

Specter of extra-constitutional 'emergency' haunts Russia

by Konstantin George

As of now, the first days of September, Russian State Duma elections are scheduled for Dec. 19, 1999. The three electoral slates best situated to cross the 5% vote level for entry into the Duma as a bloc are the Fatherland-All Russia alliance (ex-Premier Yevgeni Primakov and Moscow Mayor Yuri Luzhkov), the Communist Party-led "For Victory!," and Grigori Yavlinsky's Yabloko, which has been joined by ex-Premier Sergei Stepashin. The first two of these three reject the radical monetarist policies that have ravaged Russia since 1992 (see *Documentation*). It is no surprise, therefore, to hear the drums beating once again, as in 1993, for resolving the power struggle in Moscow by political trickery or extra-constitutional means.

A rumor has swept the Russian media, and surfaced in Western press organs as well, that Boris Yeltsin will resign as President, turning Prime Minister Vladimir Putin into Acting President for three months. The Duma (lower house of parliament) elections would then be combined with early Presidential elections (which are otherwise scheduled for Summer 2000), allowing Putin to win in a quasi-coup, as other candidates were unable to mount effective campaigns in the short timeframe.

With the post-Yeltsin era fast approaching, the Yeltsin family and close allies have their backs to the wall and they know it. Rash actions on their part cannot be ruled out. Alongside the new scenario, an old one is still alive for Yeltsin to declare a state of emergency, citing either the war in the North Caucasus or domestic terrorism, and thus kill the election process.

Lo and behold, on Aug. 31, a bomb went off in an underground shopping mall in the Manege Square, right by the Moscow Kremlin. At least 41 people were wounded in this outrage, five of them critically. An FSB (internal security) official was quick to say: "We do not rule out a terrorist attack. The shopping center is near the Intourist Hotel, which was bombed four months ago," and security at the Kremlin was immediately tightened. Prime Minister Putin ordered an investigation.

The next day's news updates fit the "state of emergency" scenario like a glove. The police found leaflets at the site, from a "Union of Revolutionary Writers" (RWU) that claimed responsibility for the act. The leaflets, also found at the Hotel Moskva on Tverskaya Street (the main street of Moscow), proclaimed: "Revolutionary Terrorism Will Be-

come a Part of Everyday Life." RTR TV reported on Sept. 1 that the terrorist group's Internet Web site names one Dmitri Pimenov as leader of the RWU. The bombing may be but the first of a series of attacks in Moscow and elsewhere in Russia.

The military conflicts that could provide a pretext for declaration of a state of emergency are still live: Heavy fighting in Dagestan, around two villages held by Wahhabite rebels; and the involvement of Russian ground forces in helping to suppress the Islamist rebel force in southern Kyrgyzstan which is threatening to invade Uzbekistan can no longer be ruled out, according to a statement by Defense Minister Igor Sergeev, before he departed Moscow for Uzbekistan on Sept. 1 to hold talks on that situation.

Early election rumor highlighted

The early election rumor exploded internationally on the pages of the Italian daily *La Stampa* of Aug. 31, in an article by its Moscow correspondent, Giuletto Chiesa. Citing FSB sources, he wrote: "It seems that after one week of secret meetings, the idea matured inside the Presidential Administration. Only missing is, apparently, Yeltsin's approval."

According to Chiesa, the plan would include "a solemn television statement by Yeltsin" to be read, in his words, "absolutely before Sept. 9: Why? Because this is the date beyond which it would no longer be possible to unify Presidential and parliamentary elections. The [Yeltsin] Family strategists . . . aim at transforming the defeat into a more or less orderly withdrawal, allowing them to save all their belongings. Current Premier Vladimir Putin would, according to the Constitution, take the powers of head of state, would run the elections, and be a candidate himself." Chiesa noted that Putin would also be in charge of the state media, meaning two main TV channels, and of counting the votes.

The rumor first surfaced in print in *Moscow Times* on Aug. 21. An article by historian Roy Medvedev intimated that Yeltsin would resign, making Putin Acting President. Under the Russian Constitution, new Presidential elections must be held within three months of a President's leaving office. In those three months, former FSB chief Putin, as Prime Minister and Acting President, would have almost unlimited power. Medvedev duly noted that Putin then would have, for example, the power to give a Presidential amnesty to Yeltsin, members of Yeltsin's family, and their associates.

In the *Moscow Times* of Aug. 26, political scientist Andrei

Piontkovsky wrote that Yeltsin would resign and choose a day for early Presidential elections that would cause the most discomfort to his political enemies, such as holding Presidential and Duma elections simultaneously on Dec. 19. This would create severe complications for leading Presidential contenders, such as Luzhkov, Primakov, and CPRF head Genadi Zyuganov, who head or are placed high on Duma electoral slates. Piontkovsky wrote: "Watch Sunday, Sept. 19. On that day, the President could suddenly start to feel a dramatic decline in his health, and decide to resign — which would automatically make Putin President for three months. We, as usual, will learn of this the following Monday morning."

Yeltsin family desperation

La Stampa accurately portrayed the desperation of the Yeltsin family. Chiesa asked about the Yeltsins, in the event the existing Constitution is honored: "Where do they go? External allies: zero. Internal allies: either compromised (like Anatoli Chubais and Viktor Chernomyrdin) or divided. The right wing risks even failing to be elected to the Duma. They do not have a strong Presidential candidate and will not get one. They have been cornered and can only surrender."

Russian media, such as *Izvestia* in an Aug. 31 article by political analyst Vyacheslav Nikonov, suggest that all the "reformist" parties and blocs running for the Duma elections risk falling below the 5% hurdle. That goes for Our Home Is Russia, led by former Prime Minister Viktor Chernomyrdin and Vladimir Ryzhkov; the New Force of former Prime Minister Sergei Kiriyenko; the Right Cause of former government

leaders Yegor Gaidar, Boris Nemtsov, and Anatoli Chubais.

Nikonov projects that the People's Republican Party of Aleksandr Lebed and Vladimir Zhirinovskiy's ultra-nationalist Liberal Democratic Party of Russia would hover just at the 5% threshold. If elections were held now, in his evaluation, only the three forces mentioned at the beginning of this article would be certain to enter the new Duma.

Desperation in the Yeltsin camp is further evidenced by what could be called the Boris Berezovsky "Flying (Electoral) Circus." This financier, a crony of the Yeltsin family, spent part of late August jet-hopping across the vast expanses and time zones of Russia, covering European Russia, the Urals, Siberia, and the Far East, to try to convince regional governors to form a new bloc of governors to side with a planned Putin candidacy. This would be a counterweight to the "All Russia" component of the Fatherland-All Russia alliance, All Russia having been initiated by Governors Yakovlev of St. Petersburg and Shaimiyev of Tatarstan. Berezovsky's "Flying Circus" was described by Chiesa: "The complicated pilgrimage in the air, by Boris Berezovsky, who in a few hours, without sleeping, flew from Moscow to Krasnoyarsk [Governor Lebed], to Kemerovo [Governor Tulayev], to Nizhni Novgorod, to Kursk [Governor Rutsokoy], and other regions [including Yekaterinburg and Khabarovsk], in the desperate attempt to found a movement of (regional) "strongmen," with Aleksandr Lebed, Aleksandr Rutsokoy, Aman Tuleyev, and others. . . . But he received only refusals."

Should the Yeltsin crowd try to implement the early combined-election scenario, it will have to move fast. September

Schiller Institute on Russian radio

The desire in Russia for sane economic policies sets the stage for ever-increasing attention there to the ideas and proposals of Lyndon LaRouche. Russian translations of two books by LaRouche, *So, You Wish to Learn All About Economics?* (1992) and *Physical Economy* (1997), are popular among scientists, parliamentarians, and high-ranking government officials in Russia, Ukraine, Armenia, Georgia, Belarus, and other Commonwealth of Independent States countries, while his articles in the *Bulletin* of the Schiller Institute for Science and Culture (Moscow) circulate in printed form and on the Internet.

This summer, a regular radio broadcast began in Moscow: At least once a week, Prof. T.V. Muranivsky, president of the Schiller Institute for Science and Culture, expounds the principles of LaRouche's physical economy in 30- to 40-minute studio interviews on Narodnoye Radio

(People's Radio). He takes call-in questions from listeners during the broadcast, providing additional commentary in support of the principles of physical economy.

As a result, LaRouche's ideas and his principles of physical economy are becoming known in still more cities and regions of Russia. One indication of this is a letter to *Nezavisimaya Gazeta*, published in issue #144, Aug. 7, 1999, by Vyacheslav Vysotsky, from the town of Shakhty in Rostov Province. Criticizing the economic situation in Russia, he objects to the poorly considered proposals by advocates of a new redistribution of property, which could lead to social conflicts. He sees the way out of the situation as follows:

"The concepts of the American economist Lyndon LaRouche should be studied carefully. He puts technological progress at the basis of his doctrine, and thoroughly criticizes the IMF and the World Bank, as well as the development of their policies toward Russia. He has elaborated a program for the economic reform of Russia and the world economy. Because of his views, LaRouche was persecuted by the American authorities and even spent a long time in prison."

will be crucial in determining the political course of events for the entire next year.

Documentation

Glazyev drafts program for Zyuganov's slate

The economic program of the Russian electoral bloc "For Victory!" was unveiled at a press conference in Moscow on Aug. 30, by Communist Party of the Russian Federation (CPRF) leader Gennadi Zyuganov and economist Sergei Glazyev, the former Minister of Foreign Economic Relations and longtime leader of the Democratic Party of Russia. Zyuganov declined to answer directly, whether Glazyev would be one of the lead candidates on the parliamentary slate of "For Victory!," because the slate was still in formation, though he commented that the reporter who asked this was well-informed.

Zyuganov said the bloc was "not a combination of two or three parties," but "an association of prominent personalities, people who are held in high esteem in society," including a handful of provincial governors. He and Glazyev had just taken part in a round table on economics, which Zyuganov said "was attended by leading specialists of the Academy of Economic Sciences." Sergei Baburin, a non-CPRF nationalist who is Deputy Speaker of the Duma (lower house of parliament), is apparently another possible member of the slate.

Asked about the Bank of New York money-diversion scandal, Glazyev stressed that it was not really "money laundering"—just the looting of Russia that goes on all the time: "[It] is the order of the day and just reflects the overall systemic disease of our economy. . . . About \$10 billion has been spirited abroad through a firm, and not even laundered. Such firms, which exist for one day, one week, or one month, and sometimes for years, number hundreds and thousands in Russia. You can find in any town, even a small one, firms that transfer money under faked contracts or open accounts in offshore banks and so on. This is the result of the lack of currency control and of poor performance of the Central Bank."

About financial speculation worldwide, Glazyev said, "Trillions of dollars a day—this is the scale of currency speculation. The technology of the Aug. 17 [1998] crash that we experienced is one variety of how countries are 'paved' with speculative capital; . . . a huge amount of speculative capital enters the country, creates financial pyramids, skims the cream and exports capital. Whereupon the national currency devalues, the securities market collapses, and ev-

everything in the country becomes ten times cheaper for foreign capital. . . . Our program would put a barrier in the way of this process."

It should be possible to work with international financial organizations, said Glazyev, but, he added, "We will not be dictated to by the [International] Monetary Fund. We believe that the debts that Russia has are the joint responsibility of the debtor and the creditor and that the people who have exported tens of billions of dollars from the country and the people who earned tens of billions of dollars at our expense are the same people. One should review these flows."

Raise the standard of living

Glazyev told the press conference that his program aims at "the speediest attainment of steady economic growth, with priority given to raising living standards and increasing the real incomes of the population." Above all, investment must be increased, with "growth of at least 15-20% annually, of investments in the development of production. . . . The creation of a locomotive of economic growth presupposes a growth of investments in priority areas at a rate of at least 40% annually." These high rates may be achieved, he said, by restarting idle industrial capacity and creating jobs for the 20 million skilled people who do not have jobs that use their skills, and the 10 million outright unemployed.

Moreover, "There is the untapped potential of science. The huge scientific potential is practically outside economic policy, and innovative activities have dropped catastrophically." To create incentives for investment in "scientific and technological progress, as the basis of economic growth, presupposes a transition to targetted planning of the budget, the introduction of mechanisms of indicative planning of social and economic development, a serious rise of labor productivity and improvement of the situation in the state sector as the engine of economic growth. It presupposes a maximum tapping of our competitive advantages in the world market."

Citizens' savings should be a "key source of growth of investment in a market economy," but this has been prevented "by dollarization, by the collapse of the banking system." A solution should envisage lower interest rates for productive investments, while "all the measures of state regulation of money flows, the emission of money, the regulation of credits and money supply, should be geared to the development of production and increasing investments and not to the interests of financial speculators." Protective measures to "put an end to dishonest competition from abroad" are in order.

In conclusion, Glazyev stressed the universality of these principles, observing that "any economic growth program that will be offered not only by us, but by our partners and even rivals, cannot be put into practice without a drastic change of the political and economic situation in the country, without cleaning up government from corruption, from the sway of the financial oligarchs, without stopping embezzlement and putting state regulation in order."