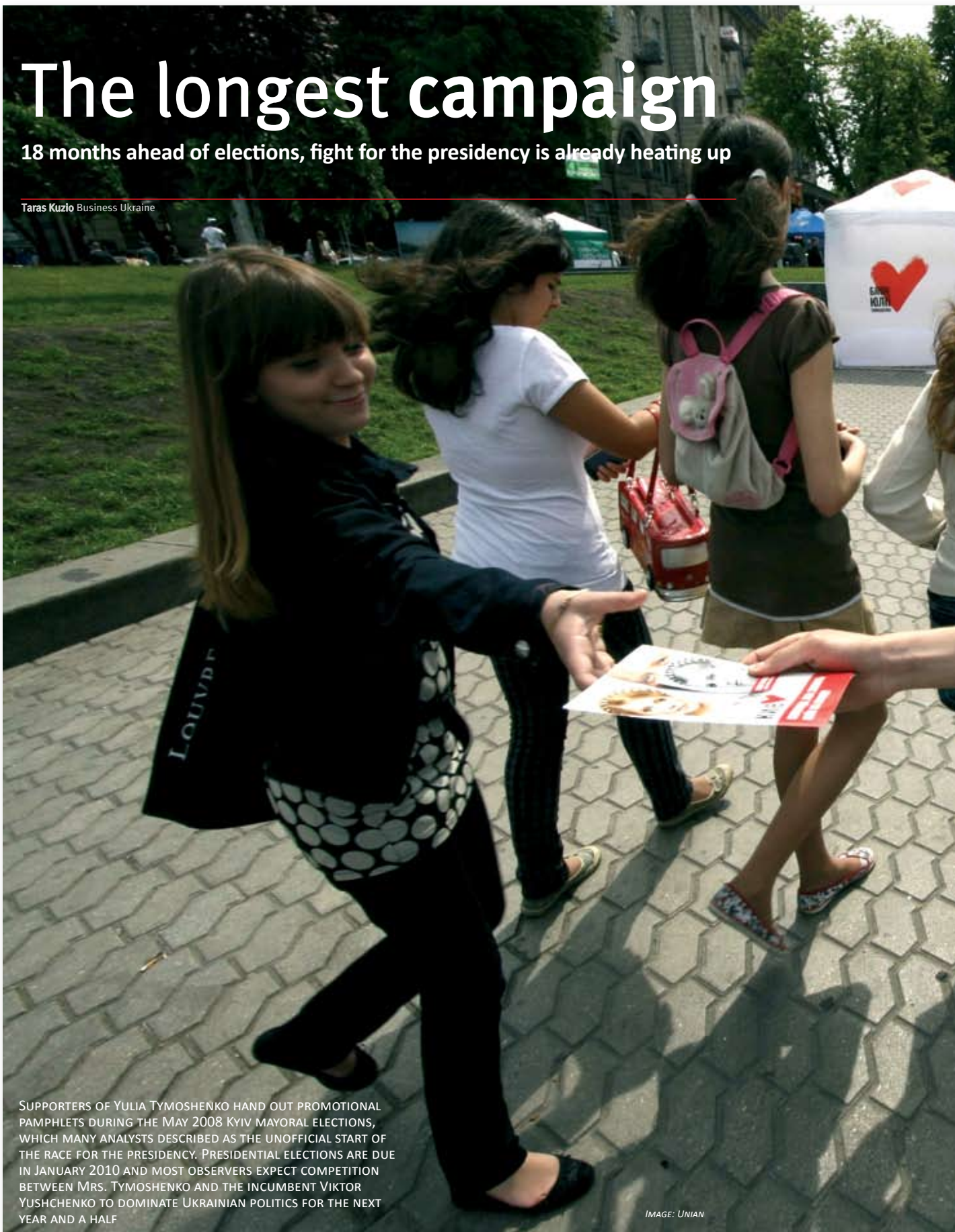


The longest campaign

18 months ahead of elections, fight for the presidency is already heating up

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SUPPORTERS OF YULIA TYMOSHENKO HAND OUT PROMOTIONAL PAMPHLETS DURING THE MAY 2008 KYIV MAYORAL ELECTIONS, WHICH MANY ANALYSTS DESCRIBED AS THE UNOFFICIAL START OF THE RACE FOR THE PRESIDENCY. PRESIDENTIAL ELECTIONS ARE DUE IN JANUARY 2010 AND MOST OBSERVERS EXPECT COMPETITION BETWEEN MRS. TYMOSHENKO AND THE INCUMBENT VIKTOR YUSHCHENKO TO DOMINATE UKRAINIAN POLITICS FOR THE NEXT YEAR AND A HALF

IMAGE: UNIAN



The Ukrainian parliament went into summer recess on 11 July with MPs flying off to sunny destinations around the Mediterranean or further afield until returning in late August to the trenches of the Ukrainian parliamentary battlefield. The Yulia Tymoshenko government survived a vote of no confidence on the last day of the spring session of parliament that was a welcome boost for the embattled PM Tymoshenko, but it also served to highlight

the disappointment and dysfunction that has come to characterise the work of the current parliamentary session. When MPs return from their summer vacations they will rejoin a legislature that has become hopelessly entangled in the power struggle between erstwhile Orange allies Yulia Tymoshenko and President Yushchenko, with attention increasingly focusing on the fast-approaching presidential election campaign ahead of a January 2010 vote.

Race for the presidency heating up

The recent failed vote of no confidence leaves the President short of options in his battle to outwit Mrs. Tymoshenko. As a result he will now most likely face a presidential contender next year launching her bid from the strongest of positions, that of Prime Minister. Mr. Yushchenko is apparently counting on an economic downturn to undermine his rival, which is a reflection of how precarious his

» position has become. Blame was heaped upon the President for his allegedly unconstitutional interference in the budgetary process and thereby preventing the adoption of this year's budget prior to the summer recess. While it might serve to prevent Mrs. Tymoshenko's administration from governing effectively, such tactics are unlikely to win the President many admirers.

Spoiling tactics prove unpopular

The most galling factor in the last eight months of political life in Ukraine has been the President's claim to be supporting the government while doing everything he could, with the assistance of the presidential secretariat and National Security and Defence Council (NRBO), to undermine it. However, when it came to the July no confidence vote Mr. Yushchenko did not have the political will to order his United Centre loyalists to back the Party of Regions and oust the government. This is perhaps understandable; Mr. Yushchenko's popularity would in all likelihood decline further if he was to be seen to be removing a fairly elected Tymoshenko government for the second time in three years.

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New presidential party of power

The launch of the President's new party of power, United Centre, which held its inaugural congress on 12 July amid much fanfare, is unlikely to assist the President's recovery. The election of Ihor Kryl, a fervently anti-Tymoshenko deputy from Mr. Yushchenko's Our Ukraine party, is testimony to the inability of the new presidential project to attract a charismatic leader. Parliamentary speaker Arseniy Yatseniuk refused an offer to head United Centre, a sure sign that the President's allies are no longer looking to tie their political fates to his and are increasingly making their excuses to leave Mr. Yushchenko's sinking ship.

A second anti-climatic of United Centre's pompous arrival on Ukraine's political stage (the party launch was held in Ukraina Palace and was shown live on the state-owned *Channel 1*) was its failure to unite with the People's Democratic Party (NDP) ahead of the congress. The NDP, like For a United Ukraine in 2002 and Our Ukraine in 2005, are all earlier failed parties of power. Mr. Kryl and the Presidential Secretariat have placed their faith in uniting marginalised parties into United Centre. In the 2007 pre-term elections the NDP joined with the Republican Christian Party and Democratic Party in the Ludmilla Supryn-Ukrainian Regional Active bloc that obtained only 0.34%. United Centre is also reaching out to two other marginal parties, the Agrarians and the Party of Industrialists and Entrepreneurs (PPPE). An alliance with these five marginal parties will not meaningfully boost United Centre's popularity.

The political alchemists behind the United Centre project have failed to learn from the mistakes of earlier parties of power and are attempting to build the party by relying solely on Kuchma-era administrative resources. Half of its regional branches in Ukraine's 27 regions are headed by governors or their assistants. The party is therefore being built from the top down. It is debatable whether a party of power could ever emerge around a Ukrainian head of state, given the peculiarities of Ukraine's political geography. Ukraine is not Russia, where a successful party of power (United Russia) is indeed hugely popular. To be successful parties of power require three factors – popular presidents, nationalism and autocratic regimes. Ukraine features none of these factors. The country's regional diversity rules out a pan-national party of power resting on a unifying brand of nationalism that envelops the country.

An administration at war with itself

The Tymoshenko government of 2005 and the current administration have both been hampered by interference from the President despite the fact that in the meantime changes to the Ukrainian constitution should have severely limited the ability of the President to interfere in the work of the government. Whereas the 1996 constitution placed the government under the president in 2005, three years later the reformed constitution gave the president no jurisdiction over the government or budgetary process. However, although Mr. Yushchenko supported constitutional reforms in December 2004, it appears that he has never reconciled himself to them.

Despite this high stakes struggle between President and PM, the Orange coalition's two political forces, the Tymoshenko bloc (BYUT) and the Our Ukraine/People's Self-Defence bloc, have managed to work relatively harmoniously within the government regardless of external interference, demands and negative criticism from the President, his secretariat and the NRBO. However, the government has been hampered by obstruction from its ostensible Orange allies ensconced in these two institutions. Over the past eight months the opposition Party of Regions has added to the confusion by blockading parliament for two months in the hope of undermining the Orange coalition and obtaining what they claim had been promised to them by Mr. Yushchenko back in May 2007; namely a grand coalition.

Responding to Bankivska barbs

During the first four months of the government's life it refused to react to the daily attacks launched by its ostensible Orange allies. During the first quarter of 2008 this strategy seemed to be working as the President's approval ratings continued to plummet while those of BYUT and Mrs. Tymoshenko rose to their highest levels yet, touching the 40% mark at their peak. This spurt in support placed BYUT well ahead of the Party of Regions and Mrs. Tymoshenko ahead of Mr. Yanukovich for the first time. BYUT seemed poised to continue the eastward drive into Party of Regions territory that it had successfully undertaken during the September 2007 election campaign.

This strategy changed in mid-April when Mrs. Tymoshenko went on the attack in Brus-

sels during a speech to the Council of Europe where she outlined her eponymous bloc's support for a parliamentary system. From that moment on, the government and the Presidential Secretariat have exchanged insults publicly. Opinion polls would suggest that this policy of fighting fire with fire has proven a big turn-off among the voting public. Ukrainian political commentators have dubbed this public hurling of insults and accusations a "war of everybody against everybody" which has resulted in a decline in Mrs. Tymoshenko's ratings to as low as 20%, where they remain on a par with the Party of Regions and former PM Viktor Yanukovich.

When the government ignored attacks launched by the President's team, an image formed among the Ukrainian public of a martyr government attempting to institute useful policies but being repeatedly blocked. The government needs to rise above the insults and give the job of responding to Presidential barbs to their press department. That is, after all, what they are paid for. Ukrainians do not want to see the Prime Minister and President locking horns, while the "war of everybody against everybody" only leads to a sense of confusion within society as to who is right or wrong.

Losing Kyiv: Tymoshenko's embarrassing mayoral setback

Mrs. Tymoshenko strongly backed the holding of pre-term Kyiv city elections in May but failed to strengthen her grip on the capital, suffering an embarrassing reverse. Kyiv's overwhelmingly Orange electorate was split between four separate candidates (Oleksandr Turchynov, Vitaly Klitschko, Mykola Katerynchuk and former Mayor Oleksandr Omelchenko) who together obtained a combined 43%, which would have been enough to secure victory over maverick Mayor Leonid Chernovetsky's 37.7%. This fracturing of the Orange vote highlighted internal divisions within the country's pro-Euro-Atlantic integrationist camp.

Constitutional conundrums continuing

Ukraine's political quagmire has been added to by the reappearance in the past half-year of calls for yet more constitutional reform, with Mrs. Tymoshenko calling for a move towards a system with more power invested in parliament. Post-communist states that have adopted parliamentary systems have certainly been the most successful in their

democratisation. This is clearly seen by comparing the parliamentary systems of democratic central and eastern Europe and the three Baltic states against the presidential systems of autocratic Eurasia. Mrs. Tymoshenko's support for further constitutional reforms that would move Ukraine towards a parliamentary system is therefore beyond doubt a step towards Europe and away from Eurasia. However, constitutional reforms require compromise and consultations. The issue cannot be approached in a blitzkrieg fashion as its deals with the fundamentals of the state. It is important to carry along public opinion and take into consideration the views of one's coalition partners.

Mrs. Tymoshenko had previously been a long-term supporter of a presidential system, as seen in the December 2004 Orange Revolution parliamentary vote on constitutional changes, when her bloc alone voted against the compromise package. The Prime Minister has shifted her position in recent months towards support for a parliamentary system as a response to the President's unwillingness to accept that the 2006 constitution does not give him control over the government and his obstruction of the government's work. However, the failure of BYUT and the Party of Regions to begin further constitutional reforms in the spring 2008 session of parliament means that the constitution is now unlikely to be reformed before the January 2010 presidential elections.

Sending the wrong messages to international investors

Many analysts and Ukraine watchers had an uneasy feeling about the October 2007 Vanco Energy contract to explore Ukraine's offshore shelf. Concerns focused on the timing of the contract by a government on its way out as well as the presence of Donetsk oligarch Rinat Akhmetov and two Russian and Austrian investors together with the use of offshore companies. The Tymoshenko government may have been in the right to challenge the Vanco contract but the question remains of how they approached the issue. By unilaterally cancelling the contract the Tymoshenko government scored a significant public relations own goal. Contracts should not be cancelled at press conferences but instead should be scrutinised and re-negotiated in formal business meetings and in the presence of lawyers. The government's handling of the Vanco contract sent a signal to foreign

investors that any contract could be cancelled at a moment's notice by the government. Contracts such as these should also not be used as part of an internal political competition over whom is doing more to combat corruption in the country.

Inflation undermining strong economic performance

Despite the political crises and in-fighting within the Orange camp, Ukraine's economy has continued to grow at levels that outshine the performance of most EU member states. Foreign Direct Investment also continues to flow into Ukraine in record levels. The darkest cloud on the horizon remains inflation, which is approaching an annual rate of 30%. In this Mrs. Tymoshenko is in many ways not entirely to blame: inflationary pressures were inherited from the Yanukovich government, which posted a record 16% level of annual inflation, and have also been imported in the form of international price rises in fuel and foodstuffs. The country's inflation woes have also been blamed in part on the National Bank led by Yushchenko stalwart Petro Poroshenko, who maintained the hryvnia-dollar rate at too high a level, fuelling further price spirals. However, despite the role of these outside influences, voters will associate the rising cost of living and the depreciation in savings with Mrs. Tymoshenko's administration.

Tymoshenko still in poll position

Following the failure to oust the Tymoshenko government via a vote of confidence it now looks set to continue to muddle along with a hobbled coalition until the end of the year. This means that pre-term elections are now less likely as only BYUT and the Party of Regions would be likely to gain from a fresh vote. The government needs to ensure that if it is eventually removed it leaves behind good economic indicators and low inflation. The government also needs to pay as much attention to winning the public relations battle domestically as it is successfully doing abroad. A mixture of poor presidential strategy and the unpopularity of a second round of pre-term parliamentary elections look likely to keep Mrs. Tymoshenko and her ramshackle coalition in place. This will mean that Mrs. Tymoshenko will now be able to fight out the presidential elections from the strong position of Prime Minister. The presidency is therefore hers to win in the coming campaign which many say has already begun. ●