

# Power struggle in Ukraine: what do Yushchenko and Yanukovich stand for?

Patrick Richter, Andy Niklaus  
1 December 2004

Neither of the two official factions fighting for power in Ukraine—the group led by opposition candidate Viktor Yushchenko and that led by the current prime minister, Viktor Yanukovich—represents the interests of the broad masses of the population.

Both appeal partly to legitimate interests and needs—Yushchenko to the demand for democracy and hostility to a regime characterised by authoritarian methods, the suppression of media freedom and the manipulation of elections, and Yanukovich to fear of the devastating social consequences that would result from the complete opening of the country to Western capital and the weakening of the traditionally close relations between Russia and the industrial areas of eastern Ukraine.

But these appeals are deceitful. They serve to mask the interests of a narrow elite whose wealth and power stand in glaring contradiction to the poverty and political exclusion of the broad masses. These appeals find a resonance because many decades of Stalinist rule have left an inheritance of confusion and political disorientation in the working class.

One can get a good idea of the kind of “democracy” sought by the Yushchenko camp by looking at Hungary, Poland and other Eastern European countries where right-wing and ultra-right parties compete to offer international corporations the best conditions for the exploitation of the domestic working class. It speaks volumes about the character of this “democratic” opposition that it is supported by organizations such as the US-based National Endowment for Democracy, which was heavily involved in attempts to overthrow Venezuelan President Hugo Chavez.

Yanukovich represents the cliques of oligarchs that have taken over Ukrainian heavy industry over the past fifteen years. They have grown enormously wealthy, and are determined to retain the political power that ensures their continued enrichment.

Both groups, and their respective parliamentary factions, are more or less openly manipulated and receive support from abroad.

The Western media has reported and decried at length the interference by Russian President Vladimir Putin in support of Yanukovich. Putin regards the events in Ukraine as a threat to vital Russian interests.

Following the Baltic states’ entry into the European Union (EU), the stationing of American troops in Central Asia (including former Soviet republics), and the regime change in Georgia organised by Washington, Moscow fears it will be isolated should Ukraine fall under the control of a pro-western government. Russia is threatened with the loss of influence over one of the most important industrial regions of the former Soviet Union and the loss of control over the export routes of its most important raw materials, oil and gas.

The Western media, on the other hand, has barely commented on the role of the US and the EU, which have intervened to manipulate the presidential election in Ukraine in a somewhat less public manner, but on a greater scale than Russia. Their support for the opposition ranges from the training of activists, to political counselling, to the infusion of millions of dollars. They have openly sided with Yushchenko in the aftermath of the November 21 runoff election, which was won by Yanukovich,

according to election officials controlled by the sitting president, Leonid Kuchma.

The massive and unrestrained intervention of the Western powers has aggravated the internal conflict and brought the country to the brink of civil war.

The power struggle in Ukraine has brought to the surface a conflict that has long been smouldering within the dominant elite. Yushchenko and his most important supporter, Yulia Tymoshenko, represent that part of the ruling layer that is determined to impose a radical opening up of the country to foreign capital.

Between 1993 and 1999, Yushchenko was head of the country’s central bank. He then served as prime minister for one-and-a-half years. He led the opposition alliance “Our Ukraine,” which had the strongest parliamentary faction following elections two years ago. Posing as a Western reformer, Yushchenko is seeking to break up the political-economic “clan structures” and ostensibly develop and strengthen “democratic institutions.” He wants to lead Ukraine into NATO and the European Union, and endorses “Western-style” capitalism.

He is supported by the nationalist *Batkywshchtschyna* Party led by the millionaire (or, according to some sources, billionaire) former vice-prime minister Yulia Tymoshenko. The methods by which she attained her wealth can be compared to those of the worst of the oligarchs and mafia bosses in the Yanukovich camp. Her appeals for “liberty” and “democracy” against the Kuchma regime, to which she owes her wealth, are utterly cynical.

Tymoshenko, who is 44, comes from the eastern Ukrainian city of Dnepropetrovsk. She came to Kiev at the beginning of the 1990s with her acquaintance Pavel Lasarenko. The two followed Kuchma, who also originates from Dnepropetrovsk.

In 1996, Lasarenko became prime minister and, along with Tymoshenko, amassed considerable wealth. Tymoshenko developed a mechanism for exchanging Russian oil and gas for Ukrainian industrial goods, under conditions where a substantial share of the proceeds ended up in the coffers of the company she had personally founded—United Energy Systems.

Lasarenko came into conflict with various oligarchs and was ditched by Kuchma in 1998, in connection with a corruption scandal. Lasarenko currently sits in a US prison on charges of money laundering. Tymoshenko managed to worm her way out of the affair and was appointed deputy to Prime Minister Yushchenko in 1999.

In its edition of November 26, the *Guardian* newspaper of Britain quotes from a book by Matthew Brzezinski, *Casino Moscow*, which devotes an entire chapter to Tymoshenko, describing her as an “eleven-billion-dollar-woman.” Tymoshenko, having concentrated 20 per cent of the wealth of the country under her control while the country as a whole starves, is reportedly guarded by an entire unit of former Soviet special forces.

She now presents herself as a leader of the democratic opposition,

although in the acquisition of her personal fortune she engaged in practices no less dirty and bloody than those of her adversaries in the Yanukovich camp.

Following the break-up of the Soviet Union, a section of the old Stalinist leadership divided substantial parts of the Ukrainian economy amongst itself in the course of privatisation, utilizing criminal methods to accumulate obscene levels of wealth. At the same time, the country was wracked by growing poverty. The principal target for the privatisations was Soviet-era industry, concentrated in the east of Ukraine, which is rich in iron ore and coal deposits. The area is dominated by mines, engineering facilities, and armaments plants. These are the economic sectors upon which Kuchma and Yanukovich rest.

Yanukovich is chairman of the regional party and former governor of the eastern Ukrainian heavy-industry area centred in Donetsk. He is the political representative of the Donetsk oligarch clans led by Rinat Achmetov, who, with an estimated fortune of two billion dollars, is regarded as the richest man in Ukraine.

Kuchma, who has ruled as president since 1994, was director of a large arms company in Dnepropetrovsk and a high-ranking KGB functionary during the Soviet period. Kuchma represents the Dnepropetrovsk oligarch clans, together with his son-in-law, Viktor Pinchuk, himself an oligarch and former prime minister.

Economic ties between Ukraine and Russia were extremely close during the Soviet era, and remained close after the collapse of the USSR and Ukrainian independence. This is reflected in the interlocking interests of the various factions of oligarchs. Some 83 per cent of the Ukrainian aluminium industry, for example, is Russian-owned.

The dependence of Ukraine on Russian oil and gas—four-fifths of its needs are supplied by Russia—underlies its close economic relations with its neighbour to the east. Russia uses this dependence to maintain its influence over Ukraine. By rationing the flow of energy, Russia is able to apply considerable pressure.

Russian energy companies such as Lukoil and Gazprom, which have close links to the Russian state, operate in Ukraine as de facto branches of the Russian foreign ministry, and the former Russian prime minister and Gazprom chairman, Victor Chernomyrdin, has been ambassador to Ukraine since 2001.

Since taking office in 1994, Kuchma has sought to develop an independent role for Ukraine, attempting to achieve a balance in relations between Russia, on the one hand, and the US and Europe on the other. He initiated a drive to lead Ukraine into the European Union and NATO, striving at the same time to strengthen the economic influence of the Confederation of Independent States (CIS), the umbrella body of the various states that emerged from the break-up of the Soviet Union. The CIS is dominated by Russia.

Ukraine took part in a project, which has since petered out, to revive the silk road—a commercial route between Europe and Asia that bypasses Russia. Georgia, Uzbekistan, Azerbaijan and Moldavia participated in this project in 1998-99 under the auspices of the European powers. At the same time, Ukraine under Kuchma was one of the biggest recipients of American financial aid.

For his part, the current leader of the opposition, Yushchenko, was already working closely with Western capitalist interests in the 1990s. As chairman of the Ukraine central bank, he succeeded in maintaining relations with Western banks and institutions and securing further credits during the ruble crisis that rocked Russia and the other countries of the former Soviet Union in 1998. This improved his reputation amongst the clans of oligarchs, who hoped he would help them achieve better relations with the US and Europe. In December 1999, Yushchenko was appointed prime minister.

However, since the 1999 Kosovo war and the removal of Yugoslav President Slobodan Milosevic, these interests have been forced to

recognize that US imperialism would not hesitate to continue its aggressive drive for domination and take them on. Yushchenko himself threatened to close unprofitable mines and steel plants, thereby directly threatening the power base of the oligarchs in the east of Ukraine.

Tymoshenko, then the vice-prime minister and responsible for energy trade with Russia, came into conflict with the pipeline baron and son-in-law of Kuchma, Pinchuk. She was removed from office in January 2001 and remanded, subject to investigations. Yushchenko was relieved of his office in April of the same year.

Following the “Rose Revolution” in Georgia, which, with US support, led to the removal from office of Eduard Shevardnadze in November 2003, Kuchma once again sought to cuddle up to Moscow. Further attempts to accommodate Washington, such as the dispatch of 1,600 soldiers to Iraq, failed to impress the Bush administration.

The US continued with its aggressive strategy and groomed opposition candidate Yushchenko. He has close relations with Madeline Albright, the secretary of state in the Democratic Clinton administration, Zbigniew Brzezinski, the national security advisor under former president Jimmy Carter, and the financier George Soros. Donations from institutes established by Soros have helped develop and finance the Ukrainian student movement “Pora” (“It is Time”) along the lines of similar movements in Serbia and Georgia. Pora has been in the forefront of the demonstrations in support of the opposition.

Popular support for the opposition relies partially on hopes that a change of government can only improve the catastrophic social situation of the country. Since the dissolution of the Soviet Union, average monthly income in Ukraine has dropped to \$30. In the cities, it is barely more than \$60, and in Kiev, approximately \$100. Spending power plummeted by 40 per cent between 1989 and 1999.

Social and welfare structures and facilities—strongly linked to the factories in Soviet times—have been devastated. Life expectancy has sunk to 73 years for women and 62 years for men—after Russia, the lowest rates in Europe. In the meantime, the rate of new AIDS victims is one of the highest in the world. Four million inhabitants have left Ukraine over the past few years, and deaths of miners are exceeded only by China.



To contact the WSWWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**