

Clash of oligarchs shakes Ukrainian regime

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Early Wednesday morning, Ukrainian President Petro Poroshenko announced that he had sacked Igor Kolomoisky as governor of the eastern industrial region of Dnepropetrovsk.

The action came in the midst of an escalating confrontation between the two billionaire oligarchs over the control of two of Ukraine's most profitable enterprises. This dispute threatened to spiral into armed clashes after paramilitary forces loyal to Kolomoisky, clad in camouflage and carrying automatic weapons, stormed the headquarters of the two firms, the Ukrainian oil company Ukrnafta and the oil pipeline firm Ukrtransnafta.

The armed takeovers followed actions by the government to wrest the management of the two companies from Kolomoisky's control. While both firms were majority state-owned, Kolomoisky had sizable minority holdings—42 percent in the case of Ukrnafta—and manipulated their management to serve his own profit interests. In tandem with the firing of Kolomoisky as governor, Poroshenko signed into law legislation that allowed the government to exercise its majority vote and reassert control.

Kolomoisky, like the rest of the Ukrainian oligarchs, enriched himself through the so-called “dirty privatization” following the Moscow Stalinist bureaucracy's dissolution of the Soviet Union. Energy companies, manufacturing industries and virtually every other facet of the former state-run economy were taken for a fraction of their value and in many cases seized by armed thugs acting on behalf of Kolomoisky and other rising oligarchs.

This layer is the principal social base of the Poroshenko government, just as it was of the government of President Viktor Yanukovich, who was ousted in a US-backed and fascist-spearheaded coup in Kiev little more than a year ago. It was the turn by the predominant factions in the ruling oligarchy against

him and toward subordination to the US and the European Union that sealed Yanukovich's fate.

Kolomoisky is widely seen as one of the major winners in the coup, using it to assert increased control over the state apparatus and to further enrich himself. A significant number of legislators in the Verkhovna Rada, or national parliament, came to office with his backing.

One of them, Andrei Denisenko, made a show Monday of resigning from Poroshenko's Bloc, denouncing the “ongoing deterioration of the democratic regime into authoritarian.” He further charged that Poroshenko had cut a secret deal with Russian president Vladimir Putin to fire Kolomoisky as Dnepropetrovsk governor. Three other legislators followed his lead in breaking from the ruling coalition.

There were reports in Kiev that the US ambassador, Geoffrey Pyatt, intervened in the crisis to mediate between the rival oligarchs, coming down on the side of Poroshenko.

It is scarcely likely, however, that this is the end of the matter. Kolomoisky, who owns Ukraine's largest bank and main television channel, along with major industrial interests in the Dnepropetrovsk region, has also financed right-wing and fascistic militias that have constituted the main fighting force of the Kiev regime in seeking to suppress a separatist movement in the eastern Donbass region.

One of these outfits, the Azov battalion, fights under a swastika-like banner and has been implicated in war crimes against the civilian population in eastern Ukraine. The Dnipro and Aydar battalions, also backed by Kolomoisky, have been involved in similar crimes.

There were unconfirmed reports that Kolomoisky had ordered 2,000 militiamen to head to Kiev, while Poroshenko had sent two battalions of National Guard troops to keep order in Dnepropetrovsk, Ukraine's fourth-largest city. On Monday, Poroshenko declared

that no governor in Ukraine would be allowed to maintain “pocket armed forces.”

Further contributing to the atmosphere of crisis in Kiev, the government Wednesday had two members of Poroshenko’s cabinet arrested and hauled away in handcuffs on charges of corruption during a nationally televised cabinet meeting, just hours after Kolomoisky’s dismissal.

Arrested before the TV cameras were Sergiy Bochkovsky, director of Ukraine’s state emergencies service, and his deputy, Vasyl Stoyetsky. They were charged in an alleged kickback scheme involving overpayment for fuel for government vehicles.

Prime Minister Arseniy Yatsenyuk hailed the arrests as evidence of the government’s commitment to fighting corruption, as demanded by the international lending agencies that are keeping Kiev afloat. “This will happen to everyone who breaks the law and sneers at the Ukrainian state,” Yatsenyuk said.

The arrests were no doubt a further settling of scores within the universally corrupt Ukrainian oligarchy and its regime. Just last week, the former chairman of the Ukrainian State Financial Inspection, Nikolai Gordienko, issued a report charging Yatsenyuk with covering up state corruption involving billions of dollars. A draft resolution has been submitted to parliament calling for a special commission to be formed to investigate the activities of the prime minister, whose meteoric rise was sponsored by two of Ukraine’s wealthiest oligarchs, Dmytro Firtash and Viktor Pinchuk.

The bitter internecine struggles erupting within the government brought to power by the February 2014 US-backed coup only serve to underscore that for all of the Western propaganda about the new regime representing a triumph of “democracy” and “freedom,” it has only effected a redistribution of wealth and power among a clique of rival oligarchs. The sharpening of the struggles between them is driven by the increasingly desperate economic crisis confronting Ukraine and, hence, the shrinking of the pool of wealth from which they can steal.

The International Monetary Fund (IMF) earlier this month approved a \$17.5 billion emergency bailout for the Ukrainian regime, part of a four-year, \$40 billion package. While the great bulk of this money will go into the coffers of Ukraine’s creditors—and the pockets

of its oligarchs—the plan and the austerity measures that it demands spell ruin for the great majority of the country’s population.

Average monthly wages amount to just \$170, while the official inflation rate stands at nearly 30 percent. According to one estimate, when the plunging value of the country’s currency is taken into account, the real rate is 272 percent. The government has already approved sharp cuts to pensions, social programs and public workers’ salaries, while freezing the minimum wage. At the same time, the price of gas and other utilities is set to triple.

Ukraine’s minister of finance, the US-born, former State Department official Natalie Jaresko, is carrying out a campaign for further relief, including a radical restructuring of \$15 billion in Ukrainian debt, insisting that the \$40 billion IMF bailout is not enough to stave off a disaster.

According to Bloomberg News, she is warning in particular that there is growing danger of a revolt from below over the drastic decline in living standards since the US-backed coup. “If, God forbid, there is another revolution, it won’t be of the same kind,” she said.



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