
Blackmail as a Tool of State Domination: Ukraine under Kuchma

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Blackmail

1. Historically: A tribute formerly extracted from farmers and small owners in the border counties of England and Scotland, and along the Highland border, by freebooting chiefs, in return for protection or immunity from plunder.
2. By extension: Any payment extorted by intimidation or pressure, or levied by unprincipled officials, critics, journalists, etc. upon those whom they have it in their power to help or injure. Now usually a payment extorted by threats or pressure, especially by threatening to reveal a discreditable secret.

Oxford English Dictionary, Third Edition

Ukraine, like most other post-Soviet states, was generally depicted in the 1990s as weak, fragmented, and facing a crisis of state building. (An important exception is Lucan Alan Way, "Bureaucracy by Default: Budgetary Politics and the Post-Soviet Ukrainian State" [Ph.D. diss., University of California Berkeley, 2000].) High levels of corruption were assumed to be a sign that the state was incapable of enforcing the law and had been captured by an oligarchy of private interests. Similarly, the slow pace of economic reforms was generally attributed to the relative weakness of the presidency in its relations with the communist-dominated parliament. In recent years, many policymakers have expressed hope that the further transfer of authority from the parliament to the president would break the deadlock preventing the implementation of reforms and lead to the creation of a state strong enough to enforce the law. By the end of the decade, calls for a stronger, more centralized state to stamp out corruption and impose market reforms had become a chorus among Western observers.

It is the contention of this essay that the Ukrainian state, and the presidency in particular, is not weak, but that many of its capacities are exercised through informal mechanisms of control that, until recently, have been hidden from view. Drawing on recently released recordings, reportedly made in the office of President Leonid Kuchma by an officer in his guard service, I will explore one of these mechanisms: the widespread and systematic use of blackmail by the organs of the state as a way to establish political control. The new evidence suggests that pervasive corruption, combined with extensive surveillance by the state and the collection of evidence of wrongdoing, has provided the basis for the Ukrainian leadership to use blackmail systematically to secure compliance with its directives. Corruption, rather than a sign of state weakness, is an essential element in an informal technique of presidential control in Ukraine and other post-Soviet states.

This essay proceeds in three parts. I first outline the basic mechanism by which blackmail serves as an instrument of presidential control. Then, drawing on the newly released recordings, I provide suggestive evidence that blackmail has played a central role in securing presidential control over the so-called oligarchs, over the heads of enterprises and collective farms, and in compelling state officials to secure Kuchma's victory in the 1999 presidential election. Finally, I suggest that this system of rule is likely to be sustainable and, without pressure from the international community to divide rather than concentrate the powers of the state, it will be difficult for opposition forces in Ukraine to cast off this system in the foreseeable future.

Blackmail as an informal mechanism of control

Blackmail, as an instrument of state control, relies on three basic elements. The first is a permissive attitude of state leaders toward corruption. In Ukraine, corruption and illegality among the elite were accepted, condoned, and even encouraged by the top leadership, resulting in a general atmosphere of impunity. The second element is extensive state surveillance. Even as the violation of the law is encouraged, the state—or rather the surveillance organs under the control of the president (including the tax ministry, interior ministry, and secret police)—continues to monitor such illegal activities. Using the surveillance organs, the state amasses a stockpile of files and criminal cases that document wrongdoing on the part of officeholders as well as private actors. When compliance with state directives is required, this information is used to blackmail the elite, with payment exacted not in cash but in obedience. The representatives of the power organs are able to present each member of the elite with a file containing compromising materials (*kompromat*) or evidence of wrongdoing—with the implicit or explicit threat that a sudden decision to enforce the law would lead to the imprisonment of the individual in question. Thus is compliance secured.

If blackmail is insufficient, individuals or groups that openly oppose the policies of the state or seek to usurp the existing leadership suddenly find that the veil of impunity has been lifted. The *kompromat* files or *zago-tovki* are then made public, and recalcitrant individuals and their organizations immediately find themselves under close scrutiny or prosecution by the tax inspector, the law enforcement bodies, or other state institutions. But as long as consistent compliance with state directives is maintained, the state's role amounts to no more than surveillance, blackmail, and, in some cases, a cut of the proceeds. The mere threat of exposure and prosecution serves to keep the elite firmly under control.

The Melnychenko recordings

While it may be difficult to imagine that blackmail could be an effective tool for state control in an industrialized nation of nearly 50 million people, it is important to keep in mind that the Ukrainian masses

are, to a great extent, politically inert due to their heavy dependence on local elites for survival after the economic collapse of the 1990s. Under such circumstances, to control the elite—the leadership of public and private institutions—is to control society.

And as a device for controlling those who are themselves in control, blackmail appears to be effective. The recordings provide ample evidence of how the troika of corruption, surveillance, and blackmail is used, systematically, by the president to secure cooperation. Several recordings suggest that individuals were allowed, if not encouraged, to steal from the state organs and enterprises under their control, and the state even intervened to assist the perpetrators in covering their tracks. Consider, for example, the report by Mykola Azarov, head of the Tax Inspection Agency, to Kuchma on a conversation he had with Ihor Bakai, then head of Ukraine's oil and gas monopoly, Naftohaz. (Note, too, that Azarov's primary concern is not with Bakai's embezzlement of funds, but with ensuring that the embezzlement is properly hidden from view.)

Azarov: Well, concerning Naftohaz. I invited Bakai, as we agreed, showed him all these. My people did this, [people] I trust. I talked to Oleksandr Mykhailovych, found out how much of everything came in, and told him exactly the following: "Well, Ihoryok, at a minimum, you put in your pocket a hundred million, at least. I understand, of course, that I will not expose you. I give you two weeks, a month at maximum. (Here I showed him all the plans). Destroy all the papers that witness directly or indirectly about all your. . . . You did everything stupidly and senselessly." And I showed that he was doing everything stupidly and senselessly.

Kuchma: Good.

Azarov: And now the case is moving. . . .

Kuchma: Well, Mykola Yanovych, I told him: "Listen, my dear, we will not protect your ass forever."

(KPnews, "English-Language Translation of New Tapes Released By Former SBU Officer Melnychenko," February 8, 2001)

Such protection would be withdrawn in the event that an individual became a political threat. A clear example is the case of Pavlo Lazarenko, a former prime minister who had once been in charge of the

gas-distribution system and who could reasonably have mounted a successful challenge to Kuchma. Shortly after Lazarenko declared his intention to run in the 1999 elections, however, he was indicted on corruption charges pertaining to the embezzlement of millions of dollars of state funds. This was not an isolated incident. The tapes show Kuchma and Leonid Derkach, head of the State Security Service (*Sluzhba Bezpeki Ukraini*, or SBU), making similar preparations for dealing with Yuliya Tymoshenko, who had replaced Lazarenko as the head of the national energy company and had gone on to become a deputy prime minister under Viktor Yushchenko before her dismissal and arrest earlier this year.

Derkach (speaking to Kuchma): I have a plan laid out for dealing with Yuliya, and if, tomorrow, it suddenly becomes necessary, it will be set in motion. I have materials on contraband, criminal activities. . . . [a criminal investigation that] is not over and was never closed, just set aside. [Based on the context, it seems that Tymoshenko was caught flying out of the country with \$26,000 in cash, a criminal offense.] The material is just lying there. That is, we could open it up tomorrow and bring her in.

(Radio Svoboda, "Fragmenti rozmov Leonida Kuchmi iz zapisiv, zroblenikh ofitserom Mikoloiu Melnichenkom." Epizod 20. Author's translation)

In other cases where members of powerful business elites have moved into opposition to the regime, they have been stripped of their assets and placed under arrest.

The use of blackmail as a tool for securing compliance was not limited to a few wealthy individuals. In the 1999 presidential elections, lower-level officials throughout the country were blackmailed and threatened with the selective enforcement of the law by the tax inspectorate, the interior ministry, and the SBU to secure a winning vote for Kuchma. The tapes record Kuchma's unambiguous instructions to his power ministers to use blackmail to secure cooperation with the plans to ensure his reelection.

Here, Kuchma is explicitly directing his interior minister, Yuriy Kravchenko, to use blackmail to coerce the directors of the collective farms, a potential source of support for the communist opposition:

Kuchma (speaking over the phone to Kravchenko): Azarov is here. This is the mechanism at work here.

They have a case on virtually every collective-farm head. They have to be collected in every *raion*, so that every militia head and tax-service head. . . And say: Guys, if you don't give, [expletive], the number [of votes], say it like that, that are needed, then tomorrow all of you will be where you should be. . .

An identical directive was given to Derkach:

Kuchma (to Derkach): The militia will have to work seriously. . . . It's necessary for a tax worker to go to every collective-farm head in every village and say: Dear friend, you understand clearly how much material we have on you so that you could find yourself in jail tomorrow. . . . And there is probably more than enough material on every collective-farm head. Yes or no? Probably yes. That's why the militia, . . . that is, the services . . . they all have to, that is, take to [the task] and have a serious talk with every collective-farm head.

(KPNews, "New Tape Translation of Kuchma Allegedly Ordering Falsification of Presidential Election Returns," February 14, 2001)

The use of blackmail to force lower-level officials and the heads of collective farms to work on Kuchma's behalf appears to have been remarkably successful. Kuchma won the election after beginning with an approval rating in the single digits; according to the OSCE, "It is quite clear, therefore, that state officials and public institutions at various levels were actively involved in the campaign, overwhelmingly in favor of the incumbent and against his opponents. . . Interference in the election campaign by state officials, public institutions and their workforce was widespread, systematic, and coordinated." (See the OSCE-ODIHR report, "Ukraine Presidential Elections October 31 and November 14, 1999: Final Report" [Warsaw, March 7, 2000], p. 17.)

Although these recordings reflect only the period following the institutionalization of state blackmail, it is not hard to see how this technique might have evolved in Ukraine and other post-Soviet states. Corruption and theft had become commonplace throughout the USSR during the years of its collapse, so the initial conditions were already in place. Moreover, like other post-Soviet states, Ukraine had inherited an extensive surveillance apparatus that is now exclusively under presidential control. All that was required was for the

leadership to apply the existing machinery to the task of monitoring those illegal practices and to put this information to use securing compliance with hidden directives. Indeed, the collapse of the institutions and ideology of the Communist Party arguably left few alternative means for sustaining elite cohesion. In the case of Ukraine, blackmail and the threat of imprisonment provided a substitute for maintaining discipline given the absence of any broader ideology that could elicit loyalty or personal sacrifice.

There are several reasons why a cycle of corruption, blackmail, and informal autocracy may prove self-sustaining. For one, none of the actors that play a role in it have the opportunity or incentive to change. Kuchma himself has every reason to maintain this system. It allows him to stay in power and gives him a remarkable leverage within the country. State officials, such as regional governors and ministerial heads, would also prefer the status quo to any of the likely alternatives. On the one hand, the atmosphere of impunity allows them to gain and hold the fruits of corruption chiefly available to those in high office. On the other hand, any effort to deviate from this system, or to make a move to extract oneself, would result in selective law enforcement or some other means of repression by the state. This is clearly what we find with the recent criminal prosecution of Prime Minister Yushchenko's former deputy at the National Bank; the arrest of Yuliya Tymoshenko; and the extradition of former prime minister Pavlo Lazarenko. The nonstate elite, the so-called oligarchs, have even less incentive to alter their ways. Their financial gains are dependent on the maintenance of the existing system, and, as with state officials, they are prevented from acting against it by the threat of lost privileges and prosecution. The few elites outside this system, including apparently uncorrupted parliamentarians such as Oleksandr Moroz or the parties of the far right, appear to lack the means to overthrow the status quo. And their efforts to do so will likely lead to more direct forms of repression. Thus, members of the elite who potentially could extract the country from its predicament have no incentive to do so and are themselves already implicated in any scandal that might emerge.

These controlling mechanisms of the state nonetheless have some potential weaknesses that make

their survival at least somewhat uncertain. One potential threat would be the mobilization of the Ukrainian masses who suffer under a corrupted elite without reaping any of the rewards. But the extent to which the masses, so called, can be considered a factor in Ukrainian politics is questionable. The broader population is fragmented, deprived of information by the state-controlled media, untrusting of most politicians, and strongly subject to repression by the local leaders on whom they depend (directly or indirectly) for their livelihood. It is difficult to imagine how this group could be led to act in concert. Acting as individuals or in small groups, citizens' efforts to eradicate corruption or to remove Kuchma can expect little success, and the loss of jobs or even imprisonment could be a very real threat. It is clear that Kuchma is aware of the need to prevent the protests from reaching a critical mass, where members of the population could reasonably expect that punishment would no longer be an option for the regime. (Kuchma has been very careful to crack down on even the smallest demonstration of organized dissent. The destruction of the student tent protest in Maidan Nezalezhnosti is a telling example.) Still, the possibility exists, as it does in all societies, that popular protest could bring down the regime and eradicate the system of corruption and blackmail that maintains it.

Moreover, because blackmail as a political tool relies on the abuse of direct presidential command over the law enforcement agencies, the removal of the president's formal control over these agencies could undermine his ability to use them informally as well. Placing these organs under supervision or oversight of a parliamentary commission would make it much more difficult to convert widespread corruption into a tool of presidential control.

Conclusions

Corruption, blackmail, and scandal exist in all societies. These phenomena are in no way uniquely post-Soviet or Ukrainian. What is noteworthy about the post-Soviet states, however, is the extent to which blackmail and the collection of *kompromat* is widespread, systematic, and conducted by the state itself. In Ukraine, corruption, surveillance, and the threat of enforcement have become powerful levers of

state control, leading to a situation in which the law and the formal trappings of democracy now serve merely as a façade behind which lies a potent—and much more hierarchical—state command structure.

Once set in place, this type of corruption becomes particularly difficult to undo, since those who are in a position to alter this mechanism are precisely those who derive the most benefit from it. The president and his team aggrandize their power, the oligarchs gain in wealth, the press is controlled, and the masses are threatened, fragmented, and repressed. In this manner, sub rosa mechanisms of state control continue to be sustained, and graft is unlikely to be eradicated so long as it remains an essential tool of rule.

Ironically, the current popular efforts to strengthen the state in order to eradicate corruption and lawlessness will likely have the opposite effect. Harsher laws, in the absence of rule of law, only make

selective enforcement (what Stephen Holmes has called “rule by law” or “rule through law”) all the more potent. Likewise, the further transfer of authority and resources to the president, and to the surveillance agencies under his control, promises to do little more than to shift more power to the core institutional base of the blackmailing state. If anything, eradication of the informal autocracy that has been constructed in Ukraine—and the terror and vice accompanying it—requires, rather, a fragmentation or distribution of the president’s capacities to other institutions and actors, however ideologically unpalatable they might be.

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