

THE FUTURE OF UKRAINE'S NEOPATRIMONIAL DEMOCRACY

Since the Euromaidan revolution, the Ukrainian political system has become more democratic and transparent. This is due to the rise of civic activism, the absence of a dominant party of power, and improved competition among power centers.

At the same time, the patrimonial nature and organizing principles of the political system remain the same. Informal institutions dominate over formal ones. Client-patron ties, personal loyalty, and clan “membership” persist. These patrimonial principles determine the formation of political parties, the majority of appointments to public office, and the structuring of relations among political actors at the national and regional level.

Now, however, Ukraine's patrimonial politics are paradoxically contributing to the institutionalization of political pluralism, via a series of formal and informal power-sharing arrangements between the major Euromaidan players. No matter the outcome of the October 25 local elections—or their impact on national politics—Ukraine's particular form of democracy is here to stay.

What Really Changed after the Euromaidan?

The Euromaidan revolution led to a collapse of the super-presidential regime that ruled Ukraine under Viktor Yanukovich. The Ukrainian parliament returned the country to its 2004 premier-presidential constitution, significantly limiting the powers of the president and strengthening those of the prime minister and ruling parliamentary coalition. Petro Poroshenko won an early presidential election in May 2014 with 54.7 percent of the vote. That October, early parliamentary elections were held, with pro-European democratic parties winning a majority of seats and forming a new coalition composed of the People's Front (led by Arseniy Yatsenyuk), the Petro Poroshenko Bloc (now PPB-Solidarity), the Radical Party (Oleh Lyashko), *Samopomich* (Andriy Sadovyi), and *Batkivshchyna* (Yulia Tymoshenko). This coalition controlled about two-thirds of parliament, enough to pass any constitutional changes.

In this situation, patrimonial politics prevailed but, oddly enough, led to the institutionalization of political pluralism.

First, right after the Euromaidan, the Yatsenyuk–Vitali Klitschko–Oleh Tyahnybok triumvirate (representing the key Euromaidan parties) passed a law re-establishing Ukraine's 2004 premier-presidential constitution, with the support of parliamentary chairman Oleksandr Turchynov (at the time acting president). This rendered the monopolization of power in the president's hands institutionally impossible. A crucial element on which the new inter-elite consensus rested was the belief that building a single pyramid of power by vesting wide formal and informal powers in the presidency would be a threat to Ukraine's democratic development.

A central component of the new premier-presidential system was an informal arrangement between the future president, Petro Poroshenko, and one member of the triumvirate, Vitali Klitschko, leader of *UDAR* (the Ukrainian Democratic Alliance for Reform). This arrangement aimed to divide their spheres of influence: Klitschko was to become mayor of Kyiv, with his people retaining control over some offices in the executive and his colleague Valentyn Nalyvaichenko staying on as chief of the post-Euromaidan Security Service of Ukraine (SBU). This arrangement was reached in April 2014, when Poroshenko received the informal support of a very powerful group of Yanukovich semi-insiders represented by the Dmytro Firtash—Serhiy Lyovochkin group. This group was not part of the Party of Regions' old Donetsk core and in fact had been in a long-term, low-level conflict with the old guard, including aggressive young Yanukovich “family” representatives like Yanukovich's son Alexander. Even before the Euromaidan, this group had been rather close to Klitschko's party.

The third element of the new system was a power-sharing arrangement with the second member of the Euromaidan triumvirate, Arseniy Yatsenyuk, who became prime minister. Yatsenyuk thus received control over the major political and economic levers of power, including the ministry of the interior and the tax and customs services. In effect, a “tandemocracy” regime

was established on the basis of an institutional separation of (and competition between) the presidential and premier “verticals” of power. These elite settlements allowed Poroshenko to secure support from moderate factions of Yanukovych’s former Party of Regions and, with Yatsenyuk, helped marginalize the political avant-garde of the Euromaidan radicals, *Svoboda* (led by Oleh Tyahnybok).

As a result, the political regime that emerged following the Euromaidan may be defined as a “neopatrimonial” democracy, in which rent seeking remains the key driver of politics. Multiple patron-client oligarchic networks compete through formal electoral mechanisms, but their primary goals still focus on capturing positions to control sources of rents.

In this context, political parties are mostly virtual political machines that organize national patron-client networks designed for rent-seeking and rent extraction at both the national and local level. Parties are formed by so-called political “investors,” who seek not to protect the interests of the electorate but to promote a quota-based distribution of rent-seeking positions in the government and state apparatus.

What has changed in this system, however, is that a winner emerges out a highly competitive political struggle, the results of which are unknown in advance.

Petro Poroshenko’s Triple Play

To effectively implement reform, Poroshenko needs to resolve the gridlock inherent in the country’s premier-presidential system, mainly by transforming the prime minister from the president’s main political rival into (at a minimum) his ally and (at a maximum) his partisan representative. To accomplish this, Poroshenko has consistently followed a threefold strategy since his election in May 2014:

1. Build a wide presidential party capable of securing at least a plurality in elections.

Poroshenko’s strategy for building a presidential party is based on patronage and clientelism, as well as the inclusion of influential regional businessmen capable of financing local party organizations and turning them into a presidential patron-client network.

A crucial element of this presidential party formation is the absorption of other parties and networks. At the end of August 2015, Poroshenko’s PPB-Solidarity party de facto absorbed Klitschko’s *UDAR*. At the same time, Yatsenyuk’s People’s Front agreed to abstain from independently participating in the upcoming October 2015 local elections, while partially coordinating candidate nominations from within PPB-Solidarity. Many consider Oleksandr Turchynov, currently secretary of the National Security and Defense Council, to be the main driver advancing a merger between PPB-Solidarity and the People’s Front. Such an alliance could control up to half of parliament and push out small coalition partners like *Samopomich* and *Batkivshchyna*. A merger is also supported by Serhiy Pashynskyi, former acting head of the presidential administration. However, neither Yatsenyuk nor Interior Minister Arsen Avakov, a member of the People’s Front, support it.

In many ways, we have seen this play before: Leonid Kuchma tried to create pro-presidential blocs in 1999 (*Zlagona*) and 2002 (*ZaEdU*); Viktor Yushchenko attempted to unite small political parties around the Our Ukraine bloc in 2006 and 2007; and the Party of Regions’ absorbed other parties after the 2012 parliamentary election.

2. Control regional elites, some of whom treat their regions as patrimonial domains (votchina) and even have their own paramilitary forces.

A key element of Poroshenko’s decentralization reform is to establish presidential representatives (“prefects”) to control local regional barons. The integration of regional elites into the president’s sphere of influence is also being realized through the patronage of regional party projects capable of uniting and organizing local government officials into party structures allied to the president (for instance, the *Nash Kray* party that includes many members of the Party of Regions who could not enter the Poroshenko Bloc directly and the People’s Control party led by Dmytro Dobrodomov that tried to take votes away from *Samopomich*). These regional parties seek to have a majority in local councils, nominate their heads, and control local executive branches after decentralization reforms are fully implemented.

3. Restrain oligarchs’ political influence by undermining their economic resource base.

The main aspect of this strategy has been the conflict between Poroshenko and the influential Ihor Kolomoyskyi, another of the few oligarchs who supported the Euromaidan. After the Euromaidan, Kolomoyskyi was appointed governor of the Dnipropetrovsk region. But a conflict with the president emerged in the fall of 2014, during early parliamentary elections, and escalated in the spring of 2015 when Poroshenko tried to remove Kolomoyskyi's top managers from the state oil and gas corporations UkrTransNafta and Ukrnafta. Kolomoyskyi tried to protect his assets, even employing a private army in downtown Kyiv, and he was dismissed from his position. Shortly after, Odessa governor Ihor Palytsia, also a member of Kolomoyskyi's network, was fired. Meanwhile, Kolomoyskyi's candidate Hennadiy Korban lost a by-election in Chernihiv to Serhiy Berezenko, a representative of the president's network. In September 2015, a conflict arose between new Odessa governor Mikheil Saakashvili and another influential member of Kolomoyskyi's network, Denis Antonyuk, former chief of the State Aviation Service, and the latter was dismissed. In his conflict with Kolomoyskyi, Poroshenko took advantage of state power—mainly the Office of the Prosecutor—to initiate criminal cases against top managers close to Kolomoyskyi.

The gradual elimination of Kolomoyskyi's sources of rent in state corporations substantially undermined his economic influence but did not destroy his political role. He still controls the country's leading *I+I* television station and remains an active investor in political projects. Apart from *UKROP* (the Ukrainian Association of Patriots), Kolomoyskyi controls the regional party *Vidrodzhennya*, which is informally led by *Vitaliy Homutynnik*. This party involves many local elite representatives linked to Kolomoyskyi and, similar to *Nash Kray*, targets the former Party of Regions' electorate in the eastern and southern parts of the country.

Potential Scenarios after the October 2015 Local Elections

Ukraine's local elections can serve as a turning point for the country's neoteric political system. The election outcomes will reflect new power balances among Ukraine's political players. Pro-presidential parties, new electoral parties (like *Samopomich* and the Radical Party), Kolomoyskyi's parties, and Party of Regions successors all seek to strengthen their national positions by taking control of local executives and assemblies which, in turn, will increase their capacity to accumulate resources and rents. As a result, parties will have an opportunity to increase their bargaining power in a number of national-level discussions and debates, including over the formation of a new ruling coalition, the appointment of a new prime minister, constitutional and local government reform, and implementation of the Minsk agreements.

Four scenarios for the evolution of Ukraine's political system after the October 25 local elections can be outlined:

1. A Divided-Rule "Tandemocracy"

This outcome would involve a reconfiguration of the existing pro-European coalition. A search for new coalition partners would underpin a new "tandemocracy" of the president and prime minister. If negotiations on the absorption of the People's Front by PPB-Solidarity succeed and a new party of power emerges, Oleksandr Turchynov will have a good chance at becoming the new prime minister. This scenario assumes the creation of a single parliamentary faction and the formation of a new cabinet without Yatsenyuk. If negotiations fail, a more radical coalition alliance could form between PPB-Solidarity and *Batkivshchyna*. Either arrangement would replicate the Kyiv-Dnipropetrovsk tandemocracy of the Kuchma era (when Pavlo Lazarenko was prime minister) and the Yushchenko era, when Tymoshenko was prime minister.

2. A Grand Coalition

If a split widens between PPB-Solidarity and the People's Front, on the one hand, and *Samopomich* and *Batkivshchyna*, on the other, then a de facto grand coalition incorporating the Opposition Bloc is possible. Apart from Opposition Bloc members, other pragmatic majoritarian MPs could also join in a grand coalition. One of the participants of the above-mentioned deal with Poroshenko, Serhiy Lyovochkin, could be the new prime minister in such a coalition. A late August vote on constitutional changes could be a prototype for future joint actions of PPB-Solidarity/People's Front and the Opposition Bloc. Ukraine's political history includes several periods of cohabitation of presidents and prime ministers from opposing political camps (most

notably, Yushchenko's government under Kuchma and Yanukovich's government under Yushchenko).

3. *Managed Democracy*

If Poroshenko successfully establishes a new party of power, a transition to a more "managed democracy" is also possible. Under this kind of regime, a disciplining of the national bureaucracy and regional elites will occur by their joining the ruling party. Control over local governance will be realized through the president's prefects. If the president's party wins at least a plurality in parliament, there will be no need for it to rely on a powerful coalition partner. The formation of a fully subordinate government with a prime minister from the president's close circle would thus become possible. Potential candidates for such a role include Mikheil Saakashvili, Boris Lozhkin, Ihor Kononenko, and Volodymyr Groysman. This scenario would resemble such tandems as Kuchma–Valeriy Pustovoitenko, Yushchenko–Yuriy Yekhanurov, and Yanukovich–Mykola Azarov, in which the prime ministers were senior representatives of the presidential party.

4. *Oligarchic Counterrevolution*

If political contradictions proliferate, a union of all political forces against Poroshenko is possible, leading to a kind of "oligarchic counterrevolution." This process could be driven by Kolomoyskyi's party networks, *UKROP* and *Vidrodzhennya*, together with other discontented oligarchs like Firtash, Lyovochkin, and Rinat Akhmetov. Deepening economic crisis, new currency slumps, and an aggravation of the political-military situation in the east could all facilitate the success of *UKROP* and *Vidrodzhennya* in early parliamentary elections and the formation of a new grand coalition that leaves out PPB-Solidarity. Such a coalition could enlarge further if it were joined by the Opposition Bloc and, possibly, Tymoshenko's *Batkivshchyna* (if she were promised the premiership, for instance). Such an outcome would undermine the president, limiting his formal and informal influence over key appointments at national and regional levels, and potentially result in an early presidential election.

Conclusion

The post-Euromaidan restructuring of Viktor Yanukovich's super-presidential regime has led to the formation of a new neopatrimonial democracy in Ukraine. This regime is based on the competition of diverse patron-client networks over the control of key rent-generating positions in the state administration and various economic sectors.

Paradoxically, however, this new neopatrimonial democracy has fostered the creation of formal and informal obstacles to the development of a super-presidential regime and transition to personal rule (mainly through the divided premier-presidential system and the continued role of patronage networks). These formal and informal conditions also hinder the state's capture by representatives of a single oligarchic group and the monopolization of political space at national and regional levels by a single political-economic clan. Ukrainian politics are still messy, but they remain democratic for now.