

# Ukraine's new government... from Euromaidan to Euro catastrophe

K D Tait Sat, 10/01/2015 - 12:02

K D Tait

Ukraine's parliament has approved a programme of economic shock therapy described by an MP from the ruling coalition as amounting to 'genocide'. The government says these measures are necessary to reform Ukraine's bankrupt economy. Prime Minister Arseniy Yatseniuk revealed the scale of its ambition: 'everything that wasn't done in the past 23 years, needs to be done in 23 months.'

By 'everything' he means the irreversible victory of a neoliberal counterrevolution. Deregulation and privatisation will destroy the measures of social protection still remaining from the old Soviet planned economy.

Ukraine's working class ranks amongst the poorest in Europe. Its oligarchs are among the richest in the world. After two decades of exploitation by a kleptocratic elite, the workers and peasants of Ukraine will now be subject to even greater extortion to secure their country's economic integration into the EU and IMF's sphere of exploitation.

The plundering of Ukraine's economy by the oligarchs ensured that the 2008 economic crisis destroyed its currency and left the country limping along on loans and bailouts from Russia and the IMF. The oligarchs jealously guarded their privileges, pursued their factional intrigues and ensured the consequences of economic collapse were felt most sharply by ordinary Ukrainians. Resentment at growing impoverishment at the hands of an elite who ostentatiously flaunted their wealth and avoided the everyday humiliations of poverty and corruption, nourished the roots of popular hostility to the government and oligarchs.

For many Ukrainians, all hopes of any improvement were vested in outside forces, particularly the prosperous European Union. Thus, when the former president, Viktor Yanukovich, delayed signing the EU-Ukraine Association Agreement in November 2013, the hopes of a large part of the population for economic growth and democratic reform through closer integration with Europe were dashed.

Thousands turned out to protest in Kiev's Maidan Nezalezhnosti and an alliance of oligarchs, fascists and liberals coalesced to give political expression to a mass movement whose contradictions were papered over by a common hostility to Russia and a sense that Europe would champion their diverse aspirations. The EuroMaidan movement was born.

On February 21, last year, Yanukovich fled and a coalition government was formed that excluded the liberal UDAR party because its leader, Vitali Klitschko, who had close links to Germany's Christian Democrats, denounced the violence of the armed fascist wing of the movement. Within a months, Crimea had been annexed by the Russian Federation, civil war was raging in the Donbas region, Ukraine had signed the free trade Association Agreement and a new government ruled in the Verkhovna Rada.

## The Government

The government that was formed in the aftermath of Yanukovich's flight nailed its anti-Russian colours firmly to the mast. Within two days, parliament had passed a bill abolishing the limited protection granted to minority languages, at a stroke confirming the fears of the 30 per cent Russophone Ukrainians that the government would promote Russophobia to shore up its support at the expense of the minority. The veto of this provocation by acting president Oleksandr Turchynov came too late and was anyway viewed as a cynical ploy, given the presence of several virulently anti-Russian ministers in the government.

Acting Prime Minister Yatseniuk was under no illusion about the popularity of the measures he intended to impose, describing his government as 'political suicides'. In a poll of 3,200 people across former president Yanukovich's southeastern stronghold, 74 per cent thought the new regime was illegitimate.

That government was dissolved in September 2014 by the newly elected President, Petro Poroshenko, who claimed fresh elections were necessary to 'purge' the parliament of those who were obstructing the implementation of economic reforms and the pursuit of the war in the east.

October duly saw a fresh cohort of MPs returned to parliament, with the opposition Party of Regions reduced to a rump. Negotiations to form a government ended with five of the six parties represented in parliament signing up to a coalition agreement which set accession to Nato, economic 'reform' and the promotion of national-patriotic values as its main priorities.

The previous interim government passed a law on 'social lustration', which provided for the purging of state officials connected to the Yanukovich regime. Desire for genuine democratic reform, a reining in of the oligarchs, was an honest sentiment expressed by many supporters of EuroMaidan, and one shared by many of its opponents.

However, a look at the ministers appointed to carry through the government's programme reveals that EuroMaidan has so far done little to shake up the patronage, clientelism and mutual interests that have long determined the composition of Ukraine's governments. The failure of EuroMaidan to establish durable democratic or working class structures that could have mobilised opposition to a new establishment government is in large part to blame for this. It also says something about the class nature of the dominant layers of the movement.

President Poroshenko, famously the 'Chocolate King', is an oligarch and political operator who has had a hand in every government since the late 1990s, most recently serving as Yanukovich's foreign minister. Although often presented as a 'pragmatist' and a compromise candidate, he described his approach to the civil war this way: 'We will have jobs, they won't! We will have pensions, they won't! We will have benefits for retirees and children, they won't. Our kids will go to schools and nurseries, their kids will sit in basements! They are not able to do anything... And this is how we will win this war!'

Former acting president Turchynov has moved to chair the powerful National Security and Defence Council. An evangelical Christian and sometime Baptist preacher, his opinion that sodomy is a perversion will doubtless be viewed sympathetically by Yatseniuk, who publicly opposed gay marriage in 2007. The left supporters of EuroMaidan, who have correctly denounced the instances of homophobia amongst the opposition in the east, are noticeably less voluble when faced with the equally reactionary views of leading figures in the Kiev government.

Yatseniuk himself was personally approved as Washington's man in Kiev by US State Department envoy Victoria Nuland in her infamous leaked phone call to the US ambassador to Ukraine. These connections

are reinforced by his Open Ukraine Foundation, an NGO partnered with Nato and the US State Department, amongst others. He has expressed his opposition to the Russian language having an official status and it is no surprise that his Vice Prime Minister is Vyacheslav Kyrylenko, architect of the repeal of the law 'On the principles of the state language policy'. He appointed his own lawyer, Hanna Onyschenko, as his Minister of the Cabinet of Ministers.

Given CIA boss John Brennan's recent interest in the country, Valentyn Nalyvaichenko, formerly Ukrainian ambassador to the United States, will no doubt find his previous employment useful in his new role as chief of Ukraine's secret service, the SBU.

The far right ideologue, Serhiy Kvit, retains his post as Education Minister. His past membership of the 'Tryzub' group, the main component of the Right Sector coalition, no doubt ensured that doors were opened to the neo-Nazi Azov battalion's propaganda visits to various schools. It also makes clear how he will interpret the government's new compulsory 'national patriotic education' classes in schools.

Of the 20 ministers, eight previously served as ministers or advisors in Yulia Tymoshenko's government. At least six are businessmen or bankers, among whom special mention must be made of the Minister of Agrarian Policy and Food, Oleksiy Pavlenko, an investment banker who is also boss of his own agricultural company, with interests in numerous others, including as board member of an agribusiness linked to a close ally of Yulia Tymoshenko. Given the political sensitivity of energy in Ukraine, it is revealing that Minister of Fuel and Energy, Volodymyr Demchyshyn's qualifications appear to be his career at tax-avoidance specialists Ernst & Young and his time as boss of Investment Capital Ukraine.

The role of the Radical Party and People's Front in sponsoring neo-Nazi militia commanders in the recent elections has been dealt with elsewhere.\* The election of relatives of various prominent politicians will do little to instil confidence in the new regime's democratic credentials. Nor will the appointment of Yuriy Stets, previously boss of Poroshenko's Channel 5 TV station, as Minister of Information Policy, where he will head a new ministry whose creation was denounced by both Ukrainian journalists and Reporters Without Borders as an attack on the freedom of the press.

Far from making a clean sweep of all the past cronyism and nepotism, the government's anti-corruption credentials are limited to the appointment of three foreign 'specialists', ostensibly because they will be less tied to vested established interests. The new Minister of Economy and Trade is Aivaras Abromavicius. His past record as portfolio manager for the investment fund East Capital and head of trading at Brunswick Emerging Markets will certainly speed up Ukraine's integration into the EU free trade zone. Alexander Kvitashvili, who oversaw the privatisation of Georgia's healthcare system under US puppet Mikhail Saakashvili has been chosen to complete Yanukovich's partial dismantling of Ukraine's health service.

Ukraine's economy is heavily dependent on the IMF. That may help to explain the appointment of Natalie Jaresko, a former US State Department apparatchik, as the new Minister of Finance. She has been, variously, CEO of a private equity firm which distributed US government funds, CEO of Kiev based Horizon Capital investment fund, a financial advisor to former president Yuschenko and economic section chief at the US embassy in Kiev.

The government programme

The only things really new in this situation are that, for the first time since independence, Ukraine has a government with an overwhelming parliamentary majority and it has moved decisively to end the country's non-aligned status. A commitment to joining Nato was a central plank of the coalition agreement. The parliament voted 303-8 to repeal the legislation on non-aligned status which barred it from Nato

membership.

Ukraine's military weakness, and a reluctance to antagonise Russia amongst EU members, means that this is a statement of intent rather than a decisive step on the road to membership. Nevertheless, the response from Nato and the US is instructive: a Nato spokesman said 'Our door is open and Ukraine will become a member of NATO if it so requests and fulfils the standards and adheres to the necessary principles', a view echoed by State Department spokeswoman Marie Harf, who said any application would be '...considered on its merits'.

The geo-strategic importance of Ukraine both to Russia, which opposes the extension of the hostile Nato alliance to its doorstep, and to the USA, which wants exactly that in order to dominate the Black Sea region, means that this provocative act confirms the role of the country as a pawn in the 'great game' of inter-imperialist rivalry.

The democratic reform so earnestly desired by Ukrainians does not feature in the coalition agreement. Some minor reforms to the electoral system will be made, but the popular demands for the adoption of impeachment procedures for the president and the scrapping of immunity for public prosecutors and judges are nowhere to be found.

The government's domestic programme is effectively a dose of IMF medicine so toxic it is more likely to kill the patient than cure it. Since the 'patient' in this case is Ukraine's uncompetitive extractive industries, its heavy industries, which export means of production and military technology to Russia and rely on subsidised energy to operate productively, and its remaining state welfare provision, cold-blooded murder might be a more accurate description of what the IMF has in mind.

The economic programme for 2015-20 envisages the sacking of ten per cent of public employees. 'Inefficient' social benefits for children, mothers, pensioners and conscripts will be axed. Inflation indexing for wages will stop. Price controls on medicines will be scrapped and the pharmaceuticals industry 'deregulated'. Subsidies for coal and gas will be done away with and prices hiked by 3 and 5 times respectively above those already imposed. The coal mining industry will be privatised and mines that cannot be sold will be closed. The military budget will rise to 5 per cent of GDP, paid for in part by a 40 per cent cut in the healthcare budget and a 20 per cent cut for education. Hundreds of rural schools will be closed because there are 'too few pupils'. The education union claims increased hours for teachers will lead to 100,000 job losses.

Such are the credentials of EuroMaidan's 'democratic revolution' so idly championed by many western leftists. The economic and political programme of the new government, dictated as the price of European and IMF assistance, proves that EuroMaidan's hopes of European salvation were illusions.

#### Internal contradictions

This is a programme for social catastrophe. To impose it, the ruling oligarchs have replaced the rhetoric of 'European values' with the poisonous narrative of a 'national revolution to overthrow the Russian yoke'. A few minor reforms will doubtless be granted as sops to the liberal intelligentsia who earn their living demonising a third of the population as 'moskalis' and 'terrorists'.

The legacy of the USSR weighs like a nightmare on the minds of Ukraine's nationalists who must construct a national narrative that represents the antithesis of this history. Accordingly, Nazi collaborator Stepan Bandera is to be 'admired' and the genocidal UPA regarded as 'heroes'. Those Ukrainians who fought in the Red Army or in the Soviet partisans are to be wiped from history and their memorials destroyed. One

week after the massacre of 48 anti-government protesters in Odessa, the former governor of Kherson, Odarchenko, from the nationalist Fatherland party, was able to give a speech to Red Army WW2 veterans in which he called Hitler a "liberator". Ukraine's Soviet past, which gave the country a legacy of large scale industry and an industrial working class, must be finally liquidated and transformed into a tale of alien colonisation under the heel of Russian imperialism.

The EuroMaidan movement has now disappeared from the streets. Presumably many of those who occupied the square believe they now have the kind of government that will implement at least some of their aspirations. Clearly, the government will have to supplement its nationalism with a measure of skin deep anti-corruption and anti-oligarchic populism.

Yatseniuk's commitment to do in 23 months what a generation of politicians failed to do in 23 years will inevitably fall hardest on the backs of the working class and poor farmers. However, it was not the working class that obstructed this project for two decades, but the relative balance of power that prevailed between those oligarchs based primarily in the east and those in the west.

Success or failure for Yatseniuk and the IMF depends on his ability to impose his programme against those oligarchs who are threatened by the destruction of trade with Russia and the end of the golden goose of state subsidies to unproductive industries. Some oligarchs stand to accrue vast wealth and legitimacy through the European course, but for others there is no future in the new free trade market which will decimate Ukrainian manufacturing industry.

Ukraine's domestic politics and its institutions reflect this basic fact of political economy; there are two camps of capital, based in the two halves of the country that have very different economic bases, control of state structures allows each to command the votes of a population with a distinct history and national narrative. The fact that eastern Ukrainians have cultural and historic sympathies with Russia, and western Ukrainians a historic antipathy to Russia and a national consciousness that looks west to Europe, explains the "nationalism" of the Fatherland and the People's Front, and the "pro-Russian" character of the Party of Regions.

For ordinary Ukrainians, rival attitudes to the civil wars of the 20th century and to the legacy of the USSR and Nazi occupation, are deeply rooted and have consequences for how they see their status within Ukraine today. For the oligarchs, these competing ideologies are merely tools to be cynically used in their clan struggles for control over the state which is used both as a source of personal enrichment and a means to repress their opponents.

The escalation of inter-imperialist tension provoked by the grinding world economic crisis has brought Russia and the USA into conflict, first in the Middle East and now in eastern Europe. Their struggle for influence has shattered Ukraine's oligarchic consensus and unleashed the poison of nationalism.

## Socialism

The struggle against the oligarchs and reactionary nationalist agendas has been obstructed by the legacy of Stalinism. After independence, the political expropriation of the Ukrainian working class by the Soviet bureaucracy was transferred to the rump Communist Party and latterly the Party of Regions. As a result, although the working class in the east retained its relatively privileged position, as compared to the more agricultural west, it did not achieve this through its own independent mobilisation but rather by remaining reliant on the nexus of business interests, official trade union bureaucracies and a political class inherited from the planned economy.

This reliance is now reinforced from both sides; by the existence of an ultra-nationalist regime in Kiev, which promotes derogatory views of the consciousness of the working class in the east and by the apparent coincidence of interests in, for example, defending heavy industry in the east.

The escalating social and economic crisis in Ukraine will expose the tensions in this relationship. The task of socialists in Ukraine is to exploit these tensions, exposing the fact that all the oligarchs and the competing imperialist powers have a common cause in keeping all sections of the working class politically reliant on the representatives of the capitalist system.

The creation of a working class party that can give leadership to the youth and poor farmers of the whole country and is politically independent of all the oligarchs is the most urgent priority. This means a party that advocates socialist revolution to put the economy under the control of the working class, organised by democratic workers' councils and defended by the armed population in place of the police, army and secret services loyal to the capitalist state. This is the only way that the working class can end its exploitation and reorganise production to meet the needs of ordinary people instead of filling the Swiss bank accounts of thieving oligarchs.

The task of socialists in Europe and Russia is to aid this struggle by opposing the attempts of their own ruling classes to subordinate Ukrainian workers to rival nationalist agendas, to impose their placemen and proxies as leaders and to force Ukraine to choose between exploitation at the hands of one or other of the imperialist camps. This means an intransigent struggle against the militarisation of eastern Europe by Nato, countering the imperialist propaganda offensive and mobilising working class opposition to government support for the austerity offensive of Kiev's ultra-nationalist regime.

As the austerity offensive of Yatseniuk, backed by the EU and the USA, gathers pace, the possibility of awakening the workers and youth of western and central Ukraine from their dreams of a European lifestyle will grow and the opportunities for reuniting the working people of Ukraine will increase. However, to succeed in that, a party will also have to prove its independence of Russian imperialism and its agents in the east. This is the only hope for saving the country from the road of destruction at the hands of imperialists and the oligarchs alike.

\* <http://www.fifthinternational.org/content/ukraine-votes-fascists-enter-m...> [1]

---

**Source URL:** <https://fifthinternational.org/content/ukraines-new-government-euromaidan-euro-catastrophe>

**Links:**

[1] <http://www.fifthinternational.org/content/ukraine-votes-fascists-enter-mainstream>