

# Outside View: Ukraine's business class and Viktor Yanukovich

Published: June 1, 2012 at 6:30 AM

By TARAS KUZIO  
UPI Outside View Commentator

WASHINGTON, June 1 (UPI) -- Faced by the choice in the 2010 Ukrainian presidential elections of Yulia Tymoshenko and Viktor Yanukovich, the majority of Ukraine's big business backed the latter. Some, such as Viktor Pinchuk and Dmitri Firtash, supported him because Tymoshenko, as prime minister, had tried to take their business away and others, such as Rinat Akhmetov, because they feared her populist, anti-elite rhetoric.

In addition, many of the 5 million middle-class professionals and businessmen who voted for Serhiy Tihipko and Arseniy Yatseniuk in the 2010 elections, who together received third and fourth places and a combined 20 percent of the vote, refused to support either candidate. Tymoshenko received 3 million fewer votes than Viktor Yushchenko five years earlier because many of these natural "orange" voters didn't like her and saw her as part of the failed Yushchenko team.

Most big businessmen in Ukraine have been repaid for their support to Yanukovich in the 2010 elections and their business empires have grown. Others who earlier supported the opposition have been warned to halt their support that denies Ukraine's political forces a level playing field. The lack of political pluralism gives Yanukovich's authoritarianism a very different face to that of former President Leonid Kuchma under whom Ukraine's business elites were free to support opposition political forces.

Although threatened by a tougher authoritarian regime, Ukraine's big businessmen and oligarchs are beginning to understand that it is important to not have all one's eggs in one basket. This is a rapid process of disengagement from the authorities who only came to power two years ago. Under Kuchma, Ukraine's big business elites only began to put their eggs in different baskets and hedge their bets in 2003-04, a decade after he came to power.

Oligarch Akhmetov is most closely associated with the Donetsk clan and his business empire grew when Yanukovich was the regional governor. In 2011, Akhmetov began distancing himself from Yanukovich by negotiating an alliance with Yatseniuk, leader of the liberal Front for Change party.

Yatseniuk inherited the pragmatic wing of Our Ukraine that which had always disliked Tymoshenko. In February 2010, Yatseniuk told the U.S. ambassador to Ukraine that he had 45 Our Ukraine deputies ready to join a grand coalition with the Party of Regions in return for him becoming prime minister.

Privately, most leaders of the united opposition don't trust Yatseniuk to not again jump ship after the 2012 or 2015 elections as he is cut from the same cloth as Yushchenko and like him not a revolutionary firebrand. Yatseniuk gains from Tymoshenko's imprisonment as his entry into the second round of the 2015 presidential elections is dependent upon her remaining in jail.

This may be Yanukovich's game-plan all along as he could always strike a deal with the moderate Yatseniuk but never with the uncompromising Tymoshenko.

Other big and medium-sized Ukrainian businessmen, aside from Akhmetov, are contemplating distancing themselves from Yanukovich by privately talking of their concerns to Western diplomats and policymakers. Akhmetov is big and powerful enough to distance himself openly while other big business leaders will seek to take this step secretly.

Ukraine's business class is coming to understand that it is caught in a two-fold dilemma.

Firstly, if Yanukovich wins a second term in 2015 the "Family," the name given to the clan that is from his home town of Yenakievo in Donetsk, will take over much of their business interests by 2020. The "Family's" greed is rapacious and without limits.

Yanukovich's son, Oleksandr, entered Ukraine's Top 100 wealthiest people list last year.

Yanukovich says, like Russian President Vladimir Putin, that the country's president should be the wealthiest person in the country. Luke Harding, former Moscow correspondent of The Guardian, wrote in his 2011 book "Mafia State: How one reporter became an enemy of the brutal new Russia" that Putin has accumulated \$40 billion wealth after a decade in office -- \$10 billion more than Oleg Deripaska, Russia's richest oligarch.

Yanukovich's aim by 2020 of becoming wealthier than any Ukrainian oligarch can only come from corporate raiding other oligarchs as Ukraine doesn't possess Russia's abundant natural resources.

With few reforms to boast of and foreign investment drying up, the size of Ukraine's economy will remain stagnant. Europe's investment houses and investment banks are very depressed about Ukraine's trajectory and future under Yanukovich. The growth of the "Family's" business empire can only therefore grow at the expense of big businessmen -- not from economic growth.

Ukraine's big business may suffer worse difficulties if Yanukovich remains in office. International boycotts of Ukraine began in May when 14 out of 20 countries refused to attend a Yalta summit of Central European leaders. Yanukovich himself is an international persona non grata and will never again receive an invitation for a state visit from the European Union, United States or Canada.

Visa blacklists of Ukrainian officials, which are being discussed, are likely to be extended from Yanukovich to his administration and government. These lists could include some oligarchs who are perceived in Europe and the United States as being close to Yanukovich or behind the imprisonment of Tymoshenko.

Boycotts and visa blacklists could be followed by the more drastic sanction of freezing bank accounts that are held by Ukrainian officials and oligarchs in many EU member states and their offshore zones. Such a radical step might be especially likely if there is violence in Ukraine's 2012 election similar to that which took place in Belarus two years earlier.

Secondly, if the opposition come to power and implement their radical program not only Yanukovich and his cronies but also some oligarchs could end up in jail. The opposition program is more radical than Yushchenko's during the Orange Revolution and calls for the nationalization of assets privatized since 2010. Such actions would inevitably target leading oligarchs.

Ukraine's big businessmen and oligarchs are beginning to distance themselves from Yanukovich only two years into office. They are caught between a hammer and an anvil, set to lose everything if he remains in power or if the opposition throws the rascal out.

--

(Taras Kuzio is a Non-Resident Fellow at the Center for Transatlantic Relations, School of Advanced International Studies, Johns Hopkins University, Washington, where he runs the Ukraine Policy Forum that brings together government policy makers, think tank experts and academics. He has been a frequent political consultant to the U.S. government on Ukraine.)

--

(United Press International's "Outside View" commentaries are written by outside contributors who specialize in a variety of important issues. The views expressed do not necessarily reflect those of United Press International. In the interests of creating an open forum, original submissions are invited.)

Read more: [http://www.upi.com/Top\\_News/Analysis/Outside-View/2012/06/01/Outside-View-Ukraines-business-class-and-Viktor-Yanukovych/UPI-93421338546600/print#ixzz1wZSTJhYY](http://www.upi.com/Top_News/Analysis/Outside-View/2012/06/01/Outside-View-Ukraines-business-class-and-Viktor-Yanukovych/UPI-93421338546600/print#ixzz1wZSTJhYY)