

National bank leadership as a test to parliamentary majority : hopeless.ua?

RESEARCH UPDATE

No. 45/293, December 16, 2002

Yulia Tyshchenko, Head of Civil Society Programs

The day of December 12 was not the day of consolidation of the parliament. The first issue on that day was the dismissal of National bank governor Volodymyr Stelmakh. The second issue was the appointment of leader of Trudova Ukraina, Serhiy Tihipko, to the vacated office. Neither of the issues was decided on, as the opposition blocked the parliamentary podium.

The position of the NBU governor was a part of the “coalition government package” to be divided between representatives of the parliamentary majority. From the very beginning the position was claimed by the Trudova Ukraina and their allies from the Party of Industrialists and Entrepreneurs. In November 2002, then Prime Minister Anatoly Kinakh sent an official petition to the President, asking him to propose to the parliament to agree to the dismissal of Volodymyr Stelmakh from the position of the NBU governor. On November 25 the President submitted two proposals to the parliament: on the dismissal of Stelmakh and the appointment of Tihipko. The inclusion of the position of the NBU governor to the “coalition government package” caused strong criticism by Nasha Ukraina and personally Viktor Yushchenko, a former NBU governor himself, as in their view the NBU needed to be beyond politics and politicizing it could have a negative effect on stability of the Ukrainian national currency. However, it appeared that the appointment of Tihipko was seen as undisputable by Trudova Ukraina and its allies.

“With deed, not word”

On November 28 the majority could not receive the desired result of the voting on the NBU matter. Only 214 MPs instead of 233 that were formally members of the majority voted in favor of dismissing Stelmakh. The failure, bitter as it was, called for an urgent face-saving action, as the majority was seen as poor in terms of securing coordination within its ranks. The voting on the NBU matter was not the only failure that day: the majority failed to collect enough votes (at least 226) to approve six other planned decisions.

The relatively fast and painless formation of the “coalition government” did not add to consolidation of forces within the parliament. The appointments to the government positions took place in accordance with standard Ukrainian political tradition of non-transparency and backdoor dealings and, obviously, did not require a broad discussion in the assembly. The very declared nature of the “coalition” continues to cause more questions than it gives answers. Traces of consolidation could be observed on December 7, when the parliamentary majority and the “coalition government” of Viktor Yanukovych signed a political document: a cooperation and solidarity in responsibility agreement. The most critical issue in the context of present relations between the government and the parliament is the issue of solidarity in responsibility for successful conclusion of the 2003 budget process. The agreement could be seen as a kind of “insurance” for the government in case the parliamentary crisis continues, and a good chance to disperse responsibility for the fulfillment of the national budget in 2003.

The document was signed in the presence of the President of Ukraine whose participation could be interpreted as that of a conductor of film director whose decisions, to a large extent, determine success or failure of a performance. However, there are some opposite currents in the situation: if the agreement works and cooperation and shared responsibility do not remain empty declarations (which is a high risk now) – the influence of the “film director” on the political process can be substantially decreased. However, the head of the state will retain the field for active interpretations, beneficial assessments and placing emphasis. While seeming out of the process (or above it), the head of the state may play a critical role in it. “Once [they] have taken responsibility – it is necessary that it is reflected in actions,” he said on December 12, commenting on the earlier events – “let’s see how the events develop.” Yet, the role of the one who “watches from above the fight” may be transformed into the role of a shadow mediator if the process becomes tough. The presidential administration has a substantial experience of building such combinations.

Another paradox of the agreement between the government and the parliamentary majority is the fact that the

initiative is too similar to recent ideas expressed by Viktor Yushchenko about signing a political agreement between the government and the parliament. However, the current agreement practically removes Nasha Ukraina, still the most numerous parliamentary faction, out of the cooperation process and, therefore, denies it an ability to influence decision-making.

A certain public link between the government and Nasha Ukraina is the budget committee led by Petro Poroshenko. While that link can be easily broken by potential re-distribution of parliamentary committees, Poroshenko has repeatedly stressed that he would not give up his membership in Nasha Ukraina even in exchange of his leadership of the committee.

The document, signed on December 7, is primarily of political nature, for no legal framework for cooperation between the majority and the government exists. Hence, logically, there may be questions to what extent and what kind of consequences actions (or inaction) of the government may have for the parliamentary majority. For instance, if the government resigns, what happens to the format of the majority that has formed it, given the mutual responsibility clause? How the majority could recall its delegates in the government if it is not satisfied with their performance? What will the government do if the majority, regardless the agreement, will not vote on draft laws proposed by the government? The examples are not rare. On December 12 the parliament did not even discuss the government's and the president's proposals for amending the law on taxation of enterprises, nor proposed amendments to the VAT law submitted by the parliament's budget committee, nor amendments to customs tariffs and the Customs Code that were supposed to contribute to fulfilling the budget in 2003. Prime Minister of Ukraine Viktor Yanukovich announced that the foundations for understanding between the supreme bodies of the executive and the legislative branches were legally bound in Ukraine for the first time, and that the process had been pushed by the announced course towards a political reform. The first step towards the reform, according to Yanukovich, was the creation of a permanent majority in the parliament, and its logical continuation was the formation of a coalition government. However, the question of a "functioning majority" currently remains open, and so does the issue of effectiveness of its work. In order to implement political agreements within the parliament and in relations with the government, the majority would have to stick to the election motto of Nasha Ukraina: "With deed, not word". Yet, on November 28 it became obvious that no "word" (i.e., clear agreement) had been reached. The voting on December 12 only confirmed that.

"Those on top" want it but cannot do it?

It is not unlikely that the situation around the majority may lead to the creation of a certain "inner opposition" within it. That "inner opposition" may attract both those of the majority who does not fully agree with the leaders and those who prefer to be cautious at both sides of political barricades. Not so long ago Ivan Pliushch announced that twenty MPs had agreed to join a faction he intended to create. Among those MPs are some well-known names like Oleg Bezpалov, Volodymyr Sivkovich, Viktor Musiyaka, Igor Nasalyk, Petro Dymynsky. The announcement was made in the context of critical remarks addressed to the majority in connection with its efforts to dismiss Stelmakh. Prospects for creation of a new faction may affect the format of the majority and reduce its votes.

The current political crisis in the parliament showed that "those on top" sometimes cannot do even what they strive to do. The "NBU governor crisis" proved that the majority failed the test.

Re-distribution of parliamentary committees: confrontation continues

The current confrontation in the parliament has been caused by a number of various factors. Some of the factors are admitted both by the majority and the opposition, though the emphases are different. For instance, Yulia Tymoshenko argues that the dismissal of Stelmakh and the appointment of Tihipko has been caused by speculations about possibilities to carry out some dubious financial deals that could do substantial damage to the national economy. Representatives of the majority (e.g., Oleksandr Zadorozhnyi) argue that Viktor Yushchenko, as predecessor of Stelmakh in the NBU, is interested in having "his man" in the NBU in order to keep quiet about some specific details of Yushchenko's actions of those days.

The most plausible reason, though, is the lack of a dialogue between the majority and the opposition. On December 12 the opposition was determined to disrupt the work of the parliament because one of the issues on the agenda that day was re-distribution of the leadership of parliamentary committees. Today the parliament has 24 committees and

one commission. 19 committees and the commission are chaired by representatives of the opposition and Nasha Ukraina. According to Stepan Hawrysh, leader of Demokratychni Initsiatyvy, president Kuchma supported the idea of re-distribution of the committees. The idea was seen as a step of a new “velvet revolution” in the parliament in the context of agreements with the government. Its unadvertised purpose was to satisfy ambitions of those members of the majority who did not get what they wanted in the process of forming a “coalition government”. Naturally, the opposition and Nasha Ukraina objected to the idea. “We are developing adequate reaction,” said Yuri Lutsenko, one of leaders of the Socialists, - “the adoption by the parliamentary majority of decisions to re-distribute the committees will be an overt act of aggression, a declaration of war,” he added.

Meanwhile, according to the opposition leaders, on December 9 the Socialists, the Communists and Yulia Tymoshenko’s block agreed on joint actions, and on December 10, the three factions started negotiations with the leader of Nasha Ukraina on a common position in voting on change of the NBU governor, re-distribution of the committees and further actions in the assembly. However, the agreement seems to be too informal, and it leaves too many questions unanswered. Earlier this week Nasha Ukraina’s political coordinator Roman Bezmertnyi made a statement that the block might lead the second stage of “Rise, Ukraine!” action if it would take the lead and not follow Tymoshenko or someone else. It was also announced that discussions about a possible alliance of Nasha Ukraina, the Socialists and Yulia Tymoshenko’s block to back a single candidate for the forthcoming presidential elections, provided the candidate would be Viktor Yushchenko. However, a single candidate would be impossible if Communists and their leader Petro Symonenko join the alliance. Tymoshenko made statements that could be interpreted as objections to signing a political agreement with Nasha Ukraina without Communists, arguing that it is important that the opposition acted in a coordinated manner. As the process evolved, Nasha Ukraina lost a few members. Two of MPs that left the faction joined Rehiony Ukrainy – a fact that suggested that although Nasha Ukraina and Rehiony Ukrainy might be preparing to negotiate a deal, their relations are far from clear and stable.

The issue of the committees is rather sensitive for the opposition, for if those are lost, the three opposition factions and Nasha Ukraina will be left without any credible influence in the parliament. However, if the idea of re-distribution of the committees is put off till later or removed from the agenda at all, that can be seen as a likely ground for negotiations between the two camps in the parliament. Indirect evidence of the building of some “grounds” outside the committees comes from recent statements made by Yulia Tymoshenko who argued that the opposition was prepared for a compromise with the majority in order to keep Volodymyr Stelmakh as the NBU governor. For that the opposition was “trying to initiate a process of negotiations with the majority ... we are prepared for cooperation in the field of settling the performance of the Verkhovna Rada, for the majority does not need its destabilization,” Tymoshenko said. The movement towards negotiations may be suggested by the departure of Oleksandr Karpov from the position of the coordinator of the majority – it is believed that the departure was caused by his failure to start negotiations with representatives of the four opposition forces. Yet, the idea of negotiations is seen skeptically by many commentators.

The current developments in the parliament represent a logical follow-up to long-lasting processes of “restructuring” in the parliament, imitation of those processes. Similarly, the “coalition government” is most likely just an imitation of a coalition without any legal grounds, a kind of political mimicry of the executive branch in the environment of rhetoric about the beginning of a political reform. The most important thing in this case is not a political result but the process itself or imitation of the process.

Back to the issue of the NBU governor, we’ll take the risk to assume that it will take place sooner or later, given the backdoor agreements that will need to be met. The parliamentary “minority”, however, will do its best to use the miscalculations of the “majority” and the presidential administration to keep the leadership of the parliamentary committees and take part in the budget process in order to secure the ground for future negotiations. Therefore, solution of personnel and organizational issues will be postponed. Who in the long queue is going to gain and what the gains are going to be (if any) remains to be seen from the re-distribution of leadership of parliamentary committees, a new round of rivalry for the position of the NBU governor and the wrap-up of the budget process.