

Showdown nears over IMF policy in Russia

by Konstantin George

On April 6, when the Russian Parliament convenes, a showdown is expected between the present government and the parliamentary leadership and numerous deputies who have been demanding the resignation of Deputy Prime Minister Yegor Gaidar.

On March 25, Gaidar was attacked by parliament president Ruslan Khasbulatov and Russian Vice President Aleksander Rutskoy for his submission to International Monetary Fund dictates. Gaidar is supported by President Boris Yeltsin and Yeltsin's inner circle of advisers, led by Gennady Burbulis, and, till he resigned March 31 in protest over what he termed the ever-increasing attacks on "members of the government" by the Parliament, Russia's other deputy prime minister, Sergei Shakhrai.

A forced resignation of the entire Russian cabinet and even Yeltsin from his post as prime minister is possible before April ends. The IMF will deliberate on whether to admit Russia and other republics as members by April 29 when the IMF Interim Committee meets.

On March 25, the Russian government suddenly postponed for six weeks the planned April 1 total lifting of price controls on oil and other fuels. The backdown came after angry attacks on this move from the other key republics of the CIS, namely Ukraine, Belarus, and Kazakhstan. The postponement was announced after a meeting on the fuel price between Russian Economics Minister Aleksander Nechayev and leaders of Kazakhstan in the city of Uralsk.

IMF blackmail escalates

The pressure on Russia to cave in to IMF austerity conditionalities has escalated. On March 30, U.S. Treasury Undersecretary David Mulford arrived in Moscow for talks with Gaidar and others in the Russian government on how to accelerate implementing the IMF program. As quoted in the March 31 London *Guardian*, Mulford told Gaidar and his team: "You have made a very substantial positive beginning, but it is still not a comprehensive program of the sort that will be introduced when a full standby program is agreed to," adding that agreement to an IMF standby program was the inescapable precondition for Russia receiving any international credits. In other words, the already imposed vicious austerity, which will produce at least 6 million unemployed by year's end, even by the heavily understated late March

admission of Gaidar himself, is for the IMF, "only the beginning," and failure to accelerate the crimes means an international credit embargo.

The IMF shock therapy policies already imposed by Gaidar and those to come, should they prevail, threaten to convulse Russia into an unending downward spiral of chaos, opening the path to the Russian future predicted by Henry Kissinger in a syndicated column published on March 30: "We should be prepared for a return to a new despotism, closer to Franco's Spain or Pinochet's Chile than to Stalinism." Kissinger used the column to again advance his demand that no aid be granted to Russia or any of the other post-U.S.S.R. independent nation-states.

The IMF policies carried out by Gaidar not only are ruining Russia, but form the gravest security threat to its newly independent neighbors. All must still share the ruble as a common currency, and none can, in the short term, escape a heavy dependence on trade with Russia. Because of this, for Ukraine, Belarus, and other independent republics, the effect of the Russian government's near-total price liberalization is like living on the ground floor of a multi-family dwelling, where one neighbor occupying the entire second floor insists on placing the stopper on his bathtub drain and then runs the bath water full blast 24 hours a day. Under such conditions, no "measures" taken by the downstairs tenants can stop the flood, unless one party or the other leaves the building. With the ruble as common currency, the Russian price de-control had to be followed by the other independent nations, to avoid a mass buying up of their ruble-dominated goods at prices of 2-5% of the new prevailing free market price in Russia.

The other prong of the Mulford mission to Moscow was meant to apply IMF pressure to keep Ukraine, Belarus, and other independent nations hostage to the Gaidar policies by remaining in the ruble zone. This was heralded in an April 1 *Frankfurter Allgemeine Zeitung* article on his Moscow talks, headlined: "IMF: The Russian Reforms Do Not Go Nearly Far Enough," and subheaded, "Concern over a go-it-alone on economic policy" by the non-Russian republics. The article stressed that the Mulford IMF team expressed "great concern" over the non-Russian republics going it alone, through "erecting trade barriers and leaving the ruble zone."

As Mulford was arrogantly dictating to Russia a recipe for national suicide, the Russian backlash against this ruinous course was growing by the hour. On March 30, St. Petersburg Mayor Anatoly Sobchak delivered his strongest attack to date on the IMF, saying that the IMF prescription for Russia is "not a stabilizing factor, but a fiasco," and demanding instead that the Russian government start listening to Russian economists. In late March even former economic advisers to Gorbachov, such as Bogomolov and Petrakov, complained that the Russian government was listening only to the IMF. The March 30 *Izvestia* nervously warned that a "palace revolution" could happen during April, where Yeltsin could fire Gaidar, Burbulis, and the whole shock therapy crowd.