

افغانستان آزاد – آزاد افغانستان

AA-AA

چو کشور نياشد تن من مباد بدین بوم ویر زنده یک تن مباد
همه سر به سر تن به کشتن دهیم از آن به که کشور به دشمن دهیم

www.afgazad.com

afgazad@gmail.com

European Languages

زبان های اروپایی

<http://www.forbes.com/sites/kenrapoza/2014/02/27/washingtons-man-yatsenyuk-setting-ukraine-up-for-ruin/print/>

Washington's Man Yatsenyuk Setting Ukraine Up For Ruin

2/27/2014

Ukraine's interim prime minister, Arseniy "Yats" Yatsenyuk, may prove to be arsenic to the beleaguered nation.

"Recall the phone exchange between the Ukraine ambassador and Victoria Nuland (Assistant Secretary of State for European Affairs) that got leaked out, where she basically said 'we want Yats in there.' They like him because he's pro Western," says Vladimir Signorelli, president of boutique investment research firm Bretton Woods Research LLC in New Jersey. "Yatsenyuk is the the kind of technocrat you want if you want austerity, with the veneer of professionalism," Signorelli said. "He's the type of guy who can hobnob with the European elite. A Mario Monti type: unelected and willing to do the IMF's bidding," he said.

Mario Monti was a centrist Italian technocrat who passed an austerity package that called for increased taxes, pension reform and measures to fight tax evasion.

Over the past several weeks, Ukraine has been battling political infighting between pro-Russian Ukrainians and pro-Europeans. The fight stepped into high gear in the fall when Ukrainian President Viktor Yanukovich decided to tilt towards Moscow instead of Brussels in a trade deal. Last week, Yanukovich left Kiev and headed to an undisclosed location, believed to be holed up in a Russian Naval base.

After Yanukovich and the political opposition agreed to an orderly transition toward new elections, the opposition shattered the agreement quickly and took strategic positions around Kiev. Many voices in the Western press say the country could break apart.

Despite these ominous signs, Ukraine Ambassador Geoffrey Pyatt hailed the current crisis as “a day for the history books.” Most of the mainstream media have leaned decisively in the anti-Yanukovich camp.

Ukraine’s new 450-seat parliament approved the appointment of the former Central Banker Yatsenyuk on Thursday by a vote of 371 to 1. Oddly enough, earlier this month, the pro-Western Yats trailed behind popular opposition leaders such as former heavyweight boxer Vitali Klitschko and the leader of the nationalist, Svoboda Party, Oleh Tyahnybok. But Yats had friends in high places and while he does not have strong support of the electorate, and would have no chance of winning an election, he is pro-IMF austerity and apparently the bulk of parliament is as well.

“Yatsenyuk was saying that what the Greeks did to themselves we are going to do ourselves,” said Signorelli. “He wants to follow the Greek economic model. Who the hell wants to follow that?”

Also today, Yatsenyuk promised to implement “very unpopular measures” to stabilize the country’s finances. The government said it needs \$35 billion to support the country over the next two years. His language in a news report broadcast by Bloomberg today indicates he is heading toward a potentially destabilizing austerity campaign:

“The treasury is empty. We will do everything not to default. If we get the financial support from the IMF, the U.S., we will do it. I’m going to be the most unpopular prime minister in the history of my country,” he said. “But this is the only solution. I would never promise any kind of huge achievements. First and the most important issue is to stabilize the situation.”

He also said that, “We want Russia to have transparent and fair relations with Ukraine. We want to be partners with Russia...we strongly believe it will never intervene with a military force in Ukraine.”

Under the brewing divide-and-conquer political crisis lies Ukraine’s economic problems. The Ukrainian currency, the hryvnia, is down over 16% year-to-date, a record decline against the dollar.

It is unclear the kind of measures Yatsenyuk will tolerate, but it appears austerity is the path forward. That includes a regimen of tax increases, interest rate hikes and further currency devaluation.

Yanukovich resisted the International Monetary Fund’s demand to raise taxes and devalue the currency. Yatsenyuk doesn’t mind. For economists who think austerity is a disaster, Ukraine is on a path to ruin.

“We saw this in the 90s and what the IMF did to Russia with Yeltsin. They’ll do that to Ukraine,” said Signorelli. Remember Slobodan Milošević in Yugoslavia? After the IMF finished with Yugoslavia it was only a matter of time before the separatist movements gained traction,” he said. “I think things in Ukraine can get really really bad.”