

May, rather than at the end of June, meaning a summer vacation of three months rather than two. A key indicator of the increasing impoverishment of the average family, which one will not find in any statistics, is the fact that now, as a rule, schoolchildren are sent off in the summer to the villages, for three full months in many cases, to stay with relatives on the land, so that the parents (or parent, as the case may be), don't have to buy food for the child in city shops. The money is better saved and then spent for the critical winter months. This phenomenon is one example of the resourcefulness which will allow families to somehow get through the coming winter.

'Hot' autumn

The political side of the crisis will become quite hot, starting in September, when Parliament resumes session. On Sept. 1, the next round of heavy increases in rent, water, and utilities prices will take effect, under the IMF austerity policies. It is expected that food prices will rise, on average, about 20% overnight. This comes on top of a year of incredible inflation. For example, a loaf of bread that costs 9-10,000 karbovantsi back in May-June 1994, now costs 38,000. So, for bread, the basic of basics, a fourfold increase in about a year.

In expectation of the drastically heightened social crisis coming, the Parliament on July 6 passed a resolution mandating that 35% of the 1996 budget go for social programs. It should be noted though that Parliament also agreed that the 1996 budget deficit should not exceed 6% of Gross Domestic Product, in conformity with IMF-dictated "guidelines." Nonetheless, major fights between government and Parliament are shaping up, especially on the question of privatization.

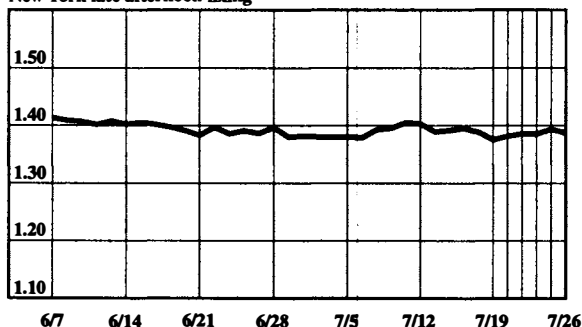
While, under conditions of crisis, changes and reversals in government policies are quite possible in the months ahead, as of now, the regime is committed to an acceleration of privatization. Shortly before Parliament recessed for the summer on July 14, the government's State Property Fund created a commission to begin, for the first time, preparing large industrial plants for privatization. The fund issued a first list of 12 large plants, including mining, coking facilities, machine-building and instrument-making plants, a rolling mill, and a diesel engine plant. Also, just as Parliament was recessing, President Leonid Kuchma issued a decree allowing the private ownership of non-agricultural land, i.e., a private real estate market.

In Ukraine, as in Russia, the matter is not one of government versus Parliament as such. There is a raging intra-institutional policy battle, in all branches of the state. One cannot underestimate the impact to date of the policy ideas put forward by the Schiller Institute, and most strikingly in the June visits of Lyndon LaRouche and Helga Zepp-LaRouche to Moscow, Warsaw, and Kiev. This impact will grow during the critical months ahead.

Currency Rates

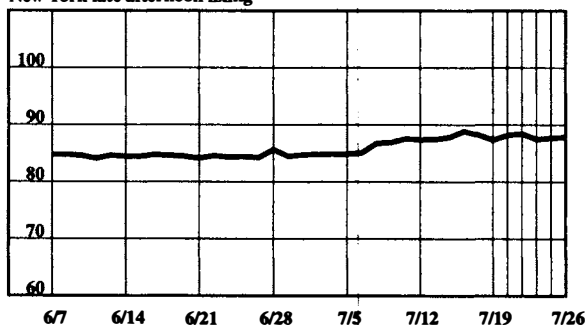
The dollar in deutschemarks

New York late afternoon fixing



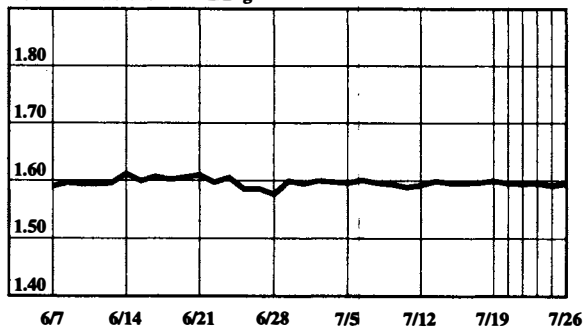
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

