

The Ukrainian Crisis and the Transnational Elite*

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The events of the last few days in Ukraine are not so sudden as they seem, since the conflict was not unexpected and the ground for it was well prepared by the transnational elite,^[1] in which the US elite is hegemonic because of its military power —although it has a relationship of interdependence with the ruling elites in the EU and Japan, because of their economic power. The Russian elite, despite having been asked to join the ‘Group of 7’ as an extra —mainly because of the size of its market and the remnants of the ex almighty military power it used to command— is listened to only when its interests overlap with those of the other ‘7’ (e.g. in the war against ‘terrorism’). On the other hand, the Chinese elite is not even an extra in the Group, despite seemingly rapid Chinese growth recently which, however, looks suspiciously like a bubble —similar to the past economic ‘miracles’ in Latin America— as it almost exclusively relies on foreign capital and the world market.

This balance of power could well explain not only the present conflict in Ukraine, but also its possible outcome. The ‘new’ Ukrainian elite, which took over after the secession of the country from the USSR in the last decade, came —like all the other ‘new’ elites in the ex ‘actually existing socialist’ countries— from the ruling party bureaucracy, most of whose members, within the framework of massive privatisations and the opening up to the market economy, were converted from bureaucrat-bosses of public enterprises to private owner-bosses of the new private enterprises.

The consequences of the opening up to the market economy were similar in Ukraine to those in the other countries of the ex soviet bloc^[2]: the complete dismantling of the productive structure, the rapid decline of production and income, growing dependence on foreign markets. Thus, between 1990 and 2000, per capita income dropped by 42% and the population fell from 51.6 million to 48.2 million, while the once most advanced manufacturing centre of the USSR has reached the point at which its army can no longer afford to buy spare parts from local firms^[3]! Also, Ukraine’s national income (GDP), despite its recent fast growth, has not yet reached the pre-independence levels, standing today at just 60% of the 1991 level. It is not therefore surprising that Ukraine is one of the very few countries enjoying the negative ‘privilege’ of a declining life expectancy.^[4]

However, irrespective of the outcome of the present crisis, i.e. whether Russia’s client regime prevails as opposed to the pro-western one, or, alternatively, a temporary way of accommodating their conflicting interests is found, Ukraine’s lower strata —the millions of unemployed, underemployed and poor who emerged particularly during the last decade of ‘marketization’— are not going to see any improvement in their lot. Those who are going to benefit are chiefly the middle classes, who also constitute the strongest supporters of the

pro-west candidate, mainly coming from the traditionally pro-west part of western Ukraine which joined the USSR only after the second world war. Both the two rivals, i.e. Viktor Yanukovich who is supported by the Russian elite, and the 'democratic' Viktor Yushchenko, who is supported by the transnational elite, come from the same new elite anyway and, in essence, clash on the issue of sharing the 'loot', namely, privatised state property —Yushchenko's right-hand woman, for instance, is the multi-billionaire Yulia Tymoshenko who, according to Brzezinski, "gained control over nearly 20% of Ukraine's gross national product, an enviable position that probably no other private company in the world could boast."^[5]

Despite the fact, however, that both rivals come from alternative oligarchic fractions of the same 'new' elite, they express different clientele relations —as mentioned above— and therefore different geopolitical interests. The reason why the transnational elite bluntly intervened in favour of Yushchenko, openly making threats about the serious consequences that would follow in case the democratic process were not fair (i.e. in case their client were not elected), and lavishly financing his campaign —many of today's 'spontaneous' manifestations are basically the result of US marketing^[6]—, is that their client has committed himself to integrating Ukraine swiftly and completely into the New World Order and its political and economic institutions (NATO, EU, open and 'free' markets etc). Similarly, the reason why the Russian elite intervened —ineptly, as it has not yet mastered and perfected western marketing techniques— in favour of Yanukovich, is that he has committed himself to follow the policy of the outgoing president Leonid Kuchma, who, in September 2003, signed an economic integration agreement with Russia, Belarus and Kazakhstan to form a common economic space which was ultimately aimed at forming a free trade area. Also, Kuchma recently changed Ukraine's military doctrine —dropping the aim of gaining Nato and European Union membership— and reversed the direction in which the Odessa-Brody pipeline flows, pumping Russian oil to the Black Sea instead of sending Azerbaijani oil to Europe from tankers unloading in Odessa.^[7] The Russian elite therefore faces the risk —in case its client does not prevail— not only of losing the Ukrainian market^[8], but also of being completely surrounded by other members of the transnational elite, after the loss of the Baltic countries first and then of Georgia, and the parallel installation of US military bases in its underbelly, on the pretext of the permanent war against 'terrorism'

As, however, both the Russian elite and the other members of the transnational elite have significant common interests, mainly economic (given that the Russian market is of course much more important than the Ukrainian, particularly on account of the significance of its oil resources), but also political-military (war against 'terrorism', Iraq, Chechnya etc), a peaceful outcome to the crisis, through some kind of compromise solution acceptable to both parties, is possible. This, of course, would imply a much greater western influence in Ukraine. But, on the other hand, a violent suppression of the opposition would imply the total loss of Russian influence in the not-necessarily-distant future.

* This is a translation of an article that was first published in the fortnight column of Takis Fotopoulos in the mass circulation Athens daily *Eleftherotypia* on 27/11/2004.

- [1] See for a definition of the transnational elite “[Globalisation, the reformist Left and the Anti-Globalisation ‘Movement’](#),” *Democracy & Nature*, Vol. 7, No. 2 (July 2001).
- [2] See T. Fotopoulos, “[The catastrophe of marketization](#),” *Democracy & Nature*, Vol. 5, No. 2 (July 1999).
- [3] Vicken Cheterian, “Ukraine: Moscow or Brussels?,” *Le Monde Diplomatique* (October 2004).
- [4] From 70.1 in 1970-75 to 68.1 in 1995-2000, *Human Development Report 2002*, table 8.
- [5] Quoted by James Meek, “[The millionaire revolutionary](#),” *The Guardian* (26/11/2004).
- [6] See the revealing articles by Ian Traynor, “[US campaign behind the turmoil in Kiev](#)” and Jonathan Steele, “[Ukraine's postmodern coup d'etat](#),” *The Guardian* (26/11/2004).
- [7] Vicken Cheterian, “Ukraine: Moscow or Brussels?”.
- [8] This process has already begun: between 1994 and 2002 the Russian share in the Ukrainian foreign trade dropped from 47.5% to 30%.