

## IMF pressure is driving Russia toward civil war

by Rachel Douglas

The sight of ailing Russian President Boris Yeltsin, appearing on TV on Oct. 17, to fire Gen. Aleksandr Lebed as head of the Security Council, brought home to millions of Russians what happened in last summer's elections: They elected not a President, but a continuing time of strife, verging on civil war. Yeltsin signed the decree in front of the cameras (lest it be claimed he hadn't signed it), after days of furious scandal-mongering, counter-accusations, and coup threats among the top figures in Moscow, including the Russian Armed Forces.

An economic crisis, more severe by the day, is driving the political turmoil in Moscow. Lyndon LaRouche reported to a U.S. national TV audience last June 2, after his visit to the Russian capital in April, that "the country is on the verge of an explosion. They have only one option, and that is to get rid of the International Monetary Fund." But the IMF, which dispatches a delegation to Moscow every month to approve or disapprove the Russian government's performance and decide whether to release the latest \$300 million tranche of its current loan to Russia, is fanning the flames.

The Sept. 28-Oct. 1 IMF annual meeting, where IMF Managing Director Michel Camdessus again admitted that the international financial system is on its last legs, was attended by a hefty contingent of Russian officials: First Vice-Premier Vladimir Potanin, Central Bank chief Sergei Dubinin, Vice-Premier and Finance Minister Aleksandr Livshits, and Minister of Economics Yevgeni Yasin, all close associates of the IMF's darling, Anatoli Chubais, chief of the Presidential Administration. The Moscow daily *Nezavisimaya Gazeta* was headlined Oct. 5, "High-Ranking Russian Functionaries Satisfied with Their Visit to Washington; Implementation of the IMF's Demands, However, Threatens the Existence of Russia."

The group received only a \$159 million World Bank credit (to "develop the securities market"!), but returned to launch a tax-collection assault on Russian industrial firms. On Oct. 11, Yeltsin decreed creation of a new tax collection agency, the Temporary Extraordinary Commission, or Ve-Che-Ka—the original name of the KGB secret police in the Soviet Union, in Lenin's day!

Our correspondent in Russia asks, "When the IMF comes to dictate conditions to Germany, will they set up a collection commission and call it the Gestapo?"

Thomas Wolf, the IMF's representative in Moscow, told the press how happy he was with this innovation, and the *New York Times* editorialized that now the IMF can better "hold Russia to exacting fiscal standards."

Pyotr Mostovoy, head of Russia's State Bankruptcy Committee, announced Oct. 15 that bankruptcy proceedings would begin against three oil companies, an aluminum plant, and two auto firms, unless they pay 1.3 trillion rubles (\$240 million) of tax arrears within a week. The debtors are the oil firms Tatneft and Purneftegaz, the Krasnodar oil refinery, aluminum producer Achinsky Glinozemny Zavod, and car manufacturers Moskvich and KamAZ (located in Tatarstan). They paid under 20% of their taxes due in the first six months of 1996, Mostovoy said. The 185 largest firms owe 12 trillion rubles (\$2.4 billion) to the federal budget and more than 25 trillion rubles (\$5 billion) to local budgets.

### No economy, no taxes!

Behind the agitation about Russian tax collection is the disintegration of the economy, during nearly five years of deregulation and looting called "reform." Yes, Yeltsin eased tax demands on regions and firms last winter, as part of his

reelection effort. But, wrote Academician Leonid Abalkin Oct. 8, the search for tax evaders is no "fundamental approach" to lack of revenue. If the military, science, and social services aren't financed, and there is an overall payments crisis (30% of transactions in Russia are carried out by barter), then companies and institutions don't pay wages or collect payroll taxes, and can't pay taxes. There is no revenue base to support the functions of government.

In the draft 1997 budget submitted by Prime Minister Viktor Chernomyrdin's government (already rejected by the Duma, or parliament), Russia was to borrow \$9.2 billion on foreign markets, while spending \$9.2 billion to service the foreign debt. "There will not be one spare cent," wrote Abalkin, "to be invested in the Russian economy." Russia also owes billions to the Moscow banks of the *nouveaux riches*, which bought short-term government bonds at triple-digit interest, tiding Yeltsin over before the elections.

Economist Sergei Glazyev, as Lebed's economics desk chief at the Security Council, made the same point. He proposed radical state intervention, to promote a process of investment in the real economy, decoupled from the speculative markets. This did not accord with the agenda of Chubais or the IMF. Hours after Lebed's ouster, Glazyev resigned. (For more on the views of Glazyev and Abalkin, see *EIR*, May 31, 1996, "Russia, the U.S.A., and the Global Financial Crisis," a roundtable discussion in Moscow between LaRouche and Russian economists; and "Growth in a Transitional Economy," an analysis by Glazyev.)

### The payments crisis persists

But the payments crisis won't go away. On Oct. 21, workers at two of Russia's nine atomic power stations stopped work for an hour, though by law they are forbidden to strike, to demand payment of back wages for June through October.

Russian Health Minister Tatyana Dmitriyeva said that, during the first 10 months of the year, the health care sector received only 38% of funds due from the national budget. According to Nikolai Gerasimenko, head of the Duma's Committee on Health Care, Russian medical institutions are unable to deliver even minimum services.

At an Oct. 23 press conference during his visit to Moscow, Secretary General George Weber of the International Federation of Red Cross and Red Crescent Societies, said that "30 to 40 million vulnerable people in Russia need help during the country's transition." That is nearly one-third of the population: the elderly, the homeless, and the disabled.

In Chita Province, where pensions have not been paid in over three months, conditions may be called "famine," said an Oct. 15 article in *Moskovsky Komsomolets*. It quoted a letter provided by Duma member Sergei Kalashnikov, chairman of the Committee for Labor and Social Policy, from a parent there: "I have five children. For three weeks now we have had nothing to eat at all. We live on oil cake and mixed fodder. The children are fainting from hunger. Please help."

### Hot autumn

At a press conference the night of his dismissal, Lebed charged Chubais with running an illegal regency for the sick Yeltsin, and warned of a "hot autumn." Asked to elaborate, Lebed cited the most dramatic wage demand of the month, a letter published in *Nezavisimaya Gazeta* on Oct. 19 and attributed to "the collective of officers of the General Staff" (the coordination body of the Armed Forces).

Whether or not it is authentic, the text expresses the rage of Russian patriots at IMF-induced economic devastation. The officers demand payment of all back wages by Oct. 25, or else. "We command sufficient forces and means, to force the Kremlin gentlemen to drop their plans." The "plans," identified as crushing Russia's military leadership as a prelude to putting the country under UN rule, are attributed to "the trans-Atlantic sponsors of the Kremlin."

The publicity given this letter by pro-Chubais TV stations, linking it to Lebed, seemed designed to bolster charges from Internal Affairs Minister Anatoli Kulikov and others, that Lebed was planning a coup. But the document gained credibility, when Chief of the General Staff Marshal Mikhail Kolesnikov was shifted to another post on Oct. 20, and there was a shakeup in the command of the Airborne Troops.

Lebed, who ran third in the Presidential elections (after which he got the Security Council post from Yeltsin, who needed his supporters' votes in the second round), is launching a new political movement.

Yeltsin set up one more structure to run Russia: a Consultative Council, consisting of himself, Chernomyrdin, Federation Council Speaker Yegor Stroyev, and Duma Speaker Genadi Seleznyov, a Communist Party leader who helped grease the chute for Lebed's slide from office. Chubais will be attending CC meetings in Yeltsin's place, until after the latter's heart bypass surgery, scheduled for mid-November.

As we go to press, however, there are more demands for Yeltsin to step aside. Gen. Aleksandr Korzhakov, ousted as Yeltsin's chief of security, and lately a political ally of Lebed, told the London *Guardian* in an Oct. 23 interview, that "Chernomyrdin must take the reins," as Yeltsin is unable to govern. He charged that Yeltsin was a prisoner of his daughter, Tatyana Dyachenko, the partner of Chubais in the "regency." "Why is the Chubais regency so dangerous for Russia?" asked Korzhakov. "We have a regent with a President alive, this is extremely dangerous. . . . I wouldn't like things to get to a level of popular revolt, but events are moving this way by themselves."

In the Oct. 22 issue of *Komsomolskaya Pravda*, Korzhakov was seconded by another close Yeltsin aide of the recent period—Nikolai Yegorov, fired as Yeltsin's chief of staff in July, to make way for Chubais. The President, Yegorov alleged, "is remote from reality." Like Lebed at his press conference, Yegorov identified Moscow financiers Boris Bezrovsky and Vladimir Gusinsky as key backers of Chubais in the current power struggle.