

IS there another maidan brewing in Ukraine?

By Josh Cohen

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SINCE the parliamentary elections in October and recent events in eastern Ukraine, the Ukrainian people have been largely focused on the perceived external enemy in Russia. At some point, however — especially if the Minsk II cease-fire continues — Ukraine's citizens will turn their gaze inward toward Kiev — and they might not like everything they see.

Ukraine's economy is currently in a state of collapse. After shrinking 7.5 percent last year, Ukraine's economy is now projected to contract by another 6 percent in 2015. Not surprisingly, the effects of Ukraine's economic problems are largely borne by ordinary people.

The average monthly salary at current exchange rates is only \$170, and headline inflation is nearly 30 percent. Even worse, according to a study by the Cato Institute, when the collapse in the value of Ukraine's currency is taken into account, the real inflation rate is 272 percent — meaning that Ukraine is at risk of experiencing hyperinflation that would devastate Ukrainians' spending power.

Unfortunately, these numbers may not even tell the full story of what Ukraine's people are facing. As a result of a stringent austerity program mandated by the International Monetary Fund, Ukraine's parliament has already enacted sharp cuts in pensions and other social income support expenditures for retirees and public employees, frozen Ukraine's minimum wage and cut public sector wages.

Meanwhile, in the energy sector, the price of gas used by consumers is expected to triple, which threatens to make gas and utility bills — not to mention basic necessities — unaffordable for millions.

The flip side of this is that Ukraine's citizens will want to see real improvements come out of these painful reforms, particularly in the fight against the corruption that Ukrainians see on a daily basis. Ukraine was judged by anti-corruption NGO Transparency International to be the most corrupt country in Europe in 2013 and a key impetus for the Maidan revolution was the desire to bring an end to what had become a predatory mafia state.

Unfortunately, however, progress in the fight against corruption remains uneven at best. In August 2014 Tetiana Chornovol, one of Ukraine's most prominent anti-corruption advocates, resigned as head of the government's National Anti-Corruption Committee. In a widely read article on the website of *Ukrainska Pravda* titled "Goodbye Cabinet of Ministers," Chornovol slammed the post-Maidan government, asserting that "there is no political will in Ukraine to carry out an uncompromising, large-scale war against corruption."

By all accounts, while the government is no longer blatantly run as an organized mafia state, corruption remains endemic throughout Ukrainian society. In a recent interview with Ukraine's *EMPR Media*, Tomas Fila, head of the European Business Association, asserted that the post-Maidan ruling parties continued to remain involved in corrupt activities.

Fila's concerns are demonstrated by the scandal surrounding Ukraine's tax service. Amid much fanfare, 36-year-old investment banker Igor Bilous was appointed to head the tax service in March 2014. Bilous epitomized the type of young reform-oriented activists of the Maidan protests. Less than a year later, however, Bilous was fired amid allegations that his inspectors were colluding with police and prosecutors in a variety of corrupt schemes.

This is not to say Kiev has taken no steps to fight corruption. Ukraine has created a new anti-corruption law enforcement bureau which will operate as an independent national law enforcement agency with authority to investigate government officials at all levels from the president on down. Government officials are also now required to annually disclose financial information that will be publicly accessible. These steps have the potential to help.

The challenge is one of perceptions. According to a survey by the Kiev International Institute of Sociology (KIIS), a wide majority of Ukrainians believe the level of corruption has either not improved or even gotten worse. "90 percent of people are dissatisfied with how Poroshenko has performed in the fight against corruption," said KIIS general director Volodymyr Paniotto.

The risk is that Ukrainians will be much less inclined to suffer economic austerity themselves if they believe that government officials are carrying on with business as usual. Volodymyr Ischenko, who studies social protest movements in Ukraine at the Center for Social and Labor Research in Kiev, has already observed rumblings of social and economic discontent within Ukrainian society.