

END NOTE

CORRUPTION AND DEMOCRATIZATION IN THE CIS

By Taras Kuzio

In the Commonwealth of Independent States (CIS), leaders are afraid of being out of power. The reason is their high-level involvement in corruption during the "economic reform" of the 1990s. Being out of power means revenge by the newly elected opposition, a re-division of accumulated assets or, worse still, the application of anticorruption legislation. In both Russia and Ukraine, the authorities and the opposition have attempted, without much success, to assuage fears that privatization conducted in the 1990s will not be re-opened for corrupt dealings.

There is a close link between the deterioration of democratization in the CIS, the creation of hybrid regimes by elites who have "captured" the state, and corruption. Of the 12 CIS states, only two countries are exceptions to this link: Belarus and Moldova, led by neo-Soviet and communist leaders.

Belarus is led by President Alyaksandr Lukashenka and is, according to the Transparency International corruption watchdog, the least corrupt state in the CIS in 53rd place out of 133 countries (where 1st is the least corrupt). Why? Because Lukashenka has not allowed "economic reform" to take place and therefore no group of oligarchs have arisen who could then undertake "state capture."

Lukashenka's hint that when his term in office expires in 2006 he will contemplate running for a third term (which would require constitutional changes) has more to do with his authoritarian streak than a fear of being out of power because of corruption.

Moldova is the only country where communists have been re-elected to power. The Moldovan communists remain the countries' most popular force despite Moldova being Europe's poorest country. Yet these leaders are seemingly not corrupt and are not backed by oligarchs who simply do not exist in Moldova. One reason Moldova's communists do not fear being out of power is because there is no evidence of corruption within their ranks. Fear of being out of power by corrupt CIS leaders tends to breed authoritarianism.

In the remainder of the 10 CIS states, the link between democratization and corruption is more evident. All five Central Asian states have undertaken referendums to prolong their presidents' terms in office: Turkmenistan (1999 for life), Kazakhstan (2000), Uzbekistan (2002), Kyrgyzstan, and Tajikistan (2003). In Belarus (2001) and Armenia (2003) presidential elections were not held in a free and fair manner.

In Russia (2000) and Azerbaijan (2003) presidential elections were organized successions from prime minister to president. In Azerbaijan, the succession of father to son (Heidar to Ilham Aliyev) was the first dynastic succession in the CIS, making the country more akin to North Korea or Syria.

In Russia, President Vladimir Putin was Boris Yeltsin's chosen successor in the first of such organized successions in the CIS. Putin granted Yeltsin immunity from prosecution in return for him staying out of politics. The deal has held.

Such a deal could be a model for other CIS states, such as Ukraine. But, what is needed for such a deal to remain stable is a degree of trust on both sides. Putin's background in the KGB and its successor, the Federal Security Service (FSB), probably facilitated this. A second factor was the degree of "crimes" that Yeltsin was accused of (and thereby required immunity for).

In Ukraine, two of the three leading candidates (reformer Viktor Yushchenko and communist Petro Symonenko) are not from security-service backgrounds and are distrusted by Kuchma. A second complicating factor is the far larger degree of revelations about illegal activities that Kuchma is accused of involvement in. For example, despite periodically replacing the prosecutor-general, no progress can be expected in a resolution of the murder of opposition journalist Heorhiy Gongadze in fall 2000 until after Kuchma leaves office in November 2004.

In Russia, an understanding in 2000 between Putin and representatives of big business allowed the oligarchs to maintain their wealth in return for staying out of politics. Businessmen Boris Berezovskii and Vladimir Gusinskii were forced to flee abroad in late 2000 (following a precedent set by Ukrainian Prime Minister Pavlo Lazarenko the year before). Berezovskii funded from exile the Liberal Russia party, NGOs, and media outlets. The oil concern Yukos funded Yabloko and the Union of Rightist Forces. Neither of these three reformist parties poses a serious challenge to Putin.

The dramatic arrest of Yukos CEO Mikhail Khodorkovskii in fall 2003, only three months before parliamentary elections, has shown the instability of any deal between a new president and established oligarchs. Whereas it is in the interests of an outgoing president to go silently into "retirement" in return for immunity, the oligarchs are younger, dynamic, and self-confident, and therefore more unwilling to stay aloof from daily politics.

The attack on Yukos therefore has little to do with combating corruption, but with selective law enforcement, which is also used in other CIS states against political opponents. Putin is not launching a drive against the oligarchs. If this were the case, another highly wealthy oligarch, Roman Abramovich, governor of the Chukotka Autonomous Okrug and new owner of London's Chelsea soccer club, would also be imprisoned.

The link between corruption and democratization in the CIS was not an issue in the 1994 Ukrainian or 1995 Georgian presidential elections because privatization had not yet begun and the oligarchs were not yet the presidents' power base. In 1994, outgoing Ukrainian President Leonid Kravchuk had no need to seek immunity from prosecution (which he still does not possess and has never sought). Immunity has only become an issue for the 2004 and 2005 Ukrainian and Georgian elections because Kuchma and Georgian President Eduard Shevardnadze are both ending their second terms in office after a decade of corruption, privatization, and being allied to oligarchs.

The last two CIS states that are still to hold presidential elections are Ukraine and Georgia. The executive did not permit free and fair parliamentary elections in March 2002 in Ukraine and in November 2003 in Georgia. This would lead us to be pessimistic about the possibilities of them holding free and fair presidential elections in Ukraine and Georgia in 2004 and 2005 respectively because the stakes are too high for themselves and their oligarchic allies.

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