

'Kuchmagate' and the Ukrainian Diaspora'
The Ukrainian Weekly
23 and 30 December 2000

Recent events should force us to sober up to the fact that nearly a decade after Ukraine became an independent state that what is being built in Ukraine is very far from the ideals that the diaspora holds dear. Former Prime Minister Pavlo Lazarenko's theft of millions, the terrible crime by deputy Viktor Zherebtsky of the theft of German government compensation for Ukrainian slave laborers and now 'Kuchmagate'.

Just how many more scandals are needed before the diaspora wakes up to what is going on in Ukraine? It is time to realize that the main threat to Ukraine's independence rests not with an external country (Russia) - but internally from Ukraine's own Lukashenka.

Latin Americanization

We receive disturbing news on a daily basis of what kind of regime has been built in Ukraine under President Leonid Kuchma since 1994. The picture we are obtaining is, without any exaggeration, truly shocking. An officer in the Presidential Guard (a department of the Security Service [SBU]), 34-year old Mykola Melnychenko from Kyiv *oblast*, who is now living in fear of his life in an undisclosed EU country, has revealed that the Ministry of Internal Affairs (MVS) has a special purpose unit called 'Eagles' (Orly) whose services are called upon to do 'dirty' work. The Presidential Guard have confirmed that Melnychenko worked for them for three years until early November when he resigned. The MVS does have a special purpose police unit 'Berkut' (Golden Eagle) which has an unsavoury reputation; its unit broke up Patriarch Romaniuk's funeral procession in June 1995 in Kyiv. It is unclear if 'Orly' and Berkut are linked.

Oleksandr Moroz, former parliamentary chairman and Socialist Party leader, and non-left deputies, such as Serhiy Holovatiy, former Minister of Justice, now allege that 'Orly' were involved in organizing a car 'accident' for Rukh leader Viacheslav Chornovil in March 1999. Although few of us knew Gongadze the diaspora is well acquainted with Chornovil's struggle for national and human rights in Ukraine since the 1960s. Dmytro Ponomarchuk, whom I met in August in Kyiv and who is the only survivor of the car crash, has always been convinced that it was not an 'accident'. Chornovil died only a month after publicly announcing that he would not support Kuchma in the October 1999 presidential elections. His death split Rukh to this day and neutralised any center-right threat to Kuchma's bid for re-election. Hennadiy Udovenko, one of the leaders of Rukh, has demanded that the parliamentary investigation into Chornovil's death be re-opened.

If the existence of 'Orly' proves to be true it will not come as too surprising. In November an anonymous letter from a Belarusian KGB employee to the independent news agency Belapan also revealed that the Belarusian presidential administration had a similar special purpose unit entitled 'Almaz' that was involved in the murder of Russian Public Television (ORT) cameraman Dmitry Zavadsky and opposition politician Viktor Gonchar.

And yet we had thought that Ukraine was not Belarus! While Alyaksandr Lukashenka was introducing a neo-Soviet regime, suppressing political freedoms, imposing a command administrative economy, continuing russification and seeking reunion with Russia President Kuchma talked about creating a democratic market economy and returning Ukraine to 'Europe'. In reality Lukashenka was being the more honest of the two: what he said he was going to do he has undertaken while Kuchma has consistently done the opposite. As the respected Kyiv weekly *Tserkalo Tyzhnia* (2 December) put it: 'Ukraine is now being determinedly transformed into a second Belarus, and this transformation is being furthered not only by the authorities but also by society. The most significant difference between Ukraine and the neighboring state is our hypocrisy: we continue to make pretensions of decency, while they in Belarus have long ago ceased to bother themselves with such attempts'. Of course, President Kuchma should be given the benefit of 'innocent until proven guilty'. Unfortunately though, his actions since the allegations were first made on November 24 have not been those of an innocently accused man. It took him twelve days to make an official reply on Ukrainian TV and he has sought to not deal with the allegations per se, but to blame them on a conspiracy by domestic opponents and foreign intelligence services intent on destabilising Ukraine. Deputies were illegally searched and video evidence they had with them was purposefully damaged at Borispil airport. The media are prevented from publicising the issues: the SBU are ordering printing houses to halt the publication of newspapers while the tax police have launched 'investigations' into independent media. Radio Liberty confirmed that their Ukrainian partners have been targeted by the tax police.

Kuchmenistan

Not surprisingly 'Kuchmagate' has revealed many aspects to the Ukrainian state which the authorities would prefer to be kept quiet. In a recent World Bank Policy Research Working Paper 2444 they discussed why countries such as Ukraine had stagnated. Their conclusion was that these countries had been 'captured' by oligarchs and other corrupt elites who ran the country for their own narrow interests. In a comparison of 'state capture' Ukraine is one of the highest. The World Bank found that the oligarchs shaped the policy making, regulatory and legal environments to their own advantage at the expense of the rest of the economy and population.

The capture of the Ukrainian state by a small corrupt elite has led to four ramifications. Firstly, the economy is kept in a partly reformed state suspended between communism and capitalism. This is favored by the oligarchs and elites who are highly conservative and in favour of the status quo. They devise ever new phrases to describe its benefits: since 1995 Ukraine's elites have talked of taking a mythical 'third Ukrainian path' and a multi vector foreign policy, both of which have only led to stagnation. Secondly, economic growth is stifled. In Ukraine this has meant that the socio-economic crisis has been prolonged unnecessarily. Half of all GDP is produced in the shadow economy which is preferable to those who have captured the state. High levels of bureaucratic

corruption and criminality, the World Bank believe, are directly related to the capture of the state by a small group of corrupt elites which leads to widespread poverty of the population and stagnation of society. Thirdly, the social consequences are huge. The state cannot provide social services to the population, or pay wages, pensions and social welfare benefits. Finally, these policies stifle democratisation because they create a corporatist state through Latin Americanization that stifles civil society.

It is therefore not surprising that Ukraine's civil society is so weak. As two of Ukraine's leading sociologists, Valery Khmelko and Volodymyr Paniotto (International Institute Sociology, Kyiv Mohyla Academy), have pointed out that the state bureaucracy in Ukraine is a 'state racket', interferes more than in the late Soviet era, stifles private enterprise and initiative and suppresses the growth of civil society by making sure that the population is preoccupied with daily survival. They conclude, 'That is why the majority of social institutions that we have are in effect of a very deformed type' (*Den'*, 9 December). Despite nearly a decade of democratisation in Ukraine its civil society, measured in terms of the population involved in NGO's, has not increased but actually declined from 15 in 1991 to 12% now. 95% of the population are so atomized that they will not take part in politics, even if their rights are infringed (*Den'*, 24 October).

State capture by Ukraine's oligarchs has led to widespread corruption in Ukraine. In a recent study of 90 countries by Transparency International Ukraine was ranked the third most corrupt in the world. Russia was ranked 82nd, only five places better than Ukraine's 87th, while Belarus was far better at 43rd! This corruption is particularly severe in the energy sector where oligarchic interests struggle against those of reformer-derzhavnyky. The much touted Odesa oil terminal, which will remove Russia as Ukraine's supplier of oil, is still only a quarter built after seven years. Prime Minister Yushchenko supports this project to reduce Ukraine's dependency on Russian energy. Meanwhile, the oligarchs prefer to maintain energy links with Russia because that is how they have made most of their illegal income, the debts for which have been passed to the Ukrainian state. A Russian newspaper *Segodnya* (27 November) claimed that the Kharyzsk pipe manufacturers, controlled by the Pinchuk-Derkach clan with close family links to President Kuchma, have been offered the contract to build the gas pipelines that will bypass Ukraine through Belarus to Europe. Even though, as Prime Minister Yushchenko has openly admitted, this will harm Ukraine's national security one oligarchic group with close connections to the president will nevertheless personally benefit. This is another example of personal interests being placed above those of the Ukrainian state.

The struggle for survival and economic stagnation corrupts the entire population because illegal activities are often the only manner in which to survive. It also corrupts values and morals, making it impossible to build a new national identity and political culture for a democratic state with the rule of law. As society has become increasingly atomised support for reform has, not surprisingly, declined during the 1990s from 78 to 54% (*Den'*, 9 December). Support for a multi party system has declined during the same period from 60 to 30% (*Den'*, 24 October).

As society has stagnated this has increased its disrespect for the rule of law and

legislation (after all, if the vlada can do anything why can' we?). Anything is therefore allowed; hence, its not surprising that a recent poll found that two thirds of Kyivites were not surprised at the revelations about Gongadze's death and President Kuchma's alleged involvement.

This 'lumpenisation' of society, Professor Anatoliy Hal'chyns'kyi believes, has led to the marginalization of the intelligentsia and the social degradation of society (*Den'*, 7 December). The majority of the population are removed from state and official policies which are being implemented by a small group who have captured the state. This has increased the inferiority complex, creating 'Little Ukrainians' and promoted widespread apathy. Taras Chornovil says that western Ukraine has not escaped this degradation: 'The fact that even in Western Ukraine the people are voting for oligarchs, selling their votes for a few hryvni reflects an on-going process of denationalisation of culture and language of the population' (*Den'*, 7 December).

And this in a independent Ukrainian state!

Not only are there accusations that the president ordered the assassination of the journalist, Heorhiy Gongadze, but that the state apparatus (the Tax Administration, judiciary, Security Service, Ministry of Internal Affairs, etc.,) have been involved in the implementation of an authoritarian regime. The Tax Administration is under the control of the presidential administration and Prime Minister Yushchenko has demanded that it be placed where it should be: under the Ministry of Finance. The SBU officer who taped Kuchma's conversations is set to reveal other material which describes how he ordered the taping of opposition politicians and deputies, the suppression and closure of newspapers and NGO's. This harassment of the media, the subject of Council of Europe deliberations, is continuing in Kyiv and outside. Last year President Kuchma was placed in the top ten of the world's leaders who suppressed press freedom by the Committee to Protect Journalists and, although this might be surprising to many readers of the *Ukrainian Weekly*, Russia under Vladimir Putin has a greater number of independent media than Ukraine. The SBU officer also claims that he has evidence that President Kuchma falsified the 1999 presidential elections and the April 2000 referendum (the official results of the latter have always been suspect). A benefit of 'Kuchmagate' is that the referendum results are now unlikely to be implemented as deputies are not going to support even greater presidential powers and the reduction of parliament's influence when it is the only body halting Ukraine's slide towards a Belarusian-style regime.

These authoritarian measures reveal that during the second half of the 1990s President Kuchma became beholden to, or led, a small group of oligarchs. They captured the Ukrainian state and milked it for all its worth while ignoring the plight of the rest of the population.

Oligarchs versus Reformers-Derzhavnyky

It is not surprising that these oligarchic groups (as well as Yevhen Marchuk, whom many in Ukraine and the West surprisingly supported during the last presidential elections) are now so hostile to Prime Minister Viktor Yushchenko's government. This government is Ukraine's first reformist government and it is no

coincidence that it has a centre-right (i.e. national democratic) profile. Why? Because it has long been evident that reform is only successful in post-communist countries (e.g. the Baltic states) where civic nationalism and reform are combined. The problem in Ukraine is not that there is too much nationalism, as the Western media often write, but that there has been too little civic nationalism (or, if you prefer, patriotism). In contrast to all of Ukraine's previous Prime Ministers (Fokin, Kuchma, Zviahivsky, Masol, Lazarenko, Marchuk, Pustovoitenko) Yushchenko is Ukraine's first true reformer-derzhavnyk who has no interest in personal enrichment. That is why he is both detested and misunderstood by Ukraine's oligarchs.

Six years of rule by a cosmopolitan, denationalised president and oligarchs devoid of any civic nationalism or patriotism has led Ukraine to ruin. President Kuchma himself admitted in October at a Kyiv conference that the oligarchs had become a threat to the Ukrainian state. What he forgot to admit was his responsibility for having helped to create them and allowed them to flourish. One of the top oligarchic groups is, after all, led by Andriy Derkach (son of the head of the Security Service Leonid Derkach) and Viktor Pinchuk, the President's son-in-law. Its business interests, to which President Kuchma is indirectly linked, include pipe manufacturing (see earlier).

President Kuchma's state of the nation speech on November 16 showed to what degree he believes in state control rather than reform. Strengthening the state and control from the top down has priority over political-economic reform. The only way out of the abyss that he has led Ukraine into is allegedly greater state (presidential) control of Ukraine. To put it in simpler terms: if President Kuchma gets his way then Ukraine will be transformed into a Belarusian-style regime.

The Diaspora and Ukraine

It is not certain how 'Kuchmagate' will end. President Kuchma's televised speech on December 6 warned about the threat of 'chaos' looming in Ukraine. It is interesting to note that it is the revelations about himself that are supposedly the threat to Ukrainian stability, not his alleged illegal actions which should be the real cause for concern.

Particularly ominous was a presidential decree dated 17 October (no.1138/2000) on the Ministry of Internal Affairs. One article within the decree demanded that the Ministry ensure high military and mobilization preparedness for its personnel and internal troops to take part - if the need arose - in imposing a extraordinary state of emergency. The National Guard, which had been under joint parliamentary and executive control since its creation in 1991, was disbanded in December 1999 and its elite units transferred to the Ministry of Internal Affairs internal troops and the armed forces. It is not beyond the bounds of possibility that to escape from prosecution President Kuchma could impose a state of emergency, introduce a Belarusian-style regime and openly become Ukraine's Lukashenka. This is, after all, what he believes is best for Ukraine. Rada insiders have revealed that in the first half of December the MVS have been putting together contingency plans to impose a state of emergency that would include the disbanding of the Rada and media censorship.

Ukraine's only chance to escape from its current crisis is to ensure that the state is returned to its rightful owners, the people, and the oligarchs capture of the state ended. Ukraine's continued stagnation in its 'third way' and 'multi vector' domestic and foreign policies is preventing integration into the West, despite all the rhetoric about 'returning to Europe'. Russia is only therefore too happy to see these policies continue because sooner or later Ukraine will have only one place to go, back to Eurasia with Kuchma as Ukraine's Lukashenka.

Prime Minister Yushchenko's government's support for transparent, non corrupt political and economic reform, nation and state building will ensure that Ukrainian society will be transformed along lines the Ukrainian diaspora recognize. Within one year the Yushchenko government has improved the economy and paid off wage, pension and other arrears. An important aspect to this process, Professor Hal'chynsky believes, will be the creation of a Ukrainian middle class which supports the national interests of the state, rather than the unpatriotic corrupt, parasitical oligarchs. It should be therefore supported by the Ukrainian diaspora. But, surely it is time to drop any illusions we may have had about President Kuchma whose record in office scholars will describe in future years as an unmitigated disaster for Ukraine. The diaspora should support reformers-derzhavnyky, who will integrate Ukraine into 'Europe' and strengthen statehood - not President Kuchma or the anti-state oligarchs whose continued misrule over Ukraine means, 'we can forget about Europe for a long time, returning instead to the Slavic union. The union of outcasts' (*Tserkalo Tyzhden*, December 2).

President Kuchma will never be able to return Ukraine to 'Europe' as his actions would never be accepted there. The diaspora has no choice therefore but to abandon any illusions it has about Kuchma, stop supporting him and instead throw its backing behind Prime Minister Yushchenko and his supporters in the Rada.