

# Ukraine's Orange Revolution Is Eating Its Own Children

by Rachel Douglas and Roman Bessonov

Less than a year after a regime-change project known as the Orange Revolution succeeded in Ukraine, the political forces that supported it within the country are in disarray. The turmoil comes as no surprise, given how the power shift at the end of 2004 hinged on synthetic political constructs, packaged and sold (with a great deal of foreign support) to an economically savaged nation.<sup>1</sup>

Weeks of in-fighting in the Kiev government and Ukrainian business circles exploded into a full-fledged government crisis during the first eight days of September. Several leaders of the Orange movement, which got Victor Yushchenko elected President by forcing a re-run of the election during the October-December 2004 crisis, jumped ship in the first days of the month, accusing Yushchenko of failure to crack down on Security and Defense Council Chief Peter Poroshenko for corruption. Those who quit included Yushchenko's own chief of staff, Alexander Zinchenko, followed on Sept. 7 by Vice Premier Mykola Tomenko, who said, "I don't want to bear common responsibility for people who have created a corrupt system."

On Sept. 8, Poroshenko resigned. Then Yushchenko fired the entire Cabinet of Prime Minister Yulia Tymoshenko. The following day, Tymoshenko—a former energy official, and firebrand and icon of last year's upsurge, known as the "Iron Lady with a Braid" after her Ukrainian peasant hairstyle—denounced the President for betraying the ideals of the Orange Revolution, and said she would lead a separate slate in the March 2006 parliamentary elections.

Behind the lofty sentiments expressed by Tomenko, is a seething battle involving the economic interests of candy magnate Poroshenko, fights over Tymoshenko's project for the de-privatization and subsequent re-privatization of Ukraine's steel industry, and other economic brawls, many of them involving Russian corporations. There were reports that Yushchenko was pushed over the brink towards firing Tymoshenko, whose business dealings were the subject of an exposé in the *Financial Times* of London at the start of this Summer, by the surfacing of cell phone conversation transcripts that revealed the Prime Minister talking like a thug and referring to the Ukrainian population as "biomass."

Yushchenko appointed as acting premier Yuri Yekha-

nurov, an economist who served as his deputy when Yushchenko headed the government in 1999-2002, then worked closely with him on the Presidential campaign last year. Most recently, he was governor of the Dnipropetrovsk industrial region. Yekhanurov supports Ukraine's remaining in the Single Economic Space, established by Russia and some other former Soviet countries. Asked about the Ukraine events during his Sept. 8 press conference in Germany, Russian President Vladimir Putin said he had been in touch with President Yushchenko by phone, and urged against overly dramatizing the situation.

## Geopolitical Designs Upset

As leaders of the Orange and the Rose Revolutions, trumpeted throughout the world as democratic success stories, Yushchenko and President Michael Saakashvili of Georgia moved quickly into joint action as would-be leaders of a new group of countries in the Central Europe to Caspian area. In March 2005 they signed a Declaration on Development of Strategic Partnership Relations, a document providing for coordinating their efforts to join NATO and the European Union, and to regulate so-called "frozen conflicts" in the region, including ones where Russia has been the chief regional power involved. They vowed to upgrade GUUAM (a grouping in which the other three members were Uzbekistan, Azerbaijan, and Moldova). Supporters of geopolitically isolating Russia hailed the Declaration as a counterpole against Russian influence in the region.

By Summer 2005, however, the rainbow revolutionaries' diplomatic agenda was more and more visibly snarled by their political problems at home, not to mention quarrels in the region. Our correspondent Roman Bessonov filed this report at the end of July:

"On July 26, Ukraine's President Victor Yushchenko was expected to arrive in Georgia for a four-day vacation. In order to meet his friend and fellow knight of democracy, Georgia's charismatic leader Michael Saakashvili prepared to return from his own vacation in that most advanced postmodernist state of continental Europe, the Netherlands.

"After the Rose Revolution, Saakashvili demonstratively moved out of the luxurious Presidential palace of his disgraced predecessor. But that was a long time ago, almost two years. Now, the two friends were going to relax in the former premises of the Romanov tsars, near the state resort of

1. See *EIR* articles "Flattened by IMF, Ukraine in Geopolitical Crosshairs," Dec. 10, 2004, and "Ukraine: A Postmodernist Revolution," Feb. 11, 2005.



NATO Photo

*Ukrainian President Viktor Yushchenko fired his Prime Minister and the rest of the Cabinet, in a factional brawl over large-scale economic interests and corruption.*



OSCEBOBO/Srdjan Zivulovic

*Ukrainian Prime Minister Yulia Tymoshenko, the “Iron Lady with a Braid,” was sacked, and now denounces President Yushchenko for betraying the “Orange Revolution” she had helped him instigate.*

Borjomi. Yushchenko’s own Presidential palace—much larger than his predecessor’s and requiring the demolition of a large apartment building—was still under construction. This was one area in which the two romantic friends could understand each other. Indeed, political and social life in their two countries had lately acquired a lot of features in common.

“Take street traffic. War on corruption having been declared, the fabulously corrupt road police services were declared the first victims, like the sparrows in China during a certain period of Mao Zedong’s rule. In Georgia, the traffic cops were replaced by mobile squads of armed motorcyclists, who were supposed to provide road security at the same time. They were especially useful in the process of democratic expropriation targeted against selected local businessmen, who could not escape too far from their mansions without surrendering large sums to the new road force.

“A year later, a similar idea came to Yushchenko, though his country is far larger, and his personal paramilitary guard weaker. On July 18, Ukrainians were bewildered by the news that their traffic police no longer existed. The move portended more trouble for ordinary car-owners than for the traffic cops themselves, most of whom—since their salaries were no more than \$150 a month—had second jobs on the side; now some of them might feel there was an incentive to regroup into gangs with good professional skills at extortion. According to Ukrainian media, the idea to eliminate the road police came to Yushchenko after his neighbor complained about his rights being violated by policemen in their desperate search for additional income.

“Even before the elimination of the road police, drivers had begun to avoid certain dangerous roads in downtown Kiev: Lutheran Street, for example, which is famous as the address of a posh restaurant called Decadence. This romantic spot was favored by a young man, owner of perhaps the only BMW-M6 auto in town. The young fellow, Andriy Victorovich Yushchenko, would zoom through the city’s historic district to meet his date and dine at the upscale Decadence

establishment, before the eyes of an embarrassed public, so recently charmed by the romantic speeches of the young man’s father—President Yushchenko.

“The free mass media did its job, even managing to find out where the younger Yushchenko’s car was acquired for a reported sum in the vicinity of \$130,000 (which would be more than double his father’s annual salary). Apparently it was not Paris or Zuerich, but a provincial Czech town called Usti nad Labem, known in post-Comecon times as a ‘capital of brothels.’

“The same nasty journalists managed to penetrate a spa where the Orange President, along with the ‘Iron Prime Minister with a Braid,’ was dining with top figures from Russia’s most oligarchical monopolies, Gazprom and Lukoil, under the patronage of the Russian Ambassador to Ukraine, former Gazprom director and ex-Premier Victor Chernomyrdin. At a press conference on July 25, a nervous Yushchenko defended his son’s spending as being within the range of the young man’s salary, said the BMW was a rental car, and accused the journalists who had written about these matters of being ‘hit men,’ who ‘did not work for the freedom of speech a single day.’ Since the publication in question was *Ukrainska Pravda*, a website founded by Heorhiy Gongadze (whose murder helped bring down the previous regime) and consistently backing Yushchenko, the President was hit with huge protests from the media and apologized several days later.”

### **Pioneers at Artek**

After two weeks of delay while Yushchenko dealt with the firestorm around his son’s escapades and the greater tumult that was beginning to build up within his government, the Borjomi meeting did come off on Aug. 12. Yushchenko and Saakashvili issued a new call, this time for a Community of Democratic Choice in the entire Baltic-Black Sea-Caspian area. A week later, they met again at a former famous Soviet Young Pioneer’s camp called Artek, on the Crimean Peninsula, where they were joined by the Presidents of Lithuania and Poland—the latter being in the midst of a heated series of diplomatic incidents with Russia. If this was supposed to be a script for expansion of the Rose-Orange “ring around

Russia,” however, not even Yushchenko and Saakashvili themselves were following it.

Bessonov reported in August on the sequence of meetings:

“As an alternative to Kazan Commonwealth of Independent States (CIS) summit, the place and the timing of the Aug. 18-19 Crimea meeting were perfectly chosen. The framework was supposed to expand beyond the earlier anti-Russian bloc of GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova), into a new confederation emerging in bright, multi-colored clothes. Kiev would be the centerpiece of a buffer confederation of East European and Central Asian countries, supposed to separate Russia from almost all of its potential allies in Eurasia. An enlarged GUUAM would be developed in tandem with stepped-up political pressure on Belarus and colored revolutions in all the former Soviet republics of Central Asia.

“In the view of some Russian analysts, people in the United States wanted to include EU member Poland and EU candidate Romania in the expanded GUUAM, thus shaking the entire European Community. The pretext would be the strategic role each of them plays in fuel export routes, although rising tensions around the ex-Soviet military arsenals in the Transdnier region of Moldova made it clear that the real agenda had to do with other considerations, including various high-stakes black market operations.

“If it is true that some strategic planners were thinking along such lines, they were exhibiting no greater imagination than those who first raised the so-called Black Sea-to-Baltic corridor, back when George W. Bush’s father was President. In the original project, the axis of the *cordon sanitaire* around Russia was supposed to follow the route of a planned trans-East-European pipeline, from Ukraine’s port of Odessa on the Black Sea via Belarus to ports in Lithuania and Latvia. In the new version, the Odessa-Brody (western Ukraine) pipeline was supposed to deliver oil, collected from the whole Caspian Basin, across the Polish border to Plock and then northward to Gdansk.

“One problem with the renewed project is that Polish President Kwasniewski may have already paid too much, especially in terms of his personal reputation, for his country’s membership in the EU, to accept the idea of being downgraded to the role of a vassal of Kiev. This reluctance could also be explained from a historical standpoint, involving centuries of Poland’s division between European powers, which traditionally used the Poles, with their civic and religious passion, as a geopolitical instrument. In addition, the Polish government has been less than optimistic about constructing the continuation of the Odessa-Brody pipeline, since market calculations had shown that fuel, delivered by this route, would be more expensive than oil arriving through the old Soviet Druzhba pipeline from Russia. The role of a transit country would make sense only under profitable conditions.

“The March 2005 activation of the renewed Black Sea-to-Baltic campaign coincided with negotiations between Russia

and Bulgaria over the Burgas-Alexandroupolis oil pipeline project, from Bulgaria’s Black Sea port to the Greek city on the Aegean Sea, which makes it possible to bypass the Bosphorus in delivering Russian oil to the world market. Meanwhile, some Russian oil was flowing through the already constructed part of the contemplated Black Sea-to-Baltic strategic pipeline route, but in the reverse direction: from the Siberia-Europe ‘Druzhba’ pipeline via Brody and southward to Odessa.

“Ironically, the reversal option was proposed by the Russian oil company TNK, which has merged with British Petroleum—the same British Petroleum that once promoted the Black Sea-to-Baltic project in Kiev and had been the major financier and potentially the major operator of the Baku-Ceyhan pipeline. For purposes of geopolitical manipulation, the Baku-Ceyhan project served, for many years, even more efficiently than Odessa-Brody. Both were exploited not only as real designs, but as geopolitical derivatives of a certain sort, lining the pockets of a few interested persons with income from warfare (as in Chechnya), and the brains of Azerbaijani, Georgian, and Ukrainian politicians with romantic ambitions for energy independence. This game could have gone on for a long time, but the surge of global oil prices, finally, made the Baku-Ceyhan project profitable enough to actually physically implement.

“Before the Caspian oil could reach the Mediterranean, the Ukrainians also physically built the Odessa-Brody pipeline, but they discovered that the amount of oil available in Odessa was insufficient to run it. It was easy to calculate that as soon as Baku-Ceyhan came on line, the sources for filling the pipeline in Odessa would be completely miserable. The reversal option, when the Russian side proposed it, was quickly accepted by the Ukrainian government last year, before the Orange Revolution.

“Yushchenko did try to get things going back in the Black Sea-to-Baltic direction. In the Spring of 2005 he raced around Europe and Eurasia, appearing first at EU headquarters, then in Kazakhstan, then Poland, Romania, and finally, Moldova, where all the bosses of the newly established buffer zone were supposed to assemble. The event was scheduled for April 22 and, on the eve, it was already clear that the great GUUAM expansion design was going to fail. The framework was reduced to the list of leaders of the dysfunctional GUUAM, minus Uzbekistan. Hopes in various quarters in the West for Yushchenko to step in as intermediary in Moldova, kicking Russia out of the Transdnier, also flopped, as the Ukrainian President offered little beyond a list of formal democratic conditions and did not address the crucial matter of weapons smuggling.

“By the time of a new attempt at the expanded GUUAM project, which is what the Artek meeting was supposed to be, emerging tensions between the EU and its would-be new member, Turkey, as well as the potential Kurdish insurgency along the Baku-Ceyhan route, motivated a number of European companies to participate in a hastily prepared tender for



NATO Photo

*Georgian President Michael Saakashvili (shown here) and Yushchenko met Russian President Putin in August, and made clear that they do not intend to break with the CIS at this time.*

a feasibility study on the Brody-Plock-Gdansk pipeline route, i.e., an outlet for Odessa-Brody to the Baltic Sea. The results of the tender were published on August 8. Only after that did Yushchenko meet with Saakashvili, and then Kwasniewski and Lithuania's Valdis Adamkus (a U.S. citizen) joined them in Crimea.

"The leaders of Moldova and Azerbaijan did not show up. The result was miserable. The four leaders had to admit that GUUAM is gone. But, according to Sigmund Freud, if you want to cure a neurosis, you have to replace it with something else. The replacement is the vague Yushchenko-Saakashvili Community of Democratic Choice project.

"There seems to be no place for Moldova, for the simple reason that after the misunderstanding around Transnistria, Chisinau [Moldova's capital] does not want to deal with Kiev.

"And, on the very day of the Crimea meeting, Romania filed suit against Ukraine at the International Court in the Hague, over a border issue outstanding since the end of World War II. The sensitive issue was raised by the newly elected president Trajan Basescu, who won under the same Orange banners as Yushchenko, using the same anti-socialist slogans, delivering the same promises to bring his country into the paradise of the European Union earlier than his opponents would. Now Basescu needed to replace the fading 'EU' carrot with something else, and that 'something else' was not only the disputed rock off the mouth of the Danube River, but also the offshore oil deposits that Basescu would like to carry to the EU as an entry gift. But a revision of post-war borders off the mouth of the Danube could escalate into larger territorial problems between Greece and Turkey, with devastating effects not only for the existing and virtual oil transport routes, but for the integrity of basic international institutions.

"In an ironical commentary on the gathering of the four best democratic pioneers at Artek, Vladimir Zharikhin, dep-

uty director of the Moscow Institute of CIS Studies, reminded that, strictly speaking, the major speakers and responsible organizers, Georgia and Ukraine, cannot boast of great achievements in the democratic process. 'Other countries, wishing to implement such achievements, should think first.' "

Not long after the inauspicious Crimean get-together, Yushchenko and Saakashvili both turned up to meet President Putin at the Aug. 26 CIS summit in Kazan, Russia, where they made clear that neither Ukraine nor Georgia intends to break with the CIS at this time. Yushchenko quickly slapped down Ukraine's Economics Minister, Serhiy Teryokhin, when the latter told journalists on Aug. 19 that Kiev was planning to withdraw from the Single Economic Space (with Russia, Belarus, and Kazakhstan) and revert to bilateral-only economic relations with Russia. On Aug. 22, Yushchenko reaffirmed that Ukraine will continue to take part in the Single Economic Space, and he took part in its summit meeting, held on the heels of the CIS summit in Kazan.

## Economic Wars

"Excesses of freedom of expression," Bessonov reports, "have been in evidence in more sectors than traffic management in Ukraine and Georgia. Take the sphere of sports, particularly wrestling. Though the post-revolutionary achievements of Ukrainian and Georgian sportsmen were not as significant as, say, the success of rock musicians (in part due to political pressures on the owners of major Ukrainian soccer teams), physical training skills have noticeably developed in some areas, such as legislative work.

"In mid-June, a group of leftist members of Parliament (the Supreme Rada), finding no other way to block laws that would clear the way for Ukraine's entry into the WTO, displayed tremendous wrestling talent inside the chambers of the Supreme Rada, combined with hooting devices and musical instruments. In this process, the strongest opposition deputy managed to destroy seven microphones, thereby inflicting over 2,200 euros of damages upon the state, since post-Orange Ukraine had started on the pathway to membership in civilized Europe as a truly democratic state, by purchasing new parliamentary microphones in Austria.

"The urgency of advancing the WTO membership procedure, for which purpose Parliamentary Assembly of the Council of Europe (PACE) chairman René van den Linden was invited to Kiev, had two motivating factors. The first was the desire to join the WTO before Russia does. The second was an article in the *Financial Times* of London called 'Orange Revolution Loses a Little Lustre,' which evidently upset Prime Minister Tymoshenko by calling her a 'poacher' and including reports of her own business connections. Tymoshenko furiously attacked the speaker of the parliament, Vladimir Lytvyn, for sabotaging the WTO membership bid.

"(Meanwhile in Tbilisi, the central streets were blocked with crowds of people, protesting against the arrest of two popular sports stars. The two wrestlers were accused of extort-

ing money from a Greek investor, but the mood of the street, so much trained against the bureaucracy earlier, was on the side of the two wrestlers, while some members of Parliament were set to use the issue for their own political purposes. A physical fight ensued inside democratic Georgia's Parliament, too.)

"Ukrainian President Yushchenko's bad mood was noted by reporters who attended the summer party congress of his Our Ukraine movement. It appeared to originate with his loudest political promise, which has turned out to be the largest lie. Shortly after his inauguration, Ukraine's leader, encouraged by a personal meeting with George W. Bush, announced the fabulous 'energy independence of Ukraine' as his highest goal. He seemed to believe sincerely that the whole of Eurasia, with its kilometers of pipelines and billions of fuel consumers, revolves around Ukraine. As an alternative to the agreements, reached with Russia by his predecessors, he tried to arrange a chain of fuel extraction, transit and consumption without Russia in the picture.

"Even as the pipeline projects failed to fall into place so easily, Tymoshenko's tactics vis a vis Russian fuel suppliers threatened to backfire. She threatened the Russian owners of certain Ukrainian refineries with re-privatization, while simultaneously demanding that they reduce prices on the fuel they sell to Ukraine. During the first half of 2005, deliveries of Russian oil to Ukrainian refineries plunged by over 22%.

"The situation with natural gas is even worse. In May, Russia's gas traders charged that 7.8 billion cubic meters of gas, transported via Ukraine to European consumers, had disappeared in transit. The response from Kiev sounded strange: At first, the version was completely denied, then it was admitted that the gas existed, but could not be gotten out of its storage place. The romantic Ukrainian leadership was forced to seek mercy and understanding from the Russian side, with assistance from the veteran Chernomyrdin, and simultaneously, to guarantee the property rights for Russia's largest oil producer, Lukoil.

"Increasingly troubled by an annual inflation rate that the government acknowledges is 6.7% and Western financial institutions estimate as over 15%, Tymoshenko tried to introduce state regulation of retail prices, only to encounter a furious attack from Ukraine's Western patrons. U.S. Ambassador John Herbst and liberal economics guru Anders Aslund, in chorus, denounced the new Ukrainian leaders.

"While the government chased after 'energy independence,' the criminalized shadow sector of the economy, taking advantage of legal and political disorder, has increased its pressure on the population, while foreign players exploit every opportunity to acquire its industry, with its low-paid but skilled labor force, on the cheap. Now, almost on an instinctive level, a part of the Kiev elite is realizing that the Western community, at least in its present post-industrial shape, is able to guarantee neither Ukraine's economic prosperity nor the security of its statehood."

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## Myanmar and Afghanistan

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# Which Is Really The 'Failed State'?

by Mike Billington

**Figures 1 and 2**, both derived from the official U.S. Department of State International Narcotics Control Strategy Report of March 2005, demonstrate an ironic truth regarding the failure of U.S. foreign policy. The occupied nation of Afghanistan, client state of the Bush-Cheney Administration since 2002, has become the world's leading producer of opium, while Myanmar, denounced as a "failed state" and a "rogue nation" by that same Bush-Cheney team, has gone from being the world's largest producer, to the virtual elimination of opium production altogether, for the first time since the British turned their colony of Burma, as it was then called, into a drug plantation in the 19th Century.

Although some sensible minds within the U.S. institutional leadership would like to improve U.S. relations with Myanmar, acknowledging the significant progress of the past 15 years, official U.S. policy continues to treat Myanmar as a pariah, with brutal sanctions and constant (if largely unsuccessful) efforts to isolate Myanmar diplomatically.

In Afghanistan, it was "convenient" for the Bush-Cheney Administration to support the regional drug-lords, whose private armies could be bribed to retain at least the appearance of allegiance to the puppet government in Kabul, in exchange for a free hand in expanding their drug operations. Although the Taliban and al-Qaeda financed themselves to a great extent through taxing the Afghan drug trade, they had nonetheless cracked down on opium production dramatically in the year preceding the U.S. invasion in 2002 (see graphs). From 73% of world production in 2000, the Afghan opium crop fell to only 6% in 2001.

Now, however, under U.S. direction, opium production in Afghanistan has skyrocketed, surpassing even the previous record crops from the 1990s. A full 92% of world production now comes from "liberated" Afghanistan. And yet, while most of the country is openly governed by drug-lords, the country is heralded as a model of "democracy," with barely a mention of the millions of lives ruined by the deadly poppy which accounts for nearly one-half of the Afghan economy.

### Myanmar's Drug Wars

The story in Myanmar is exactly the opposite. Beginning in the late 1980s, after a young officer corps replaced the moribund, 26-year regime of Ne Win, Myanmar moved to