On Feb. 14, the Kiev government warned that Ukraine faces an imminent "energy catastrophe." The government announced that it had already been forced to close down "thousands" of enterprises, because of the combined effect of the Russian move and the coal strike.

The IMF and World Bank shock therapy policies imposed on Ukraine cripple any ability to meet the miners' demands and end the strike. The Ukrainian government has announced that it is prepared to meet the back wages. It announced in the first week of February that it had allotted 6 trillion karbovanets ($31.9 million) for that purpose, and by the end of February will allot another 15 trillion karbovanets (about $80 million). However the government, under enormous pressure from the IMF and World Bank, has refused to extend subsidies, and indeed as Prime Minister Evhen Marchuk has said, is committed to shutting down what are called the 24 most unprofitable coal mines. On Feb. 12, he reiterated, and thus provoked the miners' declaration of an indefinite strike, that subsidies "would be catastrophic for the entire economy," and demanded a solution based on what he called "economic realities and not capriciousness."

Compounding the squeeze on Ukraine, in January, the IMF refused to grant the final $700 million tranche due for Ukraine in the ongoing $1.5 billion IMF standby loan. According to the *Financial Times* of London, the IMF may be releasing the $700 million "by early April," a date not chosen at random, as it coincides with the April 4-5 visit of Russian President Boris Yeltsin to Kiev—assuming that visit will not again be postponed. In a desperate attempt to gain early access to this fund, on Feb. 14, Roman Shpek, Ukraine's deputy prime minister for the economy, arrived in Washington for talks on the IMF credit with both the IMF and the Clinton administration. Shpek, a strong supporter of so-called free market reforms, is seeking to emulate Chernomyrdin, to "lobby" the IMF and the Clinton administration for the $700 million. He comes in the wake of an IMF team which left Kiev on Feb. 12, after reviewing Ukraine's budget and its "import payments discipline."

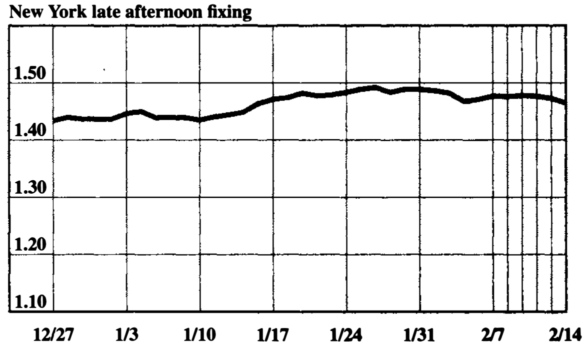
Fueling the government's desperation to risk a full showdown with the miners are the provocative actions of the IMF's twin, the World Bank. The World Bank has issued a report on the Ukrainian coal sector demanding a wholesale closure of mines—according to the *Financial Times* of Feb. 13, "at least half of them, by one estimate." It further calls for "reducing over-manning, freeing coal prices and trade, and overhauling management."

A similar World Bank report has been issued on the Russian coal sector, with the same neo-colonialist demands, namely that about half of Russia's coal mines be shut down, and that this process, as in Ukraine, must begin in earnest this year. This demand has been accepted by the Chernomyrdin government. On this basis alone, the misleading "contrast" between the Russian and Ukrainian situations may very well come to an end before long.

Currency Rates

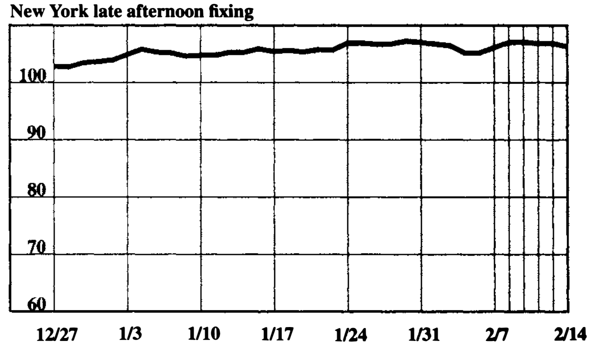
The dollar in deutschemarks

New York late afternoon fixing



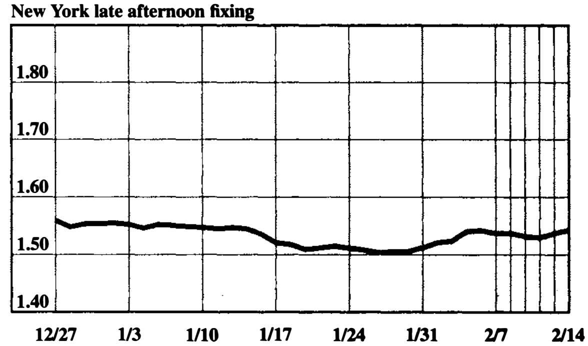
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing