

Lithuanian elections show danger of bowing to IMF

by Konstantin George and Denise Henderson

The devastating defeat suffered by President Vytautas Landsbergis and his Sajudis Party in the Oct. 25 Lithuanian parliamentary elections serves as a lesson and warning to all patriotic forces in the nations of eastern Europe and the former Soviet Union, that realpoliticking and compromise with the economic "shock therapy" demands of the International Monetary Fund (IMF) inevitably lead to both national economic destruction and the ultimate political defeat of those who make such compromises. The victor was the Democratic Labor Party, the successor to the independent Lithuanian Communist Party, founded in 1990, and led by former Lithuanian Prime Minister Algirdis Brazauskas. This in no way means that Lithuanians have suddenly become "communists." This party won because it is seen by a majority of working urban voters as standing for resistance and rejection of "shock" austerity policies.

In fairness to Landsbergis, his defeat was not solely attributable to his blunders, significant as they were. The western powers, led by the Anglo-American bloc, working together with Moscow, wanted to terminate the era of Landsbergis-Sajudis rule, precisely because it represented a potential that could have later defied and broken with the IMF.

The small Baltic country had already played such a guiding role. It is well understood in Moscow, by those who took part in the resistance to the August 1991 coup attempt as well as no doubt by their opponents, that it had been the example of Lithuanian patriots under the leadership of Landsbergis which gave Muscovites the courage to stand up to Soviet tanks, just as earlier, Lithuanians had risked their lives, and some had died, defying Soviet tanks in Vilnius.

The danger portended by the election results is not only that the trend of a return of communists to power will spread

through eastern Europe, as it has already begun to do. The greatest danger is in Moscow itself, where the anti-IMF posture has been assumed by the staunchest Russian imperialists. If they come to power, the first target of their expansion into the former satellites and occupied territories of Soviet Russia will certainly be the Baltic states, which only recently received official recognition of their independence after 50 years of illegal Russian occupation.

The handwriting for such a reversal is on the wall. On Oct. 30, Russian President Boris Yeltsin followed up a Defense Ministry announcement of Oct. 20, by signing a decree suspending the withdrawal of 130,000 troops from the Baltic nations. He cited the social conditions of Russian troops and Russian-origin people living in the Baltics, as well as the lack of housing for these troops back in Russia, as reasons for this suspension, and demanded that the Baltic governments agree to social security measures for these Russians. Yeltsin pointed to what he called extensive human rights violations of Russians living in the Baltics, which had to be reversed before the Russians would regard the previous agreements reached with the Baltic states as legitimate. He said that future economic relations with the Baltic depended on rectifying these, and said he would be appealing to the United Nations, to investigate "human rights violations" in the Baltic states.

The strategic picture for the West could change rapidly and radically. A senior German foreign policy establishment figure told *EIR* that Germany will seek a new strategic accord with the United States to keep the U.S. militarily strong in Europe because of the emerging "uncertainties" in the East. He pointed to "Great Russian" ambitions in the global order and said, "for this, the Russians need a strategic glacis, and the Baltic states fall into this."

Lithuania hit with an oil embargo

The current rulers in Moscow dealt the *coup de grace* to the Lithuanian economy through a months-long oil embargo, while the West provided no help, not even minimal credits, abandoning Lithuania to its fate. In fact, while officially expressing “astonishment” that Lithuania was not receiving oil from its guaranteed 1.5 million-ton quota, Russian Prime Minister Yegor Gaidar did nothing in the weeks before the election to end the stalling of the Russian firms responsible for oil and gas delivery to Lithuania. In a post-election statement, Landsbergis noted that “Russia actively participated in the elections and did not even conceal it,” he said. “Its economic and political presence was felt.”

Landsbergis, in an interview last July 1, had pointed to the difficulties “of running the country during the period of reforms and economic restrictions, including all the difficulties connected with Russia, which doesn’t pay for our exports, can raise prices or limit shipments at any moment, and declines to negotiate troop pullout or supply guarantees. It is difficult to work.”

Landsbergis has been a thorn in the side of the imperial faction in Russia for quite some time, because he is politically astute enough to realize that Lithuania would have independence only if its citizenry fought to keep it—and only if its “big neighbor,” Russia, rid itself of its imperial designs. “The situation in Russia is very ambivalent today,” Landsbergis said in July. “I have good personal relations with Russian President Boris Yeltsin.” But, he added, “there is also the militant Russia, with vestiges of imperial thinking. . . . Russia must get accustomed to being its usual self without attempting to subordinate its neighbors . . . because a commitment to expansion, to getting others under its own control can hardly be described as a natural *modus vivendi* for a nation, unless this nation is by nature aggressive—but no people want to be regarded as such. The Russian state was a monstrosity in the course of centuries. . . . We must be on the alert when we glimpse other, worse scenarios that are dangerous for its neighbors.”

Era of backlash begins

The Sajudis defeat was not really a surprise. The Lithuanian elections herald a backlash against radical economic liberalization in eastern Europe. Sajudis, which once commanded the support of the overwhelming majority of Lithuanians, received a mere 22% of the vote, while the ex-communists, now Social Democrats led by former Prime Minister Brazauskas, recipients of the protest vote, emerged as the largest party with up to 45% of the vote.

Even these percentages do not fully reflect the extent of the defeat suffered by Sajudis. Under Lithuanian law, half of the 141 seats in the new parliament are chosen, as in the United States, by races in election districts, and half through allocation based on the percentage of the overall vote scored by a party. In the Oct. 25 first round, Sajudis was able to win in only

one electoral district. Its leading election district candidates, such as former Prime Minister Gediminas Vagnorius, were trounced—in the latter case by Brazauskas. On Nov. 8, there will be runoff elections in 15 or more of these districts, but very few of them will go to Sajudis, as two more weeks of bitterly cold weather will fuel even higher popular discontent.

Economic destruction

The destruction of the economy caused by the combined effects of submission to the IMF, a western credit embargo, and the Russian energy embargo sealed the fate of Sajudis. Popular rage was fueled in mid-August by newly appointed Prime Minister Aleksandras Abisala, who began to moot the need for cuts in social security and other entitlement programs. Abisala also proposed abolishing privileges for pensioners, freezing unemployment benefits, and introducing fees for education and medicine.

Using the term “devastation” to describe the economic and social situation inside Lithuania is no exaggeration. One-third of the population is unemployed, about 50% are classified as living on incomes below the poverty line, and most are freezing in apartments without heat and hot water, due to the lack of heating oil. The mercifully moderate winters of the past few years will not apparently will be repeated this year. In the week before the elections and the week after, the average daily high temperature was 0° Centigrade (32° Fahrenheit). At night, temperatures average -10° Centigrade, and it is only October.

Perhaps the most abject indication of submission to the IMF came in a late-September decree by the government, agreeing to the IMF demand that Lithuania “earn a trade surplus” by selling off its livestock. The Landsbergis government had tried to resist this demand, but the IMF had behind it the de facto western credit embargo which intersected a 1992 grain harvest disaster, caused by the extreme drought that hit the Baltic region. The Lithuanian 1992 grain harvest was a mere 1.5 million tons, compared to 3.3 million tons in 1991. A similar plunge occurred in the Latvian grain harvest, and in the third Baltic republic, Estonia, the 1992 grain harvest was only 400-420,000 tons, compared to 930,000 tons in 1991. As early as July 10, the supreme council had declared Lithuania a disaster area because of the crop failures.

Lithuania, one of the key meat and dairy producers in the former Soviet Union, suffered heavily because of the loss of feedgrain stocks. Under these conditions, the Lithuanian government submitted to a wholesale selloff of animal herds—the only alternative was to see them starve to death. Thus, the government allowed the mass export of livestock by farmers for hard currency, beginning a repeat of the “Polish model” destruction of Polish agriculture carried out under IMF diktat in that nation. The new policy plans the export of 283,000 dairy cows, 217,000 beef cattle, 700,000 pigs, and 4 million chickens. Lithuania’s rich food surplus, once the nation’s pride, is fast becoming a memory.