

YUSHCHENKO'S MULTI-VECTOR ELECTION STRATEGY

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On July 4 Ukrainian President Viktor Yushchenko called a high-level meeting of oligarchs, the third such gathering in his presidency. The first took place in October 2005 after Yuriy Yekhanurov replaced Yulia Tymoshenko as prime minister (see EDM, October 28, 2005).

Yushchenko has always maintained cordial relations with the moderate business leaders who surrounded former president Leonid Kuchma. Viktor Pinchuk (Interpipe steel), Ihor Kolomoysky (Pryvat holdings), and Serhiy Taruta (Industrial Union of Donbas) aligned themselves with Yushchenko after his election as president. At the July 4 meeting Yushchenko said, "Dear colleagues, I call upon you to do one thing: we are one team! A team of businessmen and officials... And your opinions are as important as those of the Ministry of Finances. We should see one another as members of one family."

The July 4 meeting was obviously part of Yushchenko's preparations for the parliamentary elections scheduled for September 30. Oligarch Renat Akhmetov, affiliated with Prime Minister Viktor Yanukovich's Party of Regions, did not attend the meeting, citing a scheduling conflict. However, Yushchenko may have had Akhmetov in mind when he praised those oligarchs and businessmen who had opted to separate business and politics, such as Pinchuk. Yushchenko again called for the end of parliamentary immunity to discourage businessmen from standing for parliamentary seats to avoid prosecution.

Yushchenko's reasons for calling the meeting were spelled out in the package of accompanying documents prepared by the presidential secretariat. According to the papers, the aim is to "reach a mutual position on cooperation between the authorities and big business." This was to be spelled out in a memorandum, although it was never signed. Yushchenko outlined his plans to hold quarterly meetings with oligarchs.

How will this attempt to forge an alliance with the oligarchs sit with Our Ukraine voters? It runs contrary to efforts to repackage Our Ukraine as a national democratic force, closer in spirit to the Yulia Tymoshenko bloc (BYuT).

To begin with, Yuriy Lutsenko, head of the Our Ukraine-Self Defense election bloc (see EDM, July 5), is

anti-oligarch and refuses to consider the option of creating a parliamentary coalition with the Party of Regions. Lutsenko aims to return Our Ukraine to the anti-oligarch and anti-corruption election program that helped propel Yushchenko's 2004 election campaign.

The eclectic nature of Yushchenko's 2007 election campaign (both pro- and anti-oligarch) is nothing new and has always had a place in his policies. As prime minister in 1999-2001, Yushchenko and his allies refused to support the Ukraine without Kuchma movement in 2000-2001. He later combined cooperation with the Arise Ukraine! protests in 2002-2003 with attempts to cooperate with the moderate wing of the Kuchma camp.

In Kuchma's newly published memoirs he recalls how Yushchenko's 2004 presidential campaign advertisements on Ukrainian television channels began and ended with the cry: "The authorities are bandits; away with the authorities!" Kuchma was comforted, he recalled, when Yushchenko told him that he need not take these harsh slogans to heart: "Do not listen to what I say about you and the authorities at meetings. Do not place importance on them. Do not take them to heart. This is politics."

Yushchenko's attempt to organize oligarch support is aimed at undermining the Party of Regions' dominance of eastern-southern Ukraine. Other centrist, pro-Kuchma parties were marginalized after Yushchenko's elections. Two orange political forces (BYuT and Our Ukraine-Self Defense) dominate western and central Ukraine.

This is the first time in Ukraine's history that the Donetsk clan has dominated eastern-southern Ukraine. In the Soviet era, Ukraine was run by the "Dnipropetrovsk mafia." Volodymyr Shcherbytsky, who ruled Ukraine from 1972 to 1989, hailed from that region. Currently Dnipropetrovsk oligarchs Pinchuk and Kolomoysky are aligned with Yushchenko, but they have not invested in political projects that could counter the Party of Regions.

The Dnipropetrovsk clan re-entered central Ukrainian politics after Kuchma was elected president in July 1994. Dnipropetrovsk is also the first and only region to launch a dissident oligarch party -- (Pavlo Lazarenko's Hromada (1997-99)).

This was followed by the creation of the pro-Kuchma Dnipropetrovsk clan's Labor Party, whose leading stars were Pinchuk (Kuchma's son-in-law) and Serhiy Tyhipko of the Interpipe group. A rival Dnipropetrovsk clan, Pryvat led by Kolomoysky, never secured a political patron.

Rumors in Ukraine that Pryvat were aligned with Tymoshenko have never been substantiated. A recent London trial launched by a Russian oligarch against Kolomoysky did unearth evidence of his close ties to Oleksandr Tretyakov, a former senior adviser to Yushchenko.

Following Yushchenko's election, Ukraine's oligarchs dispersed in one of four directions.

Exit: Pinchuk followed through on his promise to separate business and politics by not standing in the 2006 and 2007 elections. Tyhipko resigned as head of the Yanukovych election campaign following

massive fraud in round two of the 2004 presidential elections. Without Tyhipko, his Labor Ukraine party collapsed, leaving Dnipropetrovsk politically unrepresented. Yushchenko could be seeking to revive the Labor Party's political fortunes.

Entry: After contesting the 2002 elections as a member of the pro-Kuchma For a United Ukraine bloc, the Party of Regions stood as an independent political force for the first time in the 2006 parliamentary elections and placed first with 32%. Akhmetov entered politics for the first time when he stood in the 2006 elections in the top 10 of the Party of Regions.

Marginalization: Parliamentary speaker Volodymyr Lytvyn's People's Party (the former Agrarian Party), former prime minister Valeriy Pustovoitenko's People's Democratic Party, and former presidential administration head Viktor Medvedchuk's Social Democratic Party United (SDPUo) became marginalized.

Cooptation: President Yushchenko co-opted the Industrial Union of Donbas when its two senior directors were given the number two slots in the presidential secretariat (Valeriy Chalyi) and National Security and Defense Council (Hayduk).

Yushchenko's multi-vector strategy for the 2007 elections seeks to compete with BYuT for second place by placing Lutsenko, popular with Orange Revolution activists, at the head of the Our Ukraine-Self Defense bloc. Meanwhile, Yushchenko's overtures to oligarchs seek to counter the Party of Regions domination of eastern-southern Ukraine. It remains to be seen if one vector will undermine the other.

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