

Group of Seven offers Russia bogus aid package

by Marcia Merry

In the first emergency session of its kind, the foreign ministers and financial representatives of the Group of Seven (G-7) met April 14-15 in Tokyo, and announced a \$43 billion "aid" package for Russia. The leaders from the United States, Canada, Japan, Britain, France, Italy, and Germany also agreed to postpone a U.N. Security Council vote on imposing sanctions on Serbia until after the April 25 Russian political referendum. Both these actions were taken in the name of assisting President Boris Yeltsin to achieve "stability" in Russia. However, the net effect of the measures taken will actually be to increase the instability in Russia, and the warfare in the Balkans.

First, the \$43 billion aid package is a sham. Second, while President Yeltsin himself may have asked the G-7 to postpone the U.N. Security Council vote until after the Russian referendum, whatever happens that day, the Russian government will be no stronger than it is now, and meantime, the Serbian war proceeds with its hideous destruction.

Only a real economic development intervention in Russia and real assistance to Bosnia can contribute to the much-discussed "stability" in world economic and political affairs. The potential collaboration between the United States and Russia that was raised at the Clinton-Yeltsin April 3 Vancouver summit, for joint work in anti-missile defense, is the direction to follow.

Smoke and mirrors

The G-7 told Russia on April 15 that it was granting some \$43 billion in aid to help support Russia's embattled "reform" process. But the fine print reveals that the new program offers only more of the same lunatic "shock therapy" that has been implemented to date by the International Monetary Fund (IMF).

The \$43 billion total actually consists of \$28 billion worth of programs announced in Tokyo, piled on top of \$13 billion of previously announced programs, practically none of which are in fact aid. Here is what actually has been committed by the G-7:

- Fifteen billion dollars in debt "relief." Of the declared \$43 billion in aid, fully \$15 billion, or more than one-third, is to take the form of "debt relief"—a more polite word for a moratorium on payments to western creditors (principally Germany) of Russia's estimated \$80 billion in foreign hard-currency debt. As one leading London-based Russia analyst put it, "This is merely acknowledging the status quo, because Russia anyway is not paying this debt."

- Thirteen billion dollars in aid tied to the IMF and World Bank. Of this amount, \$3 billion is from a new IMF program billed as help for countries moving to a market economy. However, the same old IMF deadly conditionalities will apply, which, under Russia's current "shock therapy" program, have wreaked havoc in the domestic economy and brought the country since January 1992 into a state of hyperinflation.

Part of the remaining \$10 billion of this \$13 billion is World Bank loans for various purposes, but contingent on austerity, and part is concessions to private western interests. The World Bank is "offering" to cooperate with countries to back their respective export credit agencies, so that they will guarantee loans for specific projects in Russia. One example is for Russian oil and gas to be developed under specifications that will benefit western oil companies and banks—in other words, looting.

- Some \$4.1 billion in IMF "stand-by" credits are offered, but only on condition of the implementation of "a comprehensive macroeconomic stabilization program."

Again, killer conditionalities.

- Three billion dollars in IMF “transformation” funds, of which only \$1.5 billion is to be given to Russia up front.

- Six billion dollars for the IMF’s long-promised “ruble stabilization fund,” provided Russia agrees to follow strict IMF demands for budget reduction and price increases, guaranteeing further domestic economic chaos.

- Four and a half billion dollars in loans from the World Bank, conditional on “structural reform,” for the oil sector—the part of the package especially favored by private western traders.

- Ten billion dollars in aid from G-7 member-nations, in the form of promises of state trade credits to guarantee export to Russia of such items as U.S. grains or Japanese machinery. At best, these credits aid the national sectors of the nations originating the goods; at worst, the credits line the pockets of the giant commodities houses such as Archer Daniels Midland or Cargill, and amount to government-backed subsidy of these cartel companies.

In short, Russia’s Boris Yeltsin has a package of empty promises and further foolish G-7 insistence on IMF conditionalities.

‘Just a lot of zeroes’

Even Russian economics official Boris Fyodorov, the former employee of the World Bank who represented Russia in Tokyo at the G-7 meeting, came back and said that there is “not much in it for us . . . just people playing around with a lot of zeroes.”

The IMF “shock therapy” policies to date in Russia, and in all other parts of the former Soviet sphere, have led to the political fracturing now under way. Without a reversal of the austerity policies, there can be no political stability, and no war-avoidance. This is the real issue, which is being avoided in all discussion about the April 25 Russian referendum.

“Non-Important Russian Referendum,” is how the Swiss daily *Neue Zürcher Zeitung* covered the issue on April 20. The article stressed that the referendum, taken so seriously in the West, will, in and of itself, decide nothing concerning the country’s political crisis. Citing the polls, the Swiss paper noted that it could be expected that Yeltsin will receive a majority of the votes cast, and thus will proclaim himself the “winner.” However, he will receive far short of the support of 50% of all registered voters, and the opposition will use this to declare him the “loser.”

Leading figures in Russia, such as Parliament Speaker Ruslan Khasbulatov, are also emphasizing that the referendum will decide nothing. The *Neue Zürcher Zeitung* observes that it was Khasbulatov and the Congress of People’s Deputies who made the referendum irrelevant by pushing through a clause requiring support of 50% of all registered voters for a valid “yes” vote on each question.

Indeed, Russian Vice President Aleksandr Rutskoy charged on April 16 in an 80-minute address before the Rus-

sian Supreme Soviet, which was carried live on Russian television, preempting all previously scheduled programming, that economic “shock therapy” has brought about the full-scale criminalization of Russian politics and economic life. “The people of Russia were robbed twice last year: once because of shock therapy and the liberalization of prices, and once because of those sums of money and resources which, without any consent, were sent abroad,” Rutskoy charged.

Shock therapy has criminalized economy

He said that those responsible for the economic reforms of the Yeltsin government were to blame for the wave of organized crime: “This is a direct consequence of shock therapy. Organized crime controls up to 40% of the Gross National Product. The mafia groups are planning to use all of the funds which western countries propose to invest in Russia. . . . The organized crime system which is growing up in Russia is not only trying to take over the entire economy, but also the entire political life.”

Rutskoy singled out six individuals in the Yeltsin team for responsibility for this: Yegor Gaidar, former prime minister and architect of the IMF “shock therapy” policies; former presidential aide Gennady Burbulis; deputy prime ministers Vladimir Shumeiko and Aleksandr Shokhin; Anatoly Chubais, deputy prime minister in charge of privatization; and information czar Mikhail Poltoranin. According to Rutskoy, “These people are interested in maintaining the course of reforms which contribute to their pockets and to the pockets of black-marketeers. I am sure criminal acts are being committed behind the President’s back. [These Yeltsin aides] are doing their best to win the referendum. Only then can they hope to hide their crimes, to finally legalize the shadow economy.” He further stated that these individuals had “intervened and messed up the creation of those bodies which were supposed to be cracking down on corruption, and had allowed operations on the border of legality to take place.”

Rutskoy’s charges seemed to cohere with the aims expressed in an article by former U.S. Director of Central Intelligence William Colby published in *New Perspectives Quarterly*, the journal of Chicago commodity speculator Richard Dennis, in which Colby promoted the postwar success of the cigarette black market in Italy as a model for Russia. “Russia finds itself in the same stage as Italy then, now the pack of Marlboros has replaced the Lucky Strike. The black market is expanding but will become a market calling forth around 50,000 small traders. These in turn will promote the creation of wholesalers and producers who will be needed to supply them.” The post-1945 Italian black market was run by Camorra and Mafia clans under the control of U.S. intelligence and Meyer Lansky partner Charles “Lucky” Luciano. German customs and police officials unanimously assert that the cigarette smugglers overrunning eastern Europe and Germany will be the main narcotics traffickers in the next years.