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Newsletter for the international community providing views and analysis from the Yulia Tymoshenko Bloc (BYUT)

Issue 23, 11 December 2006

Budget branded irresponsible

Last Wednesday the Ukrainian parliament, the 450-seat Verkhovna Rada, voted 249 to 6 to approve the 2007 state budget. Deputies from the Yulia Tymoshenko Bloc (BYUT) and the pro-presidential Our Ukraine Bloc abstained from voting in protest at what they consider an unjust budget.



▲ The opposition leader Yulia Tymoshenko criticises the budget.

Opposition leader Yulia Tymoshenko voiced her concerns. "This budget has insufficient social spending provisions which will hurt the masses and most vulnerable members of our society," said Mrs Tymoshenko, "the government has the audacity to take with one hand and give with the other to shady businessmen who will seek to reopen unlawful tax schemes in the free economic zones. This is not a budget befitting a democratic nation."

The question now is whether President Viktor Yushchenko will use his power of veto to torpedo the plan.

The budget proposes state revenues of 147.89 billion hryvna (\$29.28 billion) and spending of 161.35 billion hryvna (\$31.95 billion).

It estimates gross domestic product will grow by 6.5% percent next year with an inflation rate of 7.5% percent. It envisions holding the minimum monthly wage at 400 hryvna (\$79) during the first half of the year, rising to 450 hryvna (\$89) by December. The monthly minimum wage is used to calculate social and welfare payments in Ukraine, but critics say the budget fails to account for huge price increases in housing, electricity and gas.

"We are seeing two and three-fold increases in housing and utilities bills. The government's response is to effectively cut the purchasing power of pensioners and those on the minimum wage. This pitiful budget takes social irresponsibility to an entirely new level," said Mrs Tymoshenko, "our lawmakers should be ashamed."

Following the bill's second reading, President Yushchenko indicated that his secretariat would study its details this week before he would take a decision on signing it.

Quote of the week:

"The budget for maintaining the Verkhovna Rada apparatus is burgeoning. Between the first and second reading of the budget an increase of 30 million hryven was proposed, but suddenly this increased to 60 million, up to a total of 700 million hryven. This excludes 15 additional millions for upgrade of the deputies' Crimean sanatorium "Gurzuf", and 42 million for improvement to their private hospital in "Feofaniya". At this rate it is estimated that the cost of running the Supreme Rada, by 2008, will exceed one billion hryven." Foreign Notes, excerpt from "Greedy VR Deputies," 7 December, 2006, posted by LEvko.



Commenting on the budget, the president assured Mrs Tymoshenko that “their positions were likely to coincide.”

The president’s press secretary said, “as an opposition force, the Yuliya Tymoshenko Bloc must assess the government in regard to social protection of the people. The opposition as well as the authorities will bear responsibility for reducing social benefits in the budget.”

NATO cold-shouldered

Sergei Ivanov, Russia’s defence minister, visiting Kyiv last week, gave the sternest warning yet should Ukraine join NATO. Talking to journalists, Mr Ivanov said that he respected Ukraine’s sovereign right to accede to the security alliance but warned that the “consequences of this move will have a negative impact on bilateral relations... this move will affect our relations whether we want it or not.”



Mr Ivanov had come to Kyiv to meet his Ukrainian counterpart, defence minister Anatoliy Hrytsenko ahead of Russian President Vladimir Putin’s visit to the capital later this month. Mr Ivanov also confirmed that Russia does not intend to continue as a partner in the AN-70 military transport aircraft project. He also made it clear that this would not be the last joint-project to be cancelled should Ukraine become a NATO member.

Earlier in the week, Ukraine’s Prime Minister Viktor Yanukovich, appeared luke-warm over European Union membership and cold-shouldered NATO. “No one will try to push anyone, anywhere,” he said, rejecting pressure to accept early membership of the security alliance. In contrast Mr Hrytsenko said that Ukraine has no alternative but to continue the path of Euro-Atlantic integration.

Who is running Ukraine?

Following Prime Minister Viktor Yanukovich’s visit to the USA, bemused politicians on both sides of the Atlantic are enquiring “who is running Ukraine?” Before the visit, news filtered back to Washington about the sacking of pro-western ministers and an eleventh hour move to postpone the visit. This cast a shadow over Mr Yanukovich’s attempt to portray himself as a friendly statesman and reformed character.

The prime minister and leader of the governing Anti-crisis Coalition – an alliance between Mr Yanukovich’s pro-Russian Party of Regions and the Socialist and Communist parties – was given a cordial yet cool reception by Washington. The prime minister unsuccessfully sought a meeting with President George W Bush, but met instead with US Vice-President Dick Cheney and Condoleezza Rice, Secretary of State. According to US officials, this was not a snub but rather an observance of protocol which dictates that meetings with the US president be reserved for heads of state, in this case President Viktor Yushchenko.

“There’s no slight that’s intended and we are absolutely ready to work with him as well as his government,” said State Department spokesman Sean McCormack.

Nevertheless many took this as a signal that Washington prefers to keep its distance from the prime minister who still has a long way to go to vanquish the ghost of his involvement in the fraudulent presidential election of 2004.



According to political analyst Anatoly Romanyuk, the head of the Center for Political Studies at Ivan Franko Lviv National University, the visit attempted to assuage negative attitudes to Mr Yanukovich and his team. Mr Yanukovich tried to portray himself as the guarantor of democracy and freedom and played down the conflict between himself and Mr Yushchenko. His aim was to demonstrate that he could represent foreign policy and that he held the reins of power. "The United States tried to minimize those components of the Ukrainian premier's visit. Evidently, that is why there was no official news conference," said Mr Romanyuk.



Washington was clearly conscious of the battle taking place between the prime minister and president. Mr Yanukovich's warm relations with the Kremlin was also noted. The west is increasingly concerned over Moscow's use of energy as a geo-political weapon and strong-arm tactics to silence its opponents. "Hardly a return to the cold war," said one insider, "but there is a perceptible chill in the air."

Meanwhile, back home, President Yushchenko uncharacteristically sought a confrontational path by getting a Kyiv court to overturn the Verkhovna Rada (parliament's) resolution, passed on December 1, to dismiss foreign minister Borys Tarasyuk. The Shevchenko Regional Court suspended the resolution on grounds that constitutional procedures were not followed. In another act of defiance, President Yushchenko announced that Interior Minister Yuriy Lutsenko, sacked on the same day as Mr Tarasyuk, had been appointed as one of his close advisers.

Mr Yanukovich was annoyed by the court's ruling. "I think, when the parliament takes the decision, none should appeal it. The fact Tarasyuk did it shows his irresponsibility," he said.

When Mr Tarasyuk tried to enter last Wednesday's cabinet session, he was stopped by Anatoliy Tolstoukhov, a minister in charge of the cabinet's work, and told that he wasn't on the official list.

"This is no way to run a government," remarked Yulia Tymoshenko, leader of her eponymous bloc and of the parliamentary opposition. "The people have every right to be disillusioned. As thousands of Kyiv's citizens, unable to pay their utilities bills, brave the cold to protest outside city hall, their political masters are found squabbling, too busy to tackle the real issues. It is a disgrace."

An opinion piece in Zerkalo Nedeli summed up the economic strife: "Inflation, skyrocketing rent and utilities tariffs make even financially independent people apprehensive and watchful of the government's next steps. An overwhelming majority of household budgets are vulnerable to the authorities' economic policies and practices."

"It is imperative we get back in touch with the needs and aspirations of ordinary people."

In a recent opinion poll, only 20% of respondents expressed optimism for the country's future, whereas 31% were anxious, 17% curious and 16% fearful.

It is imperative we get back in touch with the needs and aspirations of ordinary people," said Mrs Tymoshenko, "people are losing faith in their politicians – they are fed up of being let down and continually misled. Don't mistake this for apathy, this is not apathy, they just don't want to listen to politicians any more. They can see for themselves, as plain as day, that the government is in a state of paralysis and that a firm hand is needed on the rudder."

Questions or comments? E-mail us at taras@byti.org.ua

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