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A Federal Model for Ukraine

By Josh Cohen

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As Russia consolidates its hold over Crimea, the world's attention has now turned to the drama beginning to play out in eastern Ukraine. In the last three weeks, demonstrations by pro-Russian groups have taken place in major cities across eastern Ukraine, and many observers believe Putin has infiltrated provocateurs from Russia's special forces and Federal Security Service to promote pro-Russian sentiment in the region.

While eastern Ukraine has historically maintained close historical, economic and cultural ties with Russia, support for secession there is not as overwhelming as in Crimea. The key for Kiev to maintain peace, security and stability in eastern Ukraine is moving toward a more decentralized, or federal, political structure is to draft a new constitution.

A federal model for Ukraine should include direct elections for governors and the limited authority on a local level to tax and spend.

There is no single best distribution of powers between centralized and decentralized federal models, but here are some guidelines:

1. Above all, Kiev should allow for the direct election of governors rather than having them appointed by Kiev, which is the current practice. At the suggestion of former Ukrainian Prime Minister Yulia Tymoshenko, who is running for president in the May election, the new government appointed two Ukrainian oligarchs to govern the regions of Donetsk and Dnipropetrovsk. This only alienates people from their local government and exacerbates the political conflict between Ukrainians and Russians in the region.

2. Some economic decision-making, such as taxing and spending, could be granted to the regions.

3. Establish Russian as the second state language. The language divide between east and west Ukraine is sharp, and it could be an explosive political factor if Kiev does not handle the issue properly. The decision of Ukraine's parliament to pass an anti-Russian language law immediately after Viktor Yanukovych fled Kiev in late February demonstrated a stunning lack of judgment. Any new constitution must reassure Ukraine's Russian-speaking citizens that this attempt to execute another "language revanche" will not happen again.

There are other countries that serve as good models of a decentralized political system for Ukraine. Although some commentators have suggested Bosnia, this is a terrible idea. Mandated by the Dayton accords of 1995, Bosnia's constitution established a very loose confederation between a Bosnia-Croat entity and a Serbian one.

Although Bosnia's political model has prevented another outbreak of sectarian warfare there, it has resulted in political paralysis, multiple overlapping government responsibilities and the creation of a country that is unified in name only. Implementing a similar structure in Ukraine would be an open invitation to further Russian meddling in the east.

The U.S. offers a better example. There, all levels of government — national, state and local — have their own tax and budget authority, and each level of government collects taxes directly. While the federal government does make some transfer payments to states, they are not required to transfer any money back to Washington.

This would be an ideal model for Ukraine's regions, as it would ensure an amount of local control over spending. U.S. states, often called "laboratories of democracy," evince huge differences in many of their budgetary and social policies. Just ask any American how different politics in Massachusetts and Mississippi actually are. At the same time, however, the federal government is still powerful. In 2013, for example, Washington collected almost $3 trillion in taxes, and the federal government maintains full control over all defense and foreign policy, as well as maintaining a monopoly on monetary power through the Central Bank.

After the May presidential election, Ukraine's highest priority should be drafting a new constitution, ideally through a constitutional convention. A countrywide referendum on the new constitution observed by international election monitors should follow.

While decentralization is not a panacea for Ukraine, some devolution of powers would

reassure Russian speakers that Kiev respects their concerns and that there is a future for them in a democratic Ukraine.

Josh Cohen is a former USAID project officer involved in managing economic reform projects in the former Soviet Union. He contributes to a number of foreign policy-focused media outlets and tweets at @jkc_in_dc

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