Between the IMF and Russian nationalism

Chernomyrdin, Gazprom and Moscow's role in the Kosovo war

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18 May 1999

NATO's war against Yugoslavia has intensified the political crisis inside Russia, unleashing a wave of nationalism. Inside ruling circles the understanding is dawning that it could be their scalps that are taken next.

The NATO bombardment erupted in the midst of the deadlocked credit negotiations between a Russian government delegation and the International Monetary Fund. In the wake of the Russian finance crisis of last August, which led to a dramatic collapse of the rouble and the temporary unilateral suspension of interest repayments to Western creditors, the IMF delegation pulled in the reins. As a precondition for the issue of a new instalment of credit, they demanded massive cuts in Russia's 1999 budget, the maintenance of a high Value Added Tax as well as a series of measures to weaken the position of the Russian banks.

It was not ominous feelings of Slavic fraternity for Serbia that were awakened by the war, but the real fear that Russia could be the next candidate to experience NATO military intervention. Could the unqualified servitude of the Russian government towards the international banks and corporations not mean that they are digging their own grave? If they so weaken their own country, does it not become easy prey for Western troops?

In fact, the reintroduction of capitalism into Russia took the form of an unlimited plundering of the country by a handful of upstarts, who, for the most part, emerged from the old Stalinist apparatus and dispensed the country's resources abroad. On a state level, the governments under President Yeltsin, together with the IMF, committed the same sort of robbery. The result is the almost unimaginable impoverishment of the population, with the corresponding enrichment of a tiny minority. The entire state apparatus and the economy is permeated with crime and corruption.

This is what lies behind the permanent crisis of the Russian government. The central power has become increasingly weaker. It is hardly able to collect taxes, pay its civil servants, ensure the functioning of the army and the courts, or maintain a minimum of economic rules. The situation in healthcare, education, scientific research and culture is even worse. Yeltsin's own physical condition embodies this decay. Under such conditions, how is a new capitalist class to defend its interests abroad?

In February, Sergei Alekshanko, formerly the first deputy chairman of the Central Bank, drew up a report concerning the political situation. This expressed the fears of broad sections of the ruling elite: Russia is degenerating, this is why Yeltsin must resign and give way to a stronger man. Alekshanko compared Russia's situation with that of China following the (failed) bourgeois revolution of 1911. The land decayed into independent areas, which ground each other down in fratricidal wars. The insignificance of the rouble in the Russian economy is also seen as a danger. The dominance of the dollar means there is virtually no unified internal market to speak of.

The war is strengthening the fears of broad sections of the apparatchiks, especially at the regional and local level, that the loot will be shared out without them. Some ask whether it would not be better to follow the model of contemporary China: could the market economy not be organised in their interest more effectively by means of a strong centralised state? This view, which is fairly widespread among all the ruling circles, is expressed most energetically by the Communist Party and the extreme right. They loudly proclaim the need for law, order and nationalism.

The viewpoints held inside the Communist Party fall under this general pattern. The leader of the Russian delegation at the recent negotiations with the IMF was Deputy Prime Minister Yuri Maslyukov, who is a member of the Presidium of the Communist Party. In the former Soviet Union he was once the head of the supreme planning authority. At the conclusion of the talks in Washington on April 30, Maslyukov explained his agreement with the conditions demanded by the World Bank and IMF in the following way: “We will have to undertake another five amendments [to our finance policy]. We will shortly present them to the Duma.... What we are doing here, we do only for Russia. All the talk about economic and political concessions is nonsense.” The vote in the Duma is to be taken by July at the latest.

The new bourgeois class emerging in the form of a permanent political crisis is being formed by the interplay of two opposing tendencies—subservience towards the IMF and the striving to establish itself as a strong national force. Viktor Chernomyrdin, currently the de facto foreign minister and envoy in the Yugoslavian conflict, plays the role of midwife in this historical miscarriage born out of greed and chauvinism.

Chernomyrdin is the representative of the biggest captains of industry. His experience abroad and reputation as an influential man in the oil and gas business, a field which is particularly important to Western governments, favoured him for the role of Russia's envoy in the present Balkan war.

Between 1992 and 1998 Chernomyrdin was prime minister of Russia. He is preparing to stand as a candidate in next year's presidential elections. Before this, in 1989, he became chairman of the newly reorganised state gas concern Gazprom, having led the Ministry

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for the Gas Industry since 1985. He worked his way up inside the apparatus of the USSR. Born in 1938, he has held leading positions inside the Soviet Communist Party since 1967, entirely within the gas sector, with which he is supposedly “genetically bound”.

Gazprom is the largest gas concern in the world. It produces 94 percent of Russian natural gas. Its vast resources and distribution network play an important role in gas supply not just in the East, but now also in the West. Gazprom finances up to a quarter of the entire state budget and is the most important source of foreign currency for Russia. Whoever has their hand on these reserves possesses powerful means to be used against Western economic and financial interests, if they know how to use it.

Although, as far as corruption and selfishness are concerned, he matches his colleagues step for step, one must grant that Viktor Stepanovitch Chernomyrdin does possess a certain understanding of these economic and political facts. This can be attributed to the longstanding relations between the Russian gas industry and the West, which go back to the legendary gas pipeline deal with Mannesmann and the German social democratic government in the 1970s.

As newly elected prime minister in 1992, Chernomyrdin ensured that the Russian oil and gas industry was excluded from the privatisation programme. In the autumn of 1993 he played a leading role in the formation of the so-called “Gore-Chernomyrdin Commission”, a joint committee on energy policy between the US and Russian energy ministries. The Gore-Chernomyrdin Commission has drawn up numerous joint declarations, agreements and memoranda on the collaboration of the Russian government and large corporations with American business. These concerned both the exploitation of Russian gas and oil reserves, and Russian nuclear policy.

From the start, Chernomyrdin enjoyed close relations with the German government. Just hours after taking office as prime minister he received a visit from then Chancellor Helmut Kohl. The rapid withdrawal of CIS troops from the former East Germany, and German assistance in the building of new accommodation for the soldiers in Russia; increased gas supply to the West; and the provision of additional credits, were all agreed between the two.

Chernomyrdin combined the business-minded marketing of Russian energy reserves with a political line that always stressed Russian national interests. This formed the core of the programme of “Our Home is Russia”, the party which he founded in 1995.

He pursued a hard line against Japan in the dispute over ownership of the Kuril Islands. The brutal suppression of Chechnya occurred during Chernomyrdin's period in office. In December 1994 the Chechen capital Grozny was subjected to attack by tanks, artillery and from the air, reducing it to rubble at great loss of civilian life.

Like every good businessman, Chernomyrdin always has his own interests firmly in view whenever he speaks about the good of the country. This can be illustrated by a brief look at the development of Gazprom.

The German Ruhrgas AG company recently increased its share in Gazprom to 4 percent, taking up an option to join the supervisory board if it then further increases its shareholding. This alliance was regarded as making strategic provisions for the supply of gas to Germany, where one-third of all gas consumed originates in Russia. Ruhrgas also gets a foot in the door in the gigantic east Asian market being opened up by Gazprom.

Close economic collaboration exists also with Wintershall, a BASF affiliate. At the beginning of April, a further co-operation agreement was signed between BASF and Gazprom, which forms the single biggest business contract between the two countries. Several billion deutsche marks will flow into opening up the oil fields of Western Siberia.

Old pipelines into East Germany are being extended into the West, and will be of considerable significance for German energy provisions. In the near future, they will be extended as far as the Benelux countries, France, and even Portugal. Supply contracts have been continued to 2020, and their scope has been increased. Concrete joint plans exist with Ruhrgas and BASF to exploit the Asian market and for collaboration with Iran. Persistent rumours abound that the Italian state energy undertaking ENI is also participating in Gazprom. It is known for certain that ENI and Gazprom plan to lay a gas pipeline costing $2 billion from Russia to Turkey, across the bed of the Black Sea.

Chernomyrdin's old friend, the present chairman of Gazprom, Rem Vyachirev, relies on these good relations with German companies to counter the constant calls from the IMF for Gazprom to be broken up. According to press reports, the issue of Gazprom is found on almost every agenda at IMF negotiations with Russia. The IMF is demanding that the massive state enterprise be broken up along regional lines, and that the 140,000-kilometre network of its pipelines be split off from the oil production side of the business.

The IMF justifies this course by pointing to the outstanding tax debts that Gazprom owes to the Russian state, currently running in the billions of dollars. They claim this is undermining state finances and endangering Russia's own debt repayments. Gazprom management, on the other hand, say that the state is not paying its gas bills and thus cannot demand any taxes from them. These debts to Gazprom are even higher than what the company owes in taxes.

Vyachirev has received staunch support from BASF and Ruhrgas in this dispute, which have no interest in the dismemberment of their influential business partner. The chairman of Wintershall, Herbert Detharding, spoke about this last July in an interview with *Die Welt* newspaper. Asked what consequences the break-up of Gazprom would have for German energy supplies, Detharding replied: “Such a break-up is unthinkable, simply on technical grounds. Production that is bound to a pipeline cannot be dismembered.... Naturally, there are forces who talk of such a course, because they would like to get their own sticky fingers into the wealth of this large concern.”

This short excursion into the world of the gas business may help to throw some light onto Chernomyrdin's role as the Russian representative in the present tug-of-war over Kosovo. It concerns the role of the rising Russian bourgeoisie within the future world order. Their state power lies on the ground, their economy is largely in tatters, but they refuse to let their final trump cards be torn from their hands. Chernomyrdin does not want to be a victim of the new imperialist division of the world; he wants to be a junior partner in it.

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