Steve Weisman: The tumultuous situation in Ukraine is changing every day. Today is December 3rd. Anders Aslund, senior fellow at the Peterson Institute, is here to give us an update. Anders, you have written this week that the economic prospects for Ukraine have got a shadow cast over them because of the political crisis. Is there any chance of it being resolved in the next few weeks?

Anders Aslund: What I would expect is that this government will collapse. Of course the government today won a vote of no confidence because there were not that many that defections. The opposition cannot call for a new vote of no confidence until February. But at the same time, Prime Minister [Mykola] Azarov says that there have to be big changes in the government. I would expect a large part of the government to go, in any case. And I basically don’t think that this regime as a whole, including President [Viktor] Yanukovych can restore confidence, for two reasons. One is that there’s a big majority for a European choice for Ukraine; and the other is that the regime used a lot of violence, and Ukrainians don’t like when the police run wild. There were something like 300 people who had to be taken to the hospital, and that’s quite a lot. And there’s clearly very strong reaction against this use of violence, and we’re seeing that the president and the Prime Minister are apologizing for the amount of violence that was used; also the Minister of Interior.

Steve Weisman: Is there any possibility that the discussions with the European Union can reopen as one path out of this for the government?

Anders Aslund: No, I think that’s absolutely impossible. Of course the European Union can always talk, but it’s completely clear that the European Union is not going to renegotiate an agreement that was set more than 2 years ago. And President Yanukovych completely failed in all of a sudden coming up with a claim that the European Union should compensate Ukraine with €160 billion in the next four years. It just shows that he can’t be taken seriously.

Steve Weisman: And he can’t backtrack without humiliating himself?

Anders Aslund: I think that he has already humiliated himself and isolated himself in all directions. But in the middle of this political unrest, to fly to China for 3 days doesn’t look very serious. Ukraine now has no budget, and it’s extremely unlikely that the government can have a budget adopted by the parliament in this unrest.

Steve Weisman: Is there a deadline by which they have to adopt a budget, sort of like in Washington?

Anders Aslund: It isn’t like in the United States that there are deadlines, and they’re not necessarily adhered to. So it’s not a catastrophe in itself, but it’s not good.
Steve Weisman: What’s going to drive this to conclusion? There will be a cabinet shakeup, but it’s not likely to satisfy the protestors unless there’s a resignation.

Anders Aslund: Yes. I would guess that President Yanukovych, who has a habit of sacking ministers very often, finally sacks Prime Minister Azaro. They have problems for so long because he’s perfectly sackable. He’s actually the longest serving Prime Minister in Ukraine’s history since ’91.

Steve Weisman: And how long has he served?

Anders Aslund: He’s served since the spring of 2010.

Steve Weisman: You have written and said that Yanukovych’s motives are not simply to placate Russia economic pressure, but also to ensure his own survival in power. Were he to make the adjustments demanded by the European Union, including freeing former Prime Minister Tymoshenko, this would just pave the way for his own downfall.

Anders Aslund: Yes, you can say that there are 3 concrete reasons for Yanukovych not signing the European agreement. The first is of course Russian pressure. The second is that he does not want to have political competition. If he lets out Tymoshenko, then he can’t discriminate against the other candidates which would otherwise take off the poll in one way or the other. And the third is that he wants to control the legal apparatus. He was not prepared to adopt a law on the prosecution in Ukraine, because in the Ukrainian system which is basically an old Soviet system, the prosecutor is superior to the judge. And therefore, the prosecutor is the key person. Therefore it didn’t matter if all the other laws – on the police and of the constitutional court – were changed, as long as the law on prosecutor is not changed. It’s really a matter of wanting to be able to take over as much wealth as possible for himself and his family.

Steve Weisman: Anders, thanks again.

Anders Aslund: Thank you.