

After Yeltsin wins, the real race is on

by Konstantin George

The June 12 Russian presidential election is now concluded, with Boris Yeltsin's victory as the first popularly elected President of Russia. This "race" has stolen the headlines in June, but a far more important race is under way in the U.S.S.R., a race against time, to prevent, by early autumn at the latest, a complete collapse of the economy.

Prime Minister Valentin Pavlov, in a speech to the U.S.S.R. Supreme Soviet on June 10, declared that the Soviet Union has "two to three months" to prevent the accelerating decline of the real economy from crossing the threshold where it "will pass out of anyone's control."

He stressed that the government "anti-crisis program" of April had been undertaken just in time, to "hold up the complete collapse of the economy" during the second quarter. The program had barely stemmed the tide toward an uncontrolled drop in industrial production. In the first five months of 1991, the fall in the production of consumer goods had been reduced to "only" 3%, while the drop in industrial production as a whole, at 5% for the first quarter, now stood at 3% for the first five months.

Pavlov emphasized that these figures gave no grounds for complacency: "We have kept ourselves above water, with great difficulty, mainly by having slashed imports by 45%," with no hope in sight of alleviating, let alone reversing this catastrophe, because of the collapse of Soviet hard currency exports, and, he complained, "too few foreign credits" to finance badly needed imports. In the first five months of 1991, exports of oil and natural gas, the U.S.S.R.'s main foreign currency earners, fell by a staggering 49%, and similar percentages were given for the export of timber and ferrous metals.

The collapse of oil and natural gas exports, and along with it Moscow's foreign exchange position (Pavlov revealed that the Soviet Union by June 1 was nearly \$4 billion in arrears in foreign payments) has been the high price for slowing down the rate of internal collapse. As he explained, if the U.S.S.R. had kept its prior level of oil and gas exports, this would have meant slashing oil and gas supplies to industry, touching off a chain reaction of industrial slowdowns and plant closures.

The crossroads

The only hope for a positive shift in direction depends on what is worked out between Germany and the Soviet Union in the brief interval between the June 12 Russian elections,

and the mid-July Group of Seven summit in London. Gorbachov's plan to attend that summit has been confirmed, following the announcement on June 13 by British Prime Minister John Major that he had been invited.

But British Foreign Secretary Douglas Hurd, during a June 8 stop in the German city of Halle, put out the word that Gorbachov will receive no aid from the G-7 meeting, and that any future aid is predicated on Moscow's submission to humiliating conditions of mass unemployment and overall weakening of industry, like those imposed on Poland. This confirmed the view of many in Moscow that the Anglo-American bloc only wants to sharpen the economic crisis in the U.S.S.R. Those who hold this view, believe that the only potential for healthy economic cooperation lies in forging ties with united Germany.

As Russians were going to the polls on June 12, Foreign Minister Aleksander Bessmertnykh arrived in Bonn for two days of consultations with German Chancellor Helmut Kohl, President Richard von Weizsäcker, and Foreign Minister Hans-Dietrich Genscher. While he was there, it was confirmed that Chancellor Kohl would soon travel to "somewhere" in the Soviet Union, "outside of Moscow" to meet with Gorbachov. Leaks from the Bonn government have pointed to the Ukrainian capital of Kiev as the location and June 18 as the date.

The Anglo-Americans are basing their policies toward the Soviet Union on two false premises: that Russia will "inevitably" be always in a "Time of Troubles," and that the Soviet Union has ceased to be a great military power.

A backlash is building up in Moscow against London and Washington. In his Nobel Peace Prize acceptance speech in Oslo June 5, Gorbachov warned that Moscow will never accept aid based on stringent conditions which mandate Soviet economic and political policy changes. Scoring the Western attitude as "unproductive," he stated: "It is also futile and dangerous to set conditions, to say: 'We'll understand and believe you, as soon as you say, the Soviet Union, move completely to resemble us, the West' . . . Those who participate in and even shape world politics also must continue to change, to review their philosophic perceptions of the changing realities in the world. Otherwise there is no point in drawing up a joint program of practical action." Gorbachov, the Pavlov government (as the party boss was speaking in Oslo, for the second time in five months his prime minister accused Western banks and governments of conducting economic warfare by "credit embargo" against the U.S.S.R.), and the Soviet military know that "aid" tied to the kinds of conditions envisioned by Washington and London is designed not to help, but to doom the Soviet economy and state to mass turmoil.

Gorbachov in Oslo slyly warned that a "new world order" would never happen "if perestroika fails," for then "the prospect of entering a new peaceful period in history will vanish, at least for the foreseeable future."