

Russian offer of aid sharpens international power struggle over Ukraine

By Johannes Stern
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Amid ongoing pro-European Union (EU) protests in Kiev and a mounting international power struggle for influence in cash-strapped Ukraine, Russian President Vladimir Putin offered a large financial package to the regime of Ukrainian President Victor Yanukovich on Tuesday. Receiving Yanukovich in Moscow, he announced that Russia would provide \$15 billion in loans and a deep cut in gas prices.

“With the goal of supporting the budget of Ukraine, the government of the Russian Federation made the decision to issue in bonds from the Ukrainian government part of its own reserves from the National Welfare fund in the amount of \$15 billion,” Putin declared.

Russia’s Gazprom will begin charging Ukraine’s Naftogaz energy company only \$268.5 per 1,000 cubic meters of natural gas, compared to \$400 currently.

Yanukovich praised Putin, saying, “I will say openly: I know that this work wouldn’t have been done at this optimal speed if not for the Russian president’s political will.”

The deal is, at least temporarily, a setback for Washington and the European Union (EU), which have been pushing aggressively to expand their influence in Ukraine at Moscow’s expense.

The pro-Western opposition and their allies in Washington, Brussels and Berlin were quick to denounce the agreement. Within hours of the deal being announced, thousands of protesters gathered on Kiev’s Independence Square, accusing Yanukovich of again siding with Russia after opposing an association agreement to move Ukraine towards EU membership.

“He has given up Ukraine’s national interests, given up independence and prospects for a better life for every Ukrainian,” Vitaly Klitschko, a protest leader and world heavyweight boxing champion, told the

protesters. “The only way out for the country is early elections. We are all staying here and will fight for the right to live in a free country.”

Oleg Tyagnibok, the leader of the far-right opposition party Svoboda, told the protesters Yanukovich was selling out Ukraine to Russia: “He wants to surrender us, Ukrainians, to serfdom, to eternal slavery under Moscow. Today Yanukovich betrayed Ukrainians.”

The opposition leaders vowed to continue their protests, if necessary through New Year and Orthodox Christmas, which is celebrated on January 7. They demand the removal of the cabinet and early presidential and parliamentary elections.

Pro-European protesters in Kiev and their US and EU backers are demanding that Yanukovich not sign a deal to join a customs union that Russia has established with Belarus and Kazakhstan. Based on this customs union, Russia aims to create a so-called Eurasian Union covering much of the territory of the former USSR. Moscow regards both projects as a means to preserve its influence in its neighboring countries and push back an ongoing offensive by the imperialist powers to encircle Russia.

Putin explicitly reassured the protesters and the Western powers that the financial package did not signify a final agreement between Russia and Ukraine on the customs union.

“Ukraine is our strategic partner and ally in every sense of the word,” Putin said. However, he added, “I want to draw your attention to the fact that this [assistance] is not tied to any conditions ... I want to calm you down—we have not discussed the issue of Ukraine’s accession to the customs union at all today.”

The announcement of the deal came amid sharpening geopolitical and military tensions between Russia and the Western powers. The Russian Defense Ministry

confirmed Monday a report by the German daily *Bild* this weekend that Russia had deployed several nuclear-capable Iskander ballistic missile systems in Kaliningrad, on the border with Poland and the Baltic states. They face US missile batteries located across the border in Poland.

This is only the most recent development in escalating tensions between the imperialist powers and Russia. In September, Russian and US warships faced each other off the Syrian coast as Washington considered a direct attack on Syria, a close Russian ally.

These events underscore the explosive character of the situation and the political vacuum produced by the decades-long counterrevolutionary role of the Stalinist bureaucracy and the new, post-Soviet capitalist oligarchy. Despite a deepening economic crisis and rising social anger in the working class, what predominates are the maneuvers of oligarchic factions in the ex-USSR and their maneuvers with imperialism—threatening war and the imposition of deep austerity measures against the workers.

A recent article in *Time* magazine compares the austerity measures that would be part of an EU deal in Ukraine with the impact of the Stalinist bureaucracy's restoration of capitalism in the USSR.

Time writes: "Ukraine would need to commit to drastic reforms—slashing state subsidies and social spending while also devaluing the currency—and the effect could be catastrophic for the working class in Ukraine. Similar reforms were used in the 1990s to force the transition from communism to capitalism in Poland, Russia and across the former Soviet Union. Known as shock therapy, these reforms led in most cases to hyperinflation, wiped out people's savings, and caused a spike in unemployment as inefficient firms were forced to shut down."

Yesterday, Washington denounced the Putin-Yanukovich agreement and increased its pressure on Kiev in favor of the EU deal. White House spokesman Jay Carney declared, "Any agreements concluded between Kiev and Moscow will not address the concerns of those who have gathered in public protest across Ukraine ... We urge the Ukrainian government to listen to its people."

German Chancellor Angela Merkel also attacked the Putin-Yanukovich deal for leading to a "bidding

competition" over Ukraine.

She also suggested, however, that a less confrontational stance towards Russia might better serve German interests. On ARD television, Merkel said "this 'either-or' between Russia and Europe is dominating too much ... and the neighborhood should not look that way in the long term, in my opinion. We have to break that. Ukraine can't do that alone; we in Europe, and in Germany, will have to keep talking with Russia."

On Monday, several EU officials criticized EU Commissioner for Enlargement Stefan Füle for declaring that the EU would cut off talks on the association agreement until Ukraine gave clearer commitments to EU policy.

In recent days there have been mounting signs that powerful business oligarchs backing the corrupt Yanukovich regime are considering closer ties to the EU. Most significantly, multi-billionaire Rinat Akhmetov issued a statement supporting opposition protests last Friday.

Highlighting the calculations by German and European imperialism, the Thursday editorial of the *Sueddeutsche Zeitung* urged the EU to "keep in talks with both the government and the opposition." It suggested that "Ukraine is unlikely to sign the customs union with Russia any time soon."

The EU should "use this timeframe to promote a dialogue between the opposition and the rulers," it wrote, and also to "show the Ukrainian industrial tycoons the chances and opportunities offered by the European market."

Such comments underscore the motives driving the imperialist powers. With the association agreement, the EU seeks not to bring democracy to Ukraine, but to establish closer ties to the Ukrainian oligarchs and convince them that the EU is the most reliable defender of their fortunes by intensifying the exploitation of the working class.

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