

# Club Med

Orange ties to Kuchma era strongman Viktor Medvedchuk remain strong

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Early April saw accusations and counter-accusations traded by the President and Prime Minister over their continued use of figures tied to former Social Democratic united Party (SDPUo) personnel and its leader, the Kuchma era presidential chief of staff Viktor Medvedchuk. This latest evidence of a split at the top of the Orange coalition is both pointless and poignant. Pointless because it continues the presidential policy of washing dirty linen in public in a vein and futile attempt at undermining the government's popularity. Poignant because the accusations of using Mr. Medvedchuk's men actually say

far more about the President and his willingness to work with notorious figures from the old regime than they do about the PM Yulia Tymoshenko. The SDPUo has always been the President's bogey man, the one centrist pro-Kuchma political party that Viktor Yushchenko could never work with, but that has not stopped him building alliances around key personnel who first entered politics alongside Mr. Medvedchuk.

### The creation of a Kyiv clan

The SDPUo first appeared on the political map in the 1998 parliamentary elections at

the same time as the parties of other business clans. It was dubbed the 'Kyiv clan' in the same manner as the Trudova Ukrayina (Labour Ukraine) party was dubbed that of the 'Dnipropetrovsk clan'. In reality, the SDPUo never became the 'Kyiv clan' as it was always unpopular in its home base of Kyiv where today the Yulia Tymoshenko bloc has 70% support. In the 1999 Kyiv mayoral elections SDPUo candidate Hryhoriy Surkis was trounced by Oleksandr Omelchenko.

The SDPUo retreated to the economically underdeveloped and politically isolated Trans-Carpathian region, a very poor economic



▶▶ cousin of Kyiv indeed. This region was controlled by SDPUo stalwarts such as Viktor Baloha until he switched sides in the 2002 parliamentary elections to Mr. Yushchenko's then newly created Our Ukraine bloc. Mr. Baloha became famous and a Yushchenko "martyr" in the April 2004 Mukachevo mayoral elections, which saw the first instance of political violence in a year that was to become dramatic and reach a climax with the Orange Revolution.

### The Poroshenko connection

Another senior Our Ukraine leader who entered politics in 1998 on the coat strings of Mr. Medvedchuk's SDPUo was today's National Bank chairman Petro Poroshenko. He defected two years earlier than Mr. Baloha to establish a Solidarity parliamentary faction and Solidarity Party with, as the Melnychenko tapes appear to demonstrate, funds provided by former president Leonid Kuchma. At the time, Mr. Kuchma is thought to have wanted another centrist political force to act as a counter-balance to the SDPUo.

Mr. Poroshenko assisted in the creation of the Party of Regions in 2001 when his Solidarity Party became one of the five parties that merged to create the new centrist force that represented the "Donetsk clan." Another of the five parties was current Kyiv Mayor Leonid Chernovetsky's Party for a Beautiful Ukraine, an appropriately named party for somebody commonly referred to as Leon the Spaceman.

Another senior SDPUo member to later go to assist Mr. Yushchenko was Oleksandr Zinchenko, who broke with the SDPUo in 2003-2004, or significantly later than Mr. Poroshenko (2000) or Mr. Baloha (2002). He then ran Mr. Yushchenko's 2004 election campaign and took on a prominent role during the Orange Revolution itself before becoming his presidential head of staff for much of Mr. Yushchenko's first year in office.

### Medvedchuk remains well-represented

Defectors from the SDPUo and other pro-Kuchma parties also have prominent positions in Our Ukraine (numerous businessmen), the National Security and Defence Council (i.e. Party of Regions faction leader Raisa Bohatioriova) and the presidential secretariat (i.e. former presidential representative in parliament Roman Besmertnyi, who was nicknamed the "Little Medvedchuk" during the Kuchmagate crisis for his staunch defence of Mr. Kuchma). Mr. Yushchenko also apparently offered Mr.

Medvedchuk the position of National Security and Defence Council secretary in return for his legal support in the spring 2007 political crisis.

### Tymoshenko attracts business establishment

This is not to say that the Tymoshenko bloc and the current government does not also include former supporters of Mr. Kuchma such as Bohdan Hubsyky, but these figures are far fewer in number than former "Kuchmaites" in the Yushchenko camp. The fact remains that both the Tymoshenko bloc and Mr. Yushchenko's team have reached out to big business.

Serhiy Tyhipko, head of Viktor Yanukovych's 2004 election campaign and Industrial Union of Donbas co-chairman Vitaliy Hayduik have recently been made advisers to the Tymoshenko government. Both represent the pragmatic wing of Ukraine's big business which has long supported a separation of business and politics. During the first days of the Orange Revolution Mr. Tyhipko left Ukrainian politics and the Labour Ukraine party to focus on business. Valery Khoroshkovskiy, who led a failed political project called the Winter Crop Generation in the 2002 elections, has now been brought into the Tymoshenko government.

### Looking for pragmatic partnerships

Since sweeping to power in 2004 Mr. Yushchenko has favoured building bridges with political forces closer to the ousted old guard. He courted the Party of Regions in the September 2005 and Spring 2007 political crises, signing an infamous memorandum with Mr. Yanukovych in the first and agreeing to support a grand coalition after the September 2007 elections in the second. Following the 2006 elections Mr. Yushchenko instructed then-prime minister Yuriy Yekhanurov to negotiate a grand coalition with the Party of Regions that reached agreement on keeping himself as Prime Minister and Mr. Yanukovych as speaker. Failed attempts to unseat Mrs. Tymoshenko two months ago are said to have involved a similar plan to install Mr. Baloha as Prime Minister with Mr. Yanukovych as parliamentary speaker.

The Privat group, one of Ukraine's most extensive business empires headed by Ihor Kolomoysky, has been close to Mr. Yushchenko since 2006. Mr. Kolomoysky placed some of his business associates in the 2007 Our Ukraine-Peoples Self Defence election list and as a direct result of this alliance the Tymoshenko government has received no presidential support in its attempts to wrestle back control

of the state-owned Ukrnafta which has long been alleged to be under the de facto control of Privat.

### Club Med accusations

Why then, has Mr. Yushchenko made a point of accusing the Tymoshenko government of working hand in glove with figures connected to Mr. Medvedchuk? The answers are to be sought in Mr. Yushchenko's personality and politics. Of the myriad of pro-Kuchma centrist political parties which used to populate the Ukrainian parliament he only ever saw the SDPUo as his enemy. Mr. Yushchenko never looked in the same hostile manner at the People's Democratic Party (NDP), Mr. Kuchma's first, failed party of power in the late 1990s, nor the Agrarians, Labour Ukraine or even the Party of Regions. Relations between Mr. Yushchenko and the Party of Regions until the 2004 elections were cordially facilitated by Mr. Poroshenko.

Volodymyr Lytvyn was offered the position of head of Our Ukraine's 2002 election bloc; Mr. Kuchma turned down the offer as Mr. Lytvyn was destined to be instead head of the For a United Ukraine bloc. Mr. Lytvyn and Yushchenko-Poroshenko had long been opponents of the SDPUo.

### Creating a third way

A journalist fired earlier this year from the Channel 5 television station claimed that his removal came after he had aired stories alleging Mr. Poroshenko's funding of the Lytvyn bloc in the 2007 elections. Such allegations would certainly fit with a general model of Yushchenko allies seeking to create political middle ground. In founding Our Ukraine in 2001-2002, Yushchenko and Poroshenko saw it as a third force that was neither in opposition nor with the pro-regime camp. This explains its inability to decide if it was allied to Mrs. Tymoshenko or Mr. Kuchma.

### Medvedchuk and the bad boyars

Mr. Yushchenko has never been able to blame Mr. Kuchma for anything that occurred during his decade-long presidency. Indeed, during the Kuchmagate crisis, Mr. Yushchenko (then prime minister) saved Mr. Kuchma's career by refusing to back calls by Mrs. Tymoshenko and Socialist leader Oleksandr Moroz for the President's impeachment. This stance is not surprising as Mr. Yushchenko had served Mr. Kuchma for seven of his ten years in office. This problem actually runs deep, as Mr. Yushchenko



ORANGE REVOLUTION CAMPAIGN MANAGER OLEKSANDR ZINCHENKO (WITH MOUSTACHE, RIGHT) IS ONE OF MANY FIGURES CLOSE TO THE CURRENT GOVERNMENT WHO STARTED OUT IN POLITICS UNDER VIKTOR MEDVEDCHUK'S WING

—like many in his Our Ukraine party—has always wanted to blame the “boyars” rather than the “tsar”. In this instance the “boyars” chosen for vilification were the SDPUo in general and Mr. Medvedchuk in particular. During Mr. Kuchma’s last three years in office Mr. Yushchenko and Our Ukraine blamed SDPUo leader and presidential administration head Mr. Medvedchuk for the country’s growing authoritarianism, not Mr. Kuchma.

### Reallocating blame for the Kuchma years

This refusal to have Mr. Kuchma take responsibility lacked any credibility, as it assumed that Ukraine’s premier micromanager did not know what was going on in his name, such as the illegal temnyky censorship instructions sent by the presidential administration to media outlets instructing them what to cover and what to self-censor out of their broadcasts. The “bad boyars-good tsar” complex led to Mr. Yushchenko being willing to grant Mr. Kuchma immunity while continuing to throw venom on Mr. Medvedchuk and the SDPUo.

This animosity is partially rooted in Mr. Yushchenko’s political experience. Following the 2002 elections, Yushchenko and Poroshenko sought to create a parliamentary coalition of Our Ukraine and pro-Kuchma centrists with Mr. Yushchenko, who headed as prime minister the political force that had come in first place in the elections.

The only obstacle was the SDPUo, as Mr. Yushchenko refused to join any coalition with the SDPUo. As a direct result of this impasse

the proposed coalition fell apart.

The “good boyars: bad tsar” complex has been the main dividing line between Mr. Yushchenko and Mrs. Tymoshenko since both entered top table politics in 2000-2001. Mrs. Tymoshenko has never pinned the blame for the country’s ills solely on the SDPUo and has always targeted Mr. Kuchma. She has supported calls for his impeachment and post-2004 election trial. Mr. Yushchenko, on the other hand, has consistently sought to negotiate deals with Mr. Kuchma in 2002 and again in 2004.

### The party of notoriety

The SDPUo twice managed to scrape past the parliamentary threshold in elections in 1998 and 2002, on both occasions doing so independently of other pro-Kuchma forces. On the first occasion the SDPUo’s 4.01% was highly suspect and rumours persisted that it had been “helped” over the threshold by votes “donated” by the Agrarians who failed to enter parliament. A 6% showing in the 2002 elections was a more respectable performance but it was a temporary rise in support. The SDPUo was a flawed political machine that was tarnished by its ties to Mr. Kuchma and lacking some of the prerequisites for Ukrainian political consolidation. Inside Ukraine the party became, during Mr. Medvedchuk’s reign in the presidential administration throughout 2002-2004, by far the most loathed of the pro-Kuchma forces. The SDPUo also never had a home base to fall back on, and differed from the Labour Ukraine party and Party of Regions as, unlike them, the SDPUo was never involved in running industry,

preferring instead to live off less obvious means. Abroad, the SDPUo failed to attract any legitimacy and it was refused membership of Socialist International. Mr. Moroz’s Socialist Party, meanwhile, did become a member of that organisation.

### Post-Orange nosedive

Following the Orange Revolution the SDPUo went into steep decline as Mr. Medvedchuk was implicated in many of the dirty tactics used in the 2004 Mukachevo mayoral elections and against Mr. Yushchenko in the 2004 presidential elections. Deputy SDPUo leader Mr. Satsiuk was linked to Mr. Yushchenko’s poisoning after a dinner held in Satsiuk’s dacha. SDPUo governor of Trans-Carpathia Mr. Rizak was arrested for his links to organised crime.

The 2006 and 2007 elections should have seen the SDPUo return to power as they had always done well in the proportional side of the 1998 and 2002 elections. The 2006 and 2007 elections were held using a fully proportional system. As a party with no base, the SDPUo picked up its votes throughout Ukraine thereby meaning it was better suited to winning proportionally-decided rather than majority elections.

The SDPUo’s election result in 2006 of just over 1% demonstrated the degree to which the party was in crisis and explains why it opted not to contest the 2007 elections. This makes it all the more surprising that the President and his chief of staff have attacked the government for allegedly harbouring former SDPUo members, as the SDPUo is clearly a spent force.

### Alumni headed by Baloha

In reality, the main descendant of the SDPUo’s legacy today in the senior ranks of Ukrainian politics is Mr. Baloha. His SDPUo background has given him vast business assets in his home region of Trans-Carpathia which, as his tax records published recently in newspaper *Ukrayinska Pravda* allege, are mainly registered in his wife’s name. His SDPUo training is also evident in his obtuse and aggressive management style that has damaged Mr. Yushchenko’s ratings and chances of being re-elected. Indeed, Mr. Yushchenko’s allies in Ukraine and the West are exasperated by Mr. Baloha and his influence over the President.

The SDPUo may be no more but Club Med continues to exert influence. Mr. Medvedchuk must be quietly laughing from the sidelines at how his pupil Mr. Baloha is gradually undermining Mr. Yushchenko. ●