

IMF policies cripple Russia, threaten 'armed mutiny'

by Denise Henderson

With Russia's economic crisis spinning out of control, that nation's leadership continues to adhere to International Monetary Fund (IMF) demands that it slash its budget to levels below what is needed to maintain critical sectors, including the Armed Forces. At the end of September and beginning of October, in response to the worsening economic situation, and to the onset of winter, teachers, scientists, and civilian defense workers were all engaged in protest actions to highlight their situation, including nonpayment of wages. But most critical of all is the situation in the Far North and the Far East, and in Russia's military. The conditions in the Armed Forces have become so severe, that the eruption of an "armed mutiny" is being forecast.

The obeisance of Russia's leadership to IMF demands, has included granting debt relief—to "poorer" nations. After a meeting in Washington, D.C. between a Russian delegation headed by Russian First Deputy Prime Minister Vladimir Potanin, with the finance ministers and central bank governors of the Group of Seven nations, and the leadership of the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development, Potanin professed to be satisfied with the talks. "I am pleased to stress that Russia is a full-fledged participant in the developments taking place under the auspices of the World Bank and the IMF," he said. "Thus, the Russian delegation approved the initiatives put forward by the World Bank and IMF, to render help to the world's poorest countries and reschedule their debts"—something the IMF itself refuses to do.

Yet, it is because of IMF and World Bank policies that a dramatic crisis is looming in Russia. In an interview with the newspaper *Trud* on Sept. 25, the deputy secretary of the Security Council in charge of economic affairs, Sergei Glazyev, warned that the Russian economy has entered a stage

of deep decline, following a short period of stabilization in 1995. In July 1996, Gross Domestic Product fell by 9%, industrial output by 7%, agricultural production by 13%, and investment by 20%, over the same period in 1995. Glazyev also stressed that Russia is losing its status in the world, and may become an economy of the colonial type.

Far North may be evacuated

In the Far North, where many critical facilities for Russia's military-industrial complex are located, there are not enough stocks of fuel and food for the winter. *Izvestia* on Oct. 2 reported that while the government is trying to "prevent panic," it appears that several hundred thousand residents will almost certainly have to be evacuated, something that Security Council Secretary Aleksandr Lebed had warned about the week before. In the Far East, at the Zvezda nuclear submarine repair plant at Bolshoi Kamen, for example, coal and food stocks for the winter are only 10% of required levels.

In Vorkuta, in the Arctic region, a one-day strike was called on Oct. 1 to protest wage arrears and to demand the full implementation of a decree issued by President Boris Yeltsin to resolve the problems of the Pechora coal basin. In the run-up to the Presidential election in May, Yeltsin had ordered the elimination of the wage debt to miners in the Arctic region, and increased social benefits. Like many other such promises, these have not been kept. Thousands of other workers from state-funded organizations reportedly joined miners in a mass rally. On the same day, the leader of the Russian Coal-Industry Workers Union announced that its members are planning a nationwide strike on Nov. 5 to protest wage arrears totalling, as of Sept. 10, some 2.7 trillion rubles (roughly \$675 million).

Also on Oct. 1, Russian scientists threatened to join two of their colleagues, Moscow scientists Vladimir Strakhov and

Igor Naumenko-Bondarenko, who are on a hunger strike, if the government does not pay its debt to scientific institutions by Oct. 10. Representatives of the trade union of the Russian Academy of Sciences said scientists are also planning to rally in Moscow and several other cities in mid-October. According to Deputy Prime Minister Vladimir Fortov, the government debt to the scientific sector totals 3 trillion rubles. He said that Prime Minister Viktor Chernomyrdin had agreed that the state would pay 250 billion rubles to the Academy by the end of the year.

State of Armed Forces a 'national disgrace'

There have also been repeated warnings, from Lebed and Defense Minister Igor Rodionov, about the dire situation in the Armed Forces.

On Sept. 25, in an interview with *Vechernyaya Moskva*, Lebed, referring to the problem of wage arrears in the military, said that "an armed mutiny may take place this autumn." He blasted the government, headed by his political rival Chernomyrdin, for failing to fund the military adequately in its 1997 draft budget, saying, "they have decided to conclusively undermine the Armed Forces." He termed the financial situation of the military a "national disgrace," and accused the government of "hiding its head in the sand."

Picking up on the Lebed interview, Christopher Bellamy, writing in the London *Independent* on Sept. 26, noted that the interview coincided with a battle between the Defense Committee of the State Duma (parliament) and the Russian Finance Ministry. The Defense Committee is lobbying on behalf of the Russian Defense Ministry for a 300 trillion ruble budget, against the Finance Ministry, which has cut this budget by two-thirds. As a result of these cuts, "The Army and Navy have been worst hit, although the Strategic Missile troops, Air Force, and even the troops of the Interior Ministry and the FSK, the former KGB, have not been immune," he wrote.

On Oct. 2, Defense Minister Rodionov added his voice to the growing chorus, noting that the proposed 1997 draft budget of 98.7 trillion rubles for the Armed Forces would cover only one-third of the military's needs. While denying that a military rebellion was likely, Rodionov said that if the government fails to resolve the military's financial problems, especially chronic wage arrears, "undesirable, uncontrollable processes" may begin. He added that "Russia may lose its Armed Forces as an integrated and militarily effective state structure."

In response, on the same day, President Yeltsin, then at the Central Clinical Hospital in preparation for his upcoming heart surgery, ordered Prime Minister Chernomyrdin to convene a special cabinet meeting to discuss the financing of the military.

According to Yuri Baturin, the secretary of the Defense Council, a meeting of that body dealt primarily with proposals to restructure the Russian Armed Forces, and only in passing with the current dire situation in the military. When he was

bluntly asked, at an Oct. 7 press conference, "When does the state intend to pay the Army the wage arrears?" Baturin, playing the bureaucrat, first said, "The Defense Ministry intends first of all to make a detailed study of this situation," but then asserted that while the debt to the Defense Ministry "is very great," the ministry is receiving funds to pay wages, because of the "extreme necessity" of the situation of the Armed Forces. Baturin added that Yeltsin himself had been handling the question of military wage arrears over the past two days, and meeting with Rodionov.

But just that weekend, Oct. 5-6, one day before Baturin's assertions that the military budget was under control, the entire Transbaikal District of the Russian Army in Chita was cut off from all power supplies, when the regional power utility, which has not been paid by the Armed Forces for several months, decided to turn off all supplies.

And on the day of Baturin's press conference, in a three-page special in *Der Spiegel* titled "An Army Is Starving," the German weekly reported that the Russian government does not have money for the existing army, with 1.7 million soldiers, nor for the army of 1.2 million that is to be, after the envisioned military reform.

Right in the center of Moscow, reported *Der Spiegel*, hungry soldiers are begging passers-by for money to buy a warm meal. The situation has reached such an alarming state, that Defense Minister Rodionov recently even refused to be interviewed by *Rossiiskaya Gazeta*, because "if the government does not give us any money, why then should I talk to a government journal?"

The Armed Forces daily *Krasnaya Zvezda* has established a hot-line for soldiers from the Army to call in, to report their grievances. In the far-eastern garrison of Yeliso, four Air Force pilots launched a hunger strike to protest their unit not receiving any pay since May—an action that has never happened before in Russian Army history. And in the Kaliningrad region, wives and children of starving military pilots are blocking the military rail line from Kaliningrad to Bagrationovsk, to force the payment of salaries that have been due since May.

While the government, incapable of paying the existing manpower in the Russian Armed Forces, hopes to reduce manpower levels, it can't afford the costs of the much-touted restructuring and streamlining of the Russian Army: Decommissioning a motorized rifle regiment would require the equivalent of about \$8.125 million, but to keep that unit in place, only \$2.375 million.

With winter coming, and with the IMF pushing hard for an austerity budget which means political and economic disaster for Russia, the question for the Yeltsin administration is whether it will continue to defend the genocidal policies of the IMF, or will opt for the kind of policies being proposed by Sergei Glazyev to start to rebuild the Russian economic base, a course that could prevent full-scale chaos in Russia in the coming months.