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POLITICS

Seven reasons why there can be no return to business as usual

21.11.2014 | 11:21 Taras Kuzio

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Why are political leaders from both the People's Front (NF) and Petro Poroshenko bloc (PPB) both eager to include Oleh Liashko's Radical Party in the new parliamentary coalition? Everybody after all knows it is a virtual political "party" that is funded by the gas lobby and former President Viktor Yanukovich's Chief of Staff, Serhiy Leyovochkin.

A parliamentary majority coalition with only NF, PPB, Samopomich and Batkivshyna would be sufficient to introduce reforms and fight corruption. The addition of the Radical Party to create a constitutional majority does not strengthen the ability of the president, parliament and government to introduce reforms and fight corruption.

Why is the inclusion of Liashko – who is ridiculed in Ukraine and abroad as clown and by some human rights organizations as having infringed human rights during his raids into eastern Ukraine – viewed by the NF and PPB as so important?

After all, the disadvantages of including Liashko in a pro-European parliamentary coalition are obvious and his financial and political backers will not agree to the Radical Party joining the parliamentary coalition without receiving something in return. There is no free lunch in Ukrainian politics.

The gas lobby is inevitably demanding immunity for prosecution for their leaders as the price for the Radical Party joining the coalition. Yuriy Boiko, leader of the Opposition Bloc, is a prime candidate for immunity.

Boiko, who was to be arrested and criminally charged in 2005 at the behest of the SBU under Oleksandr Turchynov, may again not be criminally charged. In 2005, it was the intervention of the lyubi druzi (who then included National Security and Defence Council secretary Poroshenko) who intervened to prevent Boiko's arrest. It would seem history maybe repeating itself again.

Another demand from the gas lobby will be to pressure the United States to halt its legal process to have Dmytro Firtash deported from Austria to stand trial. Firtash – rather than Poroshenko – wanted their March meeting in Vienna to be made public to send a signal to the United States that he has friends in high places in Ukraine. This, coupled with attempts by Leyovochkin to whitewash his image in Washington DC (<http://www.thedailybeast.com/articles/2014/10/25/ukraine-s-elections-the-battle-of-the-billionaires.html>), show to what degree Ukraine's elites continue to not understand the manner in which the Western political and legal systems operate.

Backroom deals with the gas lobby on behalf of the Radical Party show to what degree Ukraine's elites prefer to operate in the Byzantine murky world of Eurasian politics and still do not grasp how Ukrainian society has fundamentally changed. Ukraine's president and government continue to remain under seven illusions.

Firstly, Ukrainian politicians exaggerate Ukraine's geopolitical importance to the West believing it will never let Ukraine default and end up as a failed state. This view leads to an assumption that free lunches remain available and Ukraine can receive Western financial assistance but get away with choosing which reforms to do and which to ignore. No Ukrainian government has ever fulfilled in entirety an IMF agreement.

Secondly, Ukrainian leaders are not cognizant of Western skepticism of Ukrainian leaders ability to pursue reforms and especially to fight corruption. This mirrors skepticism found in Ukrainian society in the ability of Ukrainian politicians to move from rhetoric to action.

Thirdly, there continues to be a weak understanding of the close links between corruption and national security. Ukraine could have a far healthier budget for example if the shadow economy was reduced from its stable fifty per cent of GDP, there was a halt to the export of

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capital to offshore tax havens by big business and corrupt officials and all Ukrainians began to pay taxes. Closing these loopholes would in turn reduce Ukraine's dependency on international financial institutions. Increasing domestic household gas prices and eliminating corruption in the energy market in turn would enable Ukraine to be self-sufficient in (natural and shale) gas and therefore no longer reliant on Russian imports. Kyiv's relationship with Moscow would then fundamentally change and Ukraine with control of gas pipelines would be in a stronger position than Russia. Ending energy corruption would also reduce the influence of the gas lobby in Ukrainian politics. A third example is Western military assistance: Transparency International ranks Ukraine the most corrupt country in Europe and this impacts upon decisions by Western governments to support Ukraine militarily. The Ukrainian diaspora also espouses fears that funds collected for the Ukrainian military will not reach its intended destination.

Fourthly, Ukrainian leaders have been unwilling to implement either the Orange Revolution slogan "Bandits to Jail!" and to issue an amnesty to oligarchs (or a combine a mixture of the two policies). The Ukrainian military and volunteer battalions need funds that could be obtained from two sources, the first from oligarchs who could be criminally charged and their assets seized as well as from other oligarchs who because of their patriotism have been amnestied but asked to pay a one-off tax. Vladimir Putin resolved his relationship with Russian oligarchs fourteen years ago but Ukrainian leaders are still hesitant and there is skepticism that President Poroshenko and Prime Minister Yatseniuk could support criminal prosecutions of oligarchs they once worked with and benefitted from.

Fifthly, Ukrainian leaders continue to live in a surreal world where they seem to believe they have all the time in the world. There is irritation in Washington D.C. and Brussels that Ukrainian leaders believe they have time to hold lengthy coalition negotiations to divide up cabinet positions while the economy and financial situation rapidly deteriorates. Ukrainian leaders, particularly the president, has only up to two years to produce results and if these are not forthcoming there will be a resumption of Ukraine fatigue in the West and curtailment of Western financing without which Ukraine would be bankrupt.

Finally, Ukrainian leaders emerged from the Euromaidan and do not envisage that a future Maidan could appear directed at them. Thinking in such a way they have forgotten how Viktor Yushchenko received a miserable five percent support in the 2010 elections earning a highly negative place in Ukrainian history. The situation is far more dangerous than in the past as there are a lot of weapons and military equipment that volunteers and civil society have had to buy to fight Donbas separatists. Ukrainian volunteers saved Ukrainian independence without the assistance of the state that has for decades not provided adequate funding to the military and acting against the national security interests of Ukraine disbanded the National Guard in 2000. Volunteer battalion commanders have been elected to parliament where they will not remain silent in the face of a lack of political will to tackle corruption.

Taking into account the above seven illusions do the president and government understand that there cannot be business as usual? Unfortunately not.

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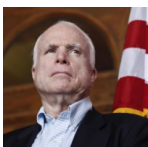
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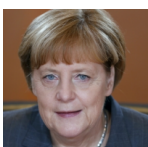
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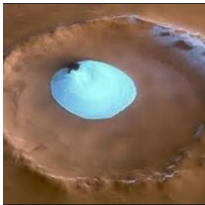
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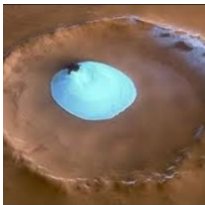
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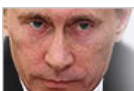
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