

# Ukraine: Parliamentary election fails to resolve political crisis

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A third election within three years has proved incapable of resolving the deep political crisis in Ukraine. Once again, it has become clear that the struggle between rival political cliques, carried out at the expense of the broad population, has nothing in common with democracy.

In the early parliamentary election of September 30, Our Ukraine led by Viktor Yushchenko won around 14 percent of the vote, while the Bloc Yulia Tymoshenko (BJT) received well over 30 percent. Together, the two parties, which three years ago led the so-called Orange Revolution, picked up 44.8 percent of the vote. This means they have a razor-thin majority of 228 seats out of 450 in the new parliament (Rada).

According to the electoral committee, all other parties standing won approximately 44 percent. The “blue” Party of the Regions led by Prime Minister Viktor Yanukovich won 34 percent, and its ally, the Communist Party, received 5 percent and also entered the Ukrainian parliament. The Socialist Party, which had previously been part of the government coalition, failed to win enough support to re-enter parliament.

The Litwin Bloc led by former parliamentary president, Vladimir Litwin, received 3.9 percent for the first time, and therefore crossed the 3 percent level necessary to enter parliament. Litwin has refrained from making clear his real political intentions and, in light of the close outcome of the election, is now being courted by the Orange parties.

The election turnout was low, at 63 percent, reflecting widespread hostility in the population to all of the competing camps.

Yushchenko had dissolved parliament at the beginning of April hoping that fresh elections would favourably resolve his longstanding struggle for power with Yanukovich. Following Yanukovich’s victory in parliamentary elections last year, Yushchenko had felt compelled to appoint his rival as prime minister.

Then last spring, a number of deputies from the Orange opposition switched over to the government coalition. Yushchenko described this as a falsification of the 2006 election result and dissolved the parliament. Yanukovich and his coalition partners opposed the move, and only after long negotiations was an agreement reached for a new election.

Two years after the Orange Revolution, the differences within the Ukrainian elite expressed through the two rival camps—Yushchenko and Tymoshenko on the one side, and the oligarchs led by Yanukovich on the other—have narrowed considerably. The latter camp had previously maintained a strong orientation to Russia, but are now looking increasingly towards the West to secure their economic interests. Day by day, it is becoming ever clearer that there are no principled political differences between the two political camps.

In the meantime, Yushchenko has called upon all the political forces entering the new parliament to develop a model for cooperation between the government and that opposition, as well as to take measures aimed at consolidating the powers of the state. He offered government ministries to Yanukovich’s party—“from vice-prime minister down to ministerial positions.” Everything was possible—this was the only way to secure stability in the parliament and government, Yushchenko explained.

Yanukovich reacted positively to this offer made by the president and expressed his own support for the construction of a “broad coalition.” Tymoshenko, however, has so far rejected any cooperation with Yanukovich’s party and announced she is only prepared to participate in a coalition with “democratic” forces. If Yushchenko and Yanukovich form a coalition, Tymoshenko has announced she will go into opposition.

Yushchenko’s proposal is an attempt to prevent the political division of the country. While the west and the centre of the country mainly support the parties involved in the Orange Revolution, voters in the south and east have voted in the past in the majority for Yanukovich. At the same time, it is clear that the Orange camp itself is deeply split.

A coalition of the BJT and Our Ukraine would be anything but stable, and such an alliance would have only a very narrow majority. It still remains unclear which position the Litwin Bloc will take. But in the main, the individual parties are driven by economic and personal interests rather than politics or programme, and the widespread corruption of deputies is an established fact. “Two or three votes are always up for sale,” political commentator Vadim Karasyov wrote in the *Kyiv Post*.

At the same time, the relatively high vote for Tymoshenko represents a danger to Yushchenko’s political future. Yushchenko’s miserable showing in the election (14 percent) was his punishment by the electorate for the catastrophic social consequences of the government’s policies in recent years. Tymoshenko was able to pick up votes for the opposition on the basis of her populist election campaign. It is unlikely that Yushchenko would play important role in the long-term should he enter an alliance with the BJT.

Meanwhile, there are doubts in the pro-West camp over Tymoshenko’s politics. Analysts expressed the concern of investors, who referred to Tymoshenko’s role as prime minister in 2005. At that time, she announced she wanted to investigate the legal status of the privatisations previously carried in the era of President Leonid Kuchma. She declared that the privatisation of up to 3,000 formerly nationally owned companies could be reversed. Since the collapse of the Soviet Union and independence for Ukraine in 1991, the layer

around Kuchma had sold off the country's assets and in the process shamelessly enriched themselves. The enterprises were sold for low prices on the basis of political and regional criteria.

At the back of Tymoshenko's reversal of the privatisations lies a scheme for the future re-division of what is nothing other than stolen national property. Following renewed nationalisation, Tymoshenko plans to sell off the enterprises once again—this time at a better price—to those oligarchs close to the Orange alliance, or to Western companies.

Alarm bells rang amongst financial analysts following Tymoshenko's declaration last Sunday that the privatisation procedures would be subject to court scrutiny. They fear that the whole procedure could lead to irresolvable economic and political conflicts involving broad layers of the population.

One example of the privatisations policy was the fate of the steel plant Krivorijsstal, the country's largest steel exporter. The Donetsk oligarchs Rinat Akhmetov and Viktor Pinchuk acquired the company in 2004 at a rock-bottom price. At the time, there are said to have been a number of much higher offers, including a bid by the American company, US Steel. At the beginning of 2005, the sell-off was then waived following a court order issued after pressure from Tymoshenko, and at the end of the year, Krivorijsstal was finally sold off to the Mittal concern.

The affair caused such a scandal that even the World Bank felt compelled to intervene in the "Krivorijsstal case" in order to prevent damage to the general investment climate. At the time, economist Oleksij Plotnikov detected a "serious blow for the investment climate. The effect is a shock."

The increasingly sceptical attitude taken by the Ukrainian elite towards Tymoshenko was revealed in an interview given by the director of the International Institute for Political Studies in Kiev, Vladimir Malinkowich, to the Viennese *Standard*. When asked what the election result means for Ukraine, he answered: "nothing good." Tymoshenko "promises the impossible and thereby ruins our economy. But what is most dangerous is that she does not want to strengthen democratic institutions."

When asked about her relationship with Yushchenko, Malinkowich explained, "She will have even more power over him. When he opposes her now she will stand against him in the next presidential election and is likely to win. The most probable variant of an Orange coalition will therefore prove to be quite unstable. Two persons will continue to fight one another at least until the presidential election in 2009, and it will continue to remain unclear who is in charge and represents the country in the west, he or she."

A coalition of Our Ukraine and the Party of the Regions would be just as incapable of solving the fundamental political problems confronting the country as any new version of an Orange bloc government. In the final analysis all three—Yushchenko, Tymoshenko and Yanukovich—represent the interests of different clans of oligarchs. Those in the east of the country, who primarily back Yanukovich, have closer links to Russia and the former Soviet economy, while those in the west have closer bonds to the US and western Europe.

In 2004, Yanukovich was condemned as an electoral fraud and hunted out of office. He was regarded as the natural successor to president Kuchma by the Kremlin and by Kuchma himself.

The US and western Europe had bankrolled the "democratic" opposition, and financed and backed Yushchenko, the former head of the central bank and prime minister under Kuchma. His advocacy of "market reforms" aimed at privatisation and the deregulation of the

economy, together with his promise to distance the country from Russia and move closer to the European Union and NATO, made him the favoured candidate of the West. The American government and Western media supported Yushchenko and Yulia Tymoshenko—the richest woman in Ukraine, who had accumulated her fortune as an energy minister under Kuchma—at a time when both politicians attacked Yanukovich's election as president as fraudulent.

Yushchenko and Tymoshenko base themselves on pro-capitalist, anti-communist layers, which were formerly opposed to Kuchma. Their opposition, however, was based less on their rejection of growing repression and pervasive corruption in the country than on their abiding desire to enrich themselves. The sincere opponents of Kuchma were cynically manipulated by the pair.

Nine months later, the new Orange leadership collapsed under charges of mutual corruption. In September, Yushchenko dismissed the government of his former ally Tymoshenko and then formed a pact with his former opponent Yanukovich, in order to ensure the nomination of Yuri Yekhanurov as Tymoshenko's successor in the office of prime minister.

It was also agreed that a candidate from the Party of the Regions would occupy the post of deputy prime minister, while Tymoshenko and her allies were denied any important posts. In so doing, Yushchenko had recalled representatives of the two most important clans of Ukrainian oligarchs—from Dnjepropetrowsk and Donetsk—into government in the same tradition as his predecessor in office, Leonid Kuchma.

In less than three years, the true character of the Orange Revolution—widely praised in the West as a breakthrough for democracy and liberty—has been revealed. In 2004, many Ukrainians still believed that such a movement could improve their political and social situation. Now, broad swathes of the population have learnt that the entire ruling elite has completely detached itself from the masses and is only interested in its own enrichment.

According to a current poll, all Ukrainian politicians receive a negative rating when it comes to the issue of trust. According to the *Ukrainska Pravda* in February 2005, over 50 percent of all Ukrainians thought the country was headed in the right direction, while 20 percent thought the new government and the new president were worse than their predecessors. Six months later, the same polling institute registered more than 60 percent who regarded the government and the president to be taking a false course. An investigation by the institute showed that in October 2005, support for the government had fallen by half—to just 20 percent—and this process is continuing.

While the ruling political caste seeks to sing the praises of economic successes in the country, the reality for the majority of the population is very different. Price increases in basic goods and energy have outstripped any wage increase for workers in some industries and public service during the past two years. Foodstuffs and clothes have increased in price, and in particular, there have been sharp increases in the price of electricity and fuel. Inflation just for the month of September topped 6 percent.



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