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OP-ED

Inferiority complexes of Baloha, Yushchenko led them to each other

The president's chief of staff provided a 'crisis' for crisis management.

The collapse in President Victor Yushchenko's popularity rating has been phenomenal. While the incompetence of his failed "crisis manager," presidential chief of staff Victor Baloha, is not the only reason, Baloha deserves a big share of the blame. The "crisis manager" has helped create the crisis that is sinking his boss.

In January 2009, Democratic Initiatives survey gave Yushchenko only 2.4 percent support. Leonid Kuchma didn't even sink to such depths. Such disapproval would lead to a political crisis in a Western democracy. Blame would be directed at the president's chief of staff. But in Ukraine, power – despite the Orange Revolution – still comes without responsibility. There is little anybody else, whether Prime Minister Yulia Tymoshenko or Russia, can do to discredit a president that keeps discrediting himself by keeping an incompetent "crisis manager."

Baloha has been executive director of the presidential secretariat for more than two years during this collapse in Yushchenko's popularity. The number of Ukrainians who have no trust in the president has grown from 50 to more than 80 percent. Three quarters do not want him to run for a second term. It may not matter: Yushchenko almost certainly can't win, whether he runs for re-election or not.

Why Yushchenko keeps in place an incompetent manager is one of Ukraine's big mysteries. What explains the president's reliance on Baloha? Who is Baloha? Where did he come from, and how did he get where he is today? What are his aims?

Transcarpathian roots

Baloha's career developed in his home region of Transcarpathia before he moved to Kyiv. Our sources in Transcarpathia have explained how his home town of Mukachevo is considered to be a "village of hicks," a rough place by its nature and a backwater with an uncultured mentality. The town's rival and administrative center of the oblast - Uzhgorod - is a very different city, led by different kinds of politicians.

Both cities are similar in size. Yet competition between them has always been intense. This historic rivalry has been intensified by personal rivalries between Uzhgorod's Mayor Serhiy Ratushniak and Mukachevo's Baloha. This rivalry is made worse by Baloha's inferiority complex towards Transcarpathia's more cultured and intellectual city. Unlike Mukachevo, Uzhgorod has a long history as a regional center, with a sometimes vibrant art, cultural, and intellectual life.

Mukachevo's rough-hewn nature integrated with a very non-Ukrainian character to the city. After World War II, there was an influx of Russian and other Soviet nationalities to the new military bases, adding to the city's rough edge. Theatre and cultural life in Uzhgorod is in Ukrainian, while in Mukachevo Russian is the predominant cultural lingua franca. Uzhgorod is the center of the Ukrainian Greek-Catholic Church in Transcarpathia while Mukachevo is the centre of the Ukrainian Orthodox Church loyal to the Moscow Patriarchate. Uzhgorod always adapted to the ruling dominant culture, while Mukachevo was a center of rebellion with a rougher working class culture that contributed historically to the popularity of extreme left groups.

Mukachevo continues to have a high proportion of Hungarians, Russians and remnants of local ethnic Germans (Shvabs). The city includes major centers of Hungarian culture of great importance to Hungarian national identity and historical memory. Among these is the Mukachevo Castle, the largest castle in Eastern Europe. The castle was recently leased to a business owned by the Baloha family, together with close friends and business acquaintances. Like many Transcarpathians, Baloha's ethnic roots are mixed, with a surname that is typically Hungarian. It is therefore ironic that the presidential secretariat has launched a campaign claiming that Yulia Tymoshenko is not "pure Ukrainian." Of course, ethnic origins should not have any place in a democratic society built on civic citizenship.

Mukachevo is also the center of Transcarpathia's Rusyn movement and especially of its minority pro-Russian extremist wing. In March 2007, the Transcarpathian Oblast Council voted to recognize Rusyns as a distinct east Slavic nationality, a move that the council could never have taken without the support of Yushchenko's "crisis manager."

It is indeed ironic that a president denounced by Moscow and perceived by eastern Ukrainians as a "nationalist" has a chief of staff who is a supporter of separate Rusyn identity. Baloha is not seen by the Rusyn movement, however, as someone who genuinely supports them. In the very likely event that Yushchenko loses the December 2009 presidential elections returning to Transcarpathia and seeking a

base of support in the Rusyn movement could be one of Baloha's future options. After Yushchenko leaves office, Baloha will find it difficult to find a place in Ukrainian politics. Ukraine's next parliamentary elections are in 2012, but it is unlikely that any political force will include him on their list.

Earlier this year, the World Congress of Rusyns based in Slovakia and headed by Professor Paul Robert Magocsi of the University of Toronto, condemned the activities of Dmitriy Sydor and the organization he leads, the Soim (Parliament) of Subcarpathian Rusyns. Sydor is a priest in the Ukrainian Orthodox Church within the framework of the Moscow Patriarchate. The church is the largest religious body in present-day Transcarpathia, which traditionally had been a stronghold of the Greek-Catholic Church, as in the three oblasts of Galicia.

The State Security Service of Ukraine, known by its Ukrainian SBU acronym, has investigated the aggressively pro-Russian wing of the Rusyn movement in Transcarpathia. The pro-Yushchenko *Ukrayina Moloda* (Nov. 10, 2008) published details of the funding given to Sydor from Ruski Mir, a Russian government-funded non-governmental organization in Moscow. "Political technologist" Vyacheslav Nikonov headed the Politika Fund in Moscow with which Sydor has been cooperating since 2005. In 2007, President Vladimir Putin appointed Nikonov head of the newly-established Ruski Mir organization which *Ukrayina Moloda* described as, "a sub-structure of the Foreign Intelligence Service of the Russian Federation."

Transcarpathia's Rusyns, particularly the pro-Russian extremist wing, exhibit a strong sense of hatred towards Galician Ukrainians. This animosity is based on the assumption that Galicians are arrogant, a trait they allegedly inherited from Polish rule, and that they exhibit a strong sense of hatred towards everything Russian.

Mukachevo's urban ethnic mix has produced a somewhat crude Homo Sovieticus mentality, whose representatives speak a Ukrainian-Russian patois (*surzhyk*) without any modicum of empathy for the local Ukrainian culture found in the surrounding villages of Transcarpathia. Those who arrived in Mukachevo from the surrounding countryside, such as Baloha, were looked down upon by the chauvinistic urban Homo Sovieticus culture.

Baloha's intellectual inferiority complex was brought by him to Kyiv where he remains an outsider. Although Baloha is often compared to his predecessor, Victor Medvedchuk, the head of the presidential administration in Leonid Kuchma's last

two years in office, the two are actually very different people. Medvedchuk is a member of Kyiv's elite, the head of Ukraine's Union of Lawyers, a former successful party leader and an author. As a geographical and cultural outsider, Baloha will never become a member of Kyiv's elites.

To compensate for this intellectual inferiority complex and insecurity, Baloha uses aggressive macho language against his opponents. He acts crudely even to his allies, as seen in the low level of language in his highly personal attacks on Yulia Tymoshenko, whom he has compared to Nazi figures and the Argentinean leader Eva Peron.

Baloha's rise to power in the murky business world of Transcarpathia of the 1990s has deeply shaped his personality. Mukachevo experienced a lot of violence in the first half of the 1990s as organized criminal gangs fought over territory and illicit contraband, while assassinations targeted politicians and businessmen in what one Transcarpathian expert described as the "mafia city of Mukachevo." Hennadiy Moskal, head of Our Ukraine-Peoples Self Defense in Transcarpathia, has publicly revealed his fears that Baloha could transform Transcarpathia into a new "Sicily."

Nouveaux riche Ukrainians that emerged from regions with high criminality, such as Transcarpathia, have produced a specific breed of personality. They are self-centered, cynical and duplicitous. The irony is that the president has been convinced by Baloha that he is his loyal ally, when in fact Baloha can only ever be loyal to himself.

As a typical product of the cynical 1990s, Baloha holds no ideological principles or political views and therefore has changed his allegiances easily from the Social Democratic Party United (SDPUo) to Our Ukraine. Baloha will never hold strong political views. His aim of joining the SDPUo was to remove his rival Ratushniak, who briefly sat in jail in the 1990s. Baloha was himself removed as he was an unpopular governor and only lasted one year in this position. Baloha was a member and ally of the SDPUo until the March 2002 parliamentary elections.

In the Soviet era, Baloha studied at the Commercial-Trade Institute in Lviv, an institution which one often could enter after paying a hefty bribe. This "education" assisted him in his heavy involvement in illegal cross-border trade during the 1990s that built up his personal capital. During the last years of the Soviet Union, Baloha headed various business initiatives in his native Transcarpathia, where there was

little industry, but which benefited from cross-border trade with Central and Eastern Europe. Baloha's involvement in Transcarpathia continued into the 1990s. Today his extended family and allies control most important business affairs in the region. This undoubtedly permits him to rent a private chalet twice in one month in the exclusive Swiss resort of San Moritz. His employer, Yushchenko, prefers to ski in Ukraine's Carpathian Mountains.

Baloha does not enjoy a reputation as an honest or generous leader in his home town of Mukachevo. Rather, he is viewed as a cheapskate who is only out to assist himself and his close family and relatives. This is in stark contrast to Uzhgorod's mayor, Ratuhsniak, who is known at times to act in the best interests of the city and its inhabitants. Baloha does not trust anybody except his family and has no particular loyalty to his home town.

It is therefore not surprising that Transcarpathians are not proud that "their man" has found for himself a high position in Kyiv. In fact, the Transcarpathian public is generally resentful and embarrassed that such an unsophisticated person as Baloha is seen as representing the Transcarpathian region in Kyiv. Why Yushchenko, who thinks of himself as sophisticated, chose someone so unsophisticated to be the head of the presidential secretariat can only be explained by reference to the presidents own deep-seated insecurities.

In this regard, Baloha is very different from the more-cultured and mild-mannered Oleh Rybachuk and Oleksandr Zinchenko, his predecessors who also served as heads of the presidential secretariat under Yushchenko. Transcarpathians simply fail to understand why Yushchenko keeps Baloha, who in turn seems to damage the reputation of Transcarpathia.

Is what we see a marriage of convenience between a very weak person and his guard dog? Does Baloha assist the president in coping with the Byzantine political world for which Yushchenko feels unsuited and uncomfortable? Does the fact that Tymoshenko has such a strong sense of self-confidence - and this coming from a woman - make the president feel doubly uncomfortable in her presence? Baloha comforts the president through by his personal attacks on Tymoshenko, the lady who most makes the president feel very uncomfortable. While it is one thing to be upstaged by a man, it is quite another to be upstaged by a woman in male-dominated Ukrainian society.

In the end, Baloha does what the president wants. The idea that he acts independently of the president is not true. It was the president who gave instructions to Baloha to order his 10 United Centre party loyalists in the Our Ukraine-Peoples Self Defense faction to vote with the opposition to remove Arseniy Yatsenyuk as parliamentary speaker. As former Defense Minister Anatoliy Hrytsenko pointed out: "Baloha cannot act independently."

Baloha does not attempt to advise the president to take alternative courses of action, knowing full well this would be pointless, since Yushchenko does not listen to any advice. The president is surrounded by sycophants who tell him how great a job he is undertaking and how popular he is. Polls cannot be trusted, Yushchenko's advisers tell him (as they told President Leonid Kuchma before him) because Ukrainian sociologists are all allegedly in the pay of political parties. Hence, Yushchenko really does believe that his popularity is far higher than polls suggest.

Baloha and Medvedchuk are similar in one important respect. They both fought and won tactical battles for their leaders but, at the same time, both lost more important strategic struggles. Yushchenko's defeat in the upcoming December 2009 presidential elections will be attributable in part to the poor strategy adopted by his "crisis manager." Our Ukraine-Peoples Self Defense deputy Roman Zvarych has openly wondered why the president keeps Baloha in place.

Baloha's successes are far fewer than his strategic mistakes, particularly in the area of providing the president with political support. Baloha was head of the presidential secretariat during the 2007 pre-term elections. But the Our Ukraine-Peoples Self Defense bloc did not improve its support in the 2007 elections from the 2006 contest; on both occasions they received 14 percent. The number of oblasts won by the pro-presidential bloc actually shrank from four in 2006 to only one in 2007 – unsurprisingly "Baloha's" Transcarpathia.

To cap it all, Yushchenko lost control over his faction by January of this year after a majority of Our Ukraine-Peoples Self Defense deputies joined the larger Orange coalition. The leadership of the faction also passed into the hands of deputies who supported the coalition and they committed themselves to never again be the president's puppet.

The "crisis manager" has therefore managed a disastrous state of affairs for a president faced with elections soon. Not only have his approval ratings fallen to 2.4

percent, Yushchenko has no strong political base from which to launch re-election. Meanwhile, the two remaining pro-presidential groups (Vyacheslav Kyrylenko's Our Ukraine and Baloha's United Centre) detest each other.

In 2007-2008, as a direct consequence of Baloha's tactics, the popularity of the Our Ukraine-Peoples Self Defense bloc collapsed to a rock bottom 3-4 percent. And it is Baloha who is to blame. The criminal cases launched at Baloha's instigation against David Zhvania, Yuriy Lutsenko and Tymoshenko antagonized a large number of former Yushchenko loyalists who have now become supporters of the prime minister. The removal of Arseniy Yatsenyuk as parliamentary speaker increased the number of Our Ukraine-Peoples Self Defense deputies who moved to the Tymoshenko bloc. A change in the leader of the Our Ukraine-Peoples Self Defense faction to somebody who supports the new Orange coalition, and the fact that it voted to join the revived Orange coalition means that the president has lost control over his own party. Again, this defeat can be laid at the feet of very poor management by the "crisis manager."

Baloha's aggressive and uncouth management style has antagonized a large group of people who were once Yushchenko loyalists, such as Hrytsenko, Rybachuk, Lutsenko and Yatsenyuk. The Dear Friends (Liubi Druzi) business acquaintances have been pushed towards Tymoshenko and have supported the new larger orange coalition. Six of the nine parties in the Our Ukraine-Peoples Self Defense bloc support the new coalition. The Liubi Druzi became increasingly incensed in the last two years at how Baloha has closed off access to the President.

The United Centre party was launched in July 2008 not as a presidential party but as a vehicle to ensure Baloha's entry into parliament before the 2009 presidential elections. Entering parliament via the United Centre would be the only manner in which Baloha would obtain immunity. Pre-term elections were therefore far more necessary for Baloha than for the President as the next scheduled elections in 2012 would be two years into a likely Tymoshenko presidency. There are strong possibilities that Baloha in the interim could be criminally charged with abuse of office during a Tymoshenko presidency.

Rise into Politics

Baloha's first foray into politics came in April 1998-May 1999 when he was mayor of his hometown of Mukachevo. Following this he was elevated to the position of Transcarpathian governor, a post he held until June 2001.

Transcarpathia had been a SDPUo stronghold from 1998, when the SDPUo first entered parliament, to the end of President Kuchma's second term in office in 2004. Although Baloha did not join the local party of power he was on good relations with the SDPUo which would have had to approve his appointment as governor of Transcarpathia.

Following the 2002 elections Baloha resumed his position as mayor of Mukachevo. In addition, he was elected to parliament in the 2002 elections as an independent deputy, although after entering parliament he joined the Our Ukraine faction.

The SDPUo, based primarily in western-central Ukraine, regarded Our Ukraine as the main threat to its domination of these regions. Other pro-Kuchma parties of power were based in eastern-southern Ukraine where Our Ukraine was electorally weak.

Defecting to Our Ukraine from the SDPUo put Baloha is on a collision course with the party of power in Transcarpathia, which then attempted to remove him from the position of mayor of Mukachevo. This ebbing conflict erupted into electoral violence in the April 2004 Mukachevo pre-term mayoral elections when the authorities resorted to using local organized crime to thwart Baloha's re-election. The violence was widely seen as a possible precursor to that which in fact dominated the presidential elections later that same year.

Following Yushchenko's election in January 2005, Baloha was briefly re-appointed Transcarpathian governor where he assisted in the removal of the SDPUo's influence. Senior SDPUo member Ivan Rizak, also from the Mukachevo region, was arrested in the spring of 2005 and charged with widespread abuse of office when he served as regional governor (September 2002-January 2005).

In the Yushchenko era, Baloha has held a number of important positions. From September 2005 to October 2006 he was Minister of Emergency Situations in the Yuriy Yekhanurov and Viktor Yanukovych governments. He headed the



Transcarpathian oblast branch of Our Ukraine until his resignation from Our Ukraine in the spring of 2008.

Baloha has headed the presidential secretariat since 15 September 2006, and he is likely to remain in place as long as Yushchenko is president. Yushchenko's experience with two earlier secretariat heads (Zinchenko in 2005 and Rybachuk in 2005-2006) have convinced him of the need for a tougher 'crisis manager' to defend him. Zinchenko headed Yushchenko's 2004 election campaign but resigned in September 2005 after making accusations that the president's entourage was involved in corruption. Rybachuk was a close personal and banking ally of Yushchenko's since the early 1990s. After resigning Rybachuk remained as Yushchenko's senior adviser but was removed earlier this year after he had the temerity to criticize Baloha's aggressive and unproductive management strategy.

Although constitutionally the presidential secretariat is designated as a 'technical' and 'support' structure for the president, in reality it has always played a far more important role in Ukrainian politics. This is somewhat similar to the National Security and Defense Council (NRBO), which has been used by Yushchenko since 2005 as a pro-presidential counter-weight to two Tymoshenko governments. Under Yushchenko the presidential secretariat has continued to interfere in Ukrainian political life, while the NRBO has continued to avoid dealing with its primary function: coordinating foreign and security policy. This can be gauged from the president's poor choice of NRBO secretaries: Petro Poroshenko, Anatoliy Kinakh, Ivan Pliushch, and Raisa Bohatyriova, none of whom have experience in international relations.

Baloha's future is linked to Yushchenko's re-election for a second term, since without the presidential patron the unpopular Baloha would be quickly marginalized. The precedent is his nemesis, Medvedchuk, who headed Kuchma's presidential administration from May 2002 to December 2004. Following Yushchenko's election the SDPUo that Medvedchuk still leads failed to enter the 2006 parliament; moreover, the SDPUo did not even compete in the 2007 pre-term elections.

Our Ukraine's failure to beat the Tymoshenko bloc (BYuT) for second place in the March 2006 elections, when Our Ukraine obtained 10 percent less support than in 2002, came as a shock to the pro-presidential camp. Baloha, as head of the secretariat was well placed to argue in support of a cleaning out of corrupt businessmen in Our Ukraine whose presence had allegedly harmed its electoral chances.

The main target of Baloha's purge were the so-called Liubi Druzi, that is, close personal friends and business acquaintances of Yushchenko who formed the pragmatic wing of Our Ukraine. Baloha's plan to revive Our Ukraine in the final analysis failed as the re-named Our Ukraine-Self Defense (OU-SD) bloc obtained the same 14 percent in the 2007 elections that it had obtained in 2006.

The campaign against the Liubi Druzi led to poor relations between Baloha and Yushchenko's business allies. Baloha's poor relations with the Liubi Druzi, the closing of access to Yushchenko and Baloha's aggressive 'crisis management' strategy have negatively impacted on the formation of United Centre which has less than one percent support and can never hope to be a popular presidential party. The new presidential party was launched in July 2008 to much fanfare in the Ukrayina Palace when it was broadcast live, Soviet-style, on Ukrainian state television.

The pompous launch of the new presidential party could not disguise the disinterest of the Liubi Druzi in joining United Centre. Parliamentary speaker Yatsenyuk refused to head United Centre, which has failed to find a new charismatic leader. Our Ukraine deputy Pliushch, who refused to sign the orange coalition, also expressed no interest in joining United Centre.

Yushchenko's disbanding of parliament on 2 April 2007 was yet again under the influence of Baloha. He saw the growing defection of deputies to the Anti-Crisis coalition as a serious threat to the president, since the coalition had managed to include 300 deputies giving it a constitutional majority enabling it to over-ride presidential vetoes. Baloha and the Party of Regions election campaign leader Borys Kolesnikov brokered a deal in May 2007 that agreed to Yushchenko's demand for pre-term elections in September and a grand coalition following the elections. In December 2007, the Party of Regions parliamentary leader Raisa Bohatyriova, a close ally of Kolesnikov and party financier oligarch Rinat Akhmetov, was appointed NRBO secretary. Not coincidentally, the appointment took place only four days after parliament approved Tymoshenko as prime minister. This was organized by Baloha in a repetition of Poroshenko's strategy of using the NRBO to undermine the first Tymoshenko government in 2005. Baloha has sought to undermine the orange coalition and Tymoshenko government from the moment of its inception, and United Centre has openly stated that its main foe was Tymoshenko and not the Party of Regions.

Baloha has been instrumental in reaching out to alternative oligarchs to obtain financial and political support for Yushchenko, a policy that began in October 2005 during the Yekhanurov government and one which put it at odds with Tymoshenko's anti-oligarchic rhetoric. The main beneficiaries of Baloha's oligarch-friendly strategy have been Ihor Kolomoysky's Privat Group who provided the bulk of the financing for Our Ukraine's 2006 and Our Ukraine-Peoples Self Defense 2007 election campaigns.

### 'Crisis Management' Strategy

Medvedchuk's aggressive 'crisis management' in defense of President Kuchma has been replicated in Baloha's aggressive defense of Yushchenko. In contrast to Yushchenko, Kuchma could draw on such a 'crisis management', since he no longer had to stand for another presidential term in office and, therefore, low public support was not as important to him.

In contrast, Baloha's aggressive strategy has been counter-productive and ineffective and has not succeeded in improving Yushchenko's ratings; if anything, it has undermined them further. Yushchenko has remained Ukraine's third most popular politician for the last three years and his ratings are catastrophic. It took Kuchma two presidential terms and the Kuchmagate scandal to reach the same level of unpopularity as Yushchenko has achieved in his first term without a similar scandal. Baloha's mis-management style has more successfully undermined Yushchenko's presidency than anything his enemies could have ever devised.

Baloha's strategy has targeted Tymoshenko for the bulk of his criticism. While Yushchenko has professed loyalty to the orange coalition he has criticized the government at every opportunity while interfering in areas that are no longer within the president's realm under the revised 2006 parliamentary constitution.

Baloha convinced Yushchenko that in order to win a second term he needed to strike a deal with the Party of Regions which has therefore not been subjected to criticism by the president. Meanwhile, everything was undertaken to undermine the Tymoshenko government. The lack of trust between Tymoshenko and the president has been deliberately exacerbated by Baloha in order to prevent a non-aggression

pact emerging between them for the presidential elections where Tymoshenko could have supported Yushchenko's re-election while she remained Prime Minister. In November-December 2007, when the second Tymoshenko government and new orange coalition was establishing itself, such a non-aggression pact was highly possible but floundered through Baloha's 'crisis management' that sought to divide the orange camp.

## Conclusion

Baloha's personality, uncouth character, aggressive manner, intellectual inferiority complex, and poor management skills are together the result of two factors: Firstly, his provincial origins from the villages surrounding Mukachevo and his upbringing in Mukachevo itself; Secondly, the manner in which he accumulated his personal wealth in the Transcarpathian 'Wild West' of the 1990s through corrupt cross-border trade.

Baloha defected from being a SDPUo loyalist to Our Ukraine in 2002 where he remained for five years until creating his own new party of power, United Centre. With a business background and provincial Transcarpathian roots, Baloha's politics may be cynical, but they pragmatic and thereby flexible. His support for a grand coalition and warmth towards Ukraine's oligarchic elites portray this pragmatism. There is nothing Orange about Baloha.

Baloha's future career at the height of Ukrainian politics is dependent upon Yushchenko winning a second term. Baloha's aggressive anti-Tymoshenko strategy has been premised on fomenting a lack of trust between the two orange leaders in the belief that Tymoshenko will be Yushchenko's main opponent in the December 2009 presidential elections. Yushchenko's failure to win a second term would marginalize Baloha from politics in the same manner as Medvedchuk and the SDPUo were marginalized following Yanukovych's defeat in the 2004 elections.

After Yushchenko leaves office, Baloha will no longer have a warm place in Kyiv. He can then retire to the Mukachevo castle where he can dream of fulfilling his fantasy of acting like a feudal nobleman. His time as head of the presidential secretariat will be remembered for having accomplished a better strategy in subverting the

Yushchenko presidency than Vladimir Putin and the FSB could ever have hoped to accomplish in their wildest imagination.

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