

**Sikora:** The situation in Ukraine is complicated. We don't have any really independent governmental institutions. The policy of a "shock therapy" is not acceptable to us. Ukraine must move in various directions in the next six months. Political independence is the first priority. Our own currency system is the precondition for privatization. And for the problem of privatization, the merely one-dimensional solution of shock therapy is ineffectual.

**EIR:** How is the electoral victory of Boris Yeltsin evaluated by leading politicians in Ukraine, for example with respect to the endorsement of the Treaty of Union?

**Sikora:** Yeltsin only has one chance to survive politically: The process of forming sovereign republics must be sped up. That I'm certain of. This is equally important for Yeltsin, Ukraine, Russia, and Kazakhstan. . . .

**EIR:** How do things stand regarding the supply of industrial and agricultural products vis-à-vis the upcoming Group of Seven meeting and the proposals which Gorbachov directed to Western leaders?

**Sikora:** Ukraine is in the situation of being able to feed its own people. The stockpiles of grain from the last crop are in the range of 6-7 million tons.

Even if half the black earth area is hit by drought, the other half will produce enough food for export to supply Russia and get oil and natural gas in return. In contrast to us, Russia is heavily dependent on imports.

**EIR:** What do you expect from your Western partners? How should they act?

**Sikora:** From the fact that Ukraine does not need grain or food imports from the West, it follows that the type of rela-

## Toward the sovereignty and progress of Ukraine

Questions about the national and economic sovereignty of the Ukrainian Republic were at the center of a three-day conference which took place at the invitation of the popular democratic movement called Rukh on June 14-16 in Kiev. As we reported last week, two speakers from the Schiller Institute, Anno Hellenbroich and Karl-Michael Vitt, were invited to speak on the future of Ukraine in Lyndon LaRouche's plan for a "Productive Triangle" of central European development.

In his greetings to the 300 guests, who were gathered in the auditorium of the Polytechnic Institute of Kiev University, the chairman of Rukh, Ivan Drach, pinpointed the drama of the present moment. He referred to the election of Boris Yeltsin as President of the Russian Republic and especially hailed the decision to rename Leningrad by its historical name, St. Petersburg. He outlined the theme of the conference: the independence of the Ukrainian Republic in the democratic process of Europe, the creation of a Ukrainian currency, and the spiritual and material renaissance of Ukraine.

The president of Kiev University, in his keynote speech, expressed the hope that this conference might carry Ukraine a good way farther down the road toward economic independence and sovereignty. If the problems of "de-nationalization" of the industries and real estate holdings which are in the possession of the Moscow central power (about 60% of Ukrainian industries), the privatization efforts, the development of extensive foreign

trade relations, and the introduction of a Ukrainian currency are successfully conquered in the coming months, Ukraine has a good chance of obtaining its full sovereignty, and the political situation could be stabilized. The country is as big as France (over 600,000 square kilometers); with over 52 million inhabitants the second strongest republic in the U.S.S.R.; it has many mineral resources such as coal, manganese, iron ore, and gold, and also has important industrial capacities, for example in the computer industry. The chairman mentioned that in July 1990, the Ukrainian Parliament had passed a declaration of sovereignty—with a view to the introduction of private ownership and other mechanisms of a free economy. This could only be mapped out further with the help of this conference, he said.

### Controversy over future economic policy

In the ensuing debates, the basic contradictions in conceptions of economic policy came clearly out in the open, pivoted around the question of how the economy can develop out of the bankruptcy of the socialist planned economy. Representatives of the co-sponsoring group, the Center for International Management Education, promoted the "horse medicine" of the "pure doctrine of the free market."

One of the four American speakers went so far as to assert that he had lost his suitcase on the Aeroflot flight there, and that this was a new proof that a state monopoly is the worst competitor for the free market. He claimed that competition of private airlines in the United States had done a marvelous job of improving service. This was a bold assertion, especially when one compares the service of Swissair or Lufthansa with the (bankrupt) Pan American!

tions must be differentiated from those with Russia. With German help, the economic motor can be effectively developed, and Europe should promote its relations to Ukraine more energetically. It is not possible to set 6 or 10 million people into motion at the same time. There has to be a phased development, and for that, the Galitsia region offers itself. The sister city relationship between Munich and Kiev is very important, too. Germany ought to concentrate on one region and work really effectively there.

But it should not be forgotten that relations with Russia are very important to us. The Soviet Union, the Russian Republic, and Ukraine are on the verge of attaining a new quality of relations. The West must act, therefore, in a tactful and enlightened manner, and show greater flexibility in its diplomatic activities and calculations. If one side were to go back to the Cold War approach, this would make the situation considerably more difficult.

### **The current crisis**

The struggle over the correct economic path is being decided both by the ever-worsening supply and production situation, as well as by how the central authorities will react to the independence struggle in Ukraine. In touring around Kiev, for example, one observes a certain supply of simple housewares, cosmetics, and so forth, but the only ones who can buy them are those who have ration coupons. The rationing measures on consumer goods are aimed at the buyers who stream into the city from the surrounding area to "buy off" from the Kiev citizens "their" commodities. A trip on public subway trains costs 15 kopeks now, while only a few months ago it was 5 kopeks. The black market is flourishing. A foreigner has great difficulty getting a taxi that will still carry you for rubles. (Amounts as high as \$40 are needed for transport from the Moscow International Airport to the domestic airport—according to the official exchange rate, this would correspond to some 880 rubles, or two months' wages.)

The black market problem was heavily discussed at the conference. Around the question of how privatization will take place—either by means of outright grants to private businessmen, or through auctions or leasing—the problem emerges as to how a simple Ukrainian citizen could come into enough money to buy up a major company. Some speakers proposed regulation of loans and credit lines by laws. Some, however, suggested that the black market should be simply legalized, in order to allow these huge illegal monies to flow into the productive economy, something that was greeted with stormy protests from a few listeners. "That way, criminal machinations would go unpunished," shouted the protesters.

## **Peru revolts against IMF's wrecking job**

by Luis Vásquez

The Peruvian population's rebellion against the government of President Alberto Fujimori, which is mercilessly applying International Monetary Fund (IMF) austerity dictates, is growing daily. The center of Lima and the workers' zones which surround the capital city are the scenes of daily demonstrations by the unemployed, and of street battles between striking workers and the police sent by the government to disperse them. These protests, usually joined by ordinary people in the streets, often turn into scenes of looting, stoning of public buildings, and burning of buses. The same is going on to varying degrees across the country.

Peru, which has staggered along for years under an unpayable multibillion-dollar debt burden, has reached a point of total economic and social breakdown. Peru is the epicenter of the cholera epidemic killing thousands across the continent, which has now reached into Mexico to claim its first victims there. Peru is also an increasingly important center of operations of the cocaine cartels, which directly or indirectly have hundreds of thousands of Peruvians on their payroll. Peru, in the grip of the IMF, is Ibero-America's future.

### **Labor is up in arms**

There are presently some 2 million workers in Peru on indefinite strike, according to the head of the Peruvian General Workers' Federation. That is 40% of Peru's total work force. All of the country's largest labor federations are on strike or in a protest mobilization of some sort. The teachers' union, representing some 300,000 workers nationwide, has struck in protest against its members' miserable wages, which generally are less than the equivalent of \$30 a month. The health workers' union, representing more than 250,000 doctors, nurses, and medical aides, has been on strike for more than 90 days, in parallel with the growth of the cholera epidemic. A nurse with 20 years' experience receives no more than the equivalent of \$32 a month, while doctors average \$50 or less. Every day, a contingent of 100 retired elderly persons can be found chained to the steps of Peru's Social Security Institute, to protest the miserable pensions which have condemned them to death by starvation.

The best-paid, the oil workers, have been charged by President Fujimori with a "lack of solidarity" for their aver-