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### Guest post: Viktor Yanukovich – Mr 50 Per Cent

Mar 24, 2014 6:26pm by guest writer

By Taras Kuzio



Viktor Yanukovich has been a state official all his working life, first in transport, then as a regional governor of Donetsk, twice as prime minister under presidents Leonid Kuchma and Viktor Yushchenko and finally as president. Corruption has always plagued the Ukrainian

state but the extent of rapacious greed fundamentally increased after Yanukovich was elected. He and Nikolai Azarov, his prime minister, did not focus on economic growth but on asset stripping and corporate raiding.

Yanukovich's aims were to stay in power as long as possible, become Ukraine's wealthiest individual and establish a monopoly of economic and political power. His subsidiary objectives were to promote his eldest son Oleksandr and build up an alternative clan dubbed 'The Family' from his hometown of Yenakiyevo in the Donetsk region, that would make him independent of Donetsk oligarchs and gas tycoons.

Towards these aims and objectives Yanukovich continued the 50 per cent rule he had developed with Donetsk businessmen, which helped them to become wealthy oligarchs. Yanukovich provided a political *krysha* (the word for roof but here understood as criminal slang for protection).

The Party of Regions became popular after the Orange Revolution for former Kuchma era officials and oligarchs who wanted protection, initially from the Yushchenko election campaign slogan of 'Bandits to prison!' and then from Yulia Tymoshenko's anti-elite populism. It would indeed be unusual for Yanukovich not to expect tribute in return for facilitating the enrichment of members of his Donetsk clan.

Documents found in Yanukovich's ostentatious Mezhihirya palace, first-hand evidence from businessmen who had been corporate raided and interviews provided by business leaders all point to his long-established rule of a 50 per cent tribute in return for providing a *krysha*. After Yanukovich fled Ukraine, Dmytro Oliynyk, the deputy head of the executive council of the Federation of Employers of Ukraine spoke about the 50 per cent rule having become the norm 'in recent years'.

"We understand that businesses are often subject to extortion by officials, but when businesses refuse to satisfy the unlawful demands of the authorities to join with them in a corrupt conspiracy, then corruption as a social evil in business affairs and in the country as a whole will be defeated," Oliynyk said.

Yanukovich's 50 per cent rule requires us to change our analysis of how corruption operates in Ukraine's byzantine political system in three ways.

First, it shows the extent to which business, politics, corruption and law

enforcement are closely bound together in a nexus that emerged in the 1990s. This nexus was especially deep in Donetsk, where criminality and murders were second in number only to the Crimea.

Control was easily maintained over the ex-Soviet militia that had been corrupted during the 'era of stagnation' of Soviet leader Leonid Brezhnev and his successors during the 1970s and first half of the 1980s. The elitist KGB was more difficult but some officers were co-opted by new criminal and business masters, which in the 1990s were one and the same, becoming heads of security for oligarchs.

The prosecutor-general's office was quickly taken over by the criminal-business nexus and they covered up massive looting of the former Soviet state and assassinations. These regional prosecutors moved to Kiev after Yanukovich was appointed prime minister in 2002, where they took control of the prosecutor-general's office. They decided who could and would not be prosecuted in the 'blackmail state'.

Second, the assets that routinely declared for Ukraine's oligarchs, among the richest men in the world, are not all their own. Big business in Ukraine is so closely tied to politics that oligarchs bank the assets of politicians because state officials cannot be involved in business affairs.

During Yanukovich's four-year presidency, the main recipients of government tenders and insider privatisations were 'The Family', including Oleksandr Yanukovych and front man Serhiy Kurchenko, and their associated oligarchs. A Party of Regions statement on February 23, just after Yanukovich fled Kiev, admitted that "a Party with a million members actually became a hostage of one corrupt Family." Oleksandr Yanukovich and Kurchenko, with Yanukovich and others, are on a western sanctions list and their assets are frozen.

Third, Mr 50 Per Cent and his administration were not just corrupt but expanded the gangster state they had built in Donetsk in the 1980s and 1990s to the national level. In early 2010, US diplomatic cables described Russia as a 'virtual mafia state' and Ukraine as becoming one, which turned out to be prophetic. The Party of Regions lamented the "empty treasury, huge debts, shame in the eyes of the Ukrainian people" without accepting responsibility for being a central cog in the mafia machine that had permitted this asset stripping to take place.

Ukrainians went to the Euromaidan for many reasons; one of these was to remove the 'virtual mafia state' that Mr 50 Per Cent, was building. As the mafia regime disintegrated Yanukovich fled and the Crimea, run by leaders such as Sergei Aksyonov (whose nickname is the 'Goblin'), seceded from Ukraine. In both cases they were running away from the European values in the Association Agreement signed by Euromaidan leaders with the EU on March 21.

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