

Economic policy will make or break new Commonwealth

by Konstantin George

The historic Brest-Litovsk agreement signed Dec. 8 by Russian President Boris Yeltsin, Ukraine's President Leonid Kravchuk, and President Stanislav Shushkevich of Byelarus (formerly Belorussia), creating a "Commonwealth of Independent States," has not only buried the corpse of a U.S.S.R., dead since the failed Aug. 19 coup, but has eliminated any potential for revival of Moscow Center or supranational structures of any sort. Mikhail Gorbachov announced on Dec. 12 that he would resign, rather than remain the figurehead leader. "The country is being carved up like a pie," he said. "I do not see myself as the guest of honor at a wedding."

A whirlwind of events culminated Dec. 11 in a declaration by the Armed Forces supporting the Brest agreement, declarations by nearly all the republics of the former Soviet Union expressing their wish to join the new Commonwealth, and a showdown in which Yeltsin told Gorbachov to prepare to resign soon. The parliaments of the three Slavic republics ratified their entry into the Commonwealth in short order, forcing even Gorbachov, while maintaining his opposition to the agreement, to concede that nothing could be done to stop it.

Economic crisis looms

The issue of economic policy will make or break the new Commonwealth, under increasingly dire conditions of shortages of food, fuel, and other essential commodities.

The text of the Brest agreement states that Gorbachov and the remnants of the Moscow Center had to go, as the only way to forestall an otherwise certain catastrophe: "We, the heads of state of Byelarus, Russia, and Ukraine . . . certify that the short-sighted policies of the Center have led to a deep political and economic crisis, to the collapse of the national economy and to a catastrophic worsening of living conditions for practically all parts of the population . . . to

social tensions in many regions of the former U.S.S.R., to ethnic conflicts which have produced innumerable victims."

The agreement contained a special section on "coordination of economic policy," which said: "The maintenance and development of the existing close economic relations among our states is a matter of life and death, as is stabilizing the situation in the national economies, and creating the conditions for economic reconstruction. The parties want to implement a coordinated radical economic reform, to create a market mechanism, to transform property relations, and guarantee freedom of enterprise.

"To build their economic relations and accounting on the basis of the existing currency, the ruble, and introduce their own currencies only on the basis of special agreements, which respect the economic interests of other members.

"To conclude a banking agreement to limit the printing of money, and establish an effective control on the money supply. To implement a coordinated policy of liberalizing prices and social protection of citizens. To coordinate foreign economic activities, customs policies, and ensure freedom of transit. Within ten days, to reach agreement on financing the 1992 defense expenditures and a fund to remove the consequences of the Chernobyl catastrophe."

There are several interesting features in this text. The member nations may issue their own currencies, but, in such a way as not to cause new forms of chaos in trade and commerce. The stipulation that "price liberalization" must be first coordinated among the members puts a brake on the attempts by Russia's economics minister, Yegor Gaidar, a stooge of the "shock therapy" school, to unilaterally remove price controls in the Russian Federation. Finally, the clause that the new Commonwealth had agreed to finance the 1992 defense budget was the signal that the crucial agreement of the Armed Forces command to the new Commonwealth had already been procured before the Brest meeting.

Harvard economist Jeffrey Sachs, the whiz kid of the "shock therapy" school, is heading a team that is currently in Moscow to arm-twist Yeltsin to go with his suicidal austerity program—a recipe for mass unemployment, hyperinflation, and the shutdown of what remains of industry and agriculture. At a Moscow press conference on Dec. 12, Sachs complained that there are still two "unsolved" problems: The Russian government has not "dared" to implement wage controls, and it is not clear, with the new Commonwealth arrangement, who is going to control the money supply.

More will join

The Presidents of the three Slavic republics announced that the new Community of Independent States can be joined by any of the former Soviet republics, and will form the political basis for an Economic Union of these nations, roughly modeled on the European Community. The three republics reaffirmed their adherence to central control of, and non-proliferation of nuclear weapons, making these conditions for membership. The decision to locate the league's center in the Byelarus capital of Minsk, the capital closest to central Europe, located along the main rail line and highways between Berlin and Moscow, underlined the European orientation of the new league, and avoided any loss of face for either Russia or Ukraine, the two main parties to the agreement.

The new community will next be joined by Kazakhstan, as announced Dec. 11 by Kazakhstan President Nursultan Nazarbayev. With Kazakhstan's entry, all four republics having nuclear weapons on their territory will then be members of the Commonwealth. This certainly appears to bely U.S. Secretary of State James Baker's comment in a television interview on Dec. 8, that these four republics are "a Yugoslavia with nukes."

The following republics have also said that they will join: Armenia, Kirghizstan, Uzbekistan, and Turkmenistan; the Baltic republics of Estonia and Latvia announced that they wish to join its Economic Union; and Azerbaïdzhan's President expressed his "interest" in joining.

Western hysteria

The demise of Gorbachov produced hysterical reactions by every western power—with the exception of Germany—that has participated in Anglo-American "new world order" fantasy launched with the invasion of Iraq. On Dec. 9, British Prime Minister John Major, speaking from the EC summit in Maastricht, Netherlands, voiced Britain's "deep concern" over the Brest agreement, and announced that he would be holding consultations on the matter with French President François Mitterrand. These talks produced announcements that Britain and France were sending special emissaries to Moscow, Kiev, and Minsk to ensure that the Brest agreements did not lead to "dangers" or "chaos." A similar U.S. mission will occur later in December, headed by Secretary

of State James Baker.

The American, British, and French hostility to the Brest agreements is patent hypocrisy, since, until Dec. 9, these three countries had waged a relentless propaganda campaign about the danger of conflicts, even war, among the three Slavic republics. Now that the republics have united with the goal of political and economic cooperation, the screams from Washington, London, and Paris are intensifying.

Orientation to Germany?

The real reason for the Anglo-American-French hysteria is their adherence to the same geopolitical insanity they embraced in the pre-World War I period. They know that a community of Russia, Ukraine, and Byelarus, interested in developing their respective nations, will naturally, given Anglo-American economic policies, and their promotion of destabilization against the Slavic nations, tend to orient to Germany.

Indeed, even before the Brest agreement, a special emissary of the German government, the first sent by any western country to Ukraine following its Dec. 1 vote for independence, had already begun talks in Kiev with Ukrainian Foreign Minister Slenko and other officials. The three Slavic republics had briefed the German government in advance as to what was planned at Brest, and this advance notice was reflected in the German Foreign Ministry's declaration on Dec. 9, announcing that Bonn was "not surprised" by the formation of the new Commonwealth.

Consistent with this process is the fact that those doing the bidding of the Jeffrey Sachs crew and the International Monetary Fund have come under heavy attack. As even an article in the Dec. 11 *Financial Times* of London was forced to admit, the IMF is angry that Russia is not prepared to accept many of the humiliating and destructive conditions it is demanding in return for credits. The Brest agreement caused a postponement of at least two weeks in executing one of the IMF's main demands, the lifting of price controls. Before Brest, Russian Economics Minister Gaidar had announced that price "liberalization" would begin on Dec. 16. Now, the date has been put off till Jan. 2, and perhaps longer, because under the Brest agreements, Russia may not lift price controls unless it does so in coordination with parallel moves by Ukraine and Byelarus.

Beyond that, as the *Financial Times* noted, Yeltsin is under pressure from his vice president, Gen. Maj. Aleksandr Rutskoi, and Yeltsin's adviser, Yevgeni Saburov, a former economics minister, "to radically change" the price liberalization program, and "even to dismiss the government," i.e., Gaidar and his group. The Brest agreement had abolished all remaining Union, or Moscow Center, bodies, including the Inter-republican Economic Committee, a move which left unemployed that committee's deputy head, Grigori Yavlinsky, who, next to Gaidar, has been the leading "shock therapy" exponent in the Russian leadership.