

Rival business, political cliques jockey for power in Moscow

Yeltsin's sacking of cabinet jolts Washington

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25 March 1998

Russian President Boris Yeltsin's sudden dismissal of his cabinet last Monday apparently took domestic observers as well as Moscow's Western allies unawares. Returning to the Russian capital after an extended stay at his country residence, attributed to illness, Yeltsin made a brief announcement in the form of a taped statement broadcast on national television that he was making a clean sweep of top government officials. He indicated that while some might be brought back, Prime Minister Viktor Chernomyrdin was gone for good.

Yeltsin said his actions were aimed at giving new impetus to his economic program. He assured Western banks and investors they in no way implied a retreat from his pledge to complete the privatization of industry and finance and open up the Russian economy to further penetration by international capital.

Subsequent statements by Yeltsin spokesmen strongly hinted that the firings of Deputy Prime Minister Anatoly Chubais and Internal Affairs Minister Anatoly Kulikov were, like that of Chernomyrdin, permanent. On the other hand, a Yeltsin aide said on Tuesday the "lion's share" of the remaining sacked ministers would be brought back in a new cabinet. This is presumed to include ex-Deputy Prime Minister Boris Nemtsov.

Yeltsin further perplexed media and political commentators both inside and outside Russia by making a relative unknown, the 35-year-old energy minister Sergei Kirienko, the acting prime minister. Following the Monday announcement, Kirienko said his sudden elevation was "a surprise for many, primarily myself."

Kirienko, a former banker and oil industry executive in Nizhny Novgorod, is a protégé of Nemtsov, who was governor of Nizhny Novgorod before entering

Yeltsin's government.

The most astonishing aspect of the cabinet shakeup was Yeltsin's failure to give Washington advance notice of his plans. As of Tuesday morning, US time, State Department officials reported there had been no official contact between Moscow and high-ranking American government officials over the events of the previous day.

Both the content of Yeltsin's actions and the extraordinary manner in which they were carried out have underscored the elitist and personalist character of his regime, and its extreme instability. Yeltsin represents a very small, very wealthy and very corrupt layer of ex-Stalinist bureaucrats and outright gangsters who have enriched themselves from the dismantling of the Soviet-era nationalized economy.

He has remained in power by balancing between rival cliques of post-Soviet business tycoons and their political front men, all of whom are engaged in a ferocious struggle over the further distribution of the national wealth. These conflicts merge with the intrigues of various political figures, including Yeltsin himself, whose jockeying for power and privilege grows more intense as the next presidential election, set for the year 2000, approaches.

There are many indications that Boris Berezovsky, a billionaire auto, oil and airline baron who bankrolled Yeltsin's reelection in 1996, played a major part in the sacking of both Chernomyrdin and Chubais. The latter is well-liked by Western bankers because of his support for sweeping measures to eradicate the vestiges of state control of the economy, but hated by Berezovsky and other business figures because of his campaign to weaken their control.

Chubais played a leading role in forcing Berezovsky to resign his post as secretary of the national security

council last November. He also opposed Berezovsky in a recent struggle over the privatization of the state-owned telecommunications giant Svyazinvest.

Chernomyrdin, the former head of the largest state-owned oil and natural gas company, Gazprom, was installed as prime minister in December of 1992. From then on he was the single stable figure among the shifting personnel of the Yeltsin regime. On close terms with US Vice President Al Gore (the *New York Times* referred to him as Washington's "most direct pipeline to the Russian leadership") Chernomyrdin was considered Yeltsin's likely favorite to succeed him when his term expires in two years. (The Russian constitution limits presidents to two terms in office).

In recent months, however, Chernomyrdin has crossed swords with Berezovsky over the privatization of Rosneft, one of the largest state oil companies. Chernomyrdin organized a selloff of Rosneft shares that favored Berezovsky's competitors, including Gazprom.

Although formally outside of the government, Berezovsky is an adviser to Yeltsin's chief of staff Valentin Yumashev and a close political ally of Yeltsin's daughter, Tatyana Dyachenko. In the Byzantine world of Moscow politics, Dyachenko is considered Yeltsin's closest political confidant.

On Sunday, March 22, the day before Yeltsin's shock sacking of the cabinet, Berezovsky was interviewed on Russia's premier news program, *Itogi*, where he took a political potshot at Chernomyrdin, saying he doubted that the prime minister could win the 2000 presidential election.

Aside from the direct influence of rival business interests, Yeltsin's own political aspirations and idiosyncrasies undoubtedly played a role in the government shakeup. There is much speculation that he acted at least in part to undercut Chernomyrdin and prepare the ground for his own run for a third term in 2000, notwithstanding the existing legal impediment to such an attempt.



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