

believes that it is likely that Yeltsin will be compelled to change course, as it becomes obvious that the “reform” policies aren’t working: “It’s always like that in Russia. We smash our heads against the wall, and only then do we begin to realize we should go another way.”

Also on Jan. 14, the Russian Institute of World Economy and International Relations (IMEMO) released a 50-page study warning that Russia will be plunged into a “mafia-style economy” if Yeltsin does not abandon the shock-therapy track. IMEMO head Vladlen Martynov stated that Russia runs the risk of becoming a “post-industrial economy” with hyperinflation, collapse of industrial output, and huge job losses, if the shock therapy monetarism continues.

Sachs’s free market mafia

For the moment, though, the Sachs group is certainly in control of the direction of policy in Russia. This group consists of eight non-Russian official advisers to the Yeltsin government, from the United States, Britain, Sweden, and Poland. Aside from Sachs, there are three others in an “inner core” around Gaidar, including Swedish diplomat Anders Aslund; former IMF official David Lipton, who now heads the office of Sachs’s consulting firm in Washington; and André Schleifer of Harvard. A second group consists of the London School of Economics’ Richard Layard; Stanislaw Gomulka and Jakov Rostowsky, two Poles, the former at the LSE and the latter at the University of London’s School of Slavonic and East European Studies; and Marek Dombrowski, former first deputy prime minister of Poland. On Jan. 14, Polish television reported speculation that ousted Polish Finance Minister Leszek Balcerowicz, Sachs’s clone in Warsaw, would soon become a consultant to the Russian government.

With the backing of the International Monetary Fund and Group of Seven, which insist on radical “reforms” as a condition for aid, this group began to make inroads into the Yeltsin government back in September 1991, not long after the failed August putsch. Then in early November, Sachs made a trip to Russia, immediately after which the little-known Gaidar was given the powerful position of running an economic super-ministry in the Russian government. Earlier, Gaidar had been with the Soviet Academy of Sciences’ Institute of Forecasting.

According to one London source who has been in regular contact with London cohorts of Sachs, the Sachs group is “passionately opposed” to all forms of “dirigism” and to the American System of Political Economy, associated with the names of Alexander Hamilton and Germany’s Friedrich List, and with Russia’s Count Sergei Witte, who promoted List’s ideas at the end of the last century. “They reject the idea that the government can come up with a coherent approach to national investment. . . . They insist that any List-type plan, a dirigist approach, would only benefit the previous, communist-era managers of the economy. . . . They are very impassioned, in an ideological way.”

EC finally recognizes Croatia and Slovenia

by Umberto Pascali

On Jan. 15, the 12 countries of the European Community recognized Croatia and Slovenia. After 74 years, Yugoslavia, the artificial geopolitical body created by the Treaty of Versailles, has ceased to exist.

The U.S. administration, and particularly Deputy Secretary of State Lawrence Eagleburger—the author of the policy of non-recognition at any cost—were defeated and isolated, as were former U.N. Secretary General Javier Pérez de Cuellar and his “special envoy” Cyrus Vance, whose cynical slogan was that recognition was “too dangerous.” Finally, this is a clear blow to the “new world order” of George Bush.

Other countries are joining in the recognition, including Canada and Austria. Switzerland, Poland, and Bulgaria will do so soon. A turning point, according to observers, was the decision by the Vatican on Jan. 13, two days before the deadline established by the EC, to “send a message to the republics of Croatia and Slovenia recognizing their independence and sovereignty.” That diplomatic step boxed in certain European countries, notably France and Great Britain.

The Serbian “federal” government of Belgrade responded by firing its ambassador to the Vatican, despite the fact that the Vatican had underlined that its recognition of Croatia and Slovenia was not to be interpreted as a hostile act. The patriarch of the Serbian Orthodox Church personally blamed the Pope. Two hours after having been fired, Ambassador Ivica Mstruko received a telegram from Zagreb asking him to represent the Croatian Republic instead. He agreed.

Recognition does not in itself end the war. According to several reports, Bosnia is preparing for a possible explosion with Serbia. The republic is swarming with Serbian Chetnik irregulars, mostly from Montenegro, and with Army soldiers. Serbia has accepted the latest U.N. cease-fire for only one reason: It controls one-third of the Croatian territory.

Germany is for the moment the only country that has exchanged ambassadors with Croatia and Slovenia, and has indicated its readiness to recognize Bosnia and Macedonia also. France is still insisting that there cannot be a formal exchange of representatives because the “human rights” of the Serbian minority must be better guaranteed. Serbian Deputy Foreign Minister Dobrosav Veizovic said that the recognition “does not mean an end to the continuity of Yugoslavia.” Croatian representatives noted that neither Russia nor the U.S. intend to recognize the new republics. “Will this be peace or the beginning of a more ferocious war?” they asked.