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## Interview: Natalia Vitrenko

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# Presidential candidate declares, Ukraine can recover from the IMF

*Dr. Natalia Vitrenko, Member of Parliament and leader of the Progressive Socialist Party of Ukraine (PSPU), is running for President of Ukraine. The election is scheduled for Oct. 31. An economist, Vitrenko co-initiated, with Schiller Institute founder Helga Zepp-LaRouche, the "Appeal to President Clinton to Convoke a New Bretton Woods Conference," in February 1997. She gave this interview to Anatoli Voznytsa for EIR, on Sept. 6, 1999, in Kiev.*

**EIR:** The election campaign is in full swing. What do you think your chances are?

**Vitrenko:** The political struggle in Ukraine has become acute, because the activity of the International Monetary Fund is now clear for many people. In 1991 or 1992, when I would explain what the IMF was and what it would bring to Ukraine, many people didn't accept what I was saying, or they shrugged it off. The ruling authorities would still like to shrug it off, but they cannot.

People have experienced the effects on themselves. Ukraine's foreign debt is \$12.4 billion, while the anticipated national budget for 1999 is 20 billion hryvnias, or approximately \$4.5 billion, at the current exchange rate of 4.4 hryvnias to the dollar. Thus, the foreign debt is almost three times bigger than the budget. During 1999, \$2.02 billion is supposed to be paid out of the budget to service this debt.

What, then, is happening in our country? Insolvent as it may have been, even the 1999 budget did provide a line for "Restitution of Working People's Savings," under which 370 million hryvnias — a paltry sum, just 1/400 of the total government debt with respect to devalued savings — was supposed to be paid by the government to depositors older than 80 years. If not the entire sum, they were to have received 48 hryvnias apiece, which means at least \$10. But, what has the government done? The government has paid not one kopeck to these deceived people, instead spending the funds to service the foreign debt. Thus, people have directly experienced what paying the foreign debt means. Next year, debt service will demand \$3 billion, so budget spending will be even less than this year.

The situation in the country is one of growing unemployment and general disconsolation. It confirms my forecasts so strongly and makes my struggle against the IMF so timely,

that when I hold public meetings, there are packed halls, standing-room-only crowds, throughout Ukraine.

In the two weeks since Aug. 25, we have toured 8 of the 25 provinces in Ukraine, and everywhere there were packed meeting halls. Where we couldn't get a hall, we met with people on the street. In the small cities, there were 1,000-1,500 people, and several thousand in the larger cities.

Everywhere, I begin my speeches by saying that I warned, I fought, and I made proposals. I show what the IMF is. It is very interesting, that when the programs of the various Presidential candidates were published, we looked and saw that mine was the only one to call for breaking off relations with the IMF, that is, to abrogate the agreement — unconditionally, absolutely, and without qualification. Nobody else writes this.

What does this mean? If the people of Ukraine support a different candidate, that absolutely does not mean that he will break ties with the IMF. But if he doesn't, I think, he will be unable to change anything. Even should he desire and strive to do so, the IMF will not permit it. If people support my program, however, that means a referendum — an expression of the will of the people, by which I shall immediately have received the legal authority to break off relations with the IMF.

This is why, in my meetings with voters, I show LaRouche's graph [the Typical Collapse Function], and I always emphasize that this graph comes from Lyndon LaRouche, a scientist of world renown, and that he established what the consequences of such "reforms" would be, and how they would unfold. And I say: Now, look at what awaits Ukraine. See what this policy leads to, for anybody who follows it. There can be no miracles on such a pathway of reform.

Then I say: The country is at a watershed. People who want the situation to continue as it is, will vote for [President Leonid] Kuchma, or for somebody else — in this respect, they are all the same; they will not break off relations with the IMF. If people want to make a radical change in the reform policy, and they know that ties with the IMF must be broken, then they should vote for me. I am the only one proposing such a break.

Because I can see how many people, what an overwhelming majority, are dissatisfied with this reform policy, I assess



An election poster for Ukrainian Presidential candidate Natalia Vitrenko features Lyndon LaRouche's famous "Triple Curve" diagram. Officially known as the Typical Collapse Function, it is a schematic representation of the soaring of financial and monetary aggregates in a "bubble" economy, while the physical economy collapses through the floor.

my chances as quite high, and I think it will be possible to win [with an absolute majority] in the first round. The various sociological polls mostly put me in second place. Some of them show me in first place, some in third, but most of them have me in second place after Kuchma. But, the entire empire of the mass media is working for Kuchma, as we may discuss further.

**EIR:** Do you think that the Presidential election campaign in Ukraine is being conducted democratically? Do you encounter resistance, or support, from government institutions during your campaign?

**Vitrenko:** You know, the institutions of power attempt to put obstacles in the path of our work surreptitiously, in such a way that it won't be noticed. The obstacles are of the following sort. First of all, we need premises for meetings. We are given some facility either on the outskirts of a town, or a tiny one, seating only 200 or 300 people, which simply won't accommodate the number of people who want to attend. There is no room for two-thirds of the people, and only one-third can get in. I get very worked up. I can't split myself into parts—so, can't we get direct audio broadcast to the street, so that the population can really meet with a Presidential candidate?

Secondly, there have been gross violations of the law on the right of a Presidential candidate to regional media coverage of his campaign, including publication of information on his public appearances and presentation of his program. I can cite Summy, Zhitomir, and Chernivtsy provinces, where we just were, for example. We were simply denied air time on

any conditions at all—paid or not paid, live or pre-recorded. They told us: No way. I think this can be seen as a direct impediment to the campaign and a violation of the law. We intend to complain to the Central Electoral Commission [CEC], that this is a gross violation of the law.

The central mass media exclusively show Leonid Danilovich Kuchma, from dawn to dusk. He gave a speech in one place, he travelled to another, he proposed something, he was in another location—and people see only him on the screen. The regional media either run old films, or stage concerts—anything but the Presidential candidates, and I mean other candidates, as well as myself. This is such an unequal situation, that I cannot think of anything comparable. As far as I know, civilized countries have gotten beyond the stage of development, when one candidate is boosted by means of suppressing all the others. There are supervisory agencies, which monitor access to air time and check how much air time a given candidate or party has, during electoral campaigns. In Ukraine, there is nothing like that. Therefore, I can say that the current Ukrainian Presidential campaign has no democratic basis.

I would also add, that we Presidential candidates are absolutely defenseless in the face of slander. Slanderous leaflets against me have been distributed since May. We appealed to the Ukrainian Security Service, the Prosecutor General, and the CEC. These anonymous leaflets are circulated in huge numbers, and were clearly not printed by some lone adventurer. They are anonymous, they smear me, and they undermine my chances to win. Nobody, not the Prosecutor General, not the Ukrainian Security Service, not the CEC,

has done anything about it.

The leaflets continue to circulate, in a new version. We just returned from a tour of the country. We have two versions of the leaflet, in which the same authorship is evident. We talked to some individuals, who were handing out the leaflets. This was in Zhitomir, where we were able to move fast. On one occasion it was a woman, who admitted that she had been paid 10 hryvnias to hand out the leaflets. She didn't care how she was earning money. The other time, it was two boys, with the same explanation. Nobody will investigate. Nobody within these agencies has any interest in the proper conduct of the Presidential election campaign. This is yet another manifestation of the absence of democracy and an indication of the lack of a law-based state in Ukraine. I should think that, in a law-based state, the rights of a Presidential candidate, as well as the ordinary citizen, would be defended.

**EIR:** U.S. Presidential candidate, Democratic Party member Lyndon LaRouche recently said about the IMF, that countries like Ukraine should accuse the IMF of "credit fraud." Every credit issued by the IMF did not improve the situation, but worsened it, making the recipient of the credits insolvent. Under normal credit arrangements, a bank may be subject to criminal charges. What do you think about that?

**Vitrenko:** I think that the IMF has derived so much profit from the credit agreements it imposes, that it does not even want to investigate, how these credit agreements function. They derive profits, when each country experiences the destruction of production, and foreign goods can enter that country unhindered. They flood the country with dollars, and the printing of this money supply, which has nothing behind it, makes it possible to exploit these countries yet again. Unemployed people emigrate to the West, to those Western "capitalist" countries, and sell themselves there for nothing. Nowhere else in the world are labor power and intellectual property so lowly valued, as with the Ukrainians who sell themselves in the West and in America.

The IMF benefits on all sides, from the agreements they impose. It is, therefore, profitable for them to keep international legal agencies, as well as various international organizations like the European Parliament, under their control. I am convinced that they "feed" the officials of those agencies, in order that the latter "not notice" the actual consequences of IMF actions. If the International Human Rights Court or the European Human Rights Court were truly institutions of the law, they should react. Ukraine has never experienced such mortality rates, such unemployment, and such crime as now, and had no experience of phenomena such as trafficking in children or their organs. This happened only after the reforms that were imposed.

Lyndon LaRouche is absolutely correct in his speeches, to say that the criminal state of affairs, caused by the IMF, is "20th-century financial fascism." There are not only financial methods here, but fascism, the annihilation of people, the degradation of the population. Unfortunately, the above-men-

tioned agencies do not react, they do not monitor the IMF's actions, and they ignore our appeals and warnings.

I think, however, that the situation will change. Why? Because I am convinced that power will change hands, and that people will come to power in Ukraine and other countries, who will struggle against the IMF. Without question, joint efforts are required.

**EIR:** The expression, "There is life after the death of the IMF," has come into usage lately. How do you envision the development of Ukraine under your Presidency?

**Vitrenko:** I emphasize everywhere I go, that when people fear the rupture of relations with the IMF and ask what will happen then, thinking that nothing but death awaits them in that case—economic embargo and disruption of all ties—I answer: Absolutely not! On the contrary, breaking off relations with the IMF, on the basis of a referendum like the Presidential election, for example, will show that a country is quite capable of carrying out its own policy. Other countries will respect such a country. The national election of a President and the changes that will come about in legislation, will enable other countries to have relations with such a country and such a President, on the basis of partnership.

I would like to give an example: Last December, [fellow PSPU leader] Volodymyr Marchenko and I were in England. We visited the firm of Merrill Lynch in the City of London. This company is directly involved in financial speculation in Ukraine, with government bonds and Eurobonds. In a conversation with the firm's department head for Russia, Ukraine, Belarus, and Moldova, Mr. Steven Reeves, I asked him: Do you see the consequences of the IMF reforms in Ukraine, and of the financial speculation you are directly engaged in? Do you see that Ukraine is in poverty, and is becoming a bankrupt state? He had to agree.

Then I asked him: Do you agree, that this cannot continue, that it threatens to lead to a social explosion, and disasters involving technology? Ukraine is in the center of Europe, so Europe will not be unaffected. Wouldn't you find it appropriate, as we insist, for us to cut off relations with the IMF, and freeze our debts to the IMF until Ukraine has gotten out of the crisis? Couldn't you and your bank act as underwriter for foreign investment in Ukraine? Then, thanks to a reliable bank like yours, foreign investors would not be afraid to put their money in. And Steven Reeves, in the presence of a parliamentary delegation including members of the government, said: Yes, we can continue to discuss with you along these lines. That is, this is a competent approach.

I am convinced that this approach must be adopted today, so that when we cut off relations with the IMF, we can simultaneously use our own resources and attract foreign investment on a civilized basis. The question is often asked: Where will the money come from? If not from the IMF, then where? They push this question, this ideology.

Compare what happened in Ukraine and in China. China did not accept IMF credits, and banned currency exports by

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law. They have strict exchange controls. Ukraine, however, fulfilled its obligations to the IMF—liberalized exchange regulations and permitted an outflow of capital. This was not only the “Lazarenko Affair” [the arrest of ex-Premier Pavlo Lazarenko for money-laundering]. Unfortunately, there are around 500 families of people like Lazarenko. This is a mass phenomenon, and capital flight from Ukraine has been estimated at around \$40 billion. If these funds were returned, we should be able to pay off our foreign debt of \$12.4 billion. Forty billion dollars would also constitute a full-blooded state budget.

I shall try to utilize an important resource, namely, a mechanism for the repatriation of capital, exported from Ukraine. I have already drafted the relevant law, so there will be a legislative basis for the repatriation. There is a convention, ratified by all the European countries, which permits this to be done. The European countries will support the search for the people who “laundered” the “dirty” money and took it abroad. Thus, I have not only hope, but a real basis for hope and for asserting that this capital—perhaps not all of it, but a large part—will be returned to Ukraine.

Still, Ukraine’s main resource remains its own potential, which is still very great, despite the attempts to annihilate it.

The firms functioning now are either foreign, or underground, illegal enterprises, which siphon off their profits and pay no taxes. We see this especially in the energy sector in Ukraine, where there are literally only a handful of companies. They have a monopoly. Take, for example, the firm of Derkach, the son of the chairman of the Ukrainian Security Service (this type of “family enterprise” is flourishing in the country), which is called Bison. This is a private concern, which handles 43% of all the petroleum business in Ukraine. Just one company, and it controls 43% of the business. Thus, private monopolies have been created, which are not subject to supervision. We ask ourselves: How can this be? A private company concentrates such a large share of the country’s energy resources in its hands. Therefore, we see that Ukraine can discover a very great potential, by restoring supervision, proper accounting, and order, so that the tax system will be transparent, everybody will pay their taxes, and anti-monopoly legislation will be enforced.

It should be forbidden to play games with prices. This is especially the case in the energy sector, where prices shoot up and then plunge, bankrupting competitors by means of

a speculative game.

I think that the main factor for success—and I do believe that Ukraine will succeed in economic reform—is to realize Ukraine’s own potential. And, to repatriate capital that has been exported.

**EIR:** Ukraine has enormous potential in science, machine-building, and so forth. The current government is destroying these sectors. What ideas do you have about this?

**Vitrenko:** Machine-building was always the heart of the Ukrainian economy. This is where the intellect of the nation was concentrated, as well as financial resources and advanced, modern technologies. That is how things were. When Ukrainian weapons came onto the world market, it was not because Ukraine was so aggressive, but because the world arms market exists. Furthermore, Ukraine was capable of producing modern weapons, for which there was demand.

Under slogans about establishing a supposedly nuclear-free status, and disarmament—although disarmament is nowhere to be seen in the world—it was precisely the military-industrial complex that was subjected to attempted destruction. But the military-industrial complex was closely tied with civilian machine-building. It is difficult to make a separation, within the aircraft industry, and say: Here’s one plane, which will defend the country in the event of a conflict, while another is strictly a passenger plane. Therefore, the destruction of the military-industrial complex effectively led to the destruction of machine-building, as such, in Ukraine.

Machine-building and food-processing companies suffered the most. Therefore, Ukraine does not produce or process its own food, and cannot feed the population. In whose interest was it, to destroy the food-processing industry? Now Ukraine lacks machine tools, as well as agricultural machinery for harvesting and processing crops, and has become food-dependent.

We have been told that in Khmelnytsky Province, there was nothing with which to gather the harvest. There was only one way out: to rent German combines. But the condition was attached, that payment had to be only in grain. But, as we know, at current levels of parity, that is an extremely unfair exchange. The rental prices are off the charts. Although the combines are modern and efficient, it turned out that virtually the entire harvest had to be handed over in payment for the equipment needed to gather it.

This is why the Ukrainian machine-building sector was deliberately destroyed, under the aegis of this sort of "reform."

What must be done, to revive machine-building? First of all, it is necessary to finance science. Science should be properly financed from the budget. In the 21st century, new scientific designs should move immediately into production.

Scientific complexes are the future of a modern nation. They are where a scientific and technical design moves from a scientific idea, right through to where it is brought on line in production. This is what is needed in the 21st century.

I think that this can be done in Ukraine. Then many of our scientists, who have left the country, will return. Unfortunately, many of them left because they saw that Ukraine today had no use for them. If science is financed, conditions will be created for them to see that they are needed, and they will return to their homeland. A new generation is growing up, and, as Lyndon LaRouche has said, the intellectual matrix of the Slav cultures is very high, that is, they will be able not only to do this, but to have an effect on the overall recovery of the economy.

I am certain that machine-building will do the most to uplift the Ukrainian economy. I would like to show you my election poster. I don't imagine that anybody else in Ukraine is doing as much to popularize LaRouche's ideas, because my poster depicts his "Typical Collapse Function." The entire print run of this poster was gone almost instantaneously.

At all of my meetings with voters, I use this "Typical Collapse Function" graph when I speak. I explain: This is how material production has collapsed, and here is the upward surge of financial speculation, with the money supply rising not as rapidly. Here you see the result. In Vinnitsa, we plastered our campaign vehicle with these posters and drove around the whole city, which drew tremendous interest from the citizens.

We shall see the result on Oct. 31.

**EIR:** You are world-famous for your call to create a new world financial system. This appeal for a New Bretton Woods has been strongly supported around the world. Recently, the Chinese Foreign Minister spoke out for a new world economic order. What would you do, along these lines, as President of Ukraine?

**Vitrenko:** As President of Ukraine, I would carry out all of my proposals without fail. My proposals are designed to defend humanity from the IMF and U.S. aggression. Therefore, I incorporated the following into my program and I emphasize it in all my speeches: Nations must be liberated from the dollar. All dollars should be collected and returned to the United States. They can buy them with commodities.

How can other countries be supported? The IMF extends them credits on the same intolerable terms. I have met representatives of the Indian Embassy, representatives from Libya. What we discussed was that the world is waiting for

countries that are in slightly better economic condition, to initiate the creation of an alternative to the IMF. That is, to pool credit resources for the development of shared infrastructure. This would make it possible for the initiating countries both to develop their own production better, and to find markets for their products, while allowing the now least-developed countries to grow. If these conditions correspond to the national idea in each country, they will undoubtedly be supported.

Only this sort of alternative to the IMF can tear other countries out of the IMF's claws. Just look at how Latin America and Africa are appealing for debt relief. They know, that they simply physically cannot pay these debts. Thus, mankind has already realized that we can't go on like this. More work remains to be accomplished, however, on the question of what should be done. I think as President of Ukraine, I shall be able through communication with other Presidents and institutions of power, and through putting forward and implementing proposals along these lines, to create an alternative to the IMF.

**EIR:** Thank you very much for this rich interview. In conclusion, allow us to wish you success in your election campaign, and happiness and successes for Ukraine and its people.

**Vitrenko:** Thank you.

## LAROCHE ON THE NEW BRETTON WOODS

"The present fatally ill  
global financial and  
monetary system must be  
radically reorganized.

It can not be reformed, it  
must be reorganized.

This must be done in the  
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in bankruptcy, conducted  
under the authority  
not of international  
institutions, but of  
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