

New Slavic Union strengthens power of Russian imperial faction

by Konstantin George

The drive by Moscow to create a new Russian empire on the territory of the former Soviet Union scored its biggest breakthrough to date with the agreement on July 10 to create a Slavic Economic Union. The agreement was signed outside Moscow by the prime ministers of Russia, Belarus, and Ukraine. The three republics, which represent the three Slavic peoples who comprised about three-quarters of the population of the former U.S.S.R., and an even larger share of its economic capacities, were regularly referred to in Soviet times as the "Slavic core" of the U.S.S.R. On July 10, Moscow finally succeeded, after repeated failed attempts due to Ukrainian resistance, in ramming the agreement through.

The new economic union will be, as Moscow demanded, controlled through supranational—but Russian-dominated—institutions. It thereby lays the foundation for a new, post-Bolshevik version of the Council for Mutual Economic Assistance, or Comecon, comprising the former Soviet republics. This in turn opens the door for a new Russian-run version of the Warsaw Pact, and what are euphemistically called in Moscow "coordinated" foreign and "defense" policies.

These developments were preceded, as *EIR* has reported, by military operations in the Caucasus in June and July; by the Russian coup in Azerbaijan that restored former Soviet Communist Party Politburo member Haidar Aliyev to power; and by the Russian-directed surrogate war against Georgia that has all but detached the region of Abkhazia from that nation. Those events were the overture to the imperial expansion that is now occurring.

No sooner was the ink dry on the "Slavic Economic Union" agreement, than Moscow lashed out in all directions, inaugurating a new confrontation with the Baltic states of Estonia and Latvia, and proclaiming its right to hegemony over Central Asia.

Ukraine was forced to join

Ukraine, facing an economic breakdown and a veritable crisis of national existence, and abandoned by the West and blackmailed by Russia, was forced to sign the Economic Union agreement on Russian terms. In the words of Prime

Minister Leonid Kuchma, this was the only way to stave off an irreversible plunge "into the abyss . . . threatening the very existence of the Ukrainian state."

Ukraine had always been for an "economic union" among sovereign states, with its policies regulated solely by institutions of the sovereign states. A commentary in the July 13 issue of the German daily *Süddeutsche Zeitung*, titled "An Involuntary Union," hit the nail on the head as to how Ukraine was forced to capitulate. It emphasized that Ukraine, caught in an East-West squeeze, recognized that "it cannot either politically or economically" afford a confrontation with Russia, because the West is backing Moscow, and Ukraine has 10 million ethnic Russians and is totally dependent on Russia for oil and gas. The commentary correctly noted that the agreement means the re-creation of a de facto "ruble zone," whereby, although Ukraine will probably keep its own currency, it will be tightly pegged to the ruble.

The Russian oil blackmail came to light as the Slavic Economic Union was concluded, when Russia and Ukraine signed a supplemental agreement whereby Russia will deliver to Ukraine 20 million tons of oil for the second half of 1993 at a price of \$80 per ton. Prior to the Economic Union accord, Russia had not only refused to sign an oil delivery agreement for the second half of 1993, but had reduced June oil deliveries to only a quarter of the June 1992 tonnage delivered.

The Economic Union agreement stipulates that a draft treaty for the union is to be completed by Sept. 1, for formal signing. The key clause in that treaty, which was already agreed to July 10, is the creation of a supranational body to coordinate pricing, investment, and tax policies among the three Slavic nations, and the provision for the free flow of people, goods, and investment money among the three. The last point opens the door for a mass Russian buy-up, at dirt cheap prices, of Ukrainian enterprises and property.

Under the current Ukrainian "privatization" program, state property and enterprises are open for sale to private persons. But it is impossible for Ukrainian citizens themselves to buy up these assets. The total amount of private savings in Ukraine stands at 340-400 billion karbovanets, the

interim currency, whose current exchange rate is 4,400 to the dollar. However, the total of enterprise assets and state property stands at 22 trillion karbovanets. Given this situation, and the fact that the Economic Union extends the definition of "private persons" to include citizens of Russia, the only two groups capable of buying up state property and enterprises are the Russian "former communist" *nomenklatura* and, as partners in this arrangement, the Ukrainian "former communist" *nomenklatura*. Through organized capital flight of tens of billions of dollars, both groups have amassed enormous sums of hard currency.

The deterioration of the value of the karbovanets plays into this quite nicely. In December 1992 it stood at 1,100 to the dollar; now it is 4,400 to the dollar, and most observers foresee a rate of 8,000-10,000 to the dollar by autumn, when the Economic Union agreement takes effect. Thus the book value of 22 trillion karbovanets in state property and enterprises was equivalent to about \$20 billion back in December; now it is \$5 billion, and by the autumn will be about \$2.5 billion.

Keeping up the pressure

Right before Kuchma signed the Economic Union agreement, Russian pressure reached a peak in intensity with the July 9 Russian Parliament resolution declaring Sevastopol, the Ukrainian Crimean port and headquarters of the Black Sea Fleet, a "Russian city." By signing, Ukraine got oil and gas, but otherwise no real respite from Russian pressure. Russian President Boris Yeltsin provided a bogus respite as Kuchma was signing on the dotted line, when he interrupted his Lake Baikal talks with German Chancellor Helmut Kohl to appear on Russian television and denounce the Parliament's move, saying: "I am ashamed of this Supreme Soviet." In fact, Yeltsin refused to say that Sevastopol is Ukrainian, instead calling for "negotiations . . . to settle the fate of the Black Sea Fleet and its ports."

In the aftermath of the July 10 agreements, pressure tactics are in full swing though, to prepare the way for future Ukrainian concessions.

The pressure points are, first of all, the continuation, in a relatively low-intensity manner, of strikes by largely ethnic Russian coal miners in eastern Ukraine. The center of this is in Lugansk Oblast, the eastern Ukrainian district next door to Donetsk, where 11 coal mines are indefinitely on strike. The second pressure point is the Crimea, which has an ethnic Russian majority, and houses the Black Sea Fleet.

During the week of July 11-16, small daily demonstrations by Russian separatists have occurred in Sevastopol, which is the headquarters of the Black Sea Fleet, demanding that the city join Russia, and citing the resolution by the Russian Parliament. It is noteworthy that these demonstrations have so far failed to recruit the majority of the Russians living in Sevastopol, betraying the demonstrators as synthet-

ic, "made in Moscow" operations. Each demonstration has involved only 1,000-2,000 people, and the calls for "mass protests" by the pro-separatist ethnic Russian leadership of the Crimean Parliament have so far fallen on deaf ears. This has not deterred the Sevastopol City Council from announcing that it will take measures, starting July 16-17, to create "administrative organs" independent of Ukraine.

Spheres of influence

As the case of Ukraine shows, the Russian capability to consolidate a sphere of influence is predicated primarily on the collusion by Britain, the United States, and France in this endeavor, and secondly on the agreement by the German government to succumb to the Anglo-American "rules of the game."

The tacit admission that the German government will not dare buck Anglo-American and Great Russian geopolitical doctrines emerged in statements by German Foreign Minister Klaus Kinkel to the German daily *Frankfurter Allgemeine Zeitung* July 14, announcing that he and Russian Foreign Minister Andrei Kozyrev would hold talks in Bavaria over the July 17-18 weekend, centering on Russia's claims for a sphere of influence over the former Soviet Union and parts of eastern Europe and the Balkans. The statements, which appeared the day Russian Prime Minister Viktor Chernomyrdin arrived in Bonn for an official visit, were carefully presented through the almost exclusive use of indirect quotations.

According to the newspaper's account, Kinkel said the talks would deal with developments in the Baltic and Russian relations with Ukraine, plus Russia's stance toward the nations of central eastern Europe and the Balkans. Kinkel stated that after a time of turmoil, Russia is again engaged in strengthening its own interests; for example, it is watching every step Ukraine makes. Concerning the Baltic, Russia intends to maintain a military sphere of influence, including the area around Königsberg (which the Russians call Kaliningrad). Then Kinkel interjected that the Russian thinking, in terms of spheres of influence, shows itself in efforts to exert a more far-reaching political influence on Serbia, and its push to be included in the Group of Seven's deliberations. Concerning the Caucasus, Kinkel said that the conflict in Georgia derives from the fact that Russia sees Abkhazia as its access to the Black Sea. Finally, Kinkel said, in the paraphrase of the *Frankfurter Allgemeine Zeitung*, "One must take into account Russian sensitivities, in order to strengthen Kozyrev's position against domestic political opponents." Kozyrev, according to Kinkel, is "of friendly disposition toward the West." Here we have the tried and true imperial tactic of the Soviet period, saying to the West, "Capitulate to the peaceful liberals now in power, otherwise the hawks will come."

Chernomyrdin's visit, taken together with the lengthy



Russian Foreign Minister Andrei Kozyrev is attempting to woo Germany into endorsing Russia's drive to restore its empire.

talks held at Lake Baikal between Chancellor Kohl and President Yeltsin only a few days earlier, and the Kozyrev follow-up, represent an effort by Russia to woo Germany into endorsing its empire restoration. Chernomyrdin appeared on German television on July 15 to say that Germany will always remain "our most important trading partner," and to affirm his hope that Germany will take the same predominant position in terms of western investments in Russia. Chernomyrdin offered to greatly increase the level of Russian oil and gas exports to Germany. If the political price is right, Russia will do so. If need be, it can turn the tap off elsewhere, as a payoff for German acquiescence in Russia's sphere of influence policy.

The next Baltic crisis

A big test for both German policy and for western policy in general, will occur during the Kozyrev trip to Bavaria. The visit is not accidentally timed with the next escalation in Russia's confrontation against the Baltic republics of Estonia and Latvia. On July 16 and 17, in two districts of Estonia, Narva and Sillimae, with huge ethnic Russian majorities, the ethnic Russians will, illegally, hold referendums on proclaiming their "autonomy" and "right" to secede from Estonia and join Russia. This is the "Abkhazian formula" applied

to the Baltic—minus the shooting, for now at least. Such provocations as these would be impossible without the support of the Russian state—and indeed even the ballots for the referendums were printed in Russia.

The carefully staged Russian buildup to confrontation was opened through provocative declarations July 13 and 14 by the Presidium of the Russian Parliament and the Russian government. The Russian government issued on July 14 a declaration blasting the Estonian Law on Citizenship, which in early July had been amended to placate Russia by removing what Moscow had called "offending" clauses. The Estonian law allows any ethnic Russian residing in Estonia to apply and receive citizenship within the next five years, with the simple requirement that they are able to achieve bare literacy in the Estonian language and swear an oath of allegiance to Estonia. Those who do not become citizens can remain as resident aliens. The law is indeed quite fair to all concerned.

Moscow is not interested in such "details," but is gunning for a confrontation. The Russian government denounced the law as "unacceptable," "discriminatory," and in violation of "the basic principles of international law as defined by the CSCE [Conference on Security and Cooperation in Europe], U.N., and the Council of Europe."

On July 13, the Russian Parliament, keeping to its role of committing provocations to make the government appear "moderate," issued a declaration by its Presidium declaring the 1920 Peace Treaty signed by Russia with the Baltic republics of Estonia and Latvia—which ended Bolshevik Russia's war with them, and in which Russia accepted their independence—as null and void. The move was drafted long before, proven by the fact that Parliament leader Ruslan Khasbulatov was not even in Moscow for the occasion, but in Strasbourg, France at the European Parliament. The Russian Parliament's Presidium specifically declared the border agreements of 1920 to be invalid. It claimed that this declaration was intended to preempt any move by Estonia and Latvia to claim back districts of pre-war Estonia and Latvia that were detached after World War II and given to Russia.

The Parliament Presidium also criticized the Russian Foreign Ministry for "not moving energetically enough" against Estonian and Latvian territorial claims. In fact, though this territorial question has regularly been raised in Estonia and Latvia as an historic injustice, no formal claims have been pressed, at least so far. Beyond that there is an unintentionally comical side to the latest acts of the Russian Parliament, since the supposed "legal justification" for their actions is completely schizophrenic. The "legal justification" for Russia's claiming Crimea from Ukraine is that it was Russian before World War II, and was awarded to Ukraine after the war, in 1954. The same Parliament demands the exact opposite legal basis for Baltic territory, saying that the districts which belonged to Estonia and Latvia before the war, must stay in Russia because they became part of Russia after the war.