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Ukraine's Uncertain Future and U.S. Policy

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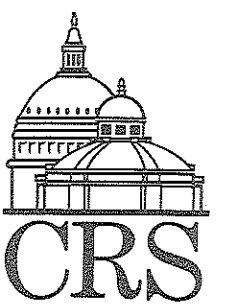

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UKRAINE'S UNCERTAIN FUTURE AND U.S. POLICY

SUMMARY

Ukraine is beset with serious political, economic and ethno-regional problems. Recent election results show a pattern of regional polarization that could potentially endanger the country's political stability and territorial integrity if the economy continues to deteriorate.

On the other hand, there are encouraging signs. From March to August 1994, parliamentary, presidential and local elections were held in a peaceful manner and were relatively free and fair according to international observers. Executive power has changed hands peacefully from one President to another. There is currently no significant ethnic tension between Ukrainians and Russians, the two main ethnic groups in the country. The level of political violence is much lower than in other regions of the former Soviet Union. No major political leader in Ukraine as yet openly advocates the secession of parts of Ukraine and their union with Russia. Both Russia and Ukraine have studiously avoided actions that could provoke conflict over the especially delicate issues of the status of Crimea and the Black Sea Fleet.

Political upheaval in Ukraine, if it occurred, could pose serious problems for U.S. policy. The security of over 1800 nuclear warheads, scheduled to be withdrawn from Ukraine over the next three or four years could be jeopardized. If instability turned to violence, Russia might intervene, possibly sparking a Russo-Ukrainian war. Finally, if Ukraine lost its independence, even by means of a gradual, voluntary re-unification with Russia, some analysts assert the West would lose a geopolitical bulwark and insurance policy against the possible resurgence of an aggressive Russia.

U.S. policy has focused on ensuring the withdrawal of nuclear weapons from Ukraine and on trying to preserve Ukraine's political stability and independence. Despite Ukraine's change of leadership as a result of the elections, Ukraine continues to implement a January 1994 agreement with the U.S. and Russia to remove nuclear weapons from its soil. However, Ukraine continues to delay accession to the Nuclear Non-Proliferation Treaty as a non-nuclear state, in hopes of receiving more nuclear dismantlement aid, compensation and security guarantees. The United States has tried to bolster Ukraine's stability by offering U.S. and international aid for economic reform, if Ukraine moves forward with a comprehensive reform program.

Ukraine has played an increasingly important role in congressional debate over U.S. policy toward the countries of the former Soviet Union. Some Members of Congress have criticized Administration policy toward Ukraine, saying that the Administration's aid program for the region focuses too heavily on Russia and that Ukraine is not getting its fair share of U.S. aid to the countries of the former Soviet Union. Administration supporters say the Administration's Russia focus is justified because of Russia's size, importance and progress in economic reform. They assert that a proposed earmark for aid to Ukraine would undermine the Administration's ongoing efforts to persuade Ukraine to embark on reforms.

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INTRODUCTION

Ukraine is beset with serious political, economic and ethno-regional crises. Recent election results show a pattern of regional polarization that could potentially endanger the country's political stability and territorial integrity if the economy continues to deteriorate. A January 1994 CIA intelligence estimate on Ukraine reportedly asserted that the catastrophic state of Ukraine's economy could ignite regional and ethnic tensions that would cause the violent breakup of Ukraine. Crimea and eastern Ukraine might push for re-unification with Russia, although more nationally-oriented western Ukraine would violently resist such a move and might use force to try to prevent the secession of eastern and southern Ukraine, the press report says. The report says that leaders of what remained of independent Ukraine might be more reluctant to give up nuclear weapons on their soil as a hedge against Russia.[1]

Despite concerns over Ukraine's future, there have been some recent encouraging signs. From March to August 1994, parliamentary, presidential and local elections were held in a peaceful manner and were relatively free and fair according to international observers. Executive power has changed hands peacefully from one President to another. There is currently no significant ethnic tension between Ukrainians and Russians, the two main ethnic groups in the country. The level of political violence is much lower than in other regions of the former Soviet Union. No major political leader in Ukraine as yet favors the secession of parts of Ukraine and their union with Russia. Both Russia and Ukraine have studiously avoided actions that could provoke conflict over the especially delicate issues of the status of Crimea and the Black Sea Fleet.

Political upheaval in Ukraine, if it occurred, could pose serious problems for U.S. policy. The security of over 1800 nuclear warheads, scheduled to be withdrawn from Ukraine over the next three or four years could be jeopardized. If instability turned to violence, Russia might intervene, possibly sparking a Russo-Ukrainian war. Finally, if Ukraine lost its independence, even by gradual, non-violent means, some analysts assert the West would lose a geopolitical bulwark and insurance policy against the possible resurgence of an aggressive Russia.

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[1] Williams, Daniel and R. Jeffrey Smith, "U.S. Intelligence Sees Economic Plight Leading to Breakup of Ukraine," *Washington Post*, Jan. 25, 1994, p. 7.

UKRAINE'S MULTIPLE CHALLENGES

Ukraine's elections took place as Ukraine approached the third anniversary of its independence from the Soviet Union. The failed August 1991 coup against Gorbachev led the Ukrainian Supreme Soviet to declare Ukraine's independence from the Soviet Union on August 24. The Supreme Soviet also voted to hold a referendum on the declaration of independence and presidential elections on December 1. The referendum approved independence, with 90% in favor. Independence was supported by overwhelming majorities in most regions and among all ethnic groups. This decisive vote in favor of independence surprised many observers, especially those in Russia who expected strong opposition to independence in the largely Russified south and east of Ukraine. Analysts attributed the success of the referendum to an official media campaign in favor of independence and to public disenchantment with the failures of the Soviet authorities in Moscow, especially in the economy, and the hope that an independent Ukraine could better solve economic problems on its own.

The six candidates for President included Leonid Kravchuk, chairman of the Ukrainian Supreme Soviet. As late as 1989, Kravchuk was the Communist Party's point man in combatting Ukrainian nationalism. However, after his election as chairman of the Supreme Soviet in 1990, Kravchuk increasingly supported opposition demands for more independence from Moscow. Kravchuk's main competitor in the race was Vyacheslav Chornovil, a former political prisoner and the candidate of the Rukh national-democratic political movement. Kravchuk won easily, receiving over 61% of the vote to Chornovil's 23%. Since his election as President in December 1991, Kravchuk's strategy has been to try to hold the support of former Communist Party functionaries and the economic elite in the Supreme Soviet and the national and local governments, while trying to garner support among the national-democratic opposition by taking a stand as a defender of Ukrainian sovereignty.

Despite the hopes of many Ukrainians that independence would quickly lead to a better future, independent Ukraine has been beset with many crises, including political deadlock among the branches of power in Kiev, tensions between the various regions of Ukraine and a deep economic crisis.

POLITICAL DEADLOCK

One crisis that Ukraine faces is the ineffectiveness of its political institutions. Ukraine did not have the necessary institutions, personnel and experience when it suddenly emerged as an independent state in August 1991. Ukraine still operates under a heavily amended version of its old, Soviet-style constitution. Provisions of the constitution dealing with the separation of powers are unclear and often contradictory. As a result, the President, Cabinet of Ministers and the Parliament have spent much time battling to a stalemate on constitutional issues rather than addressing critical economic issues. Similar problems are also found at the local level, where there is conflict between local legislatures and executive agencies. There is also conflict between the central

government and the localities over power. Ukraine lacks an effective judiciary and has no functioning Constitutional Court to resolve these problems. Ukraine's ruling elite, suddenly transformed from regional functionaries to leaders of a newly independent country, were unprepared or unwilling to make tough decisions that were previously made by Moscow. Ukraine lacks strong opposition political parties, in part because the concept of "party" was discredited by seventy years of Communist Party rule. It also lacks independent media and other institutions needed to provide an effective check on the government. Official corruption is reportedly widespread.

REGIONAL TENSIONS

Another key problem strongly reflected in recent elections is sharp regional differences. Different regions of Ukraine have had divergent histories. The most commonly made distinction is between western and eastern Ukraine. Part of western Ukraine (i.e., the current Lviv, Ternopil and Ivano-Frankivsk oblasts) was not part of the Russian Empire/Soviet Union until Stalin's seizure of the area in 1939. The area was part of Poland until the end of the 18th century, then part of the Austro-Hungarian Empire until after World War I, and finally part of Poland again until 1939. While repressive, these rulers were relatively tolerant when compared to Russia. This allowed western Ukrainians to develop a strong sense of Ukrainian national identity, which enabled them to play a leading role in pushing for Ukraine's independence before the breakup of the Soviet Union, despite the fact that their areas account for only a small percentage of Ukraine's population and economic strength.

Most of the rest of Ukraine, in contrast, was incorporated into the Russian empire in the 17th and 18th centuries. Russian and Soviet efforts to assimilate these areas of Ukraine met with considerable success; national identity in southern and eastern Ukraine is generally weaker than in western Ukraine. Of course, there are differences in background and outlook, here too. For example, rural areas, like central Ukraine, are largely dominated by ethnic Ukrainians and favor Ukrainian independence, but aren't often as politically active and strongly nationalist as western Ukraine. Kiev, although an urban area, is generally supportive of Ukrainian independence. Ethnic Russians have tended to settle in cities in southern Ukraine and in eastern Ukrainian areas bordering Russia, and favor closer ties with Russia. Ukrainians in these regions, many of whom are more comfortable speaking Russian than Ukrainian, also tend to favor close relations with Russia. In these regions, especially the Donets basin in eastern Ukraine, some analysts posit the existence of a "Soviet" identity rather than a Russian or Ukrainian one; that is, many people are Russian-speakers who are not drawn to Russian nationalism, but rather are nostalgic for the stability of the Soviet past. Many also identify more with their own region (and neighboring regions in Russia) than with Kiev or Moscow.[2]

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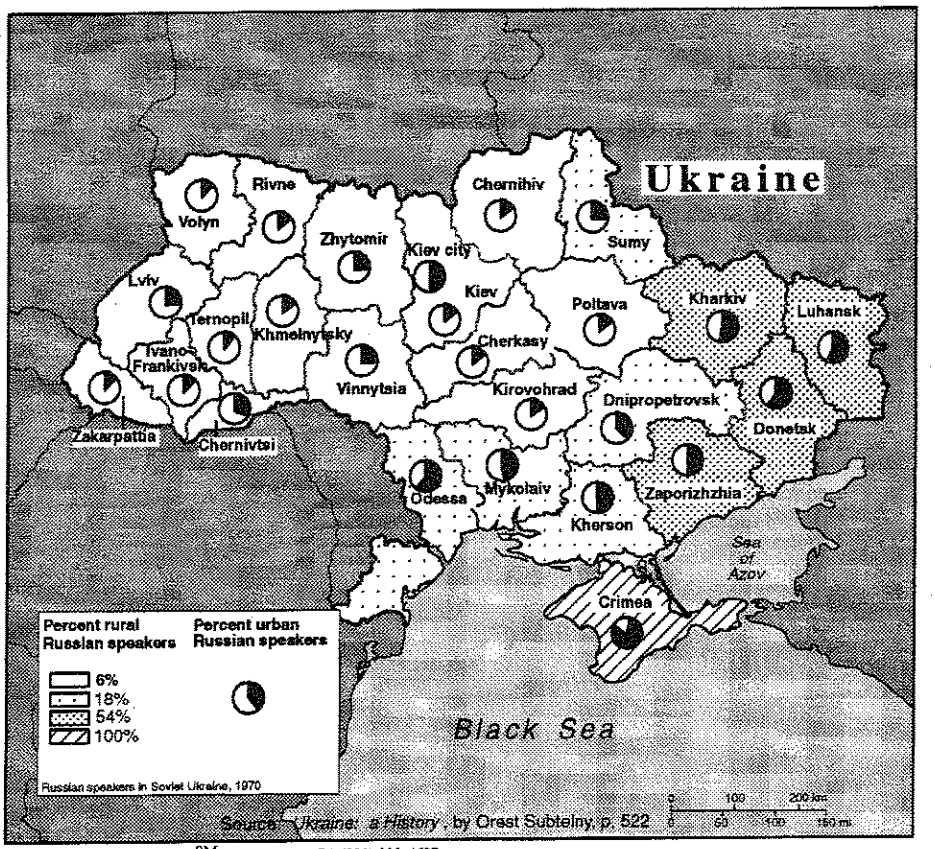
[2] For the existence of a "Soviet" identity in eastern Ukraine, see testimony by Adrian Karatnycky in *Focus on Serious Challenges Facing Ukraine*, Commission on Security and Cooperation in Europe, May 1994. p. 6.

In the region most recently joined to Ukraine, Crimea, support for Ukrainian independence has been the weakest and support for union with Russia has been the strongest. Ethnic Russians make up two-thirds of the region's population, while Ukrainians make up a quarter, and Crimean Tatars about 8%. Moreover, Russian nationalists view the peninsula, seized from the Ottoman Empire in the late 18th century and home to the Black Sea Fleet in the Tsarist and Soviet period, as a symbol of Russian "military glory."

Crimea was part of Russia until 1954, when Khrushchev transferred the peninsula to Ukraine to commemorate the 300th anniversary of the union of Ukraine with Russia. During the December 1991 independence referendum, a bare majority of 54% approved Ukrainian independence, in contrast to 83-98% support in other regions. Within a few months after independence, secessionist pressures mounted. A group collected over 257,000 signatures for a referendum to be held on Crimean independence. In May 1992, the Crimean Supreme Soviet declared Crimea's independence from Ukraine, but suspended the resolution after Ukrainian President Kravchuk warned Crimea that bloodshed could occur if Crimea tried to assert its independence from Ukraine. Crimea and Ukraine seemingly stepped back from confrontation in June 1992, when negotiators for the two sides agreed that Crimea was an "integral part of Ukraine" but would have economic autonomy and the right to "independently enter into social, economic and cultural relations with other states." However, tensions escalated in January 1993, when voters in Crimea elected as President of Crimea Yuri Meshkov, a leader of the 1992 referendum drive. There are also continuing tensions between Russians on the peninsula and Tatars. The Tatars were expelled from Crimea by Stalin in 1944. Since 1989, many have returned to Crimea and are demanding land and housing, as well as the transformation of Crimea into a Crimean Tatar autonomous republic within Ukraine. Tensions between Tatars and the local authorities have sometimes resulted in violence.

MAP 1. Russian Speakers in Ukraine



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ECONOMIC CRISIS

Far from improving after independence, the Ukrainian economy has spiralled further downward. According to the International Monetary Fund (IMF), Ukraine's gross domestic product (GDP) declined by 17% in 1993 and is projected to fall another 14% in 1994. Estimated GDP for the first quarter of 1994 plunged by an estimated 36%. Between 1991 and 1993, GDP has fallen by a cumulative 43%. According to the Organization for Economic Cooperation and Development (OECD), inflation was 1,445% in 1992 and 4,519% in 1993.[3]

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[3] Economist Intelligence Unit, *Country Report: Ukraine, Belarus, Moldova, 2nd quarter 1994*, p. 11, 22. It should be noted that statistical indicators may well overstate the crisis. Bureaucratic meddling, excessive taxes and forced sales of hard currency to the state at artificially low exchange rates are forcing emerging businesses underground in order to survive, while the official economy of state-run enterprises continues to collapse. See *Financial Times*, August 8, 1994, p. 2.

Ukraine's economic collapse can be attributed to external shocks caused by the collapse of the Soviet Union and the unwillingness of the ex-Communist-dominated government to undertake systematic market reforms to overhaul an economy weakened by decades of Soviet mismanagement. The collapse of the Soviet Union caused a sharp drop in demand by Russia and other ex-Soviet republics for Ukrainian goods. At the same time, Russia began increasing prices toward world market levels for its oil and natural gas exports to Ukraine and other former Soviet republics. Ukraine is highly dependent on large oil and gas imports to run its energy-intensive (and wasteful) heavy industry. Ukraine imported 88% of its oil needs in 1992, almost all of it from Russia. Eighty percent of Ukraine's natural gas is imported from Russia and Turkmenistan.[4] Russia has gradually increased oil export prices, which were about 17% of the world price for oil in 1992, to 37% in the first quarter of 1993. According to one estimate, if Russia charged Ukraine the full world market price for oil, gas and other raw materials, Ukraine would have to transfer 30% of its GDP to Russia.[5] Ukraine's inability to pay for energy supplies created mounting debts to Russia, (currently about $600 million for gas alone) which has intermittently cut off supplies to try to force payment and/or extract political concessions.

An even more important factor in Ukraine's economic decline is the failure of the government to carry out economic reforms. Instead of a consistent program of macroeconomic stabilization and privatization, Ukraine has pursued a lax fiscal and monetary policy and very little privatization has occurred. The government and, above all, the parliament have bent to pressure from enterprises and collective farms to bail them out. Deficit spending and periodic huge emissions of credits resulted in hyperinflation and a sharp drop in the value of the Ukrainian currency, the karbovanets, from 1,000 to the dollar at the end of 1992 to 47,000 to the dollar in August 1994. The karbovanets, which traded at a rate of one-to-one with the ruble in 1992, traded at just under 20 to one in August 1994. Inflation was sharply reduced through the first half of 1994 by a tight monetary policy, but economists believe it could skyrocket at the end of the year, due to renewed large credit emissions. Despite the adoption of laws and a privatization program, there has been little actual progress toward privatization. Almost all enterprises remain under state control. About 20% of Ukraine's enterprises have been leased to their employees. There are only four wholly private industrial enterprises in Ukraine.[6] However, several localities have privatized some properties under their jurisdiction, mainly shops and restaurants. A system of quotas, export licenses and fixed exchange rates harms Ukraine's export potential and provides many opportunities for corruption and

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[4] Economist Intelligence Unit, *Country Profile: Ukraine, Belarus, Moldova 1994-95*, p. 20.

[5] Oleh Havrylyshyn, Marcus Miller and William Perraudin, "Deficits, Inflation and the Political Economy of Ukraine," Paper issued at conference entitled Societies in Transformation: Experience of Market Reforms for Ukraine, Kiev, Ukraine, May 1994.

[6] Radio Free Europe/Radio Liberty Daily Report, August 18, 1994, 6.

profiteering, especially when coupled with negative real interest rates and incomplete price liberalization.

UKRAINE'S 1994 ELECTIONS: RESULTS AND IMPLICATIONS

Ukraine's recent parliamentary, presidential and local elections have their roots in political turmoil in June 1993. The Ukrainian Supreme Rada was elected on a relatively pluralistic basis in March 1990 for a five-year term. Leonid Kravchuk was elected as Ukraine's first President in December 1991, also for a five year term. However, miners in the Donetsk region of eastern Ukraine (a group that played an important role in bringing down the Soviet Union), angry at deteriorating economic conditions, launched a massive strike. Aside from economic demands, the strikers called for a referendum on confidence in the President and Supreme Rada. The parliament, fearing political instability, agreed to hold a referendum, set for September 1994. However, the parliament put off action on organizing the referendum until late September 1994, when renewed demonstrations forced the parliament and President to agree to early elections, in place of the referendum. The first round of parliamentary elections were set for March 27, 1994, while the first round of Presidential elections and local elections were set for June 26, 1994.

PARLIAMENTARY ELECTIONS

The parliament adopted an election law in November 1993. Reformist groups favored a mixed majoritarian/proportional electoral system with 50% of the deputies elected by a majority in individual districts and 50% elected proportionally by party lists. They claimed that a mixed system would aid the development of the current weak political party system in Ukraine and would lead to a more cohesive legislature. However, the parliament voted instead for a strictly majoritarian system. The law required a candidate to win 50% of the vote in order to be elected and 25% of the total number of registered voters in a district. At least 50% of registered voters had to turn out for the election to be valid in a particular district. If no candidate won a first round majority, a second round between the two leading candidates was required within two weeks of the first round. Candidates could be nominated by a political party (under relatively cumbersome procedures), by a work collective or by a group of 300 registered voters. The ease of collecting 300 signatures led to a proliferation of candidates (an average of 13 per district), and weakened political party formation, since party nomination procedures under the law were more cumbersome. Critics charged that by approving the law, the ex-Communist majority in the legislature aimed at fragmenting opposition to incumbents and local officials.

The main issues of the campaign were the poor state of Ukraine's economy, and rising crime and corruption. Most foreign policy issues, including nuclear weapons, played little role in the campaign. In eastern Ukraine, many candidates focused on the need for closer relations, especially economic ties, with

Russia and called for making Russian an official language in Ukraine alongside Ukrainian.

After two rounds of voting (the first on March 27 and the second in the ensuing two weeks), 338 deputies were elected to the new parliament. In 112 districts, elections were invalidated due to low turnout. The results were a big victory for the socialist and communist forces. They also underlined the strong regional differentiation of Ukrainian politics. The Communists and their allies did very well, particularly in eastern Ukraine. After the second round, the Communist Party won 86 seats in the parliament. Thirty-eight of these seats (or over 44% of its total) came from Donetsk and Luhansk oblasts alone. The Socialist and Agrarian Parties, allied to the Communists, won 14 and 18 seats respectively. National-democrats and reformers, while not as successful as the Communist bloc, achieved good results in western Ukraine and Kiev. The national-democratic party Rukh won 20 seats and the Ukrainian Republican Party (also a nationally-oriented party) won 8 seats, for example.[7]

Many of those who won seats had no party affiliation. Many are local officials or directors of large enterprises and collective farms. A good number of them are part of an informal "party of power:" pre-independence Communist functionaries who gave up Communist Party membership but kept their positions in government and the economy. Kravchuk and former parliament speaker Ivan Plyushch are examples. While drawn together by personal contacts and similar backgrounds, members of this "party" have divided into competing factions in the struggle for power. Many consider themselves "centrists" who shun the ideological "extremes" of the newly reestablished Communists and the national-democrats and liberals. Some favor Ukrainian independence with very gradual economic reform, while others, mainly those from eastern Ukraine, downplay Ukrainian statehood and more strongly stress the need for economic reforms.

Although only 338 deputies of the total of 450 seats in the parliament were filled by the March-April elections, enough seats were filled to give the new parliament a quorum, enabling it to start work. Because most candidates ran as independents (even leading figures of political parties), it is difficult to gauge at first glance the balance of political forces in the parliament. However, regulations adopted by the new parliament favor the establishment of factions of at least 25 members. While not as coherent as political parties, these factions provide some idea of the political forces in the parliament.

Communists are the largest faction, with 86 members. Their allies on the left, the Agrarians and the Socialists, have 33 members and 25 members respectively. The leftists' total of 144 seats gives them a strong role in the parliament, but leaves them well short of a majority. The second largest group is the "Center" faction, with 38 members. It is mainly composed of "party of power" figures with a self-described centrist orientation. Another centrist group

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[7] Ukraine's New Parliament, International Foundation for Electoral Systems, April 1994.

is the Interregional Bloc for Reforms, a loosely based grouping headed during the campaign by former Prime Minister (and now President) Leonid Kuchma and former parliament deputy chairman Vladimir Grinev. It has 26 members and supports gradual free market reform and closer ties with Russia. Another loosely knit centre-left group, "Unity," stands for similar goals and also has 26 members. Both of the latter two groups are based mainly in eastern Ukraine. "Reforms", with 27 members, is composed of moderate democrats and market reformers. There are two nationally-oriented factions, most of whose support comes from western Ukraine and Kiev: Rukh (27 members) and Statehood (26 deputies). There are roughly two dozen unaffiliated deputies, including a handful of extreme nationalists.

Leftist forces scored several important victories in the weeks after the convening of the new parliament. The parliament elected Socialist Party leader Oleksander Moroz as speaker on May 18. Moroz was a leading member of the Communist "Group of 239" in the previous legislature. In a possible attempt to conciliate these leftist forces to help his reelection campaign, President Kravchuk nominated and the parliament approved conservative Vitali Masol as Prime Minister on June 16. Masol was Prime Minister of Ukraine before the collapse of the Soviet Union, but was toppled by student protests in 1990 for dragging his feet on implementing Ukraine's declaration of sovereignty.

Repeat elections in those districts where the results were invalidated by low turnout were held in July and August 1994. Fifty-eight new deputies were elected, but low turnout in some areas means that yet another round of repeat elections will be held in November to fill the remaining 58 seats. The results of the repeat voting suggest that support for the leftist groups is waning. Only 5 of the 58 new deputies are members of the Communist Party, and only one is from the Agrarian Party. Forty-nine of the new deputies are independents, mainly local officials and enterprise directors.[8]

PRESIDENTIAL ELECTIONS

The first round of Ukraine's Presidential elections confirmed the trend toward strong regional polarization in Ukrainian politics. According to Ukraine's election law, in order to be elected, a candidate has to receive 50% of the vote. If this does not occur, a runoff election between the top two finishers takes place. If turnout is less than 50%, the election results are invalidated and repeat elections must be held.

Although there were six candidates in the contest, the main contenders were President Kravchuk and former Prime Minister Leonid Kuchma. Kuchma was the director of Ukraine's largest missile manufacturing plant before Kravchuk chose him as Prime Minister in October 1992. He resigned in September 1993 in frustration when the parliament refused to extend special powers to issue decrees on economic reform. Two other major contenders in the

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[8] *Ukrainian Weekly*, Aug. 14, 1994, p. 3.

race were chairman of the parliament and Socialist Party leader Alexandr Moroz, and reform economist Volodymyr Lanovyy, who served as Minister of Economy from March to July 1992. In the first round, Kravchuk won 37.7%, Kuchma won 31.27%, Moroz won 13% and Lanovyy won 9.3%. Kravchuk and Kuchma passed on to the runoff round, held on July 10. In the second round, Kuchma defeated Kravchuk with 52.15% to Kravchuk's 45.06%.

Despite Ukraine's serious economic crisis, only Lanovyy put economic reform at the center of his campaign. In contrast, Kravchuk and Kuchma battled largely over Ukraine's future relationship with Russia. Kravchuk favored a continuation of the *status quo*: a rejection of closer economic and political integration with Russia, while trying to cooperate with Moscow in solving difficult bilateral issues. Kuchma stressed the need for closer economic integration with Russia to re-establish trade links that Kuchma feels are vital for Ukraine to avoid economic collapse. Kravchuk's supporters charge that Kuchma's proposed policies would lead to a political union with Russia and the loss of Ukraine's sovereignty. Kuchma's supporters counter that it is Kravchuk's mishandling of the economy and relations with Russia that posed the real threat to Ukraine's independence.

Regional polarization was shown both during the campaign and in the results of the first round and second round. Kravchuk's pro-sovereignty position won him overwhelming majorities in western Ukraine in the second round. In Lviv oblast, Kravchuk won 89.34% of the vote to Kuchma's 3.55%, in Ternopil, Kravchuk won 91.04% to Kuchma's 3.49% and in Ivano-Frankivsk, Kravchuk won 87.78% to Kuchma's 3.07%. It is interesting to note that these regions voted against Kravchuk by similarly lopsided margins in the 1991 presidential election in favor of Vyacheslav Chornovil, leader of the national-democratic Rukh movement, because of Kravchuk's Communist past. However, Chornovil did not run this time, and despite Kravchuk's failure to implement economic reform, western Ukrainians seem to have preferred Kravchuk as a "lesser evil" compared to Kuchma's perceived threat to Ukraine's independence.

Kuchma scored similarly lopsided victories against Kravchuk in eastern and southern Ukraine. In Crimea, Kuchma won 82.68% to Kravchuk's 7.43% In Donetsk oblast, Kuchma won 53.59% to Kravchuk's 16.08%. In Luhansk oblast, Kuchma won 53.61% to Kravchuk's 9.7%. Voters in these regions seem to have voted for Kuchma because he favored stronger links with Russia in order to improve Ukraine's economy. The result may have also been an anti-Kravchuk and anti-status quo vote by an electorate furious at Ukraine's economic plight.[9]

Kuchma's victory surprised many observers, as Kravchuk had a substantial lead over Kuchma in the first round and most pre-election polls predicted a Kravchuk win in the second round. One reason for Kuchma's upset victory was that he strengthened his grip on his strongholds in eastern and southern Ukraine, which are more populous than western Ukraine, where

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[9] *The Economist*, July 16, 1994, p. 42.

Kravchuk's main support came from. Kravchuk lost ground in critical central Ukraine, where he needed a big win to overcome Kuchma's margin in the east and south. A second and related reason for Kuchma's victory was a strong anti-incumbent sentiment that seemed to override ideological differences; voters angry at current conditions seemed to prefer almost any change to the status quo. This can be seen in the fact that most first-round supporters of both Moroz and Lanovyi (especially in eastern and southern Ukraine) voted for Kuchma in the second round, despite the fact that the views of Moroz and Lanovyi were diametrically opposed on many issues.

MAP 2. Presidential Election Results

Prepared by the Geography and Map Division for the Congressional Research Service 8/94

LOCAL ELECTIONS

Local elections were held in Ukraine at the same time as the legislative and presidential ones. Crimea held elections to its own parliament on March 27, 1994, simultaneously with the national legislative elections. The "Russia" bloc, a loose coalition of pro-Russia candidates, also did very well in the Crimean parliament elections, winning 64 of the parliament's 98 seats. Meshkov also

called a consultative referendum on putting Crimea's relations with Ukraine on a "treaty" basis, dual Russian-Ukrainian citizenship for Crimeans and giving decree powers to the President of Crimea. Crimean officials reported that the referendum proposals were adopted by majorities of 74.8%, 82% and 77.9% respectively. Voters in Donetsk and Luhansk, in eastern Ukraine, also held local consultative referendums on March 27. Voters in Donetsk overwhelming approved proposals calling for a federal structure for Ukraine (by 84%), making Russian an official language in Ukraine alongside Ukrainian (91%), and calling for Ukraine to become a full member of the CIS economic union (93%). Totals for Luhansk were similarly overwhelming.

Aside from Crimea, the rest of Ukraine held their local elections during the presidential elections in June and July 1994. In addition to choosing local legislators, the electorate also chose the chairman of those bodies directly. The chairman will also be the head of the executive branch, replacing a system of presidential representatives put in place by President Kravchuk in 1992. These chairmen and local bodies will therefore have a vital say in how (or whether) reform is implemented. In general, Communist and other leftist candidates did not do as well as they did in the parliamentary elections. Of the 24 regions, only 3 are headed by Communists. The rest are incumbents or other prominent local figures, most having no formal party affiliation. Fully half of the 24 are former presidential representatives of President Kravchuk.[10]

IMPLICATIONS FOR UKRAINE'S FUTURE

The results of the parliamentary, presidential and local elections may not put an end to the gridlock that has afflicted Ukraine's political system. President Kuchma does not have a strong faction in the parliament supporting him, let alone a disciplined party with a majority. This degree of fragmentation and polarization in the parliament may require Kuchma to build ad hoc alliances on an issue-by-issue basis. Unlike Yeltsin in Russia, Kuchma cannot circumvent the parliament and rule by decree alone; under Ukrainian law, his decrees can be vetoed by the legislature.

On critical constitutional issues, including the division of power among the President, government and parliament, deadlock is most likely. The Communist/Socialist/Agrarian bloc in parliament, Parliament speaker Moroz and Prime Minister Masol favor a strong parliament and government, and a weak Presidency. Kuchma has strongly objected to a weakening of the President's powers. However, it is unlikely that a power struggle could be resolved soon, since 301 votes are needed to change Ukraine's Constitution and only 392 members of the parliament have been elected as of August 1994. The degree of polarization in the parliament will make it very difficult for 301 members to agree on any controversial issue.

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[10] FBIS Trends, August 3, 1994, p. 7-18.

Kuchma's degree of control over the government could be a point of contention. Kuchma attacked Kravchuk during the campaign for appointing a new Prime Minister a little more than a week before the election. After the election, Kuchma said that he would keep Masol in his post for the time being, and try to work with him to elaborate a reform plan. However, Kuchma has swept many government ministers out of power and replaced them with his choices. If Kuchma tried to remove Masol himself, he would risk a confrontation with the parliament, especially the leftist group, which strongly supported Masol for the post. To strengthen his hand, Kuchma issued a decree directly subordinating the government to himself on August 6. A second decree subordinated the heads of the local legislative bodies to himself. The parliament was out of session when the decrees were issued, and was unable to respond immediately.

Economic Reform

The key policy issue for the President and the parliament is economic reform. Uncertainties about Kuchma's own commitment to comprehensive economic reform, his lack of a strong base in the legislature and the strength of the leftist bloc may inhibit reform efforts. On July 29, the leftist block asserted its power by voting to suspend privatization temporarily, until it decides in September 1994 which sectors of the economy will remain in state hands. Prime Minister Masol and Parliament Chairman Moroz favor stronger state controls over the economy and a slow pace of economic reform, especially in the area of privatization. Chairman Moroz strongly opposes privatization of land, once condemning it as a "crime." Masol has opposed Kuchma's first attempt at reform, a decree on liberalizing exchange rates, which some Western economists see as disappointingly modest. Kuchma will also likely find it difficult to stop the parliament from voting more massive subsidies to collective farms and other interest groups, sparking another surge in inflation. However, on some reform issues popular with enterprise managers, such as liberalization of exchange rates, foreign trade and tax reductions, it is possible that Kuchma could cobble together a coalition of national democrats, centrists and economic reformers.

Regionalism and Possible Fragmentation

Kuchma's election may have a calming effect on the country's regional disputes, at least in the short term. Most regional discontent in Ukraine has been focused in Crimea and eastern and southern Ukraine generally. These areas strongly supported Kuchma's pro-Russian stance in the election, and are looking to him to improve the economy and establish better relations with Russia. They also want more economic autonomy from Kiev; the right to manage municipal property as they see fit and to keep more of their tax money, for example. To lessen pressure from these regions, President Kravchuk issued a decree giving four regions in eastern Ukraine (Donetsk, Luhansk, Dnipropetrovsk and Zaporizha) more authority over state property in their regions. Russia and Ukraine also signed an agreement in July 1993 to promote cross-border economic integration in this region, and local authorities are making efforts of their own in this direction.

If Kuchma fails to deliver rapidly on improving the economy, discontent in these regions could again mount. Moreover, Kuchma has rejected making Ukraine a federal state in the near future, a key demand of eastern Ukrainian leaders, saying that it could lead under current circumstances to the breakup of the country. His August 6 decree subordinating the heads of local legislative bodies to himself was an attempt to establish strong, "vertical," links to implement reforms and keep the state together. This move was supported by almost all of the local chairmen, but the parliament is likely to view the decree less enthusiastically, as the left would prefer to exercise its own control over the regions through the parliament. Kuchma would also encounter difficulties later if he comes into conflict with the desires of newly elected regional chairmen to increase their power by expanding their regions' autonomy.

It is important to note that leading officials in Ukraine, whether in Kiev or in Donetsk or Simferopol do not openly advocate secession and unification with Russia. Even Crimean President Yuri Meshkov and leaders of the Crimean parliament, who campaigned on a strong "back to Russia" platform, have toned down their rhetoric, faced with the need to establish a working relationship with Kiev. Meshkov effusively praised Kuchma after Kuchma's election as President, saying Kuchma would improve Crimea's relations with Kiev, especially on key economic issues. Crimea's leaders continue to call for union with Russia, but only in the context of a voluntary Russo-Ukrainian union, perhaps within the framework of the CIS, not conflict-provoking secession. There are also critical economic reasons for Crimea to want to avoid a conflict; the Crimean Minister of Economics said in August 1994 that 80% of Crimea's manufactures are sold to Ukraine, while trade with Russia is decreasing.[11] Crimea also reportedly receives 85% of its energy, 82% of its water and coal and 75% of its manufactured goods from Ukraine.[12]

However, there does remain potential for conflict in Crimea, perhaps stirred by local leaders fearing that deals between Russia and Ukraine could be made "over their heads." The city council of Sevastopol (the main base of the Black Sea Fleet) voted to recognize the "Russian legal status" of the city on August 23, as Russian and Ukrainian negotiators appeared to move closer to a settlement on the Black Sea Fleet. Meshkov, Kuchma and Russian officials criticized the council's move, but the Crimean Supreme Soviet (which is locked in a power struggle with Meshkov) passed a resolution supporting the council. There have also been disputes over such issues as a (failed) attempt to establish a Crimean Interior Ministry not subordinated to Kiev, efforts to create separate Crimean citizenship and to assert the primacy of Crimean laws over Ukrainian ones.

On the other hand, discontent could shift to western Ukraine, if Kuchma moves too far in a pro-Russian direction. West Ukrainian leaders, perhaps

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[11] Radio Free Europe/Radio Liberty Daily Report, Aug. 5, 1994. 8.

[12] Taras Kuzio, "Russia-Crimea-Ukraine: Triangle of Conflict," Conflict Studies #267, p. 29.

stunned by Kravchuk's defeat, have adopted a cautious "wait-and-see" attitude toward Kuchma, but still view him with suspicion. Kuchma has tried to ease these concerns by stressing his commitment to preserve Ukrainian sovereignty and territorial integrity in his first speech to the Ukrainian parliament as President. Moreover, although Kuchma champions giving the Russian language official status (Ukrainian would remain the state language), he made the speech in halting Ukrainian. However, the crucial issue for western Ukrainians as well as eastern Ukrainians is the state of the economy, and Kuchma's standing will ultimately depend on this issue. The possibility of separatism in western Ukraine if Ukraine moves toward re-unification with Russia is limited by the lack of economic viability of a small, western Ukrainian state. In the case of a closer union with Russia, western Ukrainians, who have been partisans of a strong central government in order to bolster Ukrainian statehood, may well become converts to a loose federalism in order to avoid too close an embrace with Russia.

Ukraine's cohesion as a state will largely depend on whether its economic situation improves. In many regions of Ukraine, support for independence was largely based on a belief that it would improve the economy. The further deterioration of the economy during the first three years of independence produced a backlash against the political leadership, the strong showing of the leftists in the parliamentary elections and a desire for closer ties with Russia. If the economy does not improve, destabilizing trends may be strengthened, and may result in strikes (especially in the Donbas) and secessionist tendencies, especially in Crimea.

On the other hand, economic reform in Ukraine will require far-reaching structural changes in Ukraine's economy, which could themselves spark regionally based political conflict. Ukrainian industry is concentrated on heavy industry, especially coal mining and ferrous metallurgy. These two sectors alone accounted for 40% of industrial assets and 20% of output in 1990. Coal mining is concentrated in the Donets Basin (Donbas), forming an integrated complex with heavy industry, also located in the Donbas and along the Dnieper River bend. Much of Ukraine's military-industrial complex, estimated at 10-15% of industrial production in 1991, is also concentrated in these regions. Much of this industry is technologically outdated, wasteful of energy and reliant on government subsidies. Many firms would find it difficult to sell their production in world markets or survive without subsidies. Economic reform and restructuring could therefore be very painful. As a result, many people in these regions voted for Communists and Socialists out of nostalgia for the more predictable socialist past. Many voted for Kuchma out of hope that he would restore old trading ties with Russia.

Relations with Russia

The elections results seem to point to a closer relationship with Russia. However, the extent of the rapprochement and its nature will depend on and is limited by a number of factors. One is the regional factor outlined above. If the government goes too far toward rapprochement with Russia, western Ukrainians

will object, perhaps with violence in some cases. Another factor may be that Ukrainian leaders have become used to wielding more power than they did in the old Soviet Union, and do not wish to give it up. For the leftists, there are ideological concerns; their views on economic and political matters are hardly compatible with Yeltsin's Russia. During the campaign, Kuchma said he favored joining the CIS economic union in order to improve trading ties with Russia. Masol and Moroz likewise stress the need to strengthen economic ties within the CIS. However, none of them favors a currency union with Russia, which would likely require a surrender of sovereignty. None of them has spoken in favor of a new political or security union with Russia. In September 1994, Kuchma's new government rejected Russian proposals for a CIS payments union and a supranational CIS executive body.

Kuchma's appointments to the posts of foreign minister and defense minister also point to a closer relationship with Russia. New Foreign Minister Hennady Udovenko has stressed Ukraine's foreign policy priority will be to improve ties with Moscow, but underlined that Russia must realize that Ukraine is its partner and not "a younger brother who will again be told what to do."[13] Russia and Ukrainian negotiators are working on a Russian-Ukranian Friendship Treaty to be signed when President Yeltsin visits Kiev in October 1994. Kiev and Moscow have reportedly agreed to work towards agreements on a customs union and a free trade area.

New Defense Minister Valeriy Shmarov is a civilian, and will continue to hold his current post as Vice Premier for military industry. Shmarov has called for closer links and military cooperation between Ukraine and Russia, noting that "all our weaponry is within the standards of former Soviet republics. We are not in a position to do otherwise. I believe there is broad scope for our various activities (with Russia) -- maintenance of equipment, spare parts, repair work, observing joint airspace, patrolling joint borders." Shmarov has also signaled that Ukraine will be more flexible in allowing Russia to have not only the lion's share of the Black Sea Fleet's vessels, but also part of its on-shore facilities.[14] However, Shmarov had also said that Ukraine has no plans to alter its current military doctrine, which says that Ukraine will not join military blocs.

Another set of reasons that may limit the extent of rapprochement with Russia have to do with Russian policy. While many foreign observers are skeptical about Russia's full acceptance of Ukrainian independence, they note that Moscow has tried to avoid destabilizing Ukraine. Meshkov's victory in Crimea was greeted with caution in Moscow, and Russian officials have steered away from involvement in Crimea-Kiev disputes, saying that the matters are Ukraine's internal affair. One reason for this caution is that if Ukraine dissolved into violence, Russian leaders would likely feel compelled to intervene militarily, which could be costly in financial and human terms, and damage

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[13] FBIS Daily Report, Aug. 29, 1994, p. 34.

[14] Pavlo Balkovsky, "New Ukraine Defense Chief Seeks Ties With Moscow," Reuters News Agency, Aug. 27, 1994, and *Financial Times*, Sept. 5, 1994, p. 2.

relations with the West. A preferable outcome for Russia would be a stable, integral Ukraine closely allied to Russia politically, economically and militarily within a strengthened CIS or through bilateral ties. But even the extent of this alliance would be limited by Russia's desire not to take on too large an economic burden. This can be seen in the case of Belarus, where efforts toward Belarus joining the ruble zone have been stalled by Russian fears about the union's expense to Russia, Belarusian disappointment about not being offered enough, and concern about the loss of sovereignty that Russia's tough terms would cause. Pro-union support in Ukraine may well decline if Ukrainians learn that Russia will not "save" them economically by giving them subsidies in the form of cheap energy or easy terms for monetary union. Of course, this current relatively pragmatic Russian policy could change in the medium to long-term if Vladimir Zhirinovsky or another extreme nationalist came to power in Russia as a result of Russia's Presidential elections scheduled for 1996 or of political instability in Russia.

IMPLICATIONS FOR U.S. POLICY

Ukraine's elections and the country's future may have important implications for U.S. policy. Two areas of special concern are the withdrawal of nuclear weapons from Ukraine and Ukraine's political stability.

NUCLEAR WEAPONS

Since 1991, U.S. policy toward Ukraine has been dominated by efforts to get Ukraine to allow removal of all nuclear weapons from its soil and to pledge to adhere to the Nuclear Non-Proliferation Treaty (NPT) as a non-nuclear state. In contrast, Ukraine has been more occupied with its economic crisis and fending off what many Ukrainian leaders perceived as increased Russian assertiveness toward the other former republics of the Soviet Union than with meeting Western nuclear disarmament goals. Accordingly, Kiev increasingly viewed the nuclear issue as a way to gain Western help on urgent economic and political problems it faced in trying to preserve its recently won independence, and delayed action on the issue in an effort to secure more Western aid, compensation and security guarantees.

A breakthrough seemed to have been achieved in January 1994, when the Presidents of the United States, Ukraine and Russia signed a statement that committed Ukraine to transfer nuclear weapons on its territory to Russia "in the shortest possible time," within the 7-year implementation period for the START I Treaty. In exchange for sending nuclear warheads on its soil to Russia, Ukraine will receive low enriched uranium for its nuclear power plants "within the same time period." The United States will buy from Russia some of the low-enriched uranium derived from the warheads and resell it on the world market. The agreement also says that once Ukraine ratifies START I and joins the NPT as a non-nuclear state, Russia and the United States reiterate their obligations under the Conference on Security and Cooperation Europe (CSCE) Final Act to

respect Ukraine's "independence and sovereignty and existing borders;" will refrain from using force, the threat of force or "economic pressure" to threaten Ukraine's sovereignty; and will confirm its obligations under the NPT to demand immediate action by the U.N. Security Council if Ukraine (as a non-nuclear NPT signatory) is attacked with nuclear weapons or threatened with nuclear attack. Through July 1994, 300 warheads were shipped from Ukraine to Russia, well ahead of the schedule of 200 warheads in the first 10 months laid down in the Trilateral Statement.

Despite initial successes, implementation of the Trilateral Statement is not an accomplished fact. First, because it is a statement signed by ex-President Kravchuk rather than a binding treaty, this agreement could theoretically be repudiated by his successor. In fact, Kuchma and Moroz support the continued implementation of the statement. After his election, Kuchma complained that little promised U.S. disarmament assistance had actually been disbursed. Parliament chairman Moroz has also criticized the slow disbursement of disarmament aid. Kuchma has criticized as insufficient the security assurances offered by the United States as part of the agreement. Finally, unlike Kravchuk (who submitted a draft resolution to the parliament on Ukraine's accession to the NPT in June 1994), Kuchma was initially reluctant to support NPT accession, saying that he would not press parliament to approve it. The new Ukrainian parliament has shown no more eagerness than its predecessor or the new President to approve the NPT. In May 1994, deputies voted to place it 79th on their agenda for the period between May and August, behind more pressing economic issues, and did not take it up in their first session.

However, after August 1994 visits by Vice President Gore and other U.S. officials pledging to speed up the dismantlement aid, Kuchma said that he will ask the parliament to support NPT accession in October 1994. However, on September 1, 1994, Boris Olinyk, chairman of the parliament's foreign affairs committee, warned that NPT ratification "won't happen so quickly. This time we have to be careful. One should not make romantic statements about a non-nuclear Ukraine when all around us are nuclear states."[15] Oliynk's statement appears to imply less a desire among members of parliament to arm Ukraine with nuclear weapons (which most observers believe is beyond Ukraine's technical, and above all, financial capabilities) than an attempt to secure more aid, compensation and security guarantees.

ECONOMIC AID AND UKRAINE'S POLITICAL STABILITY

Ukraine's elections came during a period of improving and broadening U.S.-Ukrainian relations, increased U.S. attention to the issue of Ukraine's stability, and wider recognition of Ukraine's importance to U.S. interests. Until the signature of the Trilateral Agreement, the United States tied not only dismantlement assistance and security assurances for Ukraine to progress on the nuclear issue, but aid for economic reform as well. Ukraine's collapsing

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[15] *Financial Times*, Sept. 2, 1994, p. 2.

economy and continuing trouble between Russia and Ukraine over Crimea, sparked concern that possible political instability in Ukraine could have serious negative consequences on U.S. policy in the region, including concerns about the security of nuclear weapons and Russo-Ukrainian conflict.

One way the United States could try to bolster Ukraine's stability would be by offering economic aid. Although most observers note that the success or failure of economic reform in the countries of the former Soviet Union will depend mainly on the efforts of these countries themselves, some assert that offering assistance in exchange for a commitment to a reform program could help tip the balance of forces within the country toward reform.[16] Also, analysts have noted that Western aid to encourage energy efficiency and the development of alternative sources of energy could lessen Ukraine's dependence on Russia.

During Kravchuk's visit to Washington on March 3-7, 1994, President Clinton committed the United States to provide $350 million in FY 1994 to promote reform in Ukraine. The United States encouraged Ukraine to work closely with the IMF and World Bank in order to gain financial resources to carry out a comprehensive economic reform. If Ukraine adopts such a reform program, the United States said it would "exercise leadership to mobilize additional, multilateral assistance" through the G-7. The United States and the other G-7 countries underlined their support for economic assistance to Ukraine during their summit in Naples on July 9, 1994. The final communique urged Ukraine to adopt "rapid stabilization and structural reforms, including price liberalization and privatization." If it moved forward with economic reforms, the G-7 said Ukraine could receive over $4 billion over two years to aid its reform effort. The G-7 also offered $200 million in grants and the possibility of loans by international financial institutions if Ukraine closes down the "high risk" Chernobyl nuclear power plant entirely. The funds would be used to complete safer reactors, aid "comprehensive reforms in the energy sector, increased energy conservation and the use of other energy sources."[17]

However, Western efforts to support Ukraine's stability have been hampered by Ukraine's unwillingness to embark on comprehensive economic reform. Kuchma's election as President may speed reform efforts. The IMF's managing director, Michel Camdessus, met with Kuchma on July 27. After the meeting, Camdessus announced that the IMF and the Ukrainian government will draw up a reform program for Ukraine within the next two months. If agreement is reached on a plan, the first tranche in a $700 million IMF loan could reportedly be available as soon as October 1994. Of course, there are many uncertainties about Kuchma's real commitment to reforms, and whether he can get domestic support for a reform package. Just two days after Camdessus's visit, the Ukrainian parliament voted to suspend privatization.

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[16] *Economic Crisis in Ukraine: Dangers and Opportunities* by John P. Hardt. CRS Report 94-668, Aug. 18, 1994.

[17] Ibid., p. 12.

Aside from encouragement for economic reform, the United States has tried to bolster Ukraine's stability by reaffirming its support for Ukraine's territorial integrity and independence. In a March 4, 1994 statement signed by Presidents Clinton and Kravchuk, the United States underlined that "Ukraine's sovereignty, independence and territorial integrity are of key importance to the United States."[18] During a May 1994 confrontation between the Ukrainian government and Crimea over Crimea's restoration of a local constitution aimed at reducing the central government's control over the region, a State Department spokesman underlined that "the territorial integrity of Ukraine within its present borders is something that the United States has consistently affirmed consistent with our commitments to the Conference on Security and Cooperation in Europe." He added that a letter from Secretary of State Warren Christopher was delivered to Ukrainian Foreign Minister Anatoly Zlenko which "recognized the responsible and conciliatory approach that Ukraine has adopted in dealing with developments in Crimea thus far and urged the Ukrainian government to continue to exercise restraint." The statement may have been aimed at warning Russia against exploiting the situation in Crimea and Ukraine from using force, which could spark Russian intervention.[19] The United States has also offered its good offices to help Russia and Ukraine resolve their differences.

CONGRESSIONAL CONCERNS

Ukraine has played an increasingly important role in debate over U.S. policy toward the countries of the former Soviet Union. Some Members of Congress have criticized Administration policy toward Ukraine, saying that the United States is pursuing a "Russia-first" policy that neglects the non-Russian republics (especially Ukraine, the most populous of them) and downplays Russian attempts to reassert dominance over Ukraine and other former Soviet republics. They see Ukraine as a possible bulwark against a resurgence of Russian expansionism that could threaten Central European states or U.S. allies in Europe. They say that Ukraine is not getting its fair share of U.S. aid to the countries of the former Soviet Union. Some have also criticized the strict conditioning of U.S. aid to Ukraine on resolution of the nuclear issue. Some observers point to the increasingly effective lobbying of Ukrainian-American organizations as additional reason for increased congressional attention to Ukraine. Senator McConnell, a key critic of current U.S. policy toward Ukraine, while stressing that his "goal is avoid the reconstruction of the Russian empire," also noted that Ukrainian-Americans represent "real votes in states like Pennsylvania, New Jersey and New York."[20]

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[18] Joint Statement on Development of U.S.-Ukrainian Friendship and Partnership, Mar. 4, 1994.

[19] Reuters News Agency, May 23, 1994.

[20] Congressional Quarterly Weekly Report, Aug. 6, 1994, p. 2267.

During consideration of the Senate version of the FY 1995 foreign aid appropriations bill (HR 4426), Senator Mitch McConnell said the Administration "has missed a number of opportunities to encourage economic reform and improve prospects for stability in Ukraine." He said that "NSC advisers now acknowledge that they realized last October that holding U.S. assistance hostage to the resolution of the nuclear issue was a mistake and failure." McConnell also said that the Administration approach was only to copy programs underway in Russia and not tailor a program to Ukraine's circumstances.[21] Amendments offered by Senator McConnell to the Senate-passed version of the foreign aid appropriation legislation for FY 1994 and FY 1995, included earmarks of $300 million and $150 million respectively. However, in both years these provisions were softened in conference with the House, which had not included earmarks in its bill, to say that the Administration "should" devote these amounts to Ukraine.

Senator Patrick Leahy, in defending the FY 1995 conference report softening of the Ukraine earmark, said that the Administration's Russia focus in aid was justified because of Russia's size, its position as the possessor of the largest nuclear arsenal in the former Soviet Union, its leadership role among the newly independent states and that Russia, unlike Ukraine, had embarked on economic reforms. Leahy added that an earmark would undermine the Administration's ongoing efforts to persuade Ukraine to embark on reforms, if Ukrainian leaders knew that "they are going to get the money whether they reform or not."[22]

[21] Congressional Record, June 29, 1994, p. S7876-7877.

[22] Congressional Record, Aug. 9, 1994, p. S10977, S10979.