

The firing of Primakov: a step toward World War III

by Konstantin George

On May 12, Russian President Boris Yeltsin fired Prime Minister Yevgeni Primakov, naming Sergei Stepashin, a close ally of former Prime Minister Viktor Chernomyrdin, as acting Prime Minister. The governmental coup was an act of madness, not incoherent with the recently reemphasized demands of the International Monetary Fund (IMF) upon Russia. As an attempt to return to a pre-Primakov type of political dictatorship, enforcing monetarist policies, Yeltsin's action won't succeed, but can rather be a step in the direction of World War III.

By dumping Primakov, Yeltsin terminated ten months of political, social, and economic stability, provided by Primakov and his cabinet since September 1998. The temperate Primakov, together with the economic team led by First Deputy Prime Minister Yuri Maslyukov, had achieved his short-term goal of getting Russia through the winter without mass starvation and social upheaval. The President proposes to replace him with Internal Affairs Minister Stepashin, who combines a record of toeing the IMF "liberal" economic line, while being prone to military adventures as distractions from the awesome Russian economic-social crisis. Stepashin was a leading hawk in the Chernomyrdin cabinet, responsible for the mass slaughter in Chechnya in 1995.

These dynamics are especially dangerous, in the context of the drift toward global warfare generated by the Balkans war.

Stepashin's tendency for military adventures in what Russia terms the Near Abroad, the former Soviet republics bordering Russia, was even invoked by Yeltsin in his announcement of Stepashin's appointment: "He is well known for his successful work in the government, in law enforcement bodies, for his active work in Russia's 'hot spots,' " he said.

Concerning economic policy, Yeltsin's act is an unveiled attempt to throw Russia back into the hands of the IMF-friendly comprador caste, as typified by Chernomyrdin. The

notorious Anatoli Chubais, executor of much of the looting of Russia, sought out the Western press on May 12 to boast that he is making a comeback, saying that he had been in frequent contact with Yeltsin, and praising Stepashin as "a St. Petersburg intellectual [i.e., like Chubais], a doctor of law, a highly educated and cultured person, very rare qualities." The generally pro-Chernomyrdin newspaper *Kommersant-daily* reported on May 13 that "refugees," bankers and businessmen under investigation for thievery, were prepared to flock back into Russia.

Russia is potentially being plunged into renewed economic and financial chaos, simultaneous with a raw political power struggle between the President and Parliament, the outcome of which is unpredictable. When the news of Primakov's ouster broke, the Russian ruble fell by 3%, closing at more than 25 rubles to the U.S. dollar and threatening to go into a free fall. The prices on internationally traded Russian bonds fell to 36% of their face value on May 13, according to the London *Financial Times*, while the rating agency Fitch IBCA announced that Russia was closer to defaulting on \$16 billion of Eurobonds.

Primakov's record

Yeltsin stated that Primakov had failed to reverse a slowdown in "economic and social reforms," and, "measures, drastic or unpopular can no longer be postponed." He elaborated in this vein, "Yes, the government has fulfilled the task it faced. However, the economic situation, as before, is not improving. The question of economic strategy today remains as open as it was nine months ago. Any delays and postponements, I am convinced, would deal a very serious blow today to the stability of the economy and social sphere. This is the main threat on the eve of decisive elections to the State Duma [lower house of Parliament]."

In a parting statement as Prime Minister, Primakov issued



Former Russian Prime Minister Yevgeni Primakov, who had brought a degree of stability to Russia. His ouster, in favor of a return to the IMF-allied compradors who have looted Russia, has ushered in a new and incredibly dangerous era of Russian and world history.

a quiet, but stinging rebuttal to Yeltsin's argumentation. He reviewed how his government, against all nay-saying, had stabilized the situation in Russia last fall, and now had been moving the real economy forward for the first time since the last years of the Soviet Union. The decline in production had stopped. "The Council of Ministers has nothing to be ashamed of," Primakov said, having prevented hyperinflation and stabilized the ruble. Concerning "the social sphere," which Yeltsin complained about, Primakov drily noted that under his government, "the number of strikes went down radically"—raw numbers that document the labor and social stability brought to Russia by his government.

In September 1998, when Primakov took office, inflation hit a monthly rate of 38%. By February 1999, it had fallen to 2.8%, and it remained at 3% in March and April. Inflation, of course, can also be "brought down" by insane monetarist means, but the Primakov policies had brought about simultaneous growth in industrial production—by 1.4% in March 1999 (year on year, over March 1998). In March 1998, the last month of Chernomyrdin's premiership, industrial production was 6.6% lower than in March 1997. Also in stark contrast to the Chernomyrdin era, Primakov had managed more or less

to eliminate state-sector wage and pension arrears.

Primakov's parting words were: "The Council of Ministers has conceived an economic program for the year 2000, and I turn over this program to Sergei Stepashin." Stepashin, for his part, identified only the passage of IMF-demanded tax law amendments, as his top economic priority.

The power struggle

The State Duma has a different agenda. Yeltsin's move occurred one day before the Duma began to debate a vote to impeach Yeltsin. An impeachment drive that most likely would have fizzled, in a geometry of political stability where Primakov remained in office until the year-end Duma elections, now takes on new life. Debate of the IMF-desired tax laws has been postponed until the Duma approves a new government, while the votes on the new government and on impeachment are combined elements of the greatest political confrontation in Russia since October 1993, when Yeltsin dissolved and shelled the old parliament. Nothing can be ruled out in the coming weeks and months.

In terms of an overt coup danger, an urgent warning came on May 12 from Communist Party leader Gennadi Zyuganov. Calling for mass demonstrations of protest against the government's dismissal, Zyuganov said at a press conference: "Forces capable of organizing a coup d'état are active in the country. . . . These sinister plans must be upset by all means. We are sure that Russians are on the side of law and order. . . . We direct an appeal to the military and law-enforcement people, asking them to keep allegiance to their oath and duty, ignore criminal orders, no matter who issues them, and prevent any anti-constitutional actions. We call on the working people, labor unions, and work collectives to remain vigilant, rebuff provocateurs in the most decisive way and prevent them from plunging our homeland into a new civil war. Justice and law must prevail."

Zyuganov also alluded to a big factor driving Yeltsin—his need to protect his corrupt family and its financial oligarch cronies, such as Boris Berezovsky: "The main reason for Primakov's sacking is that those closest to Yeltsin do not want the country to develop normally," Zyuganov said. Until early this year, through control of Aeroflot foreign-exchange earnings by Berezovsky henchmen, and Yeltsin's son-in-law, Okulin, being in charge of Aeroflot, the Yeltsin clan made a pretty penny over the years.

In February, Primakov had declared war against Berezovsky and other financial oligarchs, in the name of national security. Yeltsin has operated to subvert this war, sabotaging, for example, the attempt to have Berezovsky arrested, and finally, in early May, getting the Office of Special Prosecutor to lift the ban on Berezovsky's travelling outside Moscow in the Russian Federation.

Yeltsin's backstabbing of Primakov was evident in the upgrading of Chernomyrdin and Stepashin, whereby Chernomyrdin came back to center stage as Yeltsin's Special Envoy for the Balkans, and Stepashin was promoted to First Deputy

Prime Minister while remaining as Interior Minister. Meanwhile, command changes in the Ministry of Internal Affairs troops, the Internal Forces, during April, brought Stepashin associates into commanding positions. Part of the reality, to which Zyuganov's warnings refer, is this formation of a potential coup command structure, loyal to Stepashin and his group.

On May 13, the liberal daily *Moskovsky Komsomolets* outlined a scenario, under which the Yeltsin regime would impose a state of emergency, dissolving the Duma. Internal Forces were "ready for the state of emergency," the report said, citing the "combat readiness" of Moscow-based elite units. The same paper reported that some Duma deputies spent the night before the impeachment debate inside the Duma building, with stockpiles of food, drinks, and even gas masks, because "a sudden breakout by the President from the stifling confines of constitutionality was not to be excluded."

What transpired in the 12 hours before Primakov's ouster already smelled of a coup. The chronology shows the hand of Chernomyrdin, Stepashin's old boss and close ally, in the sacking of Primakov. On the morning of May 12, the last two listed activities of Yeltsin before his announcement were a 20-minute meeting with Primakov, followed by a meeting between Yeltsin and Chernomyrdin. It was a t \hat{e} te- \grave{a} -t \hat{e} te, not the previously announced report-back on Chernomyrdin's Balkan diplomacy.

Chernomyrdin's involvement is described in a May 12 Itar-TASS dispatch: "Chernomyrdin, who returned here from Beijing on Tuesday night [May 11] after talks with the Chinese leadership on the situation concerning Yugoslavia, reported the results of the talks to Yeltsin from Vnukovo Airport by telephone and headed straight for the Presidential country residence Gorky-9 for a meeting with the President." The next morning, Chernomyrdin was back at Gorky-9 for another meeting — or, perhaps, he had spent the night.

Impeachment gathers steam

A power struggle is now on, between a President whose acts constitute madness, and a Parliament that is now more likely to amass enough votes to impeach him. Duma Speaker Gennadi Seleznyov declared, on May 12, that after the firing of Primakov, he would have no trouble getting not only the 300 votes required (two-thirds of 450) for impeachment, but even 400 votes. To quote Seleznyov: "I think the President made a gross error. Maybe his most serious mistake recently." Already on the evening of May 12, the Duma passed a resolution, by a vote of 243-20, calling on Yeltsin to resign immediately. A Duma statement on this resolution said: "Those who violate their constitutional responsibilities will answer according to the law."

Intertwined with a May 13-15 schedule for voting up articles of impeachment, is Yeltsin's presentation of Stepashin to the Duma for confirmation as Prime Minister. Stepashin will make rounds of the Duma groupings, in advance of debate of his nomination, and its almost certain rejection, on May

19. The legal formula of the 1993 Constitution provides that, if the Duma rejects Yeltsin's nominees three times, he can dissolve the legislature. But, once impeachment proceedings are under way, the Constitution prohibits the President from dissolving the Duma, while the impeachment is referred to the Federation Council (upper house, comprised of regional governors), the Supreme Court, and the Constitutional Court.

Given what Yeltsin's act has unleashed, only a fool could discuss the immediate future, in terms of constitutional and legal niceties and procedures. At each step of the unfolding upheaval, the combination of raw power and the subjective implementation of power by individuals and groups of individuals, will be decisive. A new and incredibly dangerous era of Russian and world history has begun.

Policy fights over Russia at N.Y. seminar

by Edward Spannaus

The May 12 firing of Russian Prime Minister Yevgeni Primakov by President Boris Yeltsin had been widely predicted, and the fight between the Primakov government and the Russian "reformers" (who are now expected to, at least temporarily, come back into policymaking positions) was a prominent theme at a May 7 conference at Columbia University's Harriman Institute on the topic "How Can Russia Recover?"

The conference illustrated the appalling nature of much of what passes for "expert opinion" concerning Russia today, and the willful ignorance regarding what leading Russian economists — those who are not part of the radical monetarist, "reform" clique — are actually thinking and doing.

The opening panel, on the nature of the crisis and the prospects for recovery, was chaired by former U.S. Ambassador to Russia Jack Matlock. There was some reasonable empirical description of the economic collapse in Russia, and criticisms of the shock therapy and of privatization programs, but no one demonstrated any real appreciation of either the true causes of the crisis, or of what the Primakov government was attempting to accomplish. The panelists for the most part portrayed the opponents of the "reformers" as pro-Communist backsliders who yearn to go back to a Soviet-style economy.

And a number of the panelists uncritically repeated the totally unsubstantiated story, put into circulation by reporter Seymour Hersh in the *New Yorker* magazine, that Primakov had taken a large bribe from Saddam Hussein in 1997. This was intended to "prove" that Primakov is just as corrupt as the rest of Russia's leaders.

One of the panelists, Prof. Marshall Goldman of Harvard University, proclaimed that the Russians have now begun "to