

Leaders from eastern Europe call for a New Bretton Woods Conference

On Nov. 5, *EIR* held a seminar in Bonn, Germany, on the theme, "For a New Bretton Woods System." The keynote speakers were Lyndon and Helga LaRouche; their speeches were published in *EIR* on Nov. 21. Here, we publish speeches by two leaders from eastern Europe, Dr. Natalya Vitrenko of Ukraine, and Dr. Jozef Miklosko of the Slovak Republic.

Ukraine must reject IMF shock therapy

by Dr. Natalya Vitrenko

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Nineteen ninety-seven is almost over. For Ukraine, this year was, and is, the year of a permanently deepening crisis: accompanied by growing unemployment and an ever-more sharply collapsing living standard of our population—alongside a simultaneous downright lavish luxury in the parasitical institutions.

All of this is the lawful result of the "reforms," which were carried out by the International Monetary Fund, which has been ruling, unimpeded, in Ukraine since the middle of 1992. On June 3, 1992, the Ukrainian parliament ratified the membership of our country in the IMF, while at the same time the government of Ukraine (that is, the current President Volodimir Lanoviy) signed the memorandum on the policy of economic "reforms."

For a "bowl of lentils"—only \$400 million—over which they rubbed their hands together gleefully, in anticipation of extensive profits—the President, parliament, and government

have put these "reforms" into effect under the dictatorship of the IMF. That has meant: immediate free floating of prices along with the rate of our currency; immediate free trade, instead of the previous state regulation of foreign trade; the beginning of a development, which led in the shortest time to an undifferentiated privatization of nearly all enterprises in the country; drastic cutting of social programs; along with immediate ending in practice of any state support for agriculture, and of the sectors of our political economy controlled up to that time by the government.

The lawful result of these "reforms" was the collapse of the national product of Ukraine, which sank about 60% if you compare 1990 with this year! Of the 22 million jobs which existed then, now, actually only about 9 million are left; like a snowball, the sum of unpaid debts grows—in September 1997 the total was almost \$2.5 billion; the volume of production has permanently collapsed, and not only in the military-industrial complex, but also in all other areas of industry.

One example: in light industry, production has sunk about 85% in the few years of these "reforms" against the population. Yet the President, National Bank, and government dare to celebrate the "stabilization of the currency," and to point to 1997 as the year of "stabilization of production," as the success of their "reforms."

With each year and month, the IMF and World Bank plunder the Ukrainian economy more intensely—and this is totally unconcealed. One need only read the secret document which sitting Minister President Sergiy Tigipko prepared for Speaker of the parliament Olexandr Moroz in April 1997, which included the conditions which the IMF had attached to the guarantee of a regular credit in the range of \$2.5 billion—this was, by the way, a secret document, because it was not made known in any official location; the Ukrainian population only learned of this through publication in our party's newspaper!

The foreign debt of Ukraine will have risen by the end of 1997 to \$12 billion, that is, our country must raise about 9% of the national product for the servicing of the debt. Surely one must say, that in the first half of 1997, already 90% of the debts counted in the whole year had been serviced—although within this time government receipts amounted to only 35% of the necessary total budget! That is, the government proceeded according to the motto: It's all the same whether Ukrainians go hungry or die; the chief thing is that we pay our debts to the Western financial institutions.

The government and the parliament have been able to fulfill only 38 of the total 41 conditions in the aforementioned secret document from April 1997, which they had agreed to.

The miserably low wages and incomes, which were paid out—at that, several months late—have led to a situation where the population of Ukraine finds itself living under conditions where a social explosion is no longer to be excluded. Should the other demands of the IMF be fulfilled—to raise rents and charges for public services nearly 100%, i.e., to practically double them, while 60% of families cannot pay the current prices—then the situation in the country will surely explode.

Also, the fulfillment of the IMF's demand for the sale of land is already leading toward a social explosion. Up until now the government has not ventured to realize these drastic measures.

The IMF demands therefore could not all be fulfilled—and therefore the promised money was also not delivered. Ukraine did not receive the regular credit of \$2.5 billion, but had to content itself with a 10 times smaller “stand-by credit.” Naturally, that did not suffice to cover the budget deficit, which led to a situation where the political crisis intensified yet further.

Now our parliament is facing a new phase of forceful measures in connection with the agreement to the 1998 budget. An IMF delegation is again in Kiev, undoubtedly with the intent to bring the situation fully under their control this time—which naturally makes the President of Ukraine, Leonid Kuchma, very nervous.

President Kuchma has already tried to prevent the orderly conclusion of the ongoing election campaign in Ukraine—a practice which our population could take as a last chance to put through fundamental changes in peaceful ways—in that he postponed the signing of the election law until Oct. 22, 1997, while the election campaign should properly have been in full swing by Oct. 11. And, when he finally signed the law, he could not resist the temptation of blaming it all on the parliament; merely because the majority of the members had not agreed to the budget cuts proposed by the government, the IMF refused to extend the promised credit of \$2.5 billion.

But the government is searching feverishly for foreign donors, because the budget deficit is rising relentlessly. Yet this increase will proceed still further, because the government refuses to make any changes in its ruinous economic policy and demands undifferentiated privatization, like the deregulation of industry, with an utterly maniacal stubbornness. The government has published nothing different as the axiomatic beginning of its new action program for 1998. There it—shamelessly—starts from a threefold increase in the numbers of unemployed since 1996, but is not tired of promising workers and renters that it will pay all the still outstanding wages and incomes.

The numbers in the accompanying table, drawn from government figures, paint a horrible picture in respect to the decline of the population figures, and prove that a national catastrophe is being prepared in Ukraine. It is now already clear, that the numbers for the year 1997 will make this picture even gloomier.

And exactly for this reason, the progressive forces of our

TABLE 1

Demographic data on the national catastrophe in Ukraine, 1990–96

Category (units)	1990	1996	Change
1. Population (millions at year-end)	51.9	50.9	-1.0
2. Fertility (births per 1,000 population)	12.7	9.1	-3.6
3. Mortality (deaths per 1,000 population)	12.1	15.2	+3.1
4. Infant mortality (deaths of infants under 1 year per 1,000 population)	12.8	14.3	+1.5
5. Deaths by murder and suicide (per 100,000 population)			
a. Men	46.3	76.4	+30.1
b. Women	13.4	17.4	+4.0
6. Mortality of working-age people (per 100,000 population)			
a. Men and women	453.3	652.6	+199.3
b. Men	697.7	1,027.4	+329.7
c. Women	190.3	247.5	+57.2
7. Disease (per 100,000 population)			
a. Tuberculosis	31.8	45.8	+14.0
b. Syphilis	6.0	150.9	+144.9
c. HIV infected	0.01	11.3	+11.29
d. AIDS	0.002	0.28	+0.278
e. Alcoholism	8.5	21.6	+13.1
f. Substance addictions	6.6	25.3	+18.7
8. Life expectancy (years)			
a. Total population	70.7	67.3	-3.4
b. Males	65.9	61.7	-4.2
c. Females	75.1	72.9	-2.2
9. Hospital beds (thousands)	700.3	551.4	-148.9
10. Medical doctors (thousands)	227.1	205.6	-21.5

society cannot put up with the existing regime and its economic policy. Thence these forces have strengthened their political efforts so that the chance for a change in the oppressive situation through a victory in the elections next year can be made use of. These elections, in which all officers, from city councils up to members of the national parliament, will be newly elected, occur in March 1998.

The Progressive Socialist Party of Ukraine, which I lead, has prepared itself scrupulously for these elections, and has entered an electoral alliance with the Workers Party of Ukraine and the Ukrainian Renters Party. We would fundamentally change the current inefficient government and Presidential system, end the corruption in the state institutions once and for all, and again introduce the rule of law, so that a strict control over justice and law is guaranteed.

Moreover, we would drastically change the course of economic policy. The unfair deal with the IMF must be summarily renounced; instead, we would introduce comprehensive measures for the protection of Ukrainian manufacturers, for the creation of millions of jobs, for the fastest possible raising of living standards for our population, as well as the guarantee of fairness in production and distribution of our nation product.

We hope that we can win this election, and that humanism and justice will triumph.