

World Bank tightens noose on Russia; resistance grows

by Denise Henderson

The outcome of the policy brawl which is now raging among Russia's ruling circles will determine whether or not Russia will survive economically, politically, and strategically. The central issue is that the leadership is facing an economy which has become more and more thoroughly destroyed over the past year, thanks to the policies of Harvard's punk "economist" Jeffrey Sachs and the austerity conditionalities of the International Monetary Fund (IMF). At the end of 1992, official unemployment in Russia, due mostly to the shutdown of state-owned industries, was up to at least half a million.

On Jan. 26, Arkady Volsky, the head of the Russian Union of Industrialists, who is close to Prime Minister Chernomyrdin and some military-industrial circles, made public his opposition to Sachs and the IMF policies. In an article which appeared in the Paris daily *Le Figaro*, Volsky stressed that the Union had been formed to "defend the interest of industrialists" and that now, in the 1990s, the group's main activity is to lobby, both within Russia and abroad, for the "reinforcement of the International Union of Industrialists" which latter exists in 20 countries, including the 15 nations of the former Soviet Union, Poland, Bulgaria, Hungary, and the Czech and Slovak republics. The International Union's aim is to "reestablish relations between manufacturers" that were broken apart when the Soviet bloc's economic organization, the Council for Mutual Economic Assistance (known as Comecon) collapsed. The collapse of Comecon, in his view, is responsible for 60% of the collapse of production that has occurred in the recent period in the former Comecon sector.

Volsky added that "no foreign model, no foreign experience can fit Russia," because of Russia's unique history, as

well as its specificity of experience, its immense territory, and its particular problems of infrastructure development.

Volsky and the other members of the Union, which largely represents state enterprises tied into the military-industrial complex, have thus indicated that they will not sit still much longer for what Speaker of the Supreme Soviet Ruslan Khasbulatov has called the "Latin Americanization" of Russia which he said "has taken place in the sphere of economic reforms this entire year."

Euthanasia for a nation?

It seems, however, that rather than sensing the potential for revolt against their economic programs, the western financial institutions are now moving in to implement a second phase of their destruction of the Russian economy, this time in the guise of "financial aid" from the World Bank, which held an open house to announce its permanent mission in Moscow the week of Jan. 18.

On that occasion, the head of the World Bank mission, Ardy Stoutjesdijk, was introduced to the Russian business community. Stoutjesdijk, from Holland, likely sent chills up and down the spines of the Russians present, when he announced that "the government of Russia . . . may have no choice" other than to accept the "drastic measures" being proposed by the World Bank. Stoutjesdijk's analogy was carefully chosen from the medical field, in which the Dutch have become leaders in the practice of euthanasia against their sick and elderly. In the Netherlands, even pre-adolescent children have the legal "right" to choose "assisted suicide" rather than medical care. Stoutjesdijk told the packed press conference that "in Dutch, we have a proverb that says

that for some medical conditions there are no alternatives but drastic measures. And unfortunately this is the case in economics as well. . . . The government of the Russian Federation may have no choice” but to accept financial aid from the World Bank and the International Monetary Fund—on the conditions offered. Although he did not say so at such a polite gathering, these conditionalities will destroy what remains of Russia’s economy in both the private and state sectors.

Target: the oil industry

Khasbulatov’s term “Latin Americanization” is most relevant here. In this instance, the World Bank is aiming at Russia’s oil industry, which, most experts agree, could be highly profitable, if it were to receive badly needed investment in equipment and processing facilities. But Stoutjesdijk’s aim, as has been the aim of the IMF and World Bank in breaking up Mexico’s state-owned oil company Pemex, is to increase energy prices inside Russia, to force an internal decrease of consumption of energy, while raising Russia’s selling price of oil within the former Comecon countries.

As Stoutjesdijk explained it, “We find that in many countries, particularly in countries that produce oil, the prices charged for energy are often extremely low. This has several economic disadvantages. If the price is excessively low, we tend to get overconsumption. And in a country such as Russia, for example, consumption of energy is much higher than in other countries of a similar level of income.”

In the mind of a financial bloodsucker such as Stoutjesdijk and the international financial interests that he represents: “The problem with that is that oil or gas is a commodity that one can easily sell in the international market. If a lot of oil is consumed domestically beyond what is really necessary, less is available for export. And that means that less foreign exchange is available to purchase other efficient or useful things. We therefore often talk to governments about the desirability of increasing energy prices from time to time. Particularly, if the government is interested in having the World Bank finance extended oil production.”

“We fully realize that this is often very difficult,” continued Stoutjesdijk, but “we also know that it is very desirable.” He admitted, “These discussions then often give us pretty bad publicity, because we are often accused of not being sensitive to the consequences of higher energy prices on the consumer.”

Stoutjesdijk is not proposing to increase Russia’s infrastructure so that it could work out state-to-state deals with other former Soviet republics such as Latvia, Estonia, Lithuania, Armenia, and other former Comecon countries which need energy; rather, the World Bank’s parasitical operations require that only those countries that can afford to meet the bank’s outrageous conditions receive energy; as for the others—they can simply freeze to death. To add insult to injury, Russia will never receive a dime from such an endeavor; all

profits will go to the World Bank to pay it back for its “help” in putting Russia’s petroleum industry back on its feet.

Enough is enough

As Lyndon LaRouche emphasized on Jan. 27 in his weekly interview “*EIR* Talks with Lyndon LaRouche”: “The Jeffrey Sachs policy for eastern Europe and the former Soviet Union is not only not working and could never have worked, but is causing a kind of patriotic nationalist backlash against the West, throughout the hardliners, as not limited to but reflected by the military leadership.

“Russia’s military leadership and many Russian voices are saying that the Anglo-American empire is collapsing, that the United States is rapidly disintegrating as a world power, will not have power much longer, and are saying that therefore, while they are in reduced circumstances strategically, yet they have reached the point that they are no longer going to tolerate in 1993 what they freely submitted to, withholding all their objections, in 1990, 1991, and 1992.”

“Thus,” warned LaRouche, “Clinton faces the fact that the Russian Empire is coming back *rapidly*, and coming back because U.S. policy and Anglo-American policy toward the entire world, including the former Soviet Union, over the past years, 1990 through 1992, has been *criminally stupid*. They have done all the things they should not have done. They have thrown away the greatest opportunity in 20th-century history for some kind of world stability and security. They blew it! And Clinton is coming in apparently continuing to adhere to the Bush policy. And with that circumstance, with the U.S. economy collapsing, the Russians, knowing it, say, ‘We don’t have to put up with this any more. We’re now going to start coming out in the open.’ Therefore, Yeltsin is under tremendous pressure from this faction in the Russian establishment, which is saying, ‘We won’t put up with it anymore.’ ”

It is that strategic outlook which must inform any economic overtures to Russia on the part of the western nations. The way out of the world economic mess is not going to be for the United States to continue to support a World Bank and IMF whose policies have already turned large sections of Africa into a graveyard and are having the same effect in Ibero-America. The way out, rather, is to support the joint development of Europe and Asia, particularly Asia; to put an end to the superpower games of breaking up into ever-smaller pieces the former Soviet Union. Such a plan will ultimately backfire, since the Russian military-industrial complex recognizes that it will gain nothing by destroying its own economy internally.

In such a strategic situation, LaRouche’s proposal of a Paris-Berlin-Vienna Productive Triangle for high-technology infrastructure and industry development is the means for avoiding a return to a Cold War, which could rapidly escalate into a world war—with the IMF and the World Bank largely to blame.