

# Slow Reform Sows Discontent

## CONTENTS

**Two Years after Revolution: Time to Deliver**

**Russians: Crimean Blackout, Debt Restructuring, and more Attacks in the East**

**Local Elections: More Surprises in the Mayoral Races**

**Hryvnia Weakens**

**Industrial Output Drops 5.0% in October**

**Organized Retail Trade Decline Deepens to -18.3% in October**

**Prices Fell by 1.3% m/m in October**

**Monetary Policy: Monetary Base Keeps Contracting on Delayed Public Spending**

**Fiscal Accounts: The 2015 Budget is Safe, the 2016 Budget Promises Hot Debate**

**External Accounts: CAD Widens**

**Calendar of Events**

There's been a disturbing level of discontent over the progress of reforms. We at first thought this was linked to demands for populist solutions. But local elections show that this is not so: Ukrainians are irritated that new elites are returning to their traditional corrupt ways of "doing business," and setting aside the revolution and the horrible casualties of the past two years in the process.

The epic battle over the new post of anti-corruption prosecutor is the most telling incident. This new position is perhaps the most crucial office in the anti-corruption structure the authorities have been developing for the past two years. The prosecutor is expected to prosecute corrupt high-level officials. To no one's surprise, local elites were very sensitive about who would be named to this post. So we've seen a public fight break out among civic activists, backed by foreign diplomats and the new authorities uncomfortable with the prospects of losing control over the institution. Neither side won. But the appointee doesn't look capable of engaging Ukraine's corrupt elites, so the prospects for an anti-corruption battle are very much in question >>>