

Hungary, with full justification, as “Moscow’s men.”

Berecz, a notorious hardliner, was brought onto the Politburo in 1985, under the same considerations by which the Russian Nomenklatura brought Yegor Ligachov and KGB boss Viktor Chebrikov onto the Politburo in the Soviet Union. Karoly Grosz will continue until about the end of this year also as prime minister, the post he was given in June 1987 to direct the current austerity program. Grosz’s rapid rise and the hand of his Muscovite benefactor were revealed in April 1987, when Yegor Ligachov, during his stay in Budapest, singled out the relatively unknown Grosz for effusive praise.

Behind the scenes management

The Party Conference was skillfully managed by Grosz and Berecz to create the appearance of “sweeping change,” while they actually tightened their grip over the party machinery. The secret behind this bit of Magyar magic lies in the crucial institution in which *no* sweeping changes took

place, the Central Committee Secretariat.

Here, Berecz finalized his control over the body by expelling Kadar’s young protégé, Miklos Ovari, from both the Politburo and the Secretariat, where he had run Kadar’s office.

The post, too, was abolished, thus reducing the Secretariat’s membership from seven to six. Of the six new additions to the Politburo, whose membership has been trimmed from 13 to 11, two of them, Janos Lukacs (responsible for youth affairs) and Miklos Nemeth (responsible for foreign policy), came from the Central Committee Secretariat.

Added to the five Politburo members retained, that makes a core of at least seven, around Grosz and Berecz. It is they who will, on behalf of Moscow, rule. The liberal types now ornamenting the Politburo will have all the power of mannequins in a store window.

How long it will take for this reality to dawn on Western financiers and illusion-ridden governments is another matter.

Gorbachov economic aide tells of woes

by Luba George

The Soviet Union’s population is now seething with discontent, as the spillover effects of the economic catastrophe in Eastern Europe have dropped Soviet living standards down to the level of the 1960s, if not worse. On top of the large-scale national unrest in the Caucasus and the Baltic, there is another pattern of unrest now brewing: strikes, protesting the wage reductions and abysmal supply situation effected under the “reforms.”

Pravda of May 22 reported that bus drivers in the Lithuanian port of Klaipeda (Memel) had gone on strike for one day during April, protesting the “reforms” which now link wages to “productivity,” and, in their case, wiped out their bonuses. The strike only ended after the city promised to restore the old wage system. Recently, the Soviet press has also belatedly admitted at least two strikes last year by Leningrad shipyard workers.

The forced tempo of the post-1982 Soviet war economy program, codenamed *perestroika* since 1985, has been accomplished, *inter alia*, by a prolonged neglect of Soviet light and consumer industry. That neglect was bridged by ever-increasing Soviet looting of Eastern Europe, to sustain the

Soviet civilian economy. Plundering Eastern Europe, however, together with allowing expanded Western looting of the same Eastern European nations during the 1980s, has caused a near physical breakdown of the captive nations’ economies. The result is the worst supply situation in the Soviet Union in decades.

Aganbegyan spills the beans

The gravity of the economic crisis was spelled out in detail by Gorbachov’s economic adviser, Abel Aganbegyan, at a seminar in Moscow in February on the theme “Problems of Radical Change in Economic Management.” Aganbegyan’s speech was published in the March edition of the magazine *Nauka i Zhizn* (*Science and Life*).

The investment neglect was dramatically illustrated: “For a long time, we obviously underestimated the production of mass consumer goods. Judge for yourselves: Although this branch of industry accounts for 37% of all income generated, it has received only 8% of all investments.”

Soviet light industry was characterized as nothing less than a junk heap of obsolete plant and equipment. “Light industry is still operating unsatisfactorily. In 1986 its production rose by only 2%, and last year by only 1.4%. The reasons for this are rather deep: Equipping light industry with new machinery has not been done for *decades*, 40% of the plant and equipment passed its point of amortization long ago. It’s urgent to promote a basic renewal of plant and equipment, but the production of plant and equipment in the U.S.S.R. is not functioning properly.”

Aganbegyan candidly documented the collapse of Soviet living standards—never high to begin with—under the last three years of *perestroika*, noting that the average Soviet

citizen today is worse off than during the period 1960-65.

"Around the middle of the 1980s, our country, on the basis of a number of social statistics, has recorded a drop in comparison to the years 1960-65. . . .

"Today, in the last quarter of the 20th century, 17% of all Soviet families do not have their own apartment or house, half of all apartments and houses in the Soviet Union, above all in the rural areas, have no toilet, no sewage, no running water, let alone hot water, telephone or central heating. . . .

"Compared to other developed countries, we have very low per capita meat consumption—62 kg per year, in other countries it's 75-80 kg and even 85 kg. . . . In the consumption of milk and milk products, the Soviet Union is far behind most other countries; and the variety of these products is very limited and the quality rather poor.

"The Soviet Union is far behind other countries in the consumption of vegetables, especially at certain times of the year. Our population consumes only one-third of the amount of fruit recommended by the medical profession, and this has especially negative effects on the health of the children."

Agriculture was described as being in a "worse situation than during the 1960s," and "agricultural production per capita has not increased since 1978."

The need to end Western dependence

Aganbegyan has been continually played up in the Western media as a "liberal" economist, ironically by the Western financiers who have been promoting illusory schemes of a coming East-West "trade boom." His speech threw cold water on such schemes. Aganbegyan called for nothing less than eliminating grain, meat, and food imports from the West by the 1990s. The following passages reveal the actual form of dramatic upcoming Soviet policy changes, which will lessen dependence on the West:

"A further problem exists, in that one quarter of our cattle, which are slaughtered for meat, are fed with imported feed grains; in the last five year plan (1981-85) we purchased several million tons of feed grain—that's more grain than the Ukraine and Kazakhstan combined supply to the State.

"We bought with hard currency a million tons of meat—that's more than is consumed by the entire Moscow region or all of Kazakhstan. In effect, we have been exchanging our crude oil for grain and meat. But the price of crude oil in recent years has fallen by two-thirds, and now the State *no longer has the possibility* to purchase the same quantities of grain and meat as in earlier times. . . . Our task is, as soon and as fast as possible, in fact by the beginning of the 1990s, to free ourselves from mass food imports."

The situation is too critical to wait for the June 28 All-Union Party Conference. The May 5 weekly Politburo meeting spent most of its time working out measures to deal with "food and consumer goods supply problems." Failure to find a solution soon will lead to a search for a scapegoat. Such a process in the past, under Khrushchov, led to the toppling of a general secretary.

EC and Comecon sign accord, but what now?

by William Engdahl

The European Commission in Brussels, the administrative secretariat of the European Community (EC), on May 24, announced an imminent accord to give formal recognition to the Comecon, the Moscow-dominated association of East bloc economies. The communiqué is expected to win formal approval at a June 24 joint meeting.

On the surface, this seems like yet another big step in bringing Western Europe closer into the iron net of Soviet hegemony. The new accord would do primarily two things, say senior EC Brussels officials involved in the more than two years of EC-Comecon talks: "First, it establishes official relations for the first time between the Comecon and the EC; secondly, it opens the door for future relations."

The president of the European Parliament, Henry Lord Plumb, called the tentative accord "an historic moment that has been long awaited and which will change the map of Europe. . . . We cannot expect immediate results from this agreement, but in the long term it will be of major importance for the development of both political and trade relations in Europe."

Behind the facade

The question is why this accord has been reached just now. Is it a signal of a new Comecon opening of its markets to the West, as many Western bankers hope? Or is it a signal of Western despair over the process of U.S. decoupling from Atlantic Europe? The reality appears to be some complex interplay of both. According to senior East European specialists at the Vienna Institute for Comparative Economic Studies, "This agreement in no way obliges the West to any actions. The EC insists on making bilateral trade with individual Eastern countries, particularly Hungary and Czechoslovakia. The accord should help that."

"The accord was reached quickly last week when the Comecon finally agreed to compromise on recognizing that West Berlin was part of the EC," a Brussels insider in East European affairs revealed. "East Europe and Moscow are afraid that if they did not move to establish official relations with the EC, they would be left out of the EC Internal Market of 1992."

But there was a second party to the engagement. "West Germany sits as president of the EC until June. Bonn wants to push through these pending East-West agreements now,