
Councilmen from Kiev and Lviv Warn Washington

Ukraine's economic condition is even worse than Russia's

On Feb. 16, *Executive Intelligence Review* hosted a seminar in Washington, D.C., where representatives from Russia, Ukraine, Latvia, Georgia, and Armenia described the impact of economic shock therapy on their nations, and warned of the grave strategic dangers involved in the continuation of that policy by the West (see a partial report in *EIR*, Feb. 25, 1994 p. 54). Among those who spoke were two elected officials from Ukraine. What follows is the verbatim transcript of their remarks, excerpted from a new *EIR* White Paper reporting on the proceedings of the seminar (see box).

Chornovil: an 'inhuman' policy

Taras Chornovil is a publisher and Member of the City Council in Lviv, Ukraine.

Ladies and Gentlemen. Excuse me for not speaking English, which I have not yet learned well enough, although I think I will be trying to learn it faster.

I will be brief. In the first part of this seminar, the results of shock therapy in the economic and social life of Russia were described extensively and from various standpoints. I think that the experience of Ukraine and the other countries that will be presented in this second part are no less interesting and very indicative in many respects, insofar as the economic experiments being conducted in those countries—in many respects inhuman experiments, I would say—and used by some forces to discredit the very idea of these countries' independence, defy common sense and require a serious analytical approach.

The economic condition of Ukraine today is even worse, even graver than the condition of Russia. This is the case, despite the fact that three years ago serious, authoritative, and I believe rather realistic circles in Germany, especially several German banks, were of the opinion that Ukraine had significantly better chances of exiting from the crisis than did the other countries of the former U.S.S.R., including Russia. What happened? How did Ukraine not only fail to embark on a healthy economic reform, but rather get into what is happening now, which even the International Monetary Fund criticizes as absolutely untenable economic and political activity?

Who is organizing this inhuman policy? Alas, unfortunately, the one who has actually carried out the political and economic experiments in Ukraine is the President of the

country, Leonid Kravchuk. But who inspires and organizes this policy, if it is so insane that even the IMF rejects it? Sadly, it is rather well known persons. Among the foremost advisers of the President, we may find the Ukrainian emigré to Switzerland Bohdan Havrylyshyn, who is a leader of the Club of Rome.

The harshest and most insane political views of the Club of Rome are being introduced into the economy of Ukraine. First of all, this means profoundly entropic social processes. Among these are the reduction of science-intensivity, the reduction of Ukraine's science and its economy; lowering of the portion of highly productive processes in the economy; and the country's shift essentially to the level of a banana republic.

If we look at the results of this policy, we can see that Ukraine unfortunately might become the first country where malthusian theories lead to their most absolute results. It has already been mentioned that Russia is experiencing population shrinkage. In Ukraine, this process could be observed already ten years ago. Today, the reduction of Ukraine's population is proceeding at a terrible rate. Moreover, this is not only because of natural mortality and a falling birth rate, but it is due to mortality from disease, poisoning, radiation poisoning, and very high infant and child mortality. The reduction of Ukraine's population has reached a level that may be compared with genocide against the people—and before too long, perhaps even with the genocide of the 1930s, when between 7 and 10 million Ukrainians were annihilated by the artificially created famine, or with the genocide against the Jews during the Second World War, or against the people of Cambodia.

While international political clubs like the CFR [Council on Foreign Relations], the Trilateral Commission, IREX, and the Club of Rome chose for Russia a system of slow political and economic extinction through the introduction there of one version of shock therapy, without measures for social defense or general economic recovery, in the case of Ukraine it was deemed that even this was not enough. Today, Ukraine is essentially being dissolved. In many smaller Ukrainian-Russian or CIS institutions at the level of agencies or ministries, virtually the entire activity of the Ukrainian government amounts to seconding what has already been decided and adopted in Moscow, Minsk, or Washington. It

is clear that this policy corresponds to concrete decisions by the great world empires, but not to the needs and necessities of Ukraine.

The tragedy of Ukraine is that while moving to independence and its own new statehood, it was unable to free itself from influences and leaders of the past. The criminalization of the old communist leadership in Ukraine hangs today like a sword of Damocles over our 50 million people. The fact that the President of Ukraine launders communist funds in Swiss banks and that this is quite well known to the International Monetary Fund and the Club of Rome and other international organizations, makes it possible for them confidently to manipulate the President himself, the majority of the Supreme Soviet [Parliament], and the national government.

This grave situation appears especially tragic against the backdrop of the events of last year, when a government was being formed in the interest of Ukraine. Although we did not have a good premier a year ago, we did have a number of ministers and political leaders in the Executive branch who were capable and wanted to guide Ukraine out of the dead end of its former communist condition and prevent its decline into total Africanization or Latin Americanization according to IMF prescriptions. But apparently this was far from desirable for many people.

In scarcely three years, Ukraine's powerful scientific capability has virtually ceased to exist. This was science comparable with the scientific achievements of America, France, or Germany. The military-industrial complex is almost completely destroyed, through pseudoconversion, whereby these great high-technology plants now produce irons, frying pans, and so forth. They have not been retooled to produce new radioelectronics, electronic equipment, or computers.

This all aims at turning the country into a second-rate economic wasteland.

Today in Ukraine the question is not even posed of a choice between monetarism and physical economy, as in Russia. For Ukraine today there are two other questions. First, the social survival of people, because not only over half, but rather the overwhelming majority of the population is below the poverty line. A monthly wage of \$10 is now considered not a bad income at all, though some prices in Ukraine today are higher than prices in America. The other question is the survival of Ukraine as a state. Again, this is not the charting of a path between monetarism and physical economy, but a pathway out of the dead end of a criminal economy where Ukraine is today.

Criminality at the state level is the most terrible criminality there can be. Today Ukraine has neither a state-controlled economy, nor private property owners who would be thinking about the economy and its reproduction. Our economy is run by opportunists who are thinking about how to obtain the maximum profit today and tomorrow take that profit and put it in Swiss or American banks.

Parallel with this, it must be said that, thanks to the efforts

of Washington and Moscow, there is, for all intents and purposes, a covert, undeclared war being waged against Ukraine. The disarmament of Ukraine and the transfer of nuclear weapons from Ukraine to Russia, which itself—as we already heard today—is experiencing extreme instability, can only be evaluated as an attempt to present Ukraine to the world as a country that has capitulated in war and is paying tribute to the victor nations.

The liquidation of nuclear weapons and the related nuclear industry was one of the most important links in the destruction of negentropic processes and the increase of entropy and chaos in the social and economic life in Ukraine. As a consequence, we can say, with reference to LaRouche's works in physical economy, that the potential relative population density in Ukraine today is already significantly lower than the country's actual population density. That means that millions of people are literally below the survival line.

What is the way out of this horrific situation in one of the largest countries in Europe? The fundamental internal problem of Ukraine is that the movements and parties should, and many of them are beginning to do this, expose the criminal essence of the current leadership in Ukraine, replace it, bring to power a government of national trust, and at least pull the Ukrainian economy out of the condition of being simultaneously completely crushed by the command-administrative system and the anarchy that, paradoxical as this may sound, exists in parallel with it. Only after this, when the first economic steps have been taken, shall we be able to talk about Ukraine making a choice between monetarism and physical economy, between liberalism and constructive democracy.

I think that democratic organizations around the world, including the Schiller Institute, could help us a lot in working out such a concept and disseminating it. At the same time, there could be measured political pressure on the governments of the big countries, including the United States, to curtail the unconstructive pressure being exerted on Ukraine today. In the future, I really would prefer not to represent Ukraine as a testing ground for inhuman economic experiments. Unfortunately, this is what we have today both from Washington and Moscow on the international level and with the domestic leadership in Kiev.

Forgive me for concluding my presentation on a less than cheerful note. I would like to hope that at the next conference or seminar I will be able to say more pleasant and cheerful things. Thank you.

Ponomarchuk: Ukraine a 'banana republic'

Dmytro Ponomarchuk is a city council member in Kiev, Ukraine, and director of Rukhpress.

Ladies and gentlemen, we are grateful for the invitation to take part in this event. We have been working with the Schiller Institute for some time and we have seen that this is not only interesting, but holds some promise.

Taras Chornovil, like his father, talks very fast. Because his father, Vyecheslav Chornovil, is the leader of our movement, the leader of the opposition, he rarely gets the floor, but when he does get to the microphone, he says everything and he says it very fast—and he says what's essential.

I have only ever seen one banana tree in Ukraine. It is in the botanical garden. Nevertheless, Ukraine may already today be called a banana republic. Because there are bananas in Ukraine today; large quantities of them are imported, while bread lines may be seen almost every day.

Before 1913, Ukraine was considered the breadbasket of Europe and supplied grain to half the countries of Europe. Today we have what we have. Those are not my words, but the words of the Chairman of the Supreme Soviet of Ukraine, Ivan Plyushch. The next-to-the-last premier of Ukraine, Leonid Kuchma, used to say: Tell me what to build and I'll build it. This gives you some idea of the leadership of Ukraine. About the President, Taras Chornovil has already told you.

Meanwhile, Kravchuk meets with Kissinger and this is portrayed in Ukraine as a great achievement of our foreign policy. . . .

Here you have the role of the World Bank, the IMF, and various firms which are waiting for the crisis of the Ukrainian economy to reach zero and Ukraine to come crawling on its knees to the rulers of the international system of finance and distribution of influence and beg for help. Ukraine is not quite ready for that. Its rich resources and capacities are keeping it afloat so far. Approximately half the black-earth

EIR White Paper on crisis in ex-USSR

EIR News Service, Inc. is pleased to announce the release on March 14 of a White Paper, the proceedings of its February 1994 seminar in Washington on "The Effects of IMF Shock Therapy on Russia and the Newly Independent States." The document includes full transcripts of the reports by the anti-IMF opposition figures in Russia, Georgia, Latvia, Ukraine, and Armenia, including academic authorities, elected officials, and scientists, who gave a unique picture of the devastation which has resulted from western policies since the fall of the Berlin Wall in 1989. To order, send \$10.00 for each copy plus \$1.50 for postage and handling (add \$.50 postage and handling for each additional copy) to: Russia White Paper, EIR News Service, P. O. Box 17390, Washington, D.C. 20041-0390.

zone of the entire former U.S.S.R. is on Ukrainian territory. We are the European leaders in output of manganese and some other ores. Ukraine still produces a fair amount of steel, which is exported in slabs, not further processed in Ukraine, but sold right away at the lowest prices in the world. But even this income has enabled us to fend off social unrest in the Donbass and other coal and steel regions of the country.

A worker receives a monthly salary that converts into as much as \$30 in world prices. In science and education, the wage is up to \$15-20. Pensioners get closer to \$8-10.

Ukraine and its people are still exploited, having suffered for 300 years and only in 1991 obtained independence on paper. Each person received the right to be independent of his homeland, independent of his obligations to her, and to seek happiness in other worlds. The best minds are leaving and the mafia plugs the holes in the economy, replacing the economic ties that have been broken. As I have already said, sooner or later there will be an attempt to bring Ukraine to its knees.

Hope may still be placed on our patriots, on the opposition National Rukh movement, which is appealing to the minds and hearts of the people to finally say no and to fiercely resist those who would swallow Ukraine, that tasty morsel of Europe.

Such forces do still exist. The latest example is the upcoming March 22 elections to the Supreme Soviet of Ukraine. During the first month of the electoral campaign, Rukh and others who would like to see changes in Ukraine have shown some strength. On Jan. 15, the leader of the electoral campaign staff of the Ukrainian opposition forces, Myhailo Boichyshyn, disappeared without a trace. This morning I confirmed from Kiev that he has not yet been found. These are the conditions under which Ukraine is approaching the elections, but this consolidates the patriots.

We think that even if we do not secure a majority, we will not permit the western forces I have mentioned—who are using Russia for their purposes—to strangle Ukraine, having established a bridgehead in the Crimea.

I have an interesting quotation from one of the people running for the Supreme Soviet, who said, "The West's policy toward Ukraine is calculated to make citizenship in the dominating country the most precious and sought-after property." Thus citizenship should become a commodity on the free market of passports. He said this half a year ago, but then the day I left Kiev for America on this visit, one of the biggest newspapers in Ukraine published an announcement that the U.S. State Department is conducting a special emigration lottery. Any Ukrainian can take part for \$100 and win the right to work and take up residence in the United States. I believe that it would be difficult to think up a more terrible crime against a nation which is trying to establish its statehood after three centuries of occupation. Only antichrists could propose to sell for \$100 what was given by God.

Thank you for your attention.