

Pieces of the coalition cake

RESEARCH UPDATE No. 43/291, December 2, 2002 *Yulia Tyshchenko, Head of Civil Society Programs*

The tenth prime minister since Ukraine's independence was approved by the parliament on November 21. On that day, 234 MPs, representing mainly the so-called "parliamentary majority" of pro-Kuchma factions, supported the nomination of governor of the Donetsk region, Viktor Yanukovich. The candidate also got support of 12 out of 16 non-faction MPs, one member of Viktor Yushchenko's 110-strong Nasha Ukraina, and one of 20-strong Socialist faction.

The negotiations between the candidate and the parliamentary factions and groups were remarkably quick. Probably, the most important part of them was the process of shaping a new "coalition" government. As Yanukovich put it in his speech to the parliament on November 21, "the political reform announced by Kuchma envisages that the government is accountable to the parliament. We have the first possibility to form a coalition based on the majority in the parliament. In this context one should also view the current renewal of the government, we have a chance to create a new mechanism in order to direct our whole potential at implementation of the possibilities."

"Foundation of the Majority"

Generally, the process of building a "coalition on the foundation of the majority" began way before the voting day and materialized "for Yanukovich" in an agreement signed by the candidate and leaders of nine parliamentary factions and groups of the majority, namely: "Trudova Ukraina – PPPU (42 MPs), SDPU(o) (39 MPs), "Regions of Ukraine" (37 MPs), PDP (17 MPs), "Agrarians of Ukraine" (16 MPs), "European Choice" (20 MPs), "Narodovladdya" (16 MPs), "Democratychni Initsiatyvy" (22 MPs), "Narodny Vybir" (15 MPs). The document envisaged that support for Yanukovich would be exchanged for clear guarantees that the new Cabinet would be formed of representatives of the parliamentary majority in proportion to the size of the factions and groups. The proposed version of the "coalition" was based on bargaining over seats in the new Cabinet and the agreement that the parties involved would sign a political agreement on cooperation and solidarity in responsibility between the parliamentary majority and the Cabinet. Viktor Yanukovich and the Nasha Ukraina, though, did not agree on support that the Nasha Ukraina could grant to the candidate in exchange for transformation of the would-be Prime Minister's view on the majority and prospects for a "coalition". On the eve of the voting in the Rada the would-be Prime Minister stated that Nasha Ukraina might take part in the formation of the coalition government is the block joined the parliamentary majority. However, "if they do not join the majority, it does not make sense to make a tragedy out of that," he said, and added that "there is a need to continue working with the entire parliament". The interaction between Yanukovich and Nasha Ukraina has materialized in a new round of talks between the Regions of Ukraine and Nasha Ukraina.

Commenting on proposals of then candidate for the premiership, political coordinator of Nasha Ukraina Roman Bezmertnyi said that "during the meeting with Yanukovich with representatives of the faction it was discussed that first there had to be an agreement, a clear platform on what we will do and how we will do that <...> on the other hand, we understand that the candidate was tied up, and should he have signed any agreement with Nasha Ukraina [he] would be immediately called off, <...> everybody understands perfectly well that it is not the Premier who decides the fate of this country" (Stolichnye Novosti, November 25, 2002).

That result of Yanukovich's discussions with Nasha Ukraina, Yulia Tymoshenko's block, the Communists and the Socialists did not add anything to the size of the majority and did not move the new head of the government closer to forming Cabinet based on a political majority. The failure to secure agreement with the opposition and Nasha Ukraina tied Yanukovich even closer to the pro-presidential majority in the parliament with no guarantee that after the ambitions of the factions regarding seats in the new government are satisfied the majority will support the Prime Minister's ideas in the economic field. The positive result of the voting in the Rada was made possible by the desire of the Donetsk group to have their regional leader as the head of the government. On the other hand, it was obvious that agreement with all parties of the process would not be easy to get. It is hard to view the majority as the coalition of partners and friendly factions. At the beginning of the Premieriada, the different factions had their own visions as to who the next Prime Minister would be. While the Luhansk elite wanted to seat to be occupied by First Vice Prime Minister Oleg Dubina, the PDP faction stood for keeping Anatoly Kinakh, and the "European Choice" nominated

head of the STA Mykola Azarov. Yanukovych's success was made possible, to a large extent, by the support he received from President Kuchma, strengthened by his promise of a coalition government. The zeal with which the Donetsk group recruited "partners" also played a role.

Yet, voting for Yanukovych did not show that the Ukrainian parliament received a consolidated majority, not a situational one, forced by the Donetsk group with the support of the Presidential Administration of representatives of the nine factions and non-faction MPs. Though it was possible to get the necessary minimum number of votes, it may be impossible to work with such a "majority". For instance, about an hour after the Rada approved Yanukovych as the Prime Minister, it rejected the new Prime Minister's initiative to review the draft 2003 budget and supported the draft of the Budget Committee that had increased the revenue part of the state budget to UAH 54.7 billion, a substantial increase from the total of UAH 49 billion proposed by the Cabinet. Although the new Prime Minister called on the MPs to postpone the discussion of the budget issue, 272 MPs voted in favor of the Budget Committee's draft. The fact suggests that talks about "consolidated responsibility" are, to a large extent, exaggeration.

Trying to Build the First Floor...

The present agreement between the government and the majority is based primarily on something rather distant from politics and systemic agreements but on the system of satisfying various "cadre" ambitions of different political forces and groups in the parliament. Efforts to ensure the presence of the whole spectrum of economic and political interests within the majority need substantial skills of reaching compromise and harmonization of the government-parliament fabric. So far the process of coalition-building was a difficult one. The competition between the factions and groups of the majority for seats in the new government results in the fact that there are many more volunteers to occupy the positions than available vacancies. President Kuchma has secured his "quota" in the new Cabinet as well: Minister of Defense Volodymyr Shkidchenko, Minister of the Interior Yuri Smirnov, Minister of Justice Oleksandr Lavrynovych and Minister of Foreign Affairs Anatoly Zlenko who will stay in the new Cabinet.

All other positions in the Cabinet were supposed to be distributed between factions and groups of the majority. Each of the factions and groups had its wish-list. The Trudova Ukraina and the Party of Industrialists and Entrepreneurs, for instance, wanted a position of the Vice Prime Minister and Ministers of economy, industrial policy, transport, the emergencies, as well as the position of the governor of the National Bank of Ukraine. Similar positions were on the wish-list of the SDPU(o) – the Vice Prime Minister and four ministers – of the environment, health care, education, and protection of the population from the Chernobyl aftermath. The Regions of Ukraine also want the position of the Vice Prime Minister and three ministers – for fuel and energy, of finance and health care. The "Demokratychni Initsiatyvy" group also asked for a position of the First Vice Prime Minister and one of three ministries: the emergencies, industrial policy, or transport. The faction of the PDP requested the position of the First Vice Prime Minister or Vice Prime Minister, and the ministry of the environment. The "European Choice" claimed the position of the First Vice Prime Minister. The faction of the Agrarian Party wanted the position of the Vice Prime Minister for Agrarian Policy and the minister of agrarian policy. The "Narodnyi Vybir" wanted the positions of the First Vice Prime Minister or the minister of fuel and energy and the minister of the environment. The "Narodovladdya" expected to get the First Vice Prime Minister or the Vice Prime Minister of fuel and energy, or the minister of the agrarian policy and the minister of the emergencies. Hence, the most popular ministries appeared to be the ministry of the emergencies, ministry of fuel and energy, ministry of health and, particularly, the position of the First Vice Prime Minister.

The intensive negotiations allowed meeting at least some of the wishes. The positions of the First Vice Prime Minister and the Minister of Finance were given to Mykola Azarov. On the one hand, the appointment could suggest the growing understanding between different "camps" in the Donetsk elite. On the other hand, there is a risk that sooner or later tensions between Yanukovych and Azarov may emerge. Given the prospect that the seat of the head of the State Taxation Administration will be occupied by Serhiy Medvedchuk, brother of the presidential chief of staff Viktor Medvedchuk and an activist of the SDPU(o), it is likely that the SDPU(o) will have the strongest advantage for the 2004 presidential race. The position of the Vice Prime Minister for Humanitarian Issues was given to Dmytro Tabachnyk of Trudova Ukraina, the position of the Vice Prime Minister for Agrarian Complex to Ivan Kyrylenko, and the position of the Vice Prime Minister for Fuel and Energy Complex was given to Vitaly Haiduk. The latter is seen as a member of the Donetsk group (the Party of the Regions), but the appointment showed that he had been supported by the SDPU(o). While some experts see the appointment as a sign of a situational alliance

between the Party of the Regions and the SDPU(o), it is not clear not clear now how the intrigue will develop, particularly given the competition for the seat of the head of the STA and the chance that the taxation agency will be subordinated to the Cabinet.

Other candidates for positions in the government, agreed by the majority, include Valery Khoroshkovsky (Trudova Ukraina) as the Minister of Economy, Serhiy Ryzhuk (Agrarian party) as the Minister of the Agro-Industrial Complex, Oleksandr Padalko or Anatoly Myalytsya (both Trudova Ukraina and Party of Industrialists and Entrepreneurs) as the Minister of Industrial Policy, Georgy Kyrpa (SDPU(o)) as the Minister of Transport, Vasyl Shevchuk (PDP) as the Minister of the Environment, Volodymyr Povazhniuk as the Minister of the Emergencies, Vasyl Kremin (SDPU(o)) as the Minister of Education, Ivan Sakhan as the Minister of Social Policy, and Tetyana Bakhtiyeva as the Minister of Health Care. However, the list can be modified. So far (November 30, 2002) the appointment decrees have not been signed by the president.

Test Vote

On November 27, speaking about possible candidates to occupy the positions of Ministers of Fuel and Energy, the Emergencies, and Health Care, Viktor Yanukovich said no agreement on the candidates had been reached but “there are two or three specialists for those positions, but we are still discussing [them]”. It looks like some of the majority are not happy with the results of those discussions. The fact that the majority, formed on pressure rather than political considerations, is unstable, was proved by the resent voting on the dismissal of the governor of the National Bank of Ukraine Volodymyr Stelmakh. While the position of the NBU governor was one of the positions to be distributed according to the “quotas” after the appointment of the new Prime Minister, due to a number of reasons the MPs preferred not to dismiss the “old” governor and replace him with Serhiy Tihipko. Among the reasons most frequently quoted by experts are the possibility that the change of the NBU governor will be followed with the cash emission, as well as friendly relations between Stelmakh and some of influential MPs from the banking sector, and the reluctance to help a potential competitor in the presidential race to get an important playground.

Moreover, according to the Law “On the National Bank of Ukraine”, (May 20, 1999, # 679-XIV, Article 18), governor of the National Bank of Ukraine is dismissed by the parliament following the formal submission from the President of Ukraine in the following cases: (1) end of the term of office, (2) uncleared criminal conviction; (3) his/her written request for resignation for political or personal reasons, accepted by the President of Ukraine, and (4) death or going missing, officially recognized by the court, termination of Ukrainian citizenship, emigration or permanent settlement abroad. According to Stelmakh, he did not write any request for resignation (as it was announced in the media) but was prepared to resign for the sake of consolidation of the parliament.

Yet, the parliament failed to dismiss Stelmakh and appoint a representative of the majority Serhiy Tihipko to the position of the NBU governor. Only 214 MPs supported the idea to dismiss him. Hence, the parliament rejected the “sacrifice” made in the name of its consolidation. Most of MPs of the factions of the opposition and Nasha Ukraina voted against the dismissal, but the trick was done by the refusal of some members of the majority to vote: five MPs from “Demokratychni Initsiatyvy”, four from the PDP (plus one abstention), and some of the Agrarians.

In general, it looks as if the majority is not happy with the way the seats in the new government have been distributed. That may prompt some of the factions to press for reconsidering the mechanism of forming the government. The Rada will try to dismiss Volodymyr Stelmakh again on December 12, and may get down to redistribution of leadership of the parliamentary committees. As Dmytro Tabachnyk put it, the “cadre revolution” will be made step by step. Final winners and losers will be seen only after the formation of the Cabinet is complete. The process will be influenced by the results of the yet another round of the “revolution”, this time at the level of parliamentary committees. But do the “cadres” in the parliament matter much?