

Ukraine, ignored by West, is under the gun of economic disaster

by EIR Staff

Ukraine, a nation of 53 million people that has some of Europe's richest soil, formidable industrial potential, and the world's third largest nuclear arsenal, is in the throes of economic disaster. Like Russia, Ukraine during the past two years implemented an economic reform based on the decontrol of prices, without a perspective for rebuilding the national economy. Ukraine has felt the additional crush of Russia's hiking of prices to world levels, and demanding convertible currency payments, on its oil and gas exports to Ukraine, which were previously subsidized within the Soviet system. While Moscow has demanded political concessions—affecting territory, economic independence, and military forces—for any slightest alleviation of these terms, western countries press Ukraine to give up its nuclear forces, for the sake of arrangements worked out between the West and Moscow.

Upon hearing a report from a Schiller Institute delegation that visited the Ukrainian capital of Kiev in early November, Schiller Institute founder Helga Zepp-LaRouche commented on Nov. 13:

“If you take a look at the Ukrainian tragedy, it is very clear that either our policy [for economic development as the basis for peace] will be implemented very quickly, or it is going to unfold in an unbelievable catastrophe. Ukraine, which the West completely ignores, is right now undergoing a gigantic economic collapse. I will compare the economic figures to Russia's so that you get a picture, knowing the catastrophic situation in Russia.

“In the last seven months, the budget deficit in Russia increased, 5%; in Ukraine, 12%. The amount of paper money increased 2.3 times in Russia, 3.6 times in Ukraine. Inflation in Russia is 21% per month, 50% in Ukraine. Income in Russia averages \$49.20; in Ukraine \$16.20 [per month]. Ukraine therefore is now experiencing hyperinflation.

“Nothing is moving, because the Parliament is controlled by the old communists. The government is naturally also the old bureaucracy, riddled with corruption.

“There is a gigantic dependency of Ukraine on Russia, for oil and gas. The retail trade is also dependent. The shops are completely empty, as in Albania.

“Right now, the government is saying there will be elections in March. It is probable that it will come to an explosion long before that. Various scenarios are being discussed: One is that the democratic opposition wins, and then Russia will take that as a pretext to start ethnic conflicts and civil war. Then Russia would take that as a pretext to say the nuclear weapons are in danger, and they will move in, and that will be a catastrophe.

“Or, they prevent the democratic opposition from winning, and put in an even weaker leader than [President] Kravchuk, and then just absorb and swallow Ukraine back into some form of a new Soviet Union.

“This will not be accepted by the Ukrainians. They have not forgotten the genocide committed by the NKVD [Stalinist secret police], where 50,000 people were killed, a thing which was, for a long time, blamed on the Nazis, but it was actually done by the NKVD. That was on top of the 8 million people starved by Stalin, as a means to wipe out the Ukrainian population. And at that time, in the 1930s, Great Britain said no, we can't make that public, because this would ruin our relationship with Moscow. And [Franklin] Roosevelt, in 1934, recognized the Soviet Union *after* all of this was known.

“It is quite understandable that the Ukrainians are completely desperate. They're especially *sick and tired* of hearing that the only subject being discussed from the Russians and the West, all the time, is the nuclear weapons. Their attitude is that this is the only thing they have left, and if they give this up, they will be finished. Thus we are sitting on a powderkeg. This can go out of control. Civil war can erupt.

“It would be *so easy* for the West to remedy the situation. For example, the United States could relieve the dependency of Ukraine from Russia in terms of oil, by giving them oil from Texas or the Middle East. But obviously, this is not the case, and therefore, we need a global change.”

Ukrainian political leader Vyacheslav Chornovil and economist Volodymyr Chernyak both spoke for publication in *EIR* about the consequences of the ill-conceived economic measures adopted so far, and the disillusionment in Ukraine with “liberal capitalist” prescriptions from the West.