

By [Taras Kuzio](#)

On March 21 Anatoliy Kinakh accepted an offer from Ukrainian Prime Minister Viktor Yanukovich's government to become minister of economics. The government is allied to the National Unity (formerly Anti-Crisis) coalition composed of the Party of Regions, Communist, and Socialist parties. Kinakh's appointment marks a key shift in the political allegiances of Ukraine's business sector and revealed another fault line within the Our Ukraine bloc.

President Viktor Yushchenko described Kinakh as a "morally shameful Ukrainian politician" and removed him from the National Security and Defense Council. Our Ukraine called for the expulsion of Kinakh's Party of Industrialists and Entrepreneurs (PPPU) from its faction, which would leave only 71 deputies. Four deputies from the Yulia Tymoshenko Bloc also defected.

Kinakh and his party are part of Ukraine's small centrist faction. In 2001-2002, Kinakh served as interim prime minister between Viktor Yushchenko and the first Yanukovich government. The PPPU traces its origins to the "red director" Union of Industrialists and Entrepreneurs and was a member of the pro-Leonid Kuchma "For a United Ukraine" bloc in the 2002 elections.

Kinakh led one of two parties that defected to the Yushchenko camp in the second round of the 2004 presidential elections (the other being the Socialists). Both the PPPU and the Socialists have since switched allegiance back to the Yanukovich camp.

Yushchenko and Our Ukraine have poor records of attracting and maintaining centrist parties affiliated with former president Leonid Kuchma. Their strategy has been twofold: to attract financial and other resources for national democratic parties and to win votes in Eastern Ukraine.

During the 2002 elections, Our Ukraine reached out to Donetsk by including the marginalized Liberals. The decision to include the Liberals in Our Ukraine in the 2002 elections aimed to compensate for the collapse of the Poroshenko Solidarity Party project to build an alliance with the emerging Party of Regions. The Liberals were the failed party of power in the 1990s but disintegrated following the November 3, 1996, assassination of the Yevhen Shcherban, the alleged "boss of the Donetsk clan." The Liberals position in the Donbas was taken over by the Party of Regions in 2000-2002.

Following the elections, most Liberal Party members of Our Ukraine defected to Kuchma's pro-presidential majority, reducing Our Ukraine from 118 to 102 deputies. The Liberals claimed they had agreed to join Our Ukraine because it had not declared itself as an "opposition" force. The Liberals' defection has echoes of the current defection of the PPPU.

Liberal Party leader Volodymyr Shcherban's governorship of Sumy oblast from 1999-2005 is a case of asset stripping of an oblast by a Donetsk clan representative. His governorship of Sumy may have directly contributed to Yushchenko's landslide result in the oblast, where he obtained 79.45% of the vote in the 2004 presidential election, a result similar to those Yushchenko obtained in central Ukraine.

In spring 2005 Shcherban fled Ukraine for the United States, but he was extradited to Ukraine in autumn 2006. Criminal charges against him have been dropped with the assistance of the Yanukovich government.

In the 2006 parliamentary elections the PPPU was one of five parties that aligned within the pro-Yushchenko Our Ukraine. The presence of the PPPU and the refusal of many national democrats who had aligned with Our Ukraine in 2002 to do so again in 2006 increased the prominence business groups inside Our Ukraine.

Kinakh's defection from Our Ukraine back to Yanukovich reflects three factors common to Ukraine and other post-Soviet states.

First, a lack of any ideology within pro-business and centrist parties. Between 2002-2007 the PPPU moved from the Kuchma camp to the Yushchenko camp and back to the former Kuchma camp.

Second, a reluctance of businessmen to be in opposition to the authorities, even in countries such as Ukraine where the separation of business and politics was a demand of the Orange Revolution.

Third, the relative ease with which the authorities buy off businessmen through positions, money, and state largesse or, in the Kuchma era, through threats and intimidation.

Thirty out of 79 Our Ukraine deputies voted for Yanukovich's nomination as prime minister on August 4, 2006 (including Kinakh). This clearly showed a divide running through Our Ukraine that has now come out into the open.

The PPPU's defection is also a response to the February 24 unification of Our Ukraine and the Yulia Tymoshenko bloc. Such a reunification of Orange forces was a demand raised by the national democratic wing of Our Ukraine that had supported the Orange Coalition after the 2006 elections. The PPPU and business groups in Our Ukraine have poor relations with Tymoshenko and preferred a grand coalition with the Party of Regions.

The demand from within Our Ukraine that the 30 deputies who voted for Yanukovich's candidacy be expelled was never fulfilled. Instead, Our Ukraine has now expelled PPPU members from its faction.

This has placed the MPs in an unclear legal position, as the "imperial mandate" in the election law does not permit deputies to change factions. The constitution also forbids individual deputies from joining coalitions (as opposed to factions). Yushchenko described the defection as a "revision of the political results of the 2006 elections."

The defection of the PPPU to the National Unity coalition points to three conclusions. First, little has changed in regime-party-business relations in post-Orange Revolution Ukraine. Second, Ukraine has a vacuum on the center-right where a pro-reform and pro-Euro-Atlantic integration force would be traditionally based. Third, the National Unity coalition's goal is to obtain a constitutional majority, abolish directly elected presidents, and rule without recourse to the opposition.

(Ukrayinska pravda, February 20, 21, 23, [razom.org.ua](http://razom.org.ua), February 21, [byut.com.ua](http://byut.com.ua), February 20 and 21)