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**European Parties Elections
and Referendums Network**

ELECTION BRIEFING No. 38 THE UKRAINIAN PARLIAMENTARY ELECTIONS OF SEPTEMBER 2007*

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KEY POINTS

- Yulia Tymoshenko's Bloc dramatically increased its share of the vote and emerged as a credible All-Ukrainian political force, making her the favourite for the 2010 presidential elections
- Yulia Tymoshenko's Bloc is most likely to enter into a coalition with the pro-presidential Our Ukraine-People's Self-Defence
- Our Ukraine-People's Self Defence and the Party of the Regions maintained their share of the vote
- Oleksandr Moroz's Socialist Party failed to cross the necessary 3% threshold needed to enter the Ukrainian parliament
- The elections marked the further consolidation of Ukraine's democracy
- Little change is expected on European policy

Introduction

Ukrainians went to the polls for the fifth time since independence from the Soviet Union in 1991 on 30 September 2007. The pre-term parliamentary elections were called far ahead of schedule by President Yushchenko in March 2007 – elections were not due until Spring 2010 – in a bid to break the latest round of political deadlock that had dogged the country since the formation of the coalition of 'National Unity' comprising the Party of the Regions, the Socialist Party and the Communist Party in August 2006. Political instability and a series of short-lived governments had bedevilled Ukraine since the Orange Revolution of 2004, and the elections of 2007 were not expected to lead to a significant shake-up in Ukrainian politics. Indeed the

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expectation of most pundits was that the make-up of the new Ukrainian parliament, the *Verkhovna Rada*, would very closely resemble its predecessor.

Nonetheless, the elections produced a number of changes in the composition of Ukraine's unicameral parliament, including, most significantly, the first signs of a modest shift in the pattern of voting behaviour away from traditional regional allegiances. The major beneficiary of the elections was Yulia Tymoshenko's bloc, which moved its share of the vote from 22.9 per cent to 30.71 per cent, only slightly behind the leading Party of the Regions who gained 34.37 per cent of the vote, up a little on its 2006 result of 32.14 per cent (albeit winning 300,000 fewer votes). In third place, was the pro-presidential Our Ukraine-People's Self Defence bloc, with 14.15 per cent, marginally up on its performance in 2006, where it polled 13.95 per cent. Oleksandr Moroz's Socialist Party just failed to win the necessary 3 per cent of the total poll needed to enter the parliament, although the Volodymyr Lytvyn bloc did make it into the parliament with 3.96 per cent of the vote. The Communist Party of Ukraine improved slightly on its 2006 result with 5.39 per cent of the vote – although this still represented a fraction of its share of the vote during the 1990s and as recently as 2002, where it won 20 per cent. Ukraine's numerous smaller parties were the big losers, collectively polling less than 6 per cent of the vote in 2007, compared to around 18 per cent of the total in 2006.¹

Background and Context

Ukraine's 2007 parliamentary elections took place only 18 months after the previous round of elections to the *Verkhovna Rada*, following the decision of President Viktor Yushchenko to call early elections in March 2007. The trigger for Yushchenko's decision was the defection of 11 deputies from his pro-presidential Our Ukraine party to the Party of the Regions, led by his arch rival in the 2004 presidential elections that preceded the Orange Revolution, Prime Minister Viktor Yanukovich. The defection followed several months of power struggles between Prime Minister and President over matters such as key ministerial appointments; for example, although Yanukovich's government initially accepted the presidential nomination of Boris Tarasiuk for the post of foreign minister, as inter-branch conflict between president and government intensified, Tarasiuk found himself barred from meetings of the Cabinet of Ministers and eventually had to resign after funds were cut from the Ministry of Foreign Affairs.

The defection of deputies from one political faction to another was a common practice in Ukraine in all of the parliaments elected prior to the 2006 elections, however, the key significance of this defection was that it would have given Yanukovich and his allies a majority large enough to overturn the presidential veto – consequently emasculating the president for the duration of the parliament and in the run-up to the 2010 presidential elections. Yushchenko argued that the defection of the erstwhile Our Ukraine deputies was unconstitutional² since they had been elected on a

¹ See the Central Electoral Committee of Ukraine's website, <<http://www.cvk.gov.ua>>.

² An amendment to the Ukrainian Constitution of 8 December 2006 explicitly mentioned that deputies would lose their seat in the *Verkhovna Rada* if they leave the

system of proportional representation with a single party list for the whole country – consequently, the party had received the mandate from the voter, not the deputy, and the crisis necessitated the renewal of parliament’s democratic mandate at the ballot box. In the circumstances, few other options remained open to President Yushchenko in spring 2007. Yushchenko originally wanted to hold elections on 27 May, although this was subsequently delayed by decree until mid-June, and later until September 2007, when the government of Viktor Yanukovich refused to co-operate. The matter was passed to the Constitutional Court of Ukraine, although it had not ruled on the legitimacy of Yushchenko’s decision to dissolve parliament when the elections took place on 30 September 2007.

The dramatic stand-off between Yanukovich and Yushchenko of spring 2007 was by no means an exceptional event on the Ukrainian domestic political scene, rather it was symptomatic of a deeper instability in the political system that seems to have been characteristic of Ukraine since the Orange revolution of 2004. The roots of 2007’s political crisis stretch back even further than the parliamentary elections of March 2006 and the protracted coalition-forming that followed them to the first Yushchenko-Tymoshenko Orange coalition that governed Ukraine from January 2005 to September 2007. Very briefly, the first Orange coalition, led by Yulia Tymoshenko as Prime Minister, fell apart acrimoniously nine months after the Orange revolution in 2007³ and was succeeded by a government led by Yuriy Yekhanurov that was to act as a caretaker administration until the March 2006 elections. No clear winner emerged from the March 2006 elections (see table 1), leading to months of agonised coalition-forming between March and September 2006. By summer 2006, an alliance composed of Yushchenko’s Our Ukraine, the Block Yulia Tymoshenko and Oleksandr Moroz’s Socialist Party appeared to be the most likely government, but the deal making was drawn out further as Yushchenko and Tymoshenko quarrelled over (amongst other things) who should become Prime Minister. In July 2006, however, Moroz took the Ukrainian political scene by surprise by agreeing to join an ‘Anti-Crisis Coalition’ along with the Party of the Regions and the Communists, with Viktor Yanukovich as Prime Minister. In exchange for his support, Moroz received the coveted role of speaker of the *Verkhovna Rada*. Yulia Tymoshenko led her bloc into opposition, claiming that the Orange revolution had been betrayed.

The defining feature of all Ukrainian administrations since 2004 (and arguably prior to then) has been the inability of the political players to agree a means by which power can be shared, in such a way that no political force feels that it needs to annihilate all opponents to ensure its own survival. One of the principal reasons for this state of affairs, beyond the highly specific political culture of Ukraine, is the unsatisfactory nature of the constitutional compromise brokered during the Orange revolution that in theory divides power more equally between the offices of president and prime minister, but in practice leaves the division of competences unsettled. One potential solution to this problem that was raised during the 2007 parliamentary

faction of the party on whose list they were elected. See Whitmore, S. (2006) “‘Damit müssen wir leben’”. Das neuer Parlament und die neue Regierrungssysteme der Ukraine’. *Ukraine-Analysen*. No. 5. Ukraine nach der Wahl. Forschungstelle Osteuropa.

³ Copsey, N. (2006) ‘The Ukrainian Parliamentary Elections of 2006’. *Representation*, Vol. 42, No. 4, p. 333–45.

elections was the idea of revising the constitution and holding a referendum to approve or reject the changes.

Given that most their time and energy was taken up by the various political crises since the March 2006 parliamentary elections, the governments of Ukraine had relatively little time to initiate much policy change before the September 2007 election. Despite repeated promises of WTO accession, the *Verkhovna Rada* had still to pass the remaining bills necessary to join that organisation when Ukrainians went to the polls. Little progress was made on the European integration agenda. Despite the political turmoil, the Ukrainian economy continued to expand fairly rapidly – despite warnings from the OECD in September 2007 that without structural reform GDP growth would fall considerably in the medium term – as the following table shows:

Table 1: Ukrainian GDP Growth and Inflation 2003–07

	2003	2004	2005	2006	2007
GDP Growth (%)	9.3	12.1	2.7	7.1	7.6 ^a
Inflation (CPI, %)	6	10	12	8	10.2 ^a

Source: Institute for Economic Research and Policy Consulting, available at: http://www.ier.kiev.ua/English/mfu/mefu_11_eng.pdf.

Note: ^a The figures for 2007 are provisional.

Ukrainian electors were returning to the polls for the third time in as many years and consequently it was inevitable that this election was characterised by a certain amount of apathy. For Ukraine’s political elite, however, the election’s significance went beyond a desire to break the political deadlock between President and Parliament that gripped the country in 2006 and 2007 and had some of the characteristics of a ‘primary’ for the 2010 presidential elections. That all three of Ukraine’s main political contenders had their eye on standing as a candidate for the 2010 presidential elections during the 2007 elections added to the excitement of the campaign, as the next section shows.

Campaign

The 2007 election campaign began at the beginning of August with Our Ukraine-People’s Self Defence trailing the Bloc Yulia Tymoshenko and the Party of the Regions in the polls. According to a poll conducted by the Taras Shevchenko Institute of Political and Sociological Studies, Party of the Regions had 27.6 per cent to 26.5 per cent for Bloc Yulia Tymoshenko and 11.1 per cent for Our Ukraine. The Socialist Party was supported by less than 3 per cent of voters and the Communists had 3.2 per cent.

Our Ukraine-People’s Self Defence was anxious to increase its share of the vote from the 2006 level, when voters had punished Viktor Yushchenko’s party for the numerous bungles that characterised his first year in office as president. Our

Ukraine-People's Self Defence's aim of winning second place in the election, behind the Party of the Regions, was seen as the best strategy for President Yushchenko to prepare the ground for a second term as the candidate in the second round place-off of either a revived Orange coalition, with the backing of Yulia Tymoshenko, or even more improbably as a national unity candidate with the backing of the Party of the Regions. The strategy adopted by Yushchenko was to attempt to win back disaffected 'Orange' voters who had passed their support to Yulia Tymoshenko through an anti-corruption drive. Yushchenko proposed the abolition of parliamentary immunity from prosecution for deputies, a populist move given the large numbers of business people in the *Verkhovna Rada* who had acquired their wealth through arguably dubious means. This bold move was countered by Viktor Yanukovich with the proposal that all public officials – including the president – lose their immunity from prosecution, which took the wind out of Our Ukraine's sails considerably.

The manifesto promises of the three main parties followed the populist tradition of previous Ukrainian elections⁴ with what could be described as reckless public spending pledges featuring heavily in the promises made by all three political parties. Some highlights included Our Ukraine-People's Self Defence's pledge to increase student grants to the level of the average salary, although the real competition between parties was over the size of child benefits, with the Party of the Regions and Bloc Yulia Tymoshenko offering 50,000 Ukrainian *hryvnia* (UAH) (approximately \$10,000) on the birth of a third child – although Our Ukraine-People's Self Defence offered 75,000 UAH (\$15,000) for the second child. They also pledged to increase the average salary of all workers – surely an impossible pledge in a market economy. Echoes of the planned economy were also to be found in the Party of the Regions' manifesto, which offered free flats to government employees after 20 years' public service. In a bid to win over the rural vote, Our Ukraine-People's Self Defence offered substantial increases in salary for public sector workers going to work in Ukrainian villages.

Other campaign issues included the familiar question of a referendum to decide if the Russian language should be upgraded to the status of a second official language, which was introduced by the Party of the Regions.

In common with previous Ukrainian elections (and indeed elsewhere), however, much of the campaign focused on the three main leaders: Yulia Tymoshenko, Viktor Yanukovich and Viktor Yushchenko (together with Yuriy Lutsenko, the popular former interior minister whose People's Self-Defence bloc's merger with Our Ukraine to form the Our Ukraine-People's Self-Defence bloc was responsible for the very modest Our Ukraine-People's Self Defence recovery at the polls). This aspect of the campaign was dominated by Yulia Tymoshenko, which won her the support of so many floating voters who had previously given their support to small political parties. In common with previous election campaigns, much was made of Yulia Tymoshenko's physical beauty, and she was pitched to the electorate in two by now familiar ways. First, as the symbol of traditional Ukraine in peasant costume, with the characteristic braids. This version of 'Yulia' was designed to appeal to the

⁴ See, Copsey, N. (2005) 'Popular Politics and the Ukrainian Presidential Elections of 2004'. *Politics*, Vol. 25, No. 2, pp. 99–106; Copsey, N. (2006) 'The Ukrainian Parliamentary Elections of 2006'. *Representation*, Vol. 42, No. 4, pp. 333–45.

older sections of the electorate. Second, ‘Yulia’ appeared as a ‘cool’, efficient business woman to appeal to the younger sections of the electorate. Both versions of Yulia Tymoshenko emphasized that she ‘understood’ the electorate and, crucially, was different to the other big contenders. Both Yanukovych and Yushchenko failed to make many gains in the electorate, with the former emphasizing the efficiency of the Party of the Regions in government, and the latter, his credentials as a democrat. Ultimately, however, the campaign was dominated by Tymoshenko who was richly rewarded at the polls for the her non-stop campaign as the results show.

Results

According to the OSCE’s monitoring report,⁵ the Ukrainian elections were once again judged to be free and fair, both in terms of the freedom of parties to campaign, and in terms of the conduct of the election itself. No reports were made of attempts on either side to exploit ‘administrative resources’, that is the use of the machinery of the state to aid campaigning or to oblige state employees or those dependent on the state (for example, convicts) to vote in a particular way. This is good for the consolidation of Ukrainian democracy, although it has been described as ‘pluralism by default’⁶ since one consequence of the constitutional compromise that followed the Orange revolution of 2004 has been the dispersal of power between president and parliament that led to the on going power struggle between Yanukovych and Yushchenko.

As table 2 shows, although the Party of the Regions won a greater share of the vote, the true victor was Yulia Tymoshenko, who increased her share of the vote by nearly 50 per cent. Oleksandr Moroz’s Socialist Party did not pass the threshold necessary to enter the next parliament, although Volodymyr Lytvyn’s bloc entered parliament with 20 seats. Our Ukraine-People’s Self Defence and the Party of the Regions both increased their share of the vote a little, although lost a few seats.

Table 2: National Share of the Vote by Party/Electoral Bloc (%)

	% of Vote	Number of		
		Votes	Seats	Seats
	2007 (2006)	2007	2007	+/-
Party of Regions (POR)	34.37 (32.14)	8,013,918	175	-11
Bloc Yulia Tymoshenko (BYUT)	30.71 (22.29)	7,162,174	156	+27
Our Ukraine-People’s Self Defence (OU-PSD)	14.15 (13.95)	3,301,012	72	-9
Communist Party of Ukraine (CPU)	5.39 (3.66)	1,257,397	27	+6
Lytvyn Bloc	3.96 (2.44)	924,568	20	+20
Socialist Party of Ukraine (SPU)	2.86 (5.69)	668,185	0	-33
Other	5.83 (18.06)	971,151	0	n/a
Against all	2.73 (1.77)	n/a	n/a	n/a
Total Votes Cast for Parties/Blocs	97.27	22,298,405	n/a	n/a
Total Votes for Parliamentary Parties	88.58 (77.73)			
Total Seats			450	
Turnout:	63 (67.3)			

Source: Central Electoral Commission <<http://www.cvk.gov.ua>>.

⁵ The OSCE’s report is available at: <http://www.osce.org/odihr-elections/item_12_17721.html>.

⁶ This term was originally used by Lucan Way in his 2002 article: ‘Pluralism by Default in Moldova’. *Journal of Democracy*, Vol. 13, No. 4.

Early speculation that there had been a swing in eastern and southern Ukraine towards Yulia Tymoshenko was not borne out by the first place results as table 3 shows, where, although the Party of the Regions slipped very slightly in its traditional strongholds of eastern Ukraine in Donetsk and Luhansk, it gained votes in Odesa in southern Ukraine. The swing towards Yulia Tymoshenko is more apparent when the party in second place in each region is taken into account. Bloc Yulia Tymoshenko managed to come *first or second* in 23 of 27 Ukrainian regions. The Party of the Regions came first or second in 15 regions (that is, it failed to expand out of its eastern Ukrainian heartlands), and Our Ukraine-People's Self Defence polled first or second in only 13 regions (thus it failed to break out of western Ukraine). One very important consequence of the election therefore is that Yulia Tymoshenko can now make the very credible claim that she is the only political leader capable of uniting all Ukraine and bridging its historical divide along the Dnipro between 'eastern' (Russian speaking) and 'western' (Ukrainian speaking) Ukraine. This was as true in western Ukraine as it was elsewhere, as voters switched from Yushchenko to Tymoshenko as the candidate likely to 'stand up to' the Donbas. This was extremely important with regard to the 2010 second round play off in the presidential election, where the results of the 2007 election made Tymoshenko appear to be the strongest candidate.

Table 3: Share of the Vote by Region, Three Largest Parties/Electoral Blocs (%)

	POR	BYUT	OU-PSD
Donetsk	72 (73.6)	3.92 (2.47)	1.63 (1.41)
Kharkiv	49.6 (51.1)	16.36 (12.68)	8.1 (5.91)
Luhansk	73.5 (74.3)	5.1 (3.71)	1.73 (2.04)
Dnipropetrovsk	48.15 (44.98)	20.93 (15.03)	6.32 (5.29)
Odesa	52.22 (47.51)	13.7 (9.86)	6.49 (6.44)
Crimea	60.9 (58.01)	6.92 (6.54)	8.23 (7.62)
Volhynia	6.7 (4.49)	57 (43.93)	19.99 (20.7)
Zakarpattia	19.7 (18.65)	28.85 (20.29)	31.11 (25.79)

Source: Central Electoral Commission «<http://www.cvk.gov.ua>».

Coalition Building

The process of coalition began during the election campaign itself with signals from President Yushchenko to both the Yulia Tymoshenko Bloc and the Party of the Regions. Yushchenko's aim was for Our Ukraine-People's Self-Defence to remain in power, forming a coalition with either Bloc Yulia Tymoshenko or the Party of the Regions. Yulia Tymoshenko ruled out a coalition with both the Party of the Regions and the Communist Party throughout the campaign.

Coalition forming intensified once the votes were counted and the scale of Bloc Yulia Tymoshenko's increase in the share of the vote became apparent within 24 hours of the closure of polls. The official results were issued by the Central Electoral Committee on 15 October. The absolute final seal of approval was not given to the validity of the results until 25 October, when the Higher Administrative Court of Ukraine threw out the various complaints made by a number of smaller Ukrainian political parties, most of which centred on the validity of votes cast by Ukrainians

living abroad. Despite speculation that President Yushchenko wanted Our Ukraine-People's Self Defence to go into a grand coalition with the Party of the Regions and the Lytvyn Bloc, and indeed, the Communist Party, as soon as the results were declared, the most likely coalition appeared to be a re-run of the 'Orange Coalition' of Bloc Yulia Tymoshenko together with Our Ukraine-People's Self Defence. The principal reason for this was that a large number of deputies within Our Ukraine-People's Self Defence were less favourable to going into government with the Party of the Regions – and downright hostile to a coalition with the Communists.

Negotiations on a coalition agreement between Bloc Yulia Tymoshenko and Our Ukraine-People's Self Defence were obviously somewhat one-sided given that Bloc Yulia Tymoshenko was clearly the stronger player with more than twice as many seats in the *Verkhovna Rada*. Our Ukraine-People's Self Defence's main strength lay in the fact that its de facto leader held the presidency – and whilst domestic political appointments are more the responsibility of the *Verkhovna Rada*, the President of Ukraine – formally at least – still nominates the ministers of defence and foreign affairs. The coalition deal initialled by Our Ukraine-People's Self Defence and Bloc Yulia Tymoshenko and sent to President Yushchenko on 17 October gave each partner 12 cabinet posts and two Vice-PMs. Bloc Yulia Tymoshenko's share centred on finance and economy, including: Prime Minister, Economy, Finance, Transport, Coal, Industry and Regional Development. Our Ukraine-People's Self Defence's posts centred on internal security and social policy, including: Security, Justice, Education, Health and Social Policy.

Overshadowing talks on possible coalitions was the issue of whether the new government would have a workable majority, and be able to serve a full-term – or last until the 2010 presidential elections. As noted above, instability has been one of the defining features of the Ukrainian political scene since 2004, and the 2007 election was called to restore governmental authority. The Our Ukraine-People's Self Defence and Bloc Yulia Tymoshenko deal did not seem to offer much prospect of stability given that it held only two more seats in the *Verkhovna Rada* than the number needed to pass most bills. Given the propensity of Ukrainian deputies to change party mid-term, this did not bode well for strong government. This was a particular problem for Our Ukraine-People's Self Defence, which was felt to have about 30 potential defectors in its ranks. The best way to build a government with a workable majority would have been to widen the coalition. Both the Lytvyn Bloc and the Party of the Regions were considered. The former was ruled out fairly soon after the election as too volatile and unpredictable. President Yushchenko's preference for a grander coalition with POR was mooted, with offers made of deputy ministerial posts for the Party of the Regions in exchange for support on some issues in the *Verkhovna Rada* – however, this option was insufficiently attractive for any of the parties involved to sign up.

In conclusion therefore, the coalition of Our Ukraine-People's Self Defence and Bloc Yulia Tymoshenko represented, as is so often the case, least worst of all possible combinations.

Implications for Stability and Ukraine's Foreign Policy and the European Issue

Foreign policy played a fairly marginal role in the election campaign, particularly as far as the issue of Ukraine's eventual accession to the European Union was concerned. As mentioned above, European integration is the subject of broad political consensus between the three main Ukrainian political blocs, and did not feature as a salient issue in the campaign. This was despite the fact that Ukraine was in the process of negotiating a new agreement with the European Union to replace the 1994 Partnership and Co-operation Agreement (PCA).⁷ The new agreement was expected to have the character of an Association Agreement, the most privileged form of agreement between the EU and a third party, which could have created a deep and comprehensive free trade area, and provided a solid basis for much more beneficial integration between the EU and Ukraine. Beyond the broad political consensus on European integration, the reason for the lack of salience of EU issues in the campaign was probably the highly technical nature of the negotiations combined with the Ukrainian public's relatively limited understanding of, and interest in, European integration.

The foreign policy issue that continued to have salience with Ukrainian voters was the question of potential NATO membership. Although all Ukrainian governments from 2004 to 2007 – that is to say those made up of all major parties, including Bloc Yulia Tymoshenko, Our Ukraine-People's Self Defence and the Party of the Regions – indicated a cautious desire to join NATO, which was backed by the Ukrainian military, NATO accession was a very sensitive political issue in Ukraine, mostly as a result of the belief that it could only lead to negative consequences, i.e. increased involvement in foreign wars and much worse relations with Russia. All political parties were cautious on the question of NATO, stressing that membership would not be sought without a referendum on the issue. Following the elections, President Yushchenko ruled out a referendum for at least 'several years'.

Relations with Russia also remained a sensitive issue during the campaign, but all parties were very careful to avoid causing any possible offence to the country that remains Ukraine's most important neighbour. A few days after the election, Gazprom accused Ukraine of not paying its gas debts and threatened to cut supplies. The dispute was soon resolved, but the timing was a reminder that good relations with Moscow are essential. It was subsequently announced by Russian President Putin that gas prices would continue to rise towards the world level for Ukraine. Mindful of the poor relationship with the Kremlin that she had had as Prime Minister in 2005, Yulia Tymoshenko was particularly careful to appear conciliatory towards Russia, remarking that it would be impossible to find a good time to announce price rises – thus clearly playing down any sense that increases in the price level were politically motivated.

In essence, the foreign policy offered was the traditional, pragmatic multi-vectored foreign policy that Ukraine has had since the mid-1990s. The successful negotiation of an agreement with the EU that has the characteristics, if not the name, of an Association Agreement may change this.

⁷ Although the PCA was signed in 1994, it did not come into force until 1998. It was supplemented by an Action Plan in 2005.

Concluding Remarks and Prognosis

If the aim of calling early parliamentary elections in Ukraine in 2007 was to resolve the political stalemate that had existed since the parliamentary elections of 2006, then the results that the election produced did not do this. In terms of the relative balance of support between so-called 'Orange' parties, that is Our Ukraine-People's Self Defence and Bloc Yulia Tymoshenko, and their opponents, essentially the Communists and the Party of Regions, relatively little changed between 2006 and 2007 – indeed little had changed in 2007 in comparison with the presidential elections of 2004. The formation of an Our Ukraine-People's Self Defence and Bloc Yulia Tymoshenko coalition did not appear to have a much greater chance of holding together for two years, let alone four, than the other post-2004 coalitions had had. However, this picture is misleading. The main story of the 2007 parliamentary elections was the large swing away from small political parties towards Bloc Yulia Tymoshenko, and the tentative emergence of Bloc Yulia Tymoshenko as a Ukraine-wide force – as evidenced by her bloc coming first or second in no fewer than 23 of 27 Ukrainian regions. The importance of the swing towards Tymoshenko is further emphasized by the wiping out of Moroz's Socialist Party – thus removing one possible rival from the political scene entirely.

Ukraine's progress along the path of democratization continued apace, with the election being declared once again to have been free and fair by the OSCE. Ukraine appeared to have moved much further away from having a 'façade of democracy' towards being an electoral democracy, if not a fully consolidated liberal democracy where this form of government has become in Linz and Stepan's memorable phrase 'the only show in town'.⁸

The Ukrainian elections of 2007 showed that Ukraine was a pluralist state with a high level of political contestation between political parties and a division of powers and authority between president and parliament – albeit with no clear consensus between political players on who was responsible for what, as the crisis that precipitated the election showed. In part, Ukraine's political pluralism may have been attributable to what the US political scientist Lucan Way calls 'pluralism by default', that is a situation produced by state incapacity and elite fragmentation, debarring the capture of the state by one particular political grouping.⁹

At the time of writing in late 2007, Ukraine's future development appears to depend on two key factors. The first of these is the future political influence of the financially integrated groups (FIGs) – the large conglomerates based around the industrial centres of eastern Ukraine that dominate Ukraine's insider economy, the owners of which are often referred to as 'oligarchs'.¹⁰ The second factor is the nature

⁸ Linz, J.J. and Stepan, A.C. (1996) *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe* (Baltimore: Johns Hopkins University Press).

⁹ Way, L. (2002) 'Pluralism by Default in Moldova'. *Journal of Democracy*, Vol. 13, No. 4.

¹⁰ I use the term financially integrated groups (FIGs) here in preference to the somewhat loaded term 'oligarchs'.

of the next EU-Ukraine agreement and its future potential integration with the European Union. The two issues are closely connected in many ways. Key to the consolidation of Ukrainian democracy is the eventual decoupling of big business and politics, which would lead to much increased transparency both politically and economically. Increased transparency¹¹ is key for Ukrainian businessmen to access the money markets of New York or London and attract the foreign direct investment that is needed to modernize the economy, and increase the long-term GDP growth rate to a level that will eventually produce the sizeable middle class that is needed to embed democracy. Linked to this is the nature of Ukraine's access to the vast EU market, that will be determined by the content of the next EU-Ukraine agreement that has to offer something more than Ukraine will gain when it joins the World Trade Organization (WTO). In line with the EU's established policy of conditionality when dealing its neighbours, it is likely that it too will require progress of Ukraine in democratization, transparency and liberalization.

Finally, the 2007 parliamentary elections appeared to indicate that Yulia Tymoshenko would be the most serious contender for the 2010 presidential elections. Given her ability to win a sizeable share of the vote in all regions of Ukraine, she made a strong candidate for the second round play-off where a candidate's ability to overcome the historic east-west regional divide is the deciding factor. Whether Ukraine's fragile constitutional settlement and even more fragile coalition government will last the two years that remain until the presidential elections remains to be seen.

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This is the latest in a series of election and referendum briefings produced by the European Parties Elections and Referendums Network (EPERN). Based in the Sussex European Institute, EPERN is an international network of scholars that was originally established as the Opposing Europe Research Network (OERN) in June 2000 to chart the divisions over Europe that exist within party systems. In August 2003 it was re-launched as EPERN to reflect a widening of its objectives to consider the broader impact of the European issue on the domestic politics of EU member and candidate states. The Network retains an independent stance on the issues under consideration. For more information and copies of all our publications visit our website at <http://www.sussex.ac.uk/sei/1-4-2.html>

¹¹ Note that Ukraine was rate as 139 out of 178 in the World Bank's ranking of the best places to do business.