

Soviet party conference beset by economic woes

by Konstantin George

Behind all the theatrics at the Soviet Union's 19th Communist Party conference, the real centerpiece of discussion and the focus of major policy decisions in the near future, is the profound economic crisis in the Soviet Union and Eastern Europe. The preoccupation with the bloc-wide crisis was already evident by the conclusion of the second day of proceedings, in the delegate speeches that followed General Secretary Mikhail Gorbachov's report to the conference, which began in Moscow on June 28.

Speaker after speaker dwelled on the economic situation, and only peripherally on the proposals submitted by Gorbachov for changes in the structure of political power—the role of the President, the Supreme Soviet (parliament), the local Soviets (councils), and all the other “democratization” measures he espoused during his nearly four-hour address.

The tone of the conference was set on its second day by Leonid Abalkin, director of the Economics Institute of the Soviet Academy of Sciences. He minced no words on the “catastrophic economic situation” in the East bloc. He stopped just short of saying that Gorbachov had failed to get the Soviet economy off the ground. He stressed that “the last three years,” i.e., under Gorbachov, had seen “no real improvement in the economy.”

Abalkin was followed to the podium by Health Minister Yevgeni Chazov. The picture on health care that he presented was bleak indeed. The U.S.S.R. has the lowest life expectancy, and the highest death and infant mortality rates of any industrial country, he reported. He called for what amounts to a crash program to improve health and sanitary conditions. Chazov declared that the Soviet Union must go beyond the present plans “to double health care expenditures” over the next five years, and called for a decree mandating that a “fixed percentage” of the GNP be allocated for health services.

And so it went. Another speaker, Gennadi Kolbin, the Russian party boss for Kazakhstan, stressed the priority of “improving living standards” and ending shortages in food, consumer goods, and housing. Siberian metal worker Veniamin Yarev said supplies of food and consumer goods had not improved and objected to sugar rationing. “There is nothing in the shops, as it used to be,” he said. “Besides, there are [ration] coupons for sugar. There used to be no meat in the shops—there is none now. The consumer goods have disappeared somewhere.”

In the buildup to the party conference, a torrent of articles and letters has appeared in the Soviet press, documenting the worst poverty and shortages in decades. The weekly *Sotsialisticheskaya Industriya* now proclaims that “more than half” of the Soviet population “lives in poverty.” The national rural daily, *Selskaya Zhizhn*, reports that along with meat, even sausages, and for that matter, even the most inferior grades of sausage, made with 50% horsemeat, have disappeared from Moscow shelves. Letters to *Vechernaya Moskva*, the Moscow evening newspaper, complain bitterly that a kilo (2.2 lbs.) of sausage costs 10 rubles (an average monthly wage is 150 rubles), and “sugar has totally disappeared” from the shelves. In several such letters, Gorbachov's *glasnost* is bitterly attacked, as in one which said, “What good is *glasnost*,” when the shelves are empty? “At least under Stalin . . . we ate better.”

In the swell of speeches emphasizing the economic crisis and measures to deal with it, Gorbachov's “democratizing” proposals, that scored such big headlines in all the Western media, were rudely ignored, and in one case contemptuously attacked. The aforementioned Abalkin announced that he did “not agree with the proposal” submitted by Comrade Gorbachov for having the same individuals head both the regional

and local party committees and the corresponding governing “executive committees,” stating that this would increase the problems in running and managing the economy.

The autarchy policy

Gorbachov’s opening speech announced that in response to the economic crisis, a policy of increased Comecon autarchy has been decided. “We shall continue to devote our foremost attention,” he said, “to increasing economic relations with the socialist countries.” This was the only occasion during his speech where Gorbachov employed the phrase “our foremost attention.”

EIR had predicted such a shift in emphasis, based on our analysis of the crisis in Eastern Europe, where the economies have neared the point of physical breakdown, and the current spillover of this crisis into the Soviet economy. During the 1980s, Eastern Europe has been ravaged by Soviet looting, as well as by increased Western looting through usurious lending policies by creditors like the International Monetary Fund. The net result has been an exorbitant increase in the flow of exported industrial goods and basic commodities, including food, from Eastern Europe, both to the U.S.S.R. and to the West (mostly to pay interest on debt), with no net increase in goods imported from the U.S.S.R., and a collapse in industrial imports from the West, vitally needed to modernize the industrial base of Eastern Europe. To maintain the flow of exports to Moscow and the West, Eastern Europe was forced to channel most investments into these areas of the economy. The result has been a calamitous collapse of investment for industry meeting domestic needs, for infrastructure, health care, housing, etc.

From Moscow’s standpoint, the worsening economic crisis inside the U.S.S.R. itself can only be arrested if the Western looting of Eastern Europe is curtailed, and a policy of bloc autarchy is introduced. But this creates an additional policy dilemma, as Lyndon LaRouche pointed out in a recent *EIR* analysis (“Is the President to be declared insane?” *EIR*, March 18, 1988). If Moscow continues to use austerity against Eastern Europe, this will create a political and social crisis which is beyond the means of police-state control.

Gorbachov on a tightrope

Gorbachov received remarkably little applause throughout his nearly four-hour speech, and *none*, or almost none, every time he put forth a “proposal” for the conference to decide on. Every time, he made a thundering defense of *glasnost*, he received only scattered applause, while thunderous applause was registered when he stressed limits to *glasnost*, and denounced excesses that have occurred.

Otherwise, the parts of the speech ignored by the Western media show the true direction events are taking inside the U.S.S.R. Gorbachov paid homage to the forces actually running the Soviet Union: the Russian chauvinist nomenklatura, including the KGB, the military, and the Russian Orthodox Church. This is the same coalition of forces—and of national

chauvinist ideology—which had once been rallied by Stalin, to fight in World War II. We will document this with the relevant passages from Gorbachov’s speech:

1) Praise for the KGB and military: “We support the efforts being taken by the organs of State Security (KGB), the Defense Ministry, and the General Staff to widen their work in promoting *perestroika* and the democratization process.”

2) All restrictions on the Russian Orthodox Church are to be lifted: “There is the fundamental matter of freedom of conscience . . . as we saw during the Millennium of the Russian Church. There’s no reason for a disrespectful attitude towards Believers, let alone placing any restrictions on them.”

3) Gorbachov praised the rapid growth of civic groups like those representing war veterans, unions, theater workers, the Soviet Culture Fund, and “various societies dealing with the conservation of nature and protection of historical monuments.” The last is a reference to the Russian chauvinist Pamyat society, which was nominally founded as a “Society for the Protection of Historical Monuments.”

4) A new Russian-chauvinist national movement is being created: “A nationwide patriotic movement is being formed in the country to support *perestroika*,” whose membership includes “Party members, non-Party members, and Believers.”

Several amusing events at the conference further attest to the opposition to Gorbachov on internal affairs. After his speech, only one delegation, that of Uzbekistan, went on record at a press conference given by the Uzbek party head, Nishanov, proclaiming that they “fully approve” of all the proposals advanced by Gorbachov. The next day, an article appeared in the weekly *Ogonyok*, charging that many in the Uzbek delegation were under “criminal investigation” for having “received bribes.” The conference voted June 29 to have the credentials committee investigate the matter.

Then there was a “debate” by delegates on whether Gorbachov should have a limit of two terms or three as general secretary. One delegate, Mikhail Ulyanov, head of the Theatrical Union, warned of the “danger of a return to Stalinism,” and the emergence of a “new ‘Father of the People,’ ” to motivate his proposal that the conference vote to “elect” Gorbachov as general secretary for three five-year terms. Ulyanov then said that such a long tenure was required, because “15 years is not a short time.” This drew howls of laughter, because the phrase “15 years is not a short time” is often used to describe the standard heavy prison sentence in the U.S.S.R.

A final note: Moscow is only reporting about 1% of the “news” emanating from the conference, which is not only closed to Western reporters, but, unlike Communist Party congresses, permits no observers from other socialist countries. The true substance of the conference’s decisions will emerge soon enough, in the policies implemented in the weeks and months ahead.