

arose: Chornovil, Rukh's leader, and hitherto implacable political opponent of the president, declared that Kuchma could not be supported because 'Russia was banking on him', and came out for Kravchuk;⁴⁹ on the other hand, the leadership of the CPU opposed the former Communist Party ideologist, though it also demonstrated its reservations about the reformist Kuchma by leaving it up to party members to decide for themselves whether or not to back him.⁵⁰

Kravchuk appeared to be helped by the fact that after the signing of the Trilateral Agreement on nuclear arms, his international reputation had soared and the international community had shown itself more receptive to Ukraine's requests for economic aid. In June, Kravchuk had signed the EU's first partnership and cooperation agreement with a former Soviet republic and claimed this as a diplomatic victory. Furthermore, on the very eve of the presidential elections, at their summit in Naples, and in what many perceived as a display of support for Kravchuk, the G7 held out the prospect of \$4 billion in multilateral financing for Ukraine's economic reforms if Ukraine proceeded with reforms. By contrast, Kuchma was known to be skeptical about Western aid and still thought to hold a tougher position on nuclear disarmament.

Although the contest was closely fought, Kravchuk, enjoying the advantages which being the incumbent afforded him, was expected to have the edge. But the run-off on 10 July produced an upset: Kuchma won 52% of the votes and Kravchuk 45%. The voting showed that the country had indeed split down the middle in its choice: Western and central Ukraine rallied behind Kravchuk, while southern and Eastern Ukraine and Crimea solidly backed Kuchma. Kravchuk who had been depicted by his supporters as virtually the father of Ukraine's independence had been made to pay the price for his subsequent inaction on reform and ineffective leadership at home.⁵¹ His departure, and with him, that of many of the representatives of the party of power, opened a new if uncertain chapter in Ukraine's post-Soviet history.

⁴⁹ *Nczausimost*, 6 July 1994.

Radio Ukraine, 4 July 1994. For a useful description of the election battle, see Lukanov, *The Third President*, pp. 66-87

For a thorough discussion of the presidential election and the results, see Dominique Arel and Andrew Wilson, 'Ukraine Under Kuchma: Back to 'Eurasia'?', *RFE/RL Research Report* vol. 3, no. 32 (19 August 1994), pp. 1-12.

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KUCHMA AT THE HELM

Kuchma's remedial efforts

Subsequent events showed that the dark cloud which hung over Ukraine during the fateful spring and early summer months of 1994 had a silver lining after all. For the time being, Kuchma's victory placated Eastern Ukraine and many in Crimea. However divisive the presidential elections may have been, they had demonstrated that the new state was capable of withstanding considerable internal strains and, at a particularly difficult period, a peaceful transfer of power had been made. Moreover, the new president lost little time in reaching out to Western Ukraine: he began to make it clear that, while wanting to improve economic relations with Russia, he was determined to protect Ukraine's independence. He also dispelled fears that he would make Russian a second state language and demonstratively switched to using Ukrainian while carrying out his official duties. Above all, he sought to demonstrate that he was committed to moving ahead with economic reforms and to fighting crime and corruption. Soon the national democrats and sceptics in Western Ukraine were beginning to give him the benefit of the doubt.

Kuchma brought a new political style and emphasis. At his formal swearing-in on 19 July he declared that 'political romanticism and euphoria associated with a new state need to be replaced with realism, concrete action and pragmatism'. Indicating from the outset that he would seek stronger presidential powers, he announced that 'strict and unpopular measures will have to be taken. We must not yield to the temptation of cosmetic measures, of closing our eyes, of deceiving the nation'. He was just as forthright over foreign policy. He risked alarming supporters of a Western-oriented foreign policy by venturing that 'Ukraine is historically part of the Eurasian economic and cultural space' and that 'the self-isolation of Ukraine' from it had been a 'serious mistake, causing colossal damage' to the

country's economy.¹ But in other statements he qualified this by stating: 'I never said Ukraine was to become part of the Russian empire.' Ukraine's relations with Russia 'are strategic', he explained. 'But they must not be at the expense of other countries East and West.'² The country, the president told foreign diplomats in Kyiv on 22 July, could not afford to 'deceive itself by seeing things in terms of a choice between a Western and an Eastern orientation. The fact was that the country is located at the 'interface' of Europe and Eurasia and, in his view, should therefore 'not be a buffer, but a reliable bridge, a reliable uniting link'.³

Kuchma soon had a chance to demonstrate his approach to foreign policy and security issues. Shortly after his election, in his typically frank manner, he had told President Clinton in a telephone conversation that Ukraine had fulfilled the commitments it had undertaken in the first stage of the Trilateral Agreement but that the United States and other countries had so far provided only a 'miserable portion' of the financial assistance which had been promised Ukraine to carry out nuclear disarmament.⁴ At the beginning of August, however, he received US Vice President Al Gore and, after being encouraged by him to move ahead with reforms and continue nuclear disarmament, accepted an invitation to visit Washington later in the year. A few days later, he spoke by telephone with Yeltsin and the two presidents agreed to resume work on the stalled Russian-Ukrainian treaty and on a visit to Kyiv in the near future by the Russian leader.

With the stabilization of the economy his top priority, Kuchma's first foreign guest was in fact not the US vice president but the managing director of the IMF, Michel Camdessus. In a clear indication of the difficulties that lay ahead, no sooner had Camdessus announced that the IMF would work with the Ukrainian government on a reform programme than the leftist forces in the Verkhovna Rada demonstrated their strength by voting to suspend privatization. The immediate challenge for Kuchma was how, in view of the pro-Communists' opposition to radical reforms and the fact that the government was headed by Kravchuk's conservative nominee,

¹ Reuter, 19 July, and *Holos Ukrainy*, 21 July, 1994.

² Reuter, 21 July 1994.

³ *Uryadovyi kuryer*, 26 July 1994.

⁴ *Ibid.*

Masol, he would install a reform team and initiate reforms.

The new president waited until the parliament recessed for the summer holidays before taking action. With results from the continuing parliamentary by-elections indicating that victories by centrists were eroding the strength of the pro-Communist bloc in parliament, on 8 August he issued two decrees boosting the executive branch's power by taking charge of the government and subordinating regional councils to the presidency. The following month, in a move also designed to placate the regions, he established a Council of the Regions to provide a mechanism for consultations between the central and regional authorities. Its members included the heads of all the regional councils, the city councils of Kyiv and Sevastopol, as well as the deputy prime minister of Crimea.

Kuchma proceeded to isolate Masol, whom he appears to have preferred to leave in place rather than precipitating a showdown with the leftist forces straight away. He quickly put together a relatively young reform team consisting of, among others, Viktor Pynzenyk, first deputy prime minister for economic reform; Roman Shpek, minister of the economy; Ihor Mityukov, deputy prime minister responsible for external finance; and Yurii Yekhanurov, minister of privatization. Viktor Yushchenko, who since the end of 1993 had sought to reduce the issue of money, was kept on as head of the National Bank. Other personnel changes included the replacement of Foreign Minister Zlenko by another veteran diplomat, Hennadii Udovenko; of Morozov's successor, Vitalii Radetsky, by a civilian defence minister, Shmarov; of first deputy prime minister for humanitarian affairs, Zhulynsky, by Ivan Kuras; and the appointment of Marchuk as first deputy prime minister responsible for security.

Apart from Marchuk, two other figures in Kuchma's team were soon to become increasingly influential and prominent. The first was the young historian Dmytro Tabachnyk, who had been Kuchma's press officer while he was prime minister, and whom the president now appointed his chief of staff.⁵ The other was Volodymyr Horbulin, who had worked with Kuchma at the Pivdenmash missile-building plant in Dnipropetrovsk and, more

⁵ Before long, it was being joked: 'Kuchma is president in the administration of "Dima" Tabachnyk.' On Tabachnyk and his role, see Lukanov, *The Third President*, pp. 126-39.

recently, headed Ukraine's National Space Agency. Kuchma made him Secretary of his National Security Council.

Negotiations with the IMF continued throughout the summer and by September an agreement was reached for a \$750 million IMF Systemic Transformation Facility (STF). Kuchma's administration agreed to most of the conditions set by the IMF for the loan. They included 'the reunification of the exchange rate and a far-reaching liberalization of prices, domestic trade, and foreign trade. As a consequence of reduced subsidies, the budget deficit was to be reduced from 20% of GDP for 1994 to 10.3% of GDP.'⁶ Success, though, remained dependent on Kuchma's ability to win the backing of parliament.

In mid-August, Ukrainian and Russian delegations began working on the draft of the bilateral treaty and, at their first meeting, managed to reach agreement on about 80% of its proposed thirty-six articles. There was no hint of confederation: relations between the two 'friendly, equal and sovereign' states were to be based on 'mutual respect and trust, partnership and cooperation'. Ukraine had introduced new provisions dealing with cooperation in space technology and grappling with the consequences of the Chernobyl disaster and the return and integration of formerly deported peoples. Differences remained, though, on a number of fundamental issues. Ukraine wanted a binding recognition of the inviolability of the existing borders and territorial integrity of the two states, and adamantly opposed dual citizenship. Among other things, it also rejected Russian proposals for mutual assistance in the event of an armed attack by a third party, free transit for persons and goods across the respective territories of the two countries and the restoration, in effect, of a common economic space.⁷

While work on normalizing Russian-Ukrainian relations was being given new impetus, the perennial problems connected with Crimea (which, together with the issue of the Black Sea Fleet, was not mentioned in the draft bilateral treaty) and with paying for fuel imports from Russia nevertheless demanded urgent attention from the new Ukrainian leadership. In August, in a largely symbolic action, the Sevastopol City Council proclaimed the port Russian

Anders Aslund, 'Eurasia Letter: Ukraine's Turnaround', *Foreign Policy*, no. 100 (fall 1995), p. 137.

The text of the draft treaty was published in *Vcchirni Kyiv*, 17 September 1994.

territory. Later that month, seeking to improve relations between Kyiv and Simferopol and to ensure that economic reforms in Crimea were synchronized with those in the rest of Ukraine, Kuchma met with both President Meshkov and Sergei Tsekov, leader of the Crimean parliament. That same month, the CSCE, with the approval of Kyiv, decided to send a mission to Ukraine. Among its tasks was to mediate between Kyiv and Simferopol and thereby contribute to conflict prevention and management.

By now though, Crimea's leaders were themselves becoming locked in a constitutional battle between Meshkov's presidential administration, which had brought in specialists such as Saburov from Moscow, and the Crimean parliament headed by Sergei Tsekov. The Crimean president's supporters in the local parliament were also divided. In early September, no doubt to Kyiv's relief, the Crimean parliament trimmed Meshkov's powers and he responded by suspending it and locking deputies out of the legislature building. At this dangerous moment, Kuchma had to warn both sides against the use of force and appointed Marchuk as his mediator. On 15 September, the day on which the Ukrainian parliament rescinded the Sevastopol City Council's decision, the Crimean parliament passed a vote of no confidence in the government which Meshkov had installed, thereby forcing Saburov's resignation.

With his wings clipped, Meshkov backed down, but though his popularity continued to decline, he refused to resign. Kuchma maintained a neutral position but when, in early October, the Crimean parliament confirmed his son-in-law, Anatolii Franchuk, as prime minister of Crimea, his impartiality was placed in doubt. Both the Ukrainian president and parliament continued to insist that the Crimean legislature bring its laws into line with those of Ukraine but Tsekov and his supporters, encouraged by the Russian Duma, still opposed this. In fact, on 23 November, the Russian Duma was to issue a statement declaring that it would not be possible to conclude a Russian-Ukrainian bilateral treaty of friendship and cooperation, nor an accord on the division of the Black Sea Fleet 'without a compromise' in what it referred to as 'the settlement of the Crimean-Ukrainian conflict'.

All this time, despite repeated arrangements for rescheduling payments, Ukraine still could not pay for deliveries of Russian and Turkmen fuel. In August, as Gazprom again threatened to cut off supplies, Kuchma agreed to repay Russia over three months a

quarter of a \$1.2 billion debt for natural gas, partly by selling shares in Ukrainian oil and gas enterprises. He rejected the idea of privatizing the pipelines running across Ukraine.

As Kuchma prepared to present his economic reform programme to the parliament, he also sought a way of getting around the continuing lack of a new constitution and division of powers, which worked to the advantage of the parliament at the expense of the executive branch. By late September he let it be known that his team was preparing a 'small constitution' that would temporarily delineate powers until a new constitution was adopted. Ukraine, the president argued implicitly, needed to avoid the kind of confrontation between the presidency and the legislature that had been seen in Russia and Crimea. 'I think everyone realizes that conflict between the two branches of power will not be constructive', he declared at the first meeting of the Council of the Regions, 'A decision must be made'. His own preference was for the model offered by France's President Charles de Gaulle and the presidential republic which he had established. 'Until a strong executive branch appears,' Kuchma argued, 'there will be no changes in Ukraine.' He apparently managed to convince the Council of the Regions, for at its inaugural meeting, held in Zaporizhzhya on 24 September, Ukraine's new regional leaders signed a statement supporting his call for a strong executive branch.⁹

Committed to the agreement with the IMF, Kuchma sought to secure additional international aid. The opportunity to press Kyiv's case came at the beginning of October when Ukraine was invited for the first time to attend a G7 meeting being held in Madrid. Shpek represented Ukraine and there was to be a special follow-up G7 conference on 27 October in Winnipeg on aid to Ukraine initiated by Canada. The Kuchma administration recognized the extent to which the question of Western assistance was linked to Ukraine's nuclear disarmament and, in a move to reassure potential donors, at the beginning of October the president submitted a letter to the parliament asking it to agree to Ukraine's joining the NPT as a non-nuclear state. At the same time, he also sent a letter to the leaders of Russia, the United States, Britain and France in which he re-emphasized Ukraine's need for national security guarantees.

Reuter, 16 August and 8 October 1994.

Ibid., 24 September 1994.

To the surprise of many of those who had voted for him in the southern and eastern regions, after his election Kuchma maintained essentially the same detached position towards the CIS as Kravchuk had done. At a CIS summit in Moscow in October he made it clear that would not support the tendency to try and transform the commonwealth into a supranational entity.

On 11 October, the new president delivered his first major programmatic speech to the Verkhovna Rada in which, in very blunt terms, he outlined the seriousness of the country's situation and the stringent emergency reform course he was proposing. Not hesitating to call a spade, he told the deputies:

It is unpleasant, but we have to admit that Ukraine has not yet achieved real independence. In 1991, it achieved only the attributes of an independent state, but over the last three years it was unable to fill these with real content.

It was imperative, he continued, to 'fend off the threat of national disaster', for the survival of Ukraine as a sovereign state depended on immediate far-reaching economic reforms. 'The exhausting period of transition from a command economy to a market-based, socially oriented economy' could not be 'stretched out in time indefinitely'. Kuchma also warned the population not to expect any quick improvements of their difficult conditions: 'As the state's president, I must declare with all responsibility before the people that we have no real resources at present to raise our people's living standards.'¹⁰

Many of the more conservative deputies appear to have been taken aback by the forcefulness of the presentation and on 19 October, after a long debate, the parliament gave its backing to the 'main points' of Kuchma's reform programme by an overwhelming margin of 231 to 54. Nevertheless, the debate confirmed that the pro-Communist deputies were opposed to privatization of property and land and, like the speaker, Moroz, were reluctantly supporting the IMF programme because of the need for Western assistance in order to enable the country to cope with its crippling energy debts.¹¹ When, shortly afterwards, the government proceeded to free some prices and cut subsidies to producers, protests followed; the leftist

¹⁰ As cited by Aslund in 'Ukraine's Turnaround', pp. 134-5.

¹¹ Keuter, 11 and 19 October 1994.

forces called a special session of the parliament to condemn the price rises and Moroz threatened to use his 'constitutional right to rescind government laws'.

Kuchma appealed for calm and reiterated that there was no choice but to move ahead with economic reforms regardless of how unpopular they might be. While continuing to issue decrees aimed at financial stabilization, he sought to raise new loans and reschedule existing debts to Russia and Turkmenistan. Behind the scenes, the president persuaded the leaders of Russia, the United States and Canada that, as Kyiv's largest creditors, Russia and Turkmenistan, should be invited to the G7 Conference on Ukraine. At the conference itself, Russian Foreign Minister Kozyrev called for more international aid to be given to Ukraine, stressing quite openly that Moscow was interested in this because otherwise Kyiv would not be able to make payments on its debts to Russia. Kuchma left Winnipeg with further pledges of support from the G7, including assistance in persuading Moscow and Ashgabat to reschedule Ukraine's debts, as well as assurances from US Assistant Secretary of State Strobe Talbott that Washington was working on a way to satisfy Kyiv's insistence on additional security guarantees.¹²

At the beginning of November, Kuchma went to Turkmenistan where, with Washington's help, he was able to secure an agreement to reschedule Kyiv's energy debt to Ashgabat over a seven-year period. Two weeks later, as Kuchma was preparing for his official visit to the United States, during which he was also to address the UN General Assembly in New York, Ukraine's prospects for receiving additional Western assistance were given a fillip by the parliament's almost unanimous agreement to approve the country's accession to the NPT as a non-nuclear state.

While Kuchma was in Washington, the Clinton Administration announced that it was stepping up its economic and political support for Ukraine. In fact, Washington added an additional \$200 million to its assistance package, much of which Kyiv was to use immediately to pay Russia to keep the gas flowing. Also in November, an IMF team arrived in Kyiv to begin negotiations on the terms for a much larger 'stand-by' loan for Ukraine. The one major source of disappointment and difficulty for Kyiv in this respect, though, was the attitude of some members of the EU (in particular, the United

¹² Ukrainian television, 28 and 29 October 1994.

Kingdom, France, Italy and Belgium) which were reluctant to co-finance the IMF's STF agreement and to provide Ukraine with any significant EU assistance.¹³ As it was, the EU's protectionism effectively barred many Ukrainian exports (metals, chemicals, textiles and agricultural produce) from the European market. Furthermore, although it had promised only modest assistance for the closure of the Chornobyl atomic station which Kyiv had kept in operation because of Ukraine's energy crisis, the EU also insisted that Ukraine close down the nuclear plant. Among Western European countries which were more favourably disposed towards Ukraine, Germany distinguished itself as the biggest aid donor, though much of it was earmarked to provide housing for former Soviet military personnel withdrawn from Germany.

During his visit to the United States Kuchma made use of the opportunity to keep pressing on the issue of Ukraine's security concerns. The result appears to have been the security memorandum which was signed on 5 December in Budapest at a summit of the Organization of Security and Cooperation in Europe (OSCE, formerly CSCE) by Ukraine and three nuclear states. Under its terms, Russia, the USA and the United Kingdom undertook not to use force against Ukraine, except in self-defence, refrain from applying economic pressure against Ukraine, and, in the event of an attack by a nuclear power on Ukraine, to seek action from the UN Security Council. Washington and Kyiv also established a 'hot line' and two other nuclear states, France and China, also lent their support for Ukraine's security.¹⁴

In the circumstances, the political assurances contained in the Budapest memorandum were probably as much as Kyiv could realistically hope to obtain in the way of security guarantees and they at least partly placated the Ukrainian deputies who had voted for Ukraine's accession to the NPT. But one other security issue involving East and West was still increasingly worrying Ukraine's policy makers. As the debate about NATO's possible expansion eastward continued, Ukraine's leadership was being forced to think

¹³ George Soros pointed out in a letter to the *Financial Times* on 2 November 1994 that his own foundation was disbursing more sums to Ukraine than the EU.

¹⁴ F.H. Turchenko, P.P. Panchenko, S.M. Tymchenko, *Novitnyia Istoriya Ukrainy: Chastyna Druha, 1945-1995* [Modern History of Ukraine: Part Two, 1945-1995], Kyiv, 1995, p. 286.

about the likely implications. During his visit to Washington, Kuchma cautioned against rushing ahead with NATO's expansion, warning that it could result in the alienation of Russia and a new division of Europe into two armed camps, with a neutral Ukraine caught in between. 'We do not want a situation with two Europes and the border line running across Ukraine', he explained. He also was at pains to point out that Ukraine did not want to come under Moscow's domination again. 'Even in my worst nightaires, I never dream about the restoration of the Soviet Union', he declared. 'There is no road back.'¹⁵

The struggle over the division of powers

Sooner, rather than later, the persistent president was heading for a showdown with the conservative forces in the parliament. With the government now trying to secure another loan of about \$1.5 billion from the IMF, it was evident that a successful outcome would require Ukraine to pursue an even stricter and more painful economic policy. As Kuchma's popularity rose, reaching, according to one poll, a 72% national approval rate in December, and that of the parliament fell (in the same poll it received only a 11.8% approval rating), the leftist bloc in the legislature increasingly resented the new president who had undermined their plans to take Ukraine in a rather different direction. Furthermore, the pro-Communist and pro-Russian forces in the south and east of the country felt let down by Kuchma, but, conversely, in the western and central regions support and respect for him grew.¹⁶

During the second half of 1994, though, as more seats in the parliament had been filled, the strength of the leftist bloc had in fact been weakened. As a result of the continuing run-offs, a significant centrist grouping had begun to crystallize, which incidentally also included Kravchuk, who was elected in the Ternopil region. Together, the centrists, national democrats and rightists were now able to outnumber the leftist bloc, but the latter was still powerful enough to block economic and political reforms.

The situation at the end of 1994 was that 403 out of 450 seats

¹⁵ Reute, 23 November 1994.

See Chrystyna Lapychak, 'Back on Track', *Transition*, vol. 1, no. 3, 15 March 1995, pp. 43-5 and 52.

had been filled.¹⁷ The leftists held about 172 of them, the nebulous centre about 133, the right about 91, and a few deputies remained outside the parliamentary factions and groups as independents. From left to right across the political spectrum, the parliament's main factions and groups in the leftist bloc were the Communists (90 deputies), Socialists (30) and Agrarians (52); the factions making up the centre consisted of the Inter-regional Deputies Group, or MDH, (33), which was the parliamentary faction of the political party formed in December 1994 from the former Inter-regional Bloc for Reforms and led outside the parliament by Hrynov, Nezalezhnist [Independence] (29), Yednist [Unity] (34) and Tsentr [Centre] (37); and three groups made up the right—Reformy [Reforms] (36), Rukh (27), and Derzhavnist [Statehood] (28).⁸

Seizing the political initiative, at the beginning of December, Kuchma moved to resolve what had been described as the 'old Soviet constitutional ambiguity' and 'disorder' resulting from the lack of a precise separation of powers between the executive and legislative branches.¹⁹ He presented to the parliament a draft constitutional bill on the separation of powers and local self-government, which subsequently became known as the Law on Powers. Drawing on the example of the Polish 'small constitution', he proposed the Law on Powers as an interim constitutional arrangement necessitated by the need to push ahead with economic reforms that would clarify the division of executive and legislative powers until the new constitution had been agreed on. The bill was designed to strengthen the presidency at the expense of the parliament and local councils, giving the chief executive powers comparable to those which de Gaulle had secured for the French president. Most importantly, the president would be able to appoint or dismiss a government without the parliament's approval; after consultations with the Supreme and Constitutional Courts, to dissolve the parliament if it repeatedly rejected the budget proposed by the government; and, to directly subordinate local councils to himself.²⁰

¹⁷ Because of the continuing low turnout of voters in the constituencies where the seats had still not been filled, it was decided to postpone holding new elections in them for a year.

¹⁸ Based on the reliable study by Artur Bilous, 'Ukraine's Parliament: Who's in Power?', *Demos* (Kyiv) vol. II, no 1 Oune 1995, pp. 36-47.

¹⁹ Aslund, 'Ukraine's Turnaround', p. 136.

Predictably, Kuchma's draft constitutional bill was given a hostile reception by the leftist bloc, but there were also many deputies representing the centre and the right who expressed concern that it concentrated too much power in the hands of the president and smacked of authoritarianism. Confronted with stiff opposition, the president offered a concession, proposing that, in certain limited conditions, the parliament would be able to hold a vote of no confidence in the president. But he also warned that he would call a national referendum if the Verkhovna Rada failed to approve the bill and proposed that the Law on Powers be used as the basis of the new constitution. This threat seems at least to have got negotiations under way, for the deputies also knew that in any case constitutional bills had to be passed by a two-thirds majority after their second reading. Eventually, on 28 December, the parliament passed the bill on its first reading but set up a special conciliation committee composed of deputies from all the parliamentary groups and representatives of the president's team to work out compromises for the second reading.

While this work was being carried out, the Ukrainian government, encouraged by a \$500 million rehabilitation loan granted by the World Bank in December, continued its negotiations with the IMF for an additional larger loan. Masol appears to have resisted the stringent new budget which this necessitated for 1995 and, eventually, on 1 March, his resignation was announced. Marchuk, who enjoyed an image of toughness and had also been given responsibility for negotiating with Russia on the division of the Black Sea Fleet and the terms of a bilateral treaty, was appointed acting prime minister. Three days later, the Ukrainian government signed an agreement with the IMF for a \$1.57 billion loan and pledged to continue with a reform programme that would reduce inflation, already down in February 1995 to about 18% (from a peak of 72.3% the previous November), to 1% by the end of the year, and not to increase the budget deficit running at the time at an estimated 3.3-3.5% of GDP (7.3% according to the Ukrainian definition). Significantly, while the executive board of the IMF waited for the parliament to approve the budget for 1995 before giving final approval for the loan, it also agreed to mediate in Ukraine's talks with Russia about restructuring Kyiv's oil and gas debt to Moscow."¹

Relations with Russia, which since December had become embroiled in a war against secessionist forces in Chechnya, had remained stable. Moreover, at the end of the year Ukraine had signed a number of trade agreements at a meeting in Moscow of the CIS Council of the Heads of Government. All the same, Yeltsin's visit to Kyiv, and the signing of a Russian-Ukrainian treaty of friendship and cooperation, had not materialized. The unresolved issues connected with the Black Sea Fleet and dual citizenship had held things up as well as perhaps Kuchma's reluctance to support a more integrated CIS. This reluctance was again demonstrated by the display of mutual solidarity during the visit to Kyiv in the second half of January by the President of Turkmenistan, Saparmurat Niyazov, who maintained a similar position towards the CIS as the Ukrainian leadership. He told the Ukrainian parliament that it was in the interests of both countries 'to maintain their sovereignty and full-fledged independence'. All 'attempts to push the CIS towards some sort of union, or pact, or supra-national structure of any kind have some self-seeking aim or interest', he warned.²¹

Eventually, in early February, a Russian-Ukrainian treaty was initialled by senior officials but its signing by the leaders of the two countries continued to be held up. In fact, while visiting the Russian city of Lipetsk, President Yeltsin declared that Russia would not be able to sign the treaty if it did not include provisions for dual citizenship.²² This statement, and the unresolved issue of who would use Sevastopol as the base for its share of the Black Sea Fleet, set the process back yet again. Soon afterwards, after another CIS summit, held this time in Almaty, a somewhat exasperated Kuchma commented that 'Russia should show the world that it, too, has chosen the path of civilized democratic development' by signing the long-delayed treaty with Ukraine. Responding also to renewed calls in the Russian parliament and elsewhere for the restoration of the Soviet Union, he added that with the conclusion of such a treaty 'speculation' on this question 'could end both in Russia and Ukraine'.²⁴

Crimea, where forces were still hoping for the restoration of the Soviet Union or for the peninsula to be transferred to Russia,

²¹ Reuter, 11 March 1995.

²² *Ibid.*, 20 January 1995.

²³ *News from Ukraine*, nos 3-5, February 1995.

²⁴ Reuter, 13 February 1995.

remained a major headache for Kyiv. Although the Crimean leadership had split, and the Crimean parliament's speaker Tsekov had eclipsed President Meshkov, Simferopol had continued to ignore Kyiv's demands that it bring Crimea's constitution into conformity with that of Ukraine and had also demanded dual citizenship for the inhabitants of the peninsula. In January 1995 the Crimean parliament also came into conflict with Kuchma's economic reform efforts by attempting to assert the region's economic autonomy, including control over local privatization.

At this juncture, the Ukrainian leadership appears to have lost patience with the Crimean authorities and, in a rare display of unity between the executive and legislative branches, used the opportunity presented by the internal divisions in Simferopol and Russia's preoccupation in Chechnya to bring Crimea into line. On 17 March, the Verkhovna Rada parliament voted to annul Crimea's constitution and to seek the prosecution of Meshkov for having issued decrees which violated Ukrainian law. At the end of the month, Kuchma brought the Ukrainian parliament's decision into force by presidential decree: it placed Crimea under Kyiv's direct rule, gave the region until mid-May to draw up a constitution acceptable to Kyiv, threatened the Crimean parliament with dissolution and, while Meshkov was facing charges for exceeding his authority, suspended the post of Crimea's president.

Although Moscow stayed out of Kyiv's constitutional dispute with Simferopol, the signing of the Russian-Ukrainian treaty remained elusive. However, thanks to IMF mediation, Ukraine gained a vital breathing space for itself in its complex relations with Russia. The IMF had made a deal on rescheduling the debt Ukraine owed to Russia a prerequisite for further loans to both countries, and on 20 March senior Russian and Ukrainian officials signed two agreements in Kyiv on the rescheduling and restructuring of the more than \$3.5 billion of debt accrued by Ukraine since 1993. Under the terms of the first, Russia agreed to reschedule \$2.5 billion of this amount over thirteen years beginning in 1998 after a three-year period of grace. The second allowed Gazprom to take equity stakes in key Ukrainian industries when they were privatized and foresaw the creation of a joint-stock Russian-Ukrainian company called Gaztransit.²⁵

² Taras Kuzio, 'After the Shock, the Therapy', *Transition*, vol. 1, no. 13 (28 July 1995), p. 40.

The visit to Kyiv by Russia's First Deputy Prime Minister Oleg Soskovets to finalize the deal on restructuring Ukraine's debts and discuss other outstanding issues failed, however, to resolve the differences over where each country would base its ships from the Black Sea Fleet. This time Kuchma openly acknowledged that talks with Russia were proceeding 'with considerable difficulty' and pointed out that Ukraine was not interested 'in dragging things out'.²⁶ For his part, Yeltsin was to reiterate in mid-April that Crimea was an internal Ukrainian matter, but also added: 'It will be correct to sign major political documents between Russia and Ukraine only after we are convinced that the relations between Simferopol and Kyiv do not infringe the interest of Crimeans.' The Russian Duma went further and invited Tsekov to address the chamber; seizing the opportunity, he did not hesitate to call for Russian help.²⁷

Meanwhile, with the parliamentary conciliation commission still completing its work on the Law on Powers, the Kuchma administration concentrated on getting the budget prepared by the government approved by the parliament and moving forward with reforms. In fact, after accepting Masol's resignation on 4 April, the Verkhovna Rada had passed a motion of no confidence in the government but the president had turned this to his advantage. Having a free hand now to install more reformers, he nevertheless instructed the Cabinet of Ministers to keep working and announced that he would not appoint a new government until the Law on Powers had been passed. He was also helped by the fact that he had managed to split the Agrarian bloc and by the national democrats attacking Moroz and the deputy speaker Tkachenko, who were accused of corruption. On 6 April, with the leftist forces forced on to the defensive, the parliament passed the austere budget for 1995.

By the following week, however, the left had recovered and rallied its forces. On 11 April, it succeeded in blocking a privatization programme submitted by Yekhanurov. The following day, with Kuchma present in the parliament for the resumption of the debate about the Law on Powers, a Communist deputy stepped up the

⁶ Reuter, 28 March 1995.

⁷ *Ibid.*, 15 April 1995.

counter-attack by accusing the president of heading towards 'unlimited authoritarianism'. The resulting confrontation resulted in Kuchma storming out of the chamber. With the leftists at first delaying proceedings by using the old tactic of the People's Council of refusing to register and thereby making the legislature inquorate, and then supporting the proposal to send the draft Law on Powers back to the conciliation committee for further revisions before a third reading, it looked as if political deadlock had returned.

Kuchma again considered calling a referendum on confidence in his administration if the law was not approved, but he also offered some concessions; he yielded on the most controversial articles which, in certain circumstances, gave the president the right to dissolve the parliament and, correspondingly, the legislature the right to impeach the president. Eventually, on 18 May, after a brief visit to Kyiv by President Clinton had raised spirits, the somewhat watered-down version of the Law on Powers was passed by the parliament by a vote of 219 to 104. But the law could not be implemented without changes to the constitution requiring a two-thirds majority, and this the Communist, and Socialists remained intent on denying the president.

Attempts by moderates to find a way out of the impasse failed and Kuchma decided to risk doing what he had threatened from the outset. On 31 May he announced that he was calling a non-binding referendum of confidence in both the executive and the legislative branches for 28 June. Even the president's supporters in the parliament were taken aback by this move and on the next day voted against his decree; by a vote of 252 to 9 the Verkhovna Rada declared Kuchma's action unconstitutional and prohibited the government from financing the poll. However, the president stood his ground and made it clear that he was determined to go ahead with the referendum.

With Ukraine plunged into its most serious political crisis since independence, Kuchma sought to explain to the public why he appeared to be gambling everything on the showdown with the parliament. 'We have before us an historic decision', he told the residents of Cherkasy on 3 June:

The question at hand is not about power. It is much broader and deeper — which path should Ukraine take . . . The president has no other alternative but to turn to the chief arbiter — the nation. In today's conditions the country has no opportunities.

We must get through this. God willing we will not turn back to the past."

Fortunately, the dangerous situation did not last long. When the parliament met again on 7 June, it agreed to a compromise which essentially allowed Kuchma to emerge victorious. In return for revoking his contentious confidence poll, the Verkhovna Rada voted by 240 to 81 to approve a so-called 'constitutional agreement' which allowed the president to implement the provisions of the Law on Powers without having to secure the backing of a constitutional majority. The arrangement, which gave the president broader rights to issue decrees (especially economic ones), appoint ministers and subordinate local administrations to his jurisdiction, was to last for a year till June 1996, by which time a new constitution was to be adopted.

As the country heaved a sigh of relief, the compromise was hailed by all the main political actors, with the exception of the Communist leaders. At a special ceremony for signing of the constitutional accord, Kuchma hinted that the country had come dangerously close to 'real conflict' and 'the use of force'. 'We have passed the test for state wisdom and balance, the ability to preserve civil peace and finding a civilized way to resolve all problems', he declared.²⁹ 'We are all winners, and chiefly the people have won.' He also appealed to the deputies to form a 'constructive majority' in the parliament in support of 'reforming the economy, [and transforming] the political system into a better developed democracy in keeping with the principles of human rights and liberties'.³⁰ On the same day, Kuchma also announced that he was confirming the acting prime minister Marchuk as the head of the new government.

While this drama was being played out in Kyiv, another struggle over a division of powers had gradually abated. Kuchma and the Ukrainian parliament had persisted with their tougher line towards Simferopol and seemed to have achieved their goal. At the end of May, the Crimean parliament backed down and called off a

²⁹ *Ibid.*, 3 June 1995.

-' AM., 8 June 1995.

³¹ Radio Ukraine, 8 June 1995, as cited by Chrystyna Lapychak in 'Showdown Yields Reform', *Transition*, vol. 1, no. 13 (28 July 1995), p. 7. This article charts the tug-of-war between President Kuchma and the Ukrainian parliament and its culmination and temporary resolution.

threatened retaliatory local referendum in support of its annulled 1992 constitution. In June, the Crimean deputies also replaced Tsekov by a more moderate figure, Yevhen Suprunyuk, who was willing to seek accommodation with Kyiv. The Crimean parliament also agreed to work on a draft version of a new constitution acceptable to Kyiv.³¹ For the interim period, the Constitutional Agreement confirmed the special status of the Autonomous Republic of Crimea as part of the unitary Ukrainian state.

There was also a hopeful development in Russian-Ukrainian relations. On 9 June, Kuchma and Yeltsin met in Sochi and announced that they had signed an agreement resolving the long-standing dispute over the Black Sea Fleet. True, Yeltsin declared that the controversy had been solved 'once and for all', while Kuchma was more guarded and said that the question had been solved 'in general'. In fact, although quite a few significant details were left vague or still needed to be worked out, at least the basis of a deal had been agreed on: the Fleet would be split, and after trading in most of its share in return for debt relief, Ukraine would end up with 18.3% of the vessels; Russia would have basing rights in Sevastopol on terms still to be negotiated, and Ukraine, too, would use some of the port's facilities.³²

The summer of 1995 therefore seemed to herald the beginning of a period of economic recovery and political calm. The first signs of economic stabilization were appearing, real incomes were rising, and inflation, now holding steady at just under 5 per cent, was down to manageable levels. Large Western credits had been obtained and Ukraine's debts to Russia and Turkmenistan were rescheduled. In fact, with the exchange rate of the karbovanets-coupon also stabilized, the Kuchma administration hoped to be able to introduce the new Ukrainian currency, the hryvnya, in October. In the political sphere, the president had in effect been given emergency powers for one year, and Kyiv's conflict with Simferopol appeared to be defused. Relations with Russia seemed reasonably stable and Presi-

See Tor Bukkvoll, 'A Fall from Grace for Crimean Separatists', and Chrystyna Lapychak, 'A Timeline of Crimean Separatism', *Transition*, vol. 1, no. 21 (17 November 1995), pp. 46-9, and 49, respectively. After July, when he was hospitalized with diphtheria, Meshkov was to withdraw from political life. The charges against him were eventually dropped.

³² Reuter, 9 June 1995.

dent Clinton's visit to Kyiv had underscored the new political and economic backing which the United States was giving Ukraine.

Bumpy progress

However, two violent incidents shattered the summer tranquillity and revealed some of the tensions lingering in society. In late June, racketeers killed two Crimean Tatars in a market at Feodosiya, and this, together with the apparent corruption and indifference of the local police, triggered off riots. The protesters attacked enterprises believed to be owned by criminal elements and took the local police chief hostage. Another two Crimean Tatars and a policeman died before order was restored. This first instance since independence of a violent inter-ethnic clash resulting in deaths set off alarm bells in Kyiv. Though strapped for cash, the Ukrainian government was forced to revamp its programme for facilitating the return and integration of the Crimean Tatars and to step up its efforts to combat organized crime and corruption in Crimea. It also appealed to international organizations to provide assistance for the repatriation of the Crimean Tatars.³³

A second ugly incident occurred a month later in Kyiv itself when, on 19 July, riot police attacked a funeral procession bearing the coffin of the Patriarch of the Ukrainian Orthodox Church of the Kyivan Patriarchate. This Church had been formed in June 1992 after the controversial Metropolitan Filaret had unsuccessfully sought to obtain autocephaly from the Moscow Patriarchate for the Ukrainian Orthodox Church, which split in the process, and been defrocked by the Moscow Patriarchate. Metropolitan Filaret and supporters of autocephaly had then joined with most of the leaders of the Ukrainian Autocephalous Orthodox Church to establish a new 'Ukrainian Orthodox Church of the Kyivan Patriarchate' (UOC-KP). A larger group of bishops within the Ukrainian Orthodox Church, led by Metropolitan Volodymyr Sabodan, remained loyal to the Moscow Patriarchate. Part of the former UAOC also refused to unite with Metropolitan Filaret and elected Dymytrii Yarema of Lviv as its Patriarch. Although Metropolitan

³³ In late 1994, the United Nations Development Programme had launched an appeal for international funding for its Crimean Integration and Development Programme, but the response had been rather disappointing.

Filaret remained a powerful figure within the UOC-KP, Metropolitan Volodymyr (Romanyvik), a former political prisoner and UAOC hierarch, was elected in October 1993 to succeed Patriarch Mstyslav who had died a few months earlier.³⁴

The mourners, supported by the paramilitary UNSO, sought access to St Sophia's Cathedral to bury their leader there. However, apparently in the hope of preserving its neutrality in relation to the country's three main religious groups who were still bitterly divided — the pro-Kyiv and pro-Moscow Orthodox, and the Ukrainian Catholics — the government had refused permission for Patriarch Volodymyr to be buried in Ukraine's most sacred site, which had remained a religious museum. During the violent confrontation, the deceased patriarch's supporters smashed the asphalt in front of the wall surrounding the cathedral and placed his coffin in a makeshift grave. It was unclear who gave the order for the riot police to be sent in, and recriminations abounded.³⁵

The highly delicate nature of the religious issues dividing Ukraine's Christians was attested to by the fact that many months after the incident the Patriarch's body still remained in what was supposed to have been a temporary grave, close to passing traffic. There were further complications in October when, despite his murky past, Metropolitan Filaret was elected Patriarch of the UOC-KP. Four of the Church's leading hierarchs broke away in protest and joined the UAOC, which at the time had about 1,000 parishes. They also announced that the UAOC would be willing to pursue dialogue with the Ukrainian Orthodox Church of the Moscow Patriarchate and were hopeful that the latter would reciprocate.³⁶

While the Ukrainian Orthodox remained divided, the Ukrainian Catholic Church was consolidating its organizational structure and preparing for the observance in 1996 of the 400th anniversary of its founding by the Union of Brest. In November, the Vatican issued a special papal missive in this connection, but perhaps the most important development concerning the UOC during this period was

Anatolii Kolosha, 'Kyivskiy Patriarkhat: Neprostyi Shlyakh do Yednosti' [The Kyivan Patriarchate: A Complex Route to Unity], *Hobs Ukrainy*, 31 July 1993.

The incident and the background to it are described by Chrystyna Lapychak in 'Rifts Among Ukraine's Orthodox Churches Inflamm Public Passions', *Transition*, vol. 2, no. 7, (5 April 1996), pp. 6-10.

³⁶ Seeitorf.

the extension of its structures to central and Eastern Ukraine. Initially, in April 1995, the head of the UCC, Cardinal Lyubachivsky, appointed a visitator for Kyiv and Ukrainian Catholics in Eastern Ukraine, but a year later, in April 1996, it was announced that Bishop Lubomyr Husar, whose secret consecration in 1977 as a bishop for Ukraine by Patriarch Slipy had only just been recognized by the Vatican, was being named exarch of the newly-established Exarchate of Kyiv-Vyshhorod.³⁷

Another worrying development during the summer of 1995 was that, even after the signing of the Constitutional Agreement, many of the deputies opposed the attempts by the Procurator General, Vladyslav Datsyuk, to probe into corruption among officials. Two of his investigations had focused on the deputy speaker Tkachenko and the former acting prime minister, Zvyahilsky, who was being accused of embezzling millions of dollars from the state and had since sought refuge in Israel. On 21 June, the parliament voted to dismiss Datsyuk. However, Kuchma stood by him and began another struggle of wills between the president and the Verkhovna Rada.

However, Ukraine's foreign creditors were more concerned by the decision of the president and prime minister to moderate the pace of economic reform. At the end of June, perhaps as an unwritten part of the compromise reached with the parliament, Kuchma indicated that the new government would ease stringent monetary policy and place more emphasis on helping 'priority industries' as well as pensioners and other impoverished social groups. When, a few days later, the president announced the composition of the new government, the name of Pynzenyk, regarded as the chief architect of economic reform, was conspicuously missing.

It had been agreed in the Constitutional Agreement that once the parliament had approved the government's economic programme it would be unable to alter it for a year. Marchuk's team therefore sought to come up with a programme which would keep the economic reform programme generally on track yet partly placate some of the leftist forces and the industrial and agricultural lobbies. In July the new government yielded to pressure from the agricultural sector and violated monetary discipline by agreeing to a credit emission to help finance the purchase of grain by the state.

This, and the uncertainty about government policy, led to a devaluation of the karbovanets by about 10% and a rise in inflation, which in turn aborted plans to introduce the hryvnya.

In August, apparently under pressure from international financial institutions, Kuchma re-appointed Pynzenyk as Vice Prime Minister in charge of economic reforms. Addressing the nation on the fourth anniversary of Ukraine's declaration of independence, he nevertheless indicated that 'corrections' to economic policy were still being worked out. 'We have been trying to follow Western models blindly', he explained. 'We need to look for a Ukrainian model of economic transformation.'³⁸ To oversee this modification of his reform course, the president was to select cadres from his native Dnipropetrovsk region. In September he appointed Pavlo Lazarenko, head of the Dnipropetrovsk Regional Administration, as First Vice Prime Minister. Having begun his Party career in the agrarian sector, Lazarenko had been associated in recent years with numerous local development projects, including the construction of the Dnipropetrovsk Underground, and had gained the reputation of a progressive administrator.³⁹

While the government reviewed its economic strategy, close consultations with the IMF continued. Although it was now clear that Ukraine would not be able to meet all the macroeconomic targets for 1995 previously agreed with the IMF, the latter demonstrated its confidence that Marchuk's government was still continuing in the right direction by releasing, in September, the third tranche of \$350 million of the \$1.5 billion stabilization package.

Two of the major problems that had been such a huge drain on resources since independence, Chernobyl and the coal-mining industry in the Donbas, continued to pose major difficulties. Although Kuchma had pledged to shut down the Chernobyl nuclear plant by the end of the century, Ukrainian officials reiterated that this could not be achieved without considerable Western assistance, and appealed more urgently to the G-7 and European Union to translate their general offers of help into a concrete financing plan. They also sought external aid to deal with the problems of the costly,

³⁸ Reuters, 24 August, 1994.

See 'The Reemergence of the Underground as a Factor in Political Struggle', *Research Update* (Ukrainian Centre for Independent Political Research, Kyiv), vol. 2, no. 8 (28 January 1996).

outdated and dangerous mines in the Donbas, many of which the government planned to shut down. In a sign of impending trouble, the country's miners held a one-day strike at the beginning of October to demand that their salaries and pensions be paid on time and that the government provide the coal-mining industry with further subsidies.

Later that month, the Verkhovna Rada approved the government's revised economic reform programme for 1996 by a vote of 234 to 61. Its priorities were to encourage economic growth, speed up privatization, which had been proceeding at a disappointingly slow pace, and revamp the country's energy sector. The government aimed to keep the budget deficit to under 6% of GDP; reduce the inflation rate, which had shot up to 14.2% in September, to an average of about 2.4% in 1996; and, after years of continuous and ruinous decline, to achieve a modest growth of 0.6% in industry and 0.2% in agriculture. Responding to pressure from the industrial lobby and the leftists, the programme also foresaw greater state involvement in the economy. 'World experience... teaches us that, in periods economic transformation, the transformation cannot be carried out without decisive state involvement', Marchuk maintained. But the Communist deputies still bitterly opposed the programme. Their leader, Symonenko, told the parliament: 'What we had before was a satanic blitzkrieg. We are now being presented with genocide against our own people'.⁴⁰

In the external sphere, Russian-Ukrainian contacts continued at the official and corporate level but there seemed to no further progress with the bilateral treaty and Yeltsin's visit to Kyiv. Elections to the Russian Duma were scheduled for December, in which Zyuganov's Communist forces and the radical right, both of which wanted to see the restoration of the USSR in a new form, were expected to strengthen their position, and it appeared increasingly unlikely that there would be any further in Russian-Ukrainian relations until after the results were known.

The portents for Ukrainian-Russian relations were unpromising for another reason. On 14 September, President Yeltsin issued a decree outlining Russia's 'Strategic Course' towards the CIS countries. Among other things, the document viewed the CIS as a 'zone' of Russian 'vital interests', asserted Russia's right to use

'financial, economic, [and] military-political forms of leverage to protect the rights of Russians living in neighbouring states', and defined the overall goal of Russian policy in the CIS as 'the creation of a politically and economically integrated group of states' in which Russia's 'CIS partners should be persistently and consistently guided towards the elaboration of joint positions on international problems and the coordination of activity in the world arena'. The decree was immediately criticized by the Ukrainian Foreign Ministry for ignoring 'norms of international law' and instead promoting 'interference in the internal affairs of the countries of the CIS'.⁴¹ Furthermore, Belarus' continuing moves under President Lukashenka towards integration with Russia and the creation of a customs union between Russia, Belarus and Kazakhstan added to Ukraine's discomfort.

However, Ukraine continued to receive reassurances from NATO that it would not be marginalized in Europe's developing security arrangements. When the British Foreign Secretary Malcolm Rifkind, visited Kyiv in early September, he declared that 'Ukraine's size and strategic position make it one of Europe's pivots'. NATO's expansion would be 'a steady and deliberate, not a rushed process' he explained, adding: 'We recognize the uncertainties felt by those not expecting to join.'⁴²

In fact, with President Yeltsin and other Russian representatives warning more and more explicitly that Russia might respond to NATO's enlargement eastward by assembling a new bloc from among the former Soviet republics, Ukraine had in the meantime sought to clarify and cement its relations with the North Atlantic Alliance. These efforts proved successful: in mid-September, Ukraine managed to become only the second state after Russia to secure its own individual cooperation programme based on the formula 'sixteen plus one' (that is, all the member states and a non-member). At the special session of the North Atlantic Council on 14 September in Brussels which effectively upgraded Ukraine's status within the Partnership for Peace Programme by using the 'sixteen plus one formula', Udovenko presented Ukraine's detailed proposals for developing a 'special partnership' with NATO on this basis.⁴³

Both documents were published in *Nczavisimost*, 4 October 1995.

⁴² Reuter, 4 September 1995.

" See F. Stephen Larrabee, 'Ukraine's Balancing Act', *Survival*, vol. 38, no. 2 (Summer 1996), pp. 148-9; Hennadiy Udovenko, 'European Stability and NATO

One foreign policy issue which had seemingly been deferred by mutual consent reappeared during 1995: Ukraine's borders with Romania. It continued to block the signing of a bilateral friendship treaty. During President Clinton's visit to Kyiv in May Ukrainian officials even suggested that Romania should be kept out of NATO until it dropped its territorial claims against Ukraine.⁴⁴ During the second half of the year, the dispute increasingly focused on Serpent Island, a tiny rocky protrusion in the Black Sea on which a Soviet (now a Ukrainian) military installation was based. However, what appears to have given the island sudden new importance was the discovery by Ukrainian prospectors of oil and natural gas deposits in the area. In December, Romania suggested that it was considering submitting the dispute to the International Court of Justice in The Hague.

Further afield, Ukraine established better links with a number of Latin American countries, especially Brazil and Argentina, where there are sizeable groups of Ukrainian emigrants and their descendants. For this purpose, at the end of October and beginning of November, President Kuchma made a trip to Brazil, Argentina and Chile. While in Santiago he expressed particular interest in the lessons of Chile's experience with economic stabilization and reforms.⁴⁵

But as far as official Kyiv was concerned Ukraine's most significant success during this period was the decision by the Council of Europe on 26 September to accept it as a member, the first CIS country to be admitted. This was a source of considerable pride for the newly independent country, and Marchuk indicated the symbolic significance attached to it when, on 9 November, at the ceremony in Strasbourg to welcome Ukraine, he declared: 'We were waiting for this historical moment. Another large blank spot has been removed from the map of the new Europe.' The prime minister added that Ukraine viewed its acceptance into the Council of Europe as recognition of the progressive changes which it had already undertaken and as support for its continuing democratic transformation.⁴⁶

Enlargement: Ukraine's Perspective', *NATO Review*, vol. 43, no. 6 (November 1995), pp. 15-16.

⁴⁴ *Ibid.*, 16 May 1995

⁴⁵ Ukrinform, 1 November 1995.

Although after three attempts by the parliament to oust him, Procurator General Datsyuk was finally forced to resign on 10 October, a bold appointment was made at this time by Marchuk and Kuchma which seemed to underscore the Ukrainian leadership's commitment to pursuing legal, constitutional and political reforms. Serhii Holovaty, the prominent democrat and legal specialist, who had done so much to help the democratic forces both within and outside the parliament, and head of the independent Ukrainian Legal Foundation, was made the new minister of justice. On the other hand, Kuchma's appointment of the procurator of the Dnipropetrovsk region, Hennadii Vorsinov, as the new procurator general only increased rumblings in political circles and the regions about the growing preponderance of 'Dnipropetrovtsi' among the presidential appointees, especially in the presidential administration.

With Lazarenko having now assumed important responsibilities in a Cabinet of Ministers which already included several 'Dnipropetrovtsi' — namely Vice Prime Minister Yevtukhov, Minister of the Cabinet Valerii Pustovoitenko and Defence Minister Shmarov, — rumours soon began to circulate about the beginnings of a political struggle between Kuchma's Dnipropetrovsk clan and Marchuk and his aides from within the country's security apparatus. Indeed, with his popularity riding high, Marchuk had come to be considered by many as a potential presidential candidate, and he himself fuelled speculation about a rift behind the scenes by unexpectedly announcing in late October that he intended to stand as a parliamentary candidate in one of the constituencies which still had not elected a deputy. Many interpreted this as a move by the Prime Minister to ensure a political safety-net for himself in case Kuchma decided to replace him by Lazarenko or someone else. In the next round of elections on 10 December, Marchuk had no problem getting elected in a constituency in the Poltava region.

A few days later, infighting within the president's administration resulted in the resignation of several of his key advisors. The seemingly unbridled political influence of his chief of staff, Tabachnyk, appears to have been the source of considerable dissatisfaction. Kuchma chose another cadre from Dnipropetrovsk, the economist and supporter of market reforms Volodymyr Kuznetsov, to be his new first assistant and head of the presidential advisory team.⁴⁷ Thus,

Ibid., 9 November 1995.

while sceptics and opponents of Ukrainian independence had once warned that an independent Ukraine would be largely run by nationalists from Western Ukraine, after four and a half years of independence the country's executive branch was in fact dominated by Dnipropetrovsti, most of them Russian-speaking. Not so long ago, Shcherbytsky's Dnipropetrovsk mafia had sought to keep Ukrainian nationalism in check; now, ironically, a modern Dnipropetrovsk clan linked to Kuchma was defending and developing Ukraine's independent statehood. In other words, within the space of only a few years the political and economic elite of a major industrial centre in Eastern Ukraine, and the country's second largest (after the Odesa region) and second-most populous region (after the Donetsk region) had broken with the stereotype of the Russified East and its indifference or hostility to the Ukrainian movement and was in the forefront of the processes of state-building and national integration.

Meanwhile, new problems arose in Simferopol. First, in October, a row broke out in the Crimean parliament after Russian deputies brought in a Russian tricolour into the chamber and Crimean Tatars demanded that their own sky-blue national standard should also be allowed to stand alongside it. Then, at the beginning of November, ten Crimean Tatar deputies began a hunger strike within the legislature building to protest that the new draft local constitution did not ensure quotas of seats for the Crimean Tatars in the parliament and local councils (over 60,000 who had returned since 1991 had not yet received Ukrainian citizenship and therefore remained politically and economically disenfranchised) and demanding that the Crimean Tatar language be given the same official status in the autonomous republic as Russian and, nominally, Ukrainian. The Crimean parliament yielded to the first demand by agreeing to use a system of proportional representation in the next regional elections which would guarantee Crimean Tatar representation. After ten days, and at the request of the Mejlis, the deputies called off their partly successful protest.

The end of the year brought heightened anxieties about the direction in which Russia was moving and the possible consequences for Ukraine. As expected, the Communists made impressive

⁴⁷ See 'Leonid Kuchma is Losing People: A Comment on Recent Resignations in the Presidential Administration', *Research Update*, vol. 2, no. 6 (15 January 1966).

gains in the parliamentary elections: they won 158 out of the 450 seats, that is more than three times the number they had previously held, and twice as many as their nearest competitor, Zhirinovskiy's Liberal Democratic Party. Their leader Zyuganov, now seen as the favourite to win the presidential elections in Russia the following June, and his supporters spoke openly of wanting to restore the Soviet Union. Yeltsin was therefore placed under even greater pressure to placate the resurgent 'patriotic' forces' and his replacement of Kozyrev and the departure of other reformers and moderates from his administration did not bode well.