

UKRAINE

Will Ukraine Fall?

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Unprecedented social unrest, coming on atop severe economic problems, could lead to massive investor and capital flight. It's hard to pinpoint just how or when that might happen -- but we foresee things proceeding along an extremely turbulent path in the runup to the 2015 presidential elections.

A police rape and attempted murder of a young woman in a village in the south has provoked an unprecedented rebellion, and widely-covered anti-police actions nationwide. Though the authorities are struggling to extinguish the blaze, the burgeoning debate about criminal police officials appears to have put the legitimacy of law enforcement into question. This is bad news for President Viktor Yanukovich, since it's not clear how effective an illegitimate police force can be in enforcing his 2015 electoral victory.

The president's "family" is working hard to reduce any possibility of an unexpected electoral outcome. In July, they replaced the head of the elections committee, and appointed a new head of the constitutional court. Both positions will be important if Yanukovich is unable to win in a fair vote. Similar changes were made before the 2004 presidential vote, when widespread election fraud triggered the Orange Revolution.

Given these changes, we suspect that Ukraine won't have elections in 2015 in the Western sense>>>