

## Flattened by IMF, Ukraine In Geopolitical Crosshairs

by Rachel Douglas

Economic globalization and geopolitics have come together in Ukraine, with deadly results for the people of that nation and danger for the rest of the world. The political strife that gripped Ukraine during this year's Presidential election and has paralyzed Kiev since the inconclusive run-off vote of Nov. 21 (which is unresolved at this writing), is not the clash of "Western, Europe-oriented" Ukraine vs. "Eastern, Russia-oriented" Ukraine, as depicted in the mass media. It is rooted in the economic devastation, experienced at the hands of the International Monetary Fund (IMF) during the 13 years of Ukraine's independence, and it has been shaped from the outside using "regime-change" techniques, honed in Yugoslavia and Georgia during the past half-decade.

The U.S. side of this foreign meddling in Ukraine, involves both Republican neo-conservative circles, and the clique of Zbigniew Brzezinski and Madeleine Albright, operating as Democrats. (See Lyndon LaRouche's warning, "Stop Brzezinski's Dangerous Meddling in Ukraine," p. 45.)

The trashing of Ukraine's economy was also imposed from the outside, by U.S. and European agencies and international financial organizations, which insisted on radical deregulation and privatization as the first criterion of "democratization." Entire squadrons of the "economic hit men," profiled in this issue of *EIR*, invaded Ukraine in the 1990s. Their foremost victim was Ukraine's greatest economic asset: the labor power of its highly educated, skilled, and cultured population.

When Ukraine declared independence from the Soviet Union in August 1991, it was a nation of 52 million people. Since then, the population has fallen to 48 million. Five to seven million of them work outside the country as low-paid guest workers in Russia and Western Europe, including tens

of thousands of women and girls lured into human trafficking and prostitution networks. A country with the highest education level in the world at the end of the 1980s, Ukraine has experienced an influx of narcotics and now has Eurasia's highest rate of HIV infection.

What could be more cruel, and reckless, than to play such a nation as a geopolitical pawn?

### A New Domino Theory

As controller of Jimmy Carter's foreign policy from his post as National Security Advisor, Zbigniew Brzezinski was infamous in the 1970s as author of the "Afghan mujaheddin" strategy to fan Islamic radicalism as a weapon against the "soft underbelly" of the Soviet Union. The resulting new movements are known to the world today as "international terrorism."

Brzezinski remains obsessed with cutting Russia down to size. His 1997 book, *The Grand Chessboard*, envisioned a Russia fractured into three new entities. Siberia, with all its resources, would no longer be under Moscow's control.

On his chessboard, Brzezinski allotted Ukraine a special role: "Ukraine, a new and important space on the Eurasian chessboard, is a geopolitical pivot because its very existence as an independent country helps to transform Russia. Without Ukraine, Russia ceases to be a Eurasian empire. Russia without Ukraine can still strive for imperial status, but it would then become a predominantly Asian imperial state, more likely to be drawn into debilitating conflicts with aroused Central Asians, who would then be resentful of the loss of their recent independence and would be supported by their fellow Islamic states to the south. . . . However, if Moscow regains control over Ukraine, with its 52 million people and



*Campaign posters for Ukrainian Presidential contenders: current Prime Minister Viktor Yanukovich (left) and former Central Bank chief and Prime Minister Viktor Yushchenko. What's needed is for a political figure to step forward and provide real leadership for the good of the nation as a whole.*

major resources as well as its access to the Black Sea, Russia automatically again regains the wherewithal to become a powerful imperial state, spanning Europe and Asia.”

Before engaging in such breezy chatter about what should happen to Ukraine, Lyndon LaRouche suggests that Polish aristocrat Brzezinski would do well to go back and read in Nikolai Gogol’s *Taras Bulba*, the brutal account of what the Ukrainian Cossacks did to the Polish *szlachta* nobility, who mistreated them in the 17th Century.

Throughout 2004, the reckless Brzezinski has been hyperactive on behalf of a “Project Democracy” revolution in Ukraine, as the necessary next step in converting Russia from an empire into a medium-sized nation, no longer one of the world’s great powers.

In a May 2004 speech, titled “Ukraine and the World,” Brzezinski told a Kiev University audience that Ukraine should be the linchpin of a third round of NATO’s eastward expansion. On Nov. 24, he intervened at an American Enterprise Institute seminar in Washington, D.C., which was hastily organized in the wake of the inconclusive Ukrainian Presidential election, to proclaim, “We are at a historic moment,” because “if democracy succeeds in Ukraine, then Russia must move toward the West.” At the American Enterprise Institute, and in a Dec. 1 *Wall Street Journal* article, Brzezinski attempted long-distance micromanagement of the Ukraine crisis: He offered lifetime financial security for outgoing President Leonid Kuchma, as an inducement for Kuchma to abandon his preferred candidate, Prime Minister Victor Yanukovich, and to recognize opposition leader Viktor Yushchenko as the new President.

It is no secret, that Brzezinski’s words have oodles of American government money behind them. Enormous funding for regime change in Ukraine has been channelled into non-governmental organizations (NGOs) there, through Project Democracy’s flagship National Endowment for Democracy and its party-linked offshoots, the National Democratic Institute and the International Republican Institute; this was augmented by the private-sector spending of George Soros’s Open Society Institute and the Cold War relic, Freedom House. The London *Guardian*’s Ian Traynor, in a Nov. 26 article, gave an estimate of \$14 million for U.S. spending on the Ukraine project.

European publications, including the *Guardian* and the French *Reseau Voltaire*, have exposed how this Project Democracy funding aimed to apply in Ukraine, lessons learned during the overthrow of Slobodan Milosevic in Yugoslavia and Eduard Shevardnadze in Georgia. Personnel from the Belgrade Center for Non-Violent Resistance, Western pollsters, and media consultants were all involved in packaging the Ukrainian opposition campaign—down to the level of what slogans to use and the flashy orange color of Yushchenko’s banners. Activists from the Yugoslav youth movement “Otpor” helped to train a new formation called “Pora” (“It’s time!”) in Ukraine, as they had helped to create the “Khmara” movement to bring Michael Saakashvili to power in Georgia.

### **Savaged by the IMF**

It is no wonder that people in Ukraine are anxious for profound change. The economic dimension of foreign med-



*Zbigniew Brzezinski has maneuvered to destroy the industrial capability of Ukraine, under the guise of "democratization," as a way of cutting down Russia's strategic influence on his geopolitical chessboard.*

dling began immediately after Ukrainian independence. As in Russia, help from the West for post-Soviet "democratization" and "transition to a market economy" came in the form of deadly poison, administered by the IMF and associated government and private-sector advisors from abroad. Their message: Democracy means deregulation, privatization, free trade, and globalization.

Ukraine had had no foreign debt at all, because Russia had assumed the debt obligations of the Soviet Union. But the economic advisors to the new government quickly brought the IMF in, anyway, and borrowed \$400 million in 1992. By 1997, the debt was \$9.7 billion. In a 1995 interview with *EIR*, economist Natalia Vitrenko explained what happened:

"Ukraine joined the IMF almost immediately upon achieving independence. The preparatory work had been going on for a long time beforehand, in the framework of the former Soviet Union, under Gorbachov. . . . In 1992, the government of Ukraine officially signed its first memorandum of understanding with the IMF, where it assumed the obligation to implement the prescription the IMF would recommend. It was written that there should be decontrol of prices, the exchange rate, foreign economic activity, privatization—at stunning rates. All of this was signed and promised to the IMF, against the credits to be received."

Some of the credits were pilfered by government officials, Vitrenko reported, some were used for buying fuel, and none invested: "The credits were used for current incurred costs, to pay bills for oil and gas. . . . This is an illiterate use of credit, from an economic standpoint. We will never have enough credits, if we constantly use them to pay Russia for growing volumes of fuel."

Under this IMF formula, Ukraine had nine straight years

of negative economic growth. Its heavy and high-tech industries, formerly part of the core of the Soviet military machine, were gutted. By 1995, Ukraine had lost 50% of its industrial capacity and 30% of its agricultural output. Machine-tool production, the engine of an industrial economy, contracted by a factor of 15 in 1992-1997.

Out of 22 million jobs, 8 million were lost or cut to part-time, during the first five years of independence. Pension and minimum wage levels hovered around \$25 per month. Skilled scientists emigrated. Still today, when superficial GDP and other statistics show growth in Ukraine, 80% of the population lives below even the lowest definition of the poverty line.

"The deindustrialization, the de-intellectualization, and the degradation of Ukraine," Vitrenko said in 1995, "all can be attributed to the recommendations of the IMF, since it is they who proposed to us, as the means of reform, to decontrol prices, to liberalize currency exchange, to deregulate foreign economic activity, and to have forced-march privatization. The IMF, together with the Soros Foundation, trained the personnel who came to carry out these policies."

In politics, Natalia Vitrenko's Progressive Socialist Party of Ukraine advocates very close ties with Russia. But honest economists from other political tendencies, which emphasize Ukraine's independence from Russia over the closeness of the two countries, have documented exactly the same etiology of the economic depression.

### **Schillerian Solution? Only on a World Scale**

There was no obvious "good guy" in the Nov. 21 run-off. The Ukrainian political scene is deeply infected with a heavily criminalized clan structure, which—as in Russia—arose during the privatization of industry in the 1990s. Thus, Prime Minister Yanukovich and President Kuchma are tied up with the industrial clans of eastern and southern Ukraine, which are, in turn, closely interwoven with Russia's so-called "oligarchs," the *nouveaux riches* business magnates.

Yushchenko, for his part, was Central Bank chief throughout the destructive years of the 1990s. When he became Prime Minister, in 2000-01, privatization accelerated, as did the amassing of criminal fortunes. Speaking at a Carnegie Endowment forum on Ukraine in 2001 (where he shared the dais with Freedom House President Adrian Karatnycky), radical free-trader Anders Aslund hailed the acceleration of privatization in Ukraine in 1998-2001, asserting that "dirty privatization is better than no privatization."

Yushchenko brought energy executive Yulia Tymoshenko, who today is his ally and the most aggressive opposition leader, into the government as Deputy Prime Minister. Responsible for Ukraine's energy sector, Tymoshenko oversaw the sale of several power plants to the U.S.-based AES company, an energy shark and asset-stripper par excellence. She protests that her subsequent imprisonment on bribery charges was a political frame-up by the Kuchma regime,

## LaRouche: Stop Brzezinski's Meddling in Ukraine

Lyndon LaRouche issued a statement on Nov. 29, warning President George Bush that, unless he wants to see the current crisis in Ukraine trigger the final collapse of the dollar system, he had better use his position to keep Zbigniew Brzezinski, Madeleine Albright, and Richard Holbrooke as far out of the picture as possible. The gang that made a mess out of the Balkan situation during the 1990s—Brzezinski and his protégés—is now meddling in Ukraine.

LaRouche emphasized that the U.S. government is going to have to work with European nations and with Russian President Putin, to avert the total destabilization of Ukraine or, even worse, its break-up. From the standpoint of Western Europe, Ukraine's descent into chaos would disrupt nearly one-third of its natural gas and oil supply, which is delivered from Russia through pipelines that cross Ukraine. From the standpoint of U.S. interests, it doesn't take a genius, LaRouche emphasized, to realize that an eruption of chaos in Ukraine at the moment that the global, dollar-denominated financial system is disintegrating, must be avoided at all costs. This, LaRouche added, means reining in Brzezinski.

Ultimately, LaRouche continued, Ukrainians must come up with their own solution to the unfolding crisis. Their primary allies in this effort are going to have to be the European Union and Russia. But the real decisions have to be made by internal forces within Ukraine.

LaRouche said that, as a leading world figure, with

many friends in Ukraine, in Russia, and in Europe, he sees it as his responsibility to speak out now, to address President Bush and call on him to make sure that the Brzezinski menace factor is removed from the equation. American-Russian relations have already suffered from Brzezinski's interference in the North Caucasus, notably Chechnya. The United States and the countries of the European Union have a shared vital interest in the stability of the entire territory of the former Soviet Union, in which Ukraine is of particular significance, as the energy crossroads between Russia and Europe.

LaRouche reminded the world about Madeleine Albright's now infamous boasting, at a New York City conference of the Institute of International Education, where she described herself, proudly, as a "Wellsian democrat," a reference to H.G. Wells' *Open Conspiracy*, promoting an Anglo-American-led one-world government. Albright's "Wellsian democracy," and Brzezinski's obsessive-compulsive behavior against Russia typifies the Democratic Party side of a problem that has infected the American political scene since Samuel Huntington's 1975 *Crisis of Democracy* launched Project Democracy. This crowd poses a major danger to the vital security interests of the United States and Europe, as the dollar is nose-diving, LaRouche said.

LaRouche emphasized that Ukrainians must, ultimately, sort out their own problems on the basis of their national interest and national purpose. They must create a national mission, which aims to establish a durable nation, which seeks to benefit all of its people and all of its regions. They must create an environment of opportunity, and we must aid them in whatever way we can, he said.

but even Matthew Brzezinski (son of Zbigniew) reports in his 2001 book, *Casino Moscow*, that Tymoshenko made billions of dollars from the patronage of Pavlo Lazarenko, the mid-1990s Ukrainian Prime Minister, who has been convicted of money-laundering in Swiss and U.S. courts, and is currently serving time in the United States.

So far, Yushchenko's "Our Ukraine" movement promises "the rule of law" and "civilized" standards of official behavior, but has offered no fundamental shift in its commitment to the very economic policies that ruined Ukraine. Yushchenko has done nothing to unearn the *Wall Street Journal's* endorsement of his campaign.

In Friedrich Schiller's last (unfinished) play, *Demetrius*, set in Russia during the early-1600s "Time of Troubles," the boyar Boris Godunov and Grigori Otrepyev, a young monk who has accepted Polish money to seize Moscow and proclaim himself the true son of the late Tsar Ivan the Terrible, contend for the Russian throne. In his notes on the play, Schil-

ler writes that either one, the usurper or the pretender, could have become the legitimate ruler of Russia, *had he exerted true leadership*. Neither did. Nor did the population rise to the challenge, as Alexander Pushkin, in his play on the same subject, said with the famous, tragic stage direction, "The people are silent."

In Ukraine today, a compromised background does not preclude one of the country's political figures stepping forward to provide real leadership. The country still has the industrial and intellectual resources, to play a great role in reconstruction of the national economies of Eurasia. On the basis of mobilization for projects in the common interest, the tension along Ukraine's complex religious, linguistic, and cultural fault lines could ease. For that, it needs a fundamental shift in the axioms of economic policymaking—by Europe, by the United States, and by Russia. And the last thing Ukraine needs, is instruction from Zbigniew Brzezinski on its assigned function in his geopolitics.