Turkic republics vie with economic crisis

by Denise Henderson

The week after the failed coup by Soviet hardliners, the republics of Kazakhstan and Uzbekistan declared their independence from the former Union of Soviet Socialist Republics, thus joining Moldavia, Ukraine, and the Baltic republics of Lithuania, Latvia, and Estonia in doing so.

Prior to the coup, the Turkic republics, as they are known—Uzbekistan, Kazakhstan (the largest and economically the most important), Turkmenistan, Kyrgyzstan (Kirghizia), and Tadzhikistan—signed a communiqué to provide for the economic defense of the Central Asian republics under conditions of "increasing inflation, price increases, and the resultant continuing decline in living standards." The five republics also announced that "the region might resort to protective actions—raising prices for raw material resources—which ultimately would inevitably cause a chain reaction of galloping prices. . . . An alarming situation is developing in terms of providing the population with supplies."

Although such declarations signal a striving for freedom from tyranny, they are also fraught with the danger of opening up these republics to a raw materials grab by the friends of George Bush and Margaret Thatcher.

Promise or danger for the future?

Several features of the Soviet economy have to be understood, in order to see the danger, as well as the possibilities, of freedom for these republics.

Under the centralized economy, the leadership of the Soviet Union for years determined what industries would be located in which republics, directed flows of energy (oil and electricity) into the various republics, and determined what crops a particular republic would grow. One reason that Georgia, a republic which declared its independence in 1990, has been suffering economically, for example, is that Moscow ordered an economic blockade in retaliation, and shut down oil pipelines into Georgia. Rail transport into Georgia virtually ceased for almost a year as well.

Thus, even with independence, it is very much the case, as several analysts have noted, that a new economic agreement will have to be worked out within the Union to guarantee a process whereby foodstuffs and other goods can be distributed throughout the country. The question is, whether such new agreements will be a free trade-style agreement including spiraling prices and depressed wages as well as raw materials looting by Anglo-American companies, or whether the protective trade model of Friedrich List and Lyndon LaRouche's economic proposals for developing infrastructure, which would lead to improved economic distribution, will prevail.

Kazakhstan, for example, has several problems. This year, the harvest has been hit by drought. Estimates are that one combine will suffice to harvest 240 hectares, as opposed to the Russian Republic where the same combine is needed for 100-150 hectares, indicating the smaller crop expected. As well, Kazakhstan and the other republics which border the Aral Sea are faced with fresh water shortages for either irrigation or other uses, due to the short-sighted policies of the central government, which dumped chemical pollutants into that sea and aborted the Ob-Irtysh rivers diversion project, which is designed to provide enough water to allow agriculture to flourish in the Central Asian area. Kazakhstan is also the site of the Semipalatinsk nuclear testing range, where for years nuclear tests above and below ground have destroyed land, people, and livestock. This is a sore spot with the Kazakhs, who have been demanding that Moscow do something about this situation since Mikhail Gorbachov's 1985 glasnost and perestroika pronouncements were first made.

Chevron's demands

From the standpoint of economic assets, Kazakhstan's one advantage is the huge Tengiz oil field. The U.S. oil company Chevron has been trying to conclude a deal over this field in order to begin exploiting this natural resource. But all reports indicate that neither the people of Kazakhstan, nor any projected economic union of Soviet republics, would benefit from such a deal. Chevron is reportedly demanding *at least* a 25% return on investment, and the Soviet press had warned (before the Aug. 19 events) that both Kazakhstan and the center would be left holding the short end of the stick. Profits would pour into Chevron's coffers, not into the treasury of the newly formed republic of Kazakhstan. One of the primary owners of Chevron is George Bush's Pennzoil.

This economic model is the same free-trade model of the *maquiladoras* on the Mexico-U.S. border. Do President Bush's friends wish to import this model into the failing economies of the former Soviet republics? Pavel Bunich, the chairman of the Union of Entrepreneurs and Leaseholders, announced on Aug. 7, "There is the market of the West, there is the market of [North] America, there's the market of South America, there are a number of markets. . . . And suddenly, of these six major markets the eastern market has collapsed, utterly and completely." He called for a "forum of entrepreneurs from eastern Europe . . . to be co-chaired by Margaret Thatcher."

Caveat emptor: Former British Prime Minister Margaret Thatcher and her advisers were booted out in Britain after destroying the economy of that nation.