

State Dept. officials back Russian 'reform'

by EIR Staff

U.S. Secretary of State Warren Christopher and State Department spokesman Nick Burns have both underlined recently that the United States wants to see Russia continue to support the "reform" policies demanded by the International Monetary Fund. As *EIR* has reported, IMF conditionalities have reduced Russia to bankruptcy, fostering organized crime and creating an explosive political situation.

In a speech at Harvard University's John F. Kennedy School of Government on Jan. 18, Christopher was asked whether "our support for loans by the IMF should be contingent on what we consider to be good behavior" on the part of Moscow. He replied that Russia is a powerful nation, and that the United States has "very great stakes" with Russia. "But at the same time, I think they must understand that if they're to be welcomed into western institutions, if they're to have the support of institutions like the IMF, that they need to stay on the path of reform."

At the State Department briefing on Jan. 17, spokesman Nick Burns said, "We think it is absolutely essential that President Yeltsin and Prime Minister Chernomyrdin reaffirm the reform basis of the Russian government concerning economic reform. We think it is very important that the Russian government continue to work productively with the International Monetary Fund, with the World Bank, and with the American, the German, and other governments who wish it well and who are supporting it, with billions of dollars in international assistance."

Exchange with EIR's Jones

EIR correspondent William Jones asked Burns for further clarification, at the State Department briefing on Jan. 19. Jones pointed out that the Russian Duma (parliament) elections in December were a defeat for those who favored the IMF reforms, so there is a contradiction between supporting the reform and supporting democracy. Here is Burns's reply:

"Well, I'm not in a position to offer political advice to anybody inside Russia. But I am in a position to restate for you, as a way of answering your question, the fundamental foundation of U.S.-Russian relations and, indeed, of Russia's relations with the West.

"Something very dramatic happened on Dec. 25, 1991. A totalitarian empire crumbled, and a new democratic State took its place. And the essence of the relationship between

Russia—democratic Russia—the United States, Germany, Japan, and international institutions like the IMF and the World Bank, is the following: that reform by Russia will be assisted by countries and institutions in the West; that the extent of that reform is important; and the depth of that reform is important.

"What's at stake, right now, for the Russian Federation, is a \$9 billion credit from the IMF, the largest single source of financing that Russia would ever have received. The IMF, of course, expects that Russia will adhere to economic reform, to a stringent budget, and to other economic indicators that have been negotiated with Prime Minister Chernomyrdin and First Deputy Prime Minister Chubais, in the past. We want to see—we, the United States—that \$9 billion credit go forward, because it will support President Yeltsin's economic reforms.

"It's in Russia's interest to continue the economic reforms. It's in all of our interests to see that Russia is integrated with Western institutions.

"Secretary Christopher said, at the Kennedy School yesterday, that that is the strategic objective here; that we will continue our end of the bargain as long as reform continues. But if reform does not continue, then the basis for Western support will have eroded; the political basis, when we think about the reaction here among the American public and the American Congress, and that is certainly true of other governments in the West; and certainly true of financial institutions like the International Monetary Fund and the World Bank. There's a lot at stake. We hope and expect that reform will continue.

"But it is a critical moment, considering the events of the last several weeks, and we're on Russia's side in a sense that we want Russian reform to continue. But if it does not, Russians should not be surprised if those of us in the West have to look at this situation, perhaps, a little bit differently. . . .

"The elections in December were for the Duma. The Russian Executive, the Presidency, and the Executive institutions have not been changed by that election, not by law. The Presidential election awaits. It's in the future, and there is a very—rather dramatic debate under way in Russia about the issues that you raise on economic reform.

"And there's no question that a lot of people in Russia are unhappy about the situation that has unfolded over the last couple of years, but we can only speak for ourselves here. And we, as Americans, believe that the economic reform course set out by Prime Minister Chernomyrdin—President Yeltsin, Prime Minister Chernomyrdin, and First Deputy Prime Minister Chubais—is correct, that it will be to the benefit of Russia. They have to think about support from the international financial institutions and governments, and support from private investors. Private investors will respond to reforms; they will not respond well to a slackening of reform."