. In 2013, the economy stagnated and is forecast to further decline in 2014. Ukraine had large twin deficits in 2013, which had to be cured. The current threat is financial meltdown, and the question is whether enough people understand the magnitude of this danger.

A decade ago, European integration was a pipe dream. Now with the signing of the substantial EU Association Agreement, Ukraine has made a civilizational choice. The agreement contains a blueprint for reform of the Ukrainian state on European lines, and the European Union has committed substantial technical assistance to achieve this goal.

Three big lessons stand out from the Orange Revolution. First that it did not provide a break from the corrupt political and judicial system. The best way of cleaning out a pervasively corrupt parliament is early parliamentary elections. To cleanse the state and judicial system from corruption, a far-reaching turnover of staff is required.

The second lesson is that incentives must be realigned to reduce the inclination of officials toward corruption. Gradual change on this front is not an option because it would only allow the old system to corrupt the new rulers, who would then abandon reform in favor of rent seeking. The classical corruption traps must be eliminated as soon as possible from the top down.

Finally, “reprivatization,” the renationalization and renewed privatization of enterprises, must be avoided. The idea was to reduce the wealth of the oligarchs, who had grown rich from privatized enterprises, but the debate became highly destructive and undermined property rights. The government should simply confiscate property embezzled by the Yanukovich family. President Poroshenko has taken a firm stand against reprivatization.¹⁸

18. “Poroshenko protiv reprivatizatsii” [“Poroshenko is against reprivatization”], *Ekonomichna pravda*, October 14, 2014.