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Interview: Dr. Natalya Vitrenko

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# Our first goal, is to end Ukraine's pact with the IMF

*Natalya Vitrenko, doctor of economics, led the Progressive Socialist Party of Ukraine slate to a victory in the March 29 parliamentary elections, as the PSPU entered the Supreme Rada with 17 deputies. She and Volodymyr Marchenko founded the PSPU, after splitting with the Socialist Party leadership less than three years ago. Dr. Vitrenko has announced her candidacy for President of Ukraine. In February 1997, she and Schiller Institute founder Helga Zepp-LaRouche initiated the "Appeal to President Clinton to Convoke a New Bretton Woods Conference," which they renewed and updated in March 1998.*

*Dr. Vitrenko gave this interview to Karl-Michael Vitt and Anatoli Voznytsa, for EIR, on April 13.*

*For recent related EIR coverage, see: interview with Dr. Vitrenko, "The World Needs a New Bretton Woods," Feb. 6, 1998; "Renew Call to Clinton for Bretton Woods Conference," text of the new statement by Vitrenko and Zepp-LaRouche, March 27; Konstantin George, "Ukrainians Vote Against IMF Policies," April 10.*

**EIR:** Were you surprised, that such a "young" party as yours made it into the Parliament right away?

**Vitrenko:** When we planned our electoral campaign, we set goals that were based on our potential. We could see what kind of organization we had in what places, and knew that we had an organization in 19 out of the 27 regions. In 12 of those regions, our organization already enjoyed some authority, while it was weaker in another seven, where it was formed more recently. Based on the amount of work we were doing, we determined that we ought to get 8% of the vote for our slate, electing around 40 deputies to the Supreme Rada.

In the event, our party did pass the 4% barrier in 10 regions of Ukraine. It is indicative, that the Hromada party [of former Premier Pavlo Lazarenko] only passed that barrier in three regions. The [Social-Democratic] party (SDPU) of [former President Leonid] Kravchuk and [former Premier Yevhen] Marchuk did it in four regions. But these parties had huge amounts of money and a whole army of people working for their victory. Nonetheless, their depth of support is rather less than ours. Therefore, our passing the 4% barrier was absolutely lawful; we knew that, but we also saw that votes were stolen from us, simply stolen, under pressure from the Central Electoral Commission. When the district commis-

sions returned the certification of the vote totals to the precinct commissions, the latter would change them after the poll-watchers had already signed off on them and left. This is why there was such a delay in announcing the results. Our party had 5.13% on March 31. Subsequently, after these delays and some monkeying around with our votes — evidently they were diverted primarily to the NDP [People's Democratic Party of Ukraine, under Premier Valeri Pustovoitenko], the party of power, and to Hromada — we had a final result of 4.05%. We elected 17 people to the Parliament, of whom 14 are from our slate, and three won in their districts. [The Supreme Rada is elected half by district, and half from slates, divided proportionally among parties receiving more than 4% — ed.]

**EIR:** What will the new government look like?

**Vitrenko:** Based on the present situation, the new government will not differ radically from the last one. We took stock of the situation, and proposed to the President that he entrust the formation of a new government to me; to formulate a fundamentally different economic reform policy.

Of course, our first demand to the President is to abrogate the agreement with the International Monetary Fund, because a change in the reform policy will not be allowed in the framework of working with the IMF. The President acted as if he didn't even hear us, and now he is trying slightly to stabilize the situation, by supposedly preparing to replace his Minister of Finance and to reassign his chief of staff to diplomatic work, in order for people to think that something is going to change.

We know that, with an approach like that, there will be no radical change. Insofar as there will be no change, then the crisis will continue to deepen, and the looting of the state will go on. Thus, everything depends solely on how long the social fabric will hold, how long this can continue.

**EIR:** What do the election results mean for the Ukrainian people, and for President Kuchma?

**Vitrenko:** For Kuchma, the results signify the failure of his policy. However he might interpret the results of the election, it is clear that the ruling regime was not supported. Of the three Presidential parties — the NDP, the Agrarian Party, and Working Ukraine — only the NDP got in. It is not known, who is behind the Green Party, which is covertly a Presidential

party. In effect, the votes received by the NDP and the Greens are what can be counted as support for the existing reform policy. All the others are against it. The President may be supported by the NDP (17 from its slate and 13 who won in their districts=30) and the Greens (19 from their slate), which is only about 50 votes, or one-ninth of the Parliament. This means the collapse of his policy.

How the President will come out of this situation, is another question. He will come out of it with convulsions, of course, putting together a bloc of support. He will be supported by Rukh [the People's Movement of Ukraine, under Vyacheslav Chornovil] and the SDPU, because they don't see any other path of development for Ukraine. They simply don't like what the Communists have proposed, not to mention what we propose. Therefore, they will reach an agreement with the President, to support his policy.

For the Ukrainian people, we believe that these elections once again revealed the flaws of the bourgeois Constitution and election laws. It was impossible for there to be a real expression of the will of the people. There was non-stop bribery, blackmail, slander, deception, faking of results, and falsification. This was the case everywhere, at all stages of the process, in all regions.

People could see, and a month from now they will see very clearly, that among those who have been elected to Parliament are representatives of criminal capital, as well as nationalist parties, which, we are convinced, do not reflect the

proportions in which the Ukrainian population's views really break down. The correlation of forces in society is not like that any more. But, some of these people were able to slip through the sieve and into the Parliament.

**EIR:** More and more leaders are speaking out in favor of a New Bretton Woods system — Prime Minister Romano Prodi of Italy, recently, for example — and they are attacking the IMF, for having been completely unable to deal with the Asia crisis. Do you see the end coming, for the IMF?

**Vitrenko:** Indeed, voices are now more often to be heard speaking about a New Bretton Woods system as an alternative to the IMF, although in Ukraine this is blacked out of the information media. The same idea is repeated again and again, that there is no alternative to the IMF.

[Speaker of the Parliament, leader of the Socialist Party] O. Moroz has, in effect, supported the IMF and done everything in his power, for decisions favorable to the IMF to be passed by the Supreme Rada. It was only during the electoral campaign, that he suddenly started talking about how ruinous the IMF's policy has been for Ukraine, i.e., he simply played the cheap card of populism, in hopes of remaining in the Speaker's chair (and dreaming about the Presidential chair, down the road), only to conduct the same old policy. In other words, to serve the IMF faithfully. Such constant lies, such a constant double and triple standard in discussions! This is typical of the well-schooled party nomenclatura [that is, peo-

## LaRouche: Support for IMF policy in Ukraine is 'nuts'

U.S. Deputy Secretary of State Strobe Talbott, writing in the *Washington Post* of April 13, under the headline "Countering a Communist Comeback," expressed "concern" over the Ukrainian Communist Party's gains in the March 29 parliamentary elections. Talbott warned that Ukraine needs "international investment capital and development assistance," but that, "the International Monetary Fund and the World Bank have made clear that they will withhold further support until Ukraine makes progress on some long-postponed reforms. Most important are the restructuring of the energy and agricultural sectors, the imposition of greater discipline in government spending, and measures to control widespread corruption. On her visit to Kiev last month, Secretary of State Madeleine Albright urged Ukraine's leaders to take those hard but necessary steps."

In an interview with "EIR Talks" on April 14, Lyndon LaRouche turned to the U.S. posture on IMF policies in

Russia and Ukraine, including Talbott's column, which was reprinted in the *International Herald Tribune*. "Strobe Talbott, as people should know, is the Deputy Secretary of State. He's an old Clinton friend, and he proposes a policy for Ukraine, which, from my standpoint, is just absolutely nuts. It won't work. And, what appears to be the case is that the United States proposals for the economic policies of Russia tend to go, at least at the moment, in the same direction as Strobe Talbott's commentary on Ukraine.

"That's the situation, that Russia is now being forced, under international pressure, to adhere to a policy which can not work, a policy which, if pressed, would cause precisely the blow-out of Russia, which, in the context of a Japan blow-out, which is very likely, would create a situation viewed by some top European bankers as the combination which can blow out the system.

"So therefore, the only acceptable alternative, if the United States government is sane, would be to give Yeltsin and so forth some slack on this thing, and let the Russian government come to its own discussion on policy, stop having these policies shoved down on it, the kind of thing that Strobe Talbott has proposed for Ukraine."

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ple trained in Soviet-era Communist Party practices—ed.]. If O. Moroz becomes Speaker again, there will be no fight against the IMF in the Parliament.

But in society, the battle is already joined. At meetings in various regions of Ukraine, we told people the truth about the IMF, citing conference presentations, interviews from people in various countries of the world, and we told our listeners, that the IMF has no future.

**EIR:** You and Mrs. Zepp-LaRouche, in February of last year, issued a call for a New Bretton Woods, which was signed by many leaders. What should be the goal of a new financial system?

**Vitrenko:** The world financial crisis is deepening. As a result of the crash of stock markets and banks, Southeast Asia has already lost 40% of its gross product. This means the shut-down of plants, the bankruptcy of millions of people, and social unrest, and this is what awaits other countries in the world in the immediate future.

Therefore, Helga and I again raised our voices in protest, and appealed to Clinton as the President of the U.S.A., which is today the only superpower and the country that has the greatest influence on the IMF, for the forthcoming meeting of finance ministers of leading countries to raise the question of a radical change in financial policy, not continuing the sinister activity of the IMF, but rather shifting toward a New Bretton Woods system. This was the purpose of our appeal. I do not think that Clinton will change his policy in a flash, the minute he receives that appeal, but at least he ought to listen to yet another sober voice, warning him about his personal responsibility before the world public.

**EIR:** Do you see ways for the newly elected Parliament to accomplish constructive work? What would they be?

**Vitrenko:** Immediately after the elections, we held a press conference and announced openly, that we are coming in with the intention of working constructively, to realize the economic program that has been elaborated, and more than 30 draft laws. We are convinced, that the implementation of this program and these laws would make it possible for Ukraine to escape from the crisis. Therefore, we are coming into the Supreme Rada without conflicts, and are not even putting forward our top demand—the impeachment of the President. No, we say to the President, “We are giving you a chance.”

We are prepared to work constructively.

But the first goal, is abrogation of the agreement with the IMF. The second is to hold a national referendum, because all questions now are decided behind the scenes. We demand a national referendum, so that the people may decide for themselves, what socio-economic system they would like to have in the country, and what outward orientation.

For Ukraine, this is essential. While Hromada states in its program, that its strategic partner is the U.S. and it is oriented to the West, we state that Russia is our strategic partner and we orient to the East. We want equal partnership, first and foremost, with Russia and Belarus, which are our markets for manufactures, raw materials, and technology. This should be determined by referendum.

The third proposal to the President, is to replace the government and change the reform policy. Here, too, we are prepared for constructive work. Only in the name of building things. Not destruction, but creation.

**EIR:** In brief outline, how do you see an economic policy for Ukraine that would lead out of the state of crisis?

**Vitrenko:** We begin our anti-crisis program with abrogation of the agreement with the IMF, precisely because the IMF has given credits on condition of carrying out reforms that are organically unacceptable.

Ukraine is a communal country. Communal! Property ownership here has been communal. But the IMF demands private property in industry, in all sectors of the economy, and in land-tenure. The introduction of private land ownership would be the beginning of civil war in Ukraine. Therefore we say: Ukraine must have both state, private, cooperative, and collective property, but this can only work, if there is a radical change in tax policy. The pressure on producers must be lowered, while taxation of wealthy persons (who today pay virtually no taxes to Ukraine) is increased.

We say, that if there is true price regulation, then all forms of property will function. Prices should be frozen, until Ukraine gets out of the crisis. Banks are now charging 50-60% annual interest. Credit is inaccessible for the producer.

The same thing applies to foreign economic activity. Our program calls for a protectionist policy, with only the most critical imports allowed to be imported duty-free or with a minimal tariff.

In order to implement these approaches, it is necessary to

reestablish monitoring and accounting standards. The entire monitoring and accounting system was destroyed in Ukraine. Everything is stolen: domestic investments, foreign investments, local budgets, the state budget, the resources of firms and collective farms. Everything has been stolen! If this avalanche is not stopped, if supervision, and punishment for infringement of the law, are not reinstated, it will be impossible to get out of the crisis.

In parallel with these questions, there are social problems that must be solved. The minimum wage, although it has supposedly been raised to \$20 [per month], bears absolutely no correspondence to the cost of living. Wage arrears continue to mount. They have reached a level of 5.2 billion hryvnias (about \$2.7 billion). There is about a 1 billion hryvnia pension payments debt. This means that pensioners are just left to die. They can't work to earn anything on the side, and their savings from a lifetime of work are not paid out to them, despite what the law says. In other words, social policy in Ukraine is a policy of genocide.

People die in poverty, from straightforward illnesses, from a toothache, because they have nothing to ease the pain and shock; they die of appendicitis, because a rural hospital has been shut down, and the person has no money to travel to the regional hospital. This is simply a crime!

The latest tragedy at the Skachinsky Mine in the Donbass, where more than 60 people died, was entirely a crime of the regime. Right in my electoral district, in Konotop, there is a factory, unique in Ukraine, which produces equipment for capturing methane gas. This factory is jam-packed with produced inventory, but has no market for it, because the mines don't have the funds to purchase it. And people are dying, from these explosions.

It is a vicious circle, for the destruction of the people, the destruction of the economy. Therefore, we think that the faster our program can be implemented, the more Ukraine's people can be saved, and Ukraine may be brought through the crisis with fewer casualties.

**EIR:** Vice Premier S. Tyhypko just returned from the U.S. Do you have any comments on the aim and the results of his trip?

**Vitrenko:** Our vice premier went off again to report to his masters on the work accomplished, and to ask for money. The point is, that complaints from American investors about the situation in Ukraine, have led to the IMF's withholding its standby credit. The IMF did not release the expected credit, so Tyhypko went to beg for it.

Right now, there is an IMF mission in Ukraine, and the government is pretending that order has been restored, that there will be no more embezzlement, and is asking to be saved and defended. The IMF is very unhappy, that budget spending is increasing, and the ceiling on the budget deficit has been exceeded. The size of the budget deficit, in percentage points, doubled during the first quarter, and the IMF

does not want to release money, if the conditionalities are not being fulfilled. Tyhypko went there to put a nice face on a bad situation. I don't think he succeeded. The credits were still not released, after his trip. The people over there understand who Tyhypko is, what he represents, and what the situation is in the country.

Two days ago, I had a live radio interview with BBC in London. They asked me my evaluation of the President's speech at the conference of the Union of Industrialists and Entrepreneurs of Ukraine (USPP), regarding changes in Ukraine's economic policy. I said on the air, that it was all a bluff.

The political games are continuing in Ukraine, and meanwhile everything is looted. In order to stop the stealing, order and accounting would have to be restored, which nobody is doing. The USPP will not change anything. I spoke very bluntly on this broadcast, to which the BBC commentator replied, "Very good, thank you very much." And I understood, that I had said the worst thing possible for them, that they were afraid I was going to start discussing the looting.

I said that quite precisely, and I think that the IMF, seeing our estimates and those of others, is drawing the conclusion that the regime will have to be toughened up here. It is no accident that such a fervent anti-communist as Z. Brzezinski, has commented that, after these elections, the President will

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have to choose: democracy, or the Parliament. I see this as America preparing President Kuchma to dissolve Parliament, understanding that this Parliament is not going to make life easier for Kuchma, or the implementation of his economic policy more painless.

The Parliament, however it might be composed, will demand budget spending for the spring planting, and to pay wages and pensions, which means an increase on the expenditure side of the budget. It will demand changes in tax policy, in favor of the producer, which does not correspond to the IMF's orders, and so forth.

Therefore, the threat of Parliament's being dissolved does exist. The international community should not allow it. Dictatorial regimes should be warned at the moment they are being formed, not after they carry out mass executions. Therefore, all progressive forces of humanity should present Kuchma with an ultimatum now, to change his policy, and not dissolve the Parliament.

The situation in the country is very difficult. If the Parliament is able to get to work, and I think it will—Ukraine is, after all, a member of the Council of Europe—it will be necessary to concentrate all efforts and attention on the Presidential elections. We understand that there is no possibility of abolishing the office of the Presidency, given the current line-up of forces in the Parliament. Therefore, the future of Ukraine depends on who is President. If it is Kuchma again, that will be a catastrophe. Ukraine will not survive his second reign. There is no reserve strength in the economy. It just won't survive. That's all there is to it.

**EIR:** Thank you very much for your interview. We wish you success in your work in Parliament.

**Vitrenko:** Thank you.

## Tasks facing the new Armenian President

by Karl-Michael Vitt

Robert Kocharian, the winner of Armenia's Presidential elections, was inaugurated on April 9. Our sources report that the mood in the Armenian population is one of great expectation. The atmosphere is comparable only to the pivotal period of 1990, when the Soviet Union was dissolving, and Armenia celebrated its independence.

Instead of experiencing improvement of its situation, Armenia plunged into a deep economic depression. The deindustrialization of the country has meant growing poverty

for the majority of the population. In addition, the country is burdened with an \$800 million foreign debt.

International Monetary Fund conditionalities have helped to spread corruption throughout all institutions in the country. The Parliament, the courts, the public prosecutors, the structures that monitor the government, and the municipal governments have become thoroughly corrupted, in the course of the last years under Kocharian's predecessor, Levon Ter-Petrosian.

During the electoral campaign, Kocharian, who was Prime Minister under Ter-Petrosian, clearly distanced himself from the ruling structures and adopted positions that won him support from opposition parties. The struggle against the criminal economy and the reconstruction of industrial capacities, which would provide people with jobs and some hope for the future, became his chief electoral campaign themes. He also declared that anyone who had led the country into calamity, should be brought to justice.

Kocharian, who has the reputation of a pragmatist, will be measured by his first steps. Hrant Khachatrian, who ran for President himself in the first round and supported Kocharian in the run-off, demanded that Kocharian form a consultative political council, on which the various Armenian political forces would be represented. Insofar as the people lack representation through the corrupt Parliament, this advisory council could stand at the President's side as he takes up the most urgent task, the formation of a new government. In response, Kocharian announced that he would broaden the National Security Council; leading political forces in the country would be coopted onto this body in the future.

Now, Armenians await the first steps of their young President.

### Renewed fighting is unlikely

Those who suppose, as the international press constantly wrote on the eve of the elections, that because Kocharian was the leader of the Karabakh enclave—Armenian-inhabited territory that is formally inside Azerbaijan—his election means that the conflict with Azerbaijan will flare up again, might like to play with fire, but they are actually out of touch with reality. Azerbaijan, too, faces Presidential elections this year. In Armenia, the expectation is that scarcely anybody in Azerbaijan will try to launch new fighting with Armenia. There would be little public enthusiasm for it among the Azerbaijani population.

If the new Armenian President succeeds in stabilizing the situation and restoring sovereignty over economic and financial policy, his election will have brought needed stability to the whole Caucasus region. For it to be long-term, will require the creation of a New Bretton Woods system according to Lyndon LaRouche's concept, in which the Caucasus region would be the crossroads of great development corridors from the north, south, east, and west, in the framework of the Eurasian Land-Bridge.