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# STABILI

With the second round election now history, the results are as follows, with 97% of polls reporting:

- Boris Yeltsin 53.7% 36,000,000 votes
- Gennady Zyuganov 40.4% 32,000,000 votes
- 35,000,000 voters did not vote.

Over 5% of people voted against candidates by crossing out both names - more than 4 million spoiled ballots.

There was over 67% turn-out of those eligible to vote.

What this election shows is that the Russian voters are sharply polarized, split between the newly born Russian capitalist class and their Western backers and people who want a return to socialism.

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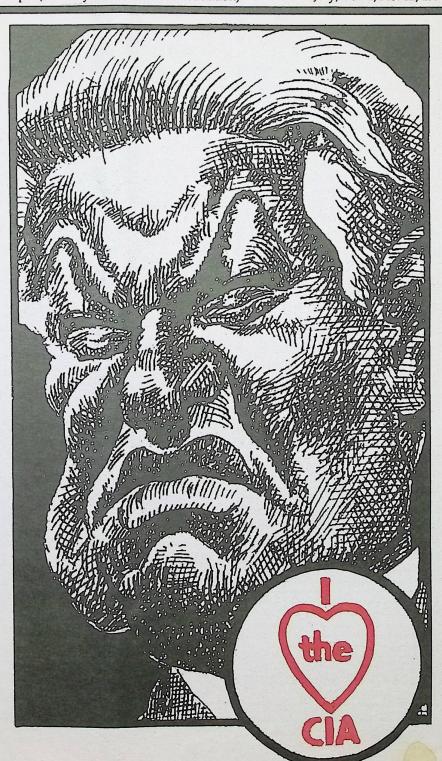
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Northstar Compass is the public voice of the Canadian Friends of Soviet People (formerly Canada-USSR Association) and is dedicated to the resurrection of the Soviet Union as a Socialist State.

In our tradition since 1918 (Hands Off Russia Committee) we are devoted to international cooperation in building socialism and solidarity in a world at peace.

Opinions expressed by writers to NSC are not necessarily those of the publication.

### NORTHSTAR COMPASS

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# SALT & PEPPER ON WRY

By: Frank Ray Davis

### **MEASURE FOR IMEASURE**

Toy teaspoonfuls for the needy, heaped shovelfuls for the greedy. Pinch pennies for the poor brats, pitch bales of bills to fat cats — that's fiscal responsibility!

YOU HAVE AN OPINION ABOUT NSC? WRITE!

HAVE YOU RENEWED YOUR SUB?

Russia's instant billionaires want Yeltsin to make peace with communists to save their gains.

Kremlin's strategists ran a very skilful Western-style election campaign with its techniques, extensive use of television commercials and personalized direct-mail campaigns. They had 16,000 paid campaign committees, thousands of paid election workers to promote Yeltsin in all of the smallest towns and villages in the vast territory that is Russia.

On the advise of his British Advertising "guru", the television ads that were daily on the TV screens were very clever by even allowing some mild criticism of Yeltsin and his program. But the commercials always ended with voters insisting that Yeltsin was better than the Communists.

General (Pinochet) Lebed is the man waiting in the wings to step into Yeltsin's shoes in the next four years. Of course, there will be a show of "in-fighting" between Prime Minister Viktor Chernomydrin or even Mayor of Moscow, Yuri Luzhkov. Angelo D'Angelo, Director of U.S. Friends of NSC, predicted this long before we got those reports from Russia!

Unfortunately, Gennady Zyuganov made a statement that the election: "although there were violations, we shall respect them". "CPRF members of the Duma will be a viable opposition. Compromise and coalition are inevitable", said Alexei Podberyozkin, top strategist in Zyuganov's campaign.

It was also reported by Reuters that Victor Anpilov of the Russian Communist Workers Party, whose movement worked for the election of Zyuganov, as saying: "I have no intention to call the people to the streets to protest against the election results. It is impossible to provoke a civil war in Russia"!

CNN, in a dispatch that was in the New York Times, wrote that Western advisors and Yeltsin's own election strategists, hinted that the Government that Yeltsin will form now will include "professionals" and in order to placate the Communists, some of them might be included in the government in minor roles. As we went to press, Gennady Zyuganov accepted a post in Yeltsin's Government!



Gennady Zynganov

# HOW WAS THIS ELECTION "VICTORY" ACCOMPLISHED? FOLLOWING ARE EVENTS THAT HAPPENED IN P R E - E L E C T I O N CAMPAIGN

• Retired General Lebed was catapulted immediately to the most important job in the country, directly subordinate to Yeltsin and started to 'clean up corruption!'"?

This was in the works long before even the June 16th election took place. General Lebed ran as "presidential candidate" with full blessing of Yeltsin and his Western backers ... there is absolutely no doubt about it. His "presidential electoral program" was to clean up

graft, Mafia connections, bring in law and order to Russia!? His election platform on the surface was anti-Yeltsin. People who voted for Lebed, in actual fact, were voting against Yeltsin.

Having hoodwinked millions of voters, Lebed in full cooperation with Yeltsin, overnight became the "darling" of the Mafiosi-run Yeltsin apparatus. The aim of Yeltsin was to sway Lebed supporters during the second round, to vote for Yeltsin – after all, did he not take under his wing Lebed, did he not follow the proposals by Lebed, ending corruption, ending the Chechniya War and bringing Russian troops home, etc., etc.?

• Just 6 days before July 3 election (run off), Yeltsin fulfills Lebed's wish and fires 6 Generals at once. Yesterday, they were the most loyal Yeltsin supporters, now they are called "hardliners", "conservatives", accused of trying to stage a coup and other corruption charges.

It's the pot calling a kettle black!

• On June 25, Gennady Zyuganov, leader of the Communist Party of Russian Federation and candidate in the run off election for the presidency, pleaded with Yeltsin to form a "coalition government".

Zyuganov is quoted as stating in the Russian press, TV and radio the following: "Russia is in a serious situation and no single political force is in a dominant position. Problems cannot be solved singly either by one leader or by one political party or movement."

Of course, Yeltsin refused this offer, knowing full well that his Mafia-infested voting machine will pull through.

Zyuganov's previous pleas for a "government of national unity" had also been ignored

 Judging by what Northstar Compass kept receiving from Russia by way of faxes, letters and telephone calls, there was cheating, admitted even by Western observers. In one district alone in Moscow where there were scrutineers from the communists present, hundreds of names slated to vote for Yeltsin were taken off the tombstones of cemeteries.

- Communist Party of Russian Federation had its own computer set up, its own scrutineers, its own counting personnel in place and it was common knowledge that there was about 10% falsification of voting in the first round. Zyuganov and the leadership did not issue a protest and the figures that Zyuganov's scrutineers counted were never published officially.
- As we mentioned before, but it needs repeating again and again, the billions of dollars pouring into Russia, the International Monetary Fund dollars being shipped regularly, plus the "new Russians" capital and foreign transnational corporate money, obviously did their work. Besides all that, the mass media was fully in the hands of Yeltsin and company.

Even if Jesus Christ himself was running in this election, there is no way that he would be heard by the people – unless of course he received permission from Billy Graham or the Vatican.

# SOME NAGGING QUESTIONS HAVE TO BE ASKED!

Even though the Communists and movements inside former Soviet Union have done a magnificent job of bringing pressing issues before the Soviet people, even though the conditions of their campaign were extremely against the message reaching the people, even though an attempt for unity was somewhat accomplished and honest patriots worked extremely hard to get Zyuganov elected, it is

not enough to show the unfair election manouvers, cheating, press censorship and of course the billions upon billions of Western dollars and advisors flowing into the regime's hands!

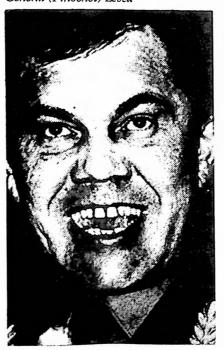
After a defeat (although we state that this was another step closer to a revolution and the road to socialism) it is also necessary to analyze the weaknesses of the campaign, the candidate and the unity that was in many respects superficial.

Therefore, we are asking the following questions:

1: Why did not the leadership of CPRF (Zyuganov) attempt full cooperation and a united front with all Communists? All Communists and movements, (except the AUCPB which boycotted the election) fully agreed to run no other Communist candidate and put all of their energy to work for Zyuganov, in spite of being rejected.

2: Why would Zyuganov make the statement that "no single party is capable of running the country"? Is this what a Communist should state? Is this what Lenin would have stated?

General (Pinochet) Lebed



Where was the appeal to Soviets who were fooled to vote for Lebed, Yavlinsky, Zhirinovsky? Where was the appeal for them to save Socialism, to resurrect the Soviet Union? Where was the appeal to stage a nation-wide strike to save the Motherland?

3: Did Zyuganov really believe (or was this a tactic before the election) that he and traitors Yeltsin and Lebed would be able to govern in a "government of reconciliation"? That's just as much as to ask a sheep to be in the same bed with a wolf!

4: Just three days before the July 3 election, General Lebed made it known that he is aiming for the top post in Russia, when he stated that: "there should be a vice president" position instituted and I'm in a strong position to fill that post." The present "Yeltsin's Constitution" forbids the post of a vice president.

Of course, the tactic is very clever – knowing that the West is looking more and more to Lebed (Pinochet), this is a tactic to "legally" swing from a vice president into a president's chair when time is ripe! Why was no protest made by Zyuganov on this?

5: Question of Yeltsin's health, his failure to appear before the people for 6 days before the July 3rd second round, plus on election day, was meant to give Yeltsin sympathy before the voters, since he "was campaigning so hard, he lost his voice, is tired, but he is on top of the situation" ... this was according to his spokesman.

BUT ... instead of hitting hard at the regime's election program and the sell-out of the country, the devastation of the living standards, Gennady Zyuganov demanded: "I want to see a doctor's health certificate for Yeltsin, whether he is healthy enough to govern the country"!

What kind of a statement was

that? Was the question of Yeltsin's health so important or the question of what Yeltsin represents? Instead of attacking the policies of the present regime, instead of bringing up real revolutionary enthusiasm to convince people that it's not a question of "Yeltsin's health" that should worry the people but the defeat of Yeltsin and his regime, Zyuganov concentrated on the health issue!

History will record that statement by Zyuganov as a complete sell out of a principled approach at a very crucial time before the July 3 voting for the president took place.

No amount of Zyuganov's dancing to a rock group, copying Yeltsin's performance, was enough to assure him victory!

6: Another weakness that was not addressed was the fact that for 7 days before July 3 run-off election, the TV, radio and Russian official press were full of anti-communist diatribe, bringing in the most vicious anti-Soviet films that they could get their hands on, figures of 18 million, 30 million and even reaching 42 million murders committed by Stalin and Lenin! In this, Yakovlev, former Ambassador of USSR to Canada, was in the forefront in this vile propaganda. The capitalist press of the world started to publish these "statements" as if on command!

A new twist was added, just days before July 3. No longer were these enemies satisfied to attack Stalin with murders, they now included Lenin as well. The next step will be to blame Marx and Engels.

Why didn't the leadership of CPRF or other "Election Bloc" parties/movements issue a statement on these vicious attacks, or call for demonstrations in front of governmental buildings or press centres?

# IS NSC THE ONLY PUBLICATION TO THINK LIKE THIS? WE CERTAINLY DO NOT THINK SO!

In a very interesting article regarding the elections in Russia, the newspaper Village Voice of New York, USA, published the view of Matthew Yeoman under the headline: "THE THIRD MAN – FOR WHOM BELL TOLLS".

Here, we give excerpts from this article.

• Yeltsin's victory was due to many factors, among them, this one, which our general public or Russians are absolutely unaware of. Besides the obvious support by Lebed and the military-bloc, he also had support by some very creative tallying that helped him win.

Yeltsin will thank also the British Public Relations Guru Tim Bell, who was recruited by Yeltsin camp early this year to resurrect the president's flagging image, for a very high sum of money.

Bell is the former head of British Advertising giant Advertising Agency Saatchi & Saatchi, and the man responsible for softening Margaret Thatcher's "Iron Lady" image for her 1983 re-election bid. In 1995, Bell was hired by Moscow's powerful MOST group - owner of Russia's independent television channel, NTV, which is controlled by Yeltsin ally Igor Malashenko. As an advisor to Yeltsin, Bell sculptured a vibrant image for the man most Russians had come to see as either permanently drunk or on death's door. Bell was behind a television show that depicted Yeltsin as a family man helping his wife cook Siberian dumplings. Some observers know that Bell helped to orchestrate a campaign by a political newspaper "NYE DAI BOG" (GOD FORBID) that stirred up fears of a civil war in the event of a Communist victory.

Bell's collaboration with Russia's democratically challenged president is just another line in a lengthy resume of work for unpalatable characters.

On top of his long-time bolstering of Lady Thatcher, Bell also represented Malaysia's autocratic government and former South African leader, F.W. Klerk.

But sealing his reputation is the spin-off job performed for an especially daunting client – PHANTOM OF THE OPERA prima donna Andrew Lloyd Weber.

In another comment by writer Jennifer Gould, when detailing the agreement reached by Yeltsin and Zyuganov to tone down the inflammatory election speeches, Yeltsin with his red scare tactics and Zyuganov backing down from his pledge to hold demonstrations if the "will" of millions of his voters was not carried out, no matter what the outcome of the elections.

"Of course, an agreement was made before the elections", said Vladimir Semago, a millionaire – member of Zyuganov's Communist Party and member of the Duma. He also owns the Moscow Commercial Club, an elite dining and gambling establishment for Russia's New Rich – Communist and Democrat alike.

Meanwhile, Senator John McCain from Arizona, USA as an election observer, together with General Alexander Haig and the conservative Jamestown Foundation, met with top Russian officials before and after the elections – in harmony as "official USA observers" in the elections.

### **OUR COMMENT:**

Unfortunately, there are many people who will look very sceptically at the above news items, not believing that public relations-advertising medium could influence the voters or that the

Russian people are not affected by this very cleverly conceived, subliminal advertising.

Any scientist, psychologist or professional that studies human behaviour will confirm that the most powerful influential medium in modern society is television. And ... if the television network is in the hands of your enemy or adversary, plus the expert advice and formulations of these advertising gurus, then it is only logical to conclude that this is a very effective and dangerous tool in the hands of despots such as Yeltsin.

This of course does not take away from the mistakes, both tactical, covert and overt, that were made by Gennady Zyuganov.

# WE ARE PROVEN CORRECT AGAIN!

We publish here a news item that was in the Toronto Star on July 7 which quotes a Reuters dispatch from New York, USA, stating that: "U.S. experts engineered Yeltsin win". This was reported by Time magazine.

Below, we reprint the article without any comment, since it is self-evident that what NSC was and is saying is absolutely right on the mark!

# TIME: U.S. EXPERTS ENGINEERED YELTSIN WIN

NEW YORK (Reuter) - American political consultants secretly engineered Russian President Boris Yeltsin's re-election campaign using many tactics of a U.S. presidential election, Time magazine said yesterday.

The team, which in March began working covertly from a Moscow hotel, apparently had no connections to U.S. government agencies and was recruited at the request of Yeltsin's aides.

The team, paid \$250,000 plus expenses, included former Republican staff and campaign strategists to California Governor Pete Wilson, according to the Time cover story to be published tomorrow.

The consultants worked directly with Tatiana Dyachenko, Yeltsin's 36-year old daughter and de facto campaign manager, and with other top Russian advisers, Time said.

They used polls, focus groups, negative advertisements and other American campaign techniques to help Yeltsin to victory, the magazine said.

The team included Joe Shumate, a Republican expert in political data analysis who had served as deputy chief of staff to Wilson, and Wilson's longtime top strategist, George Gorton.

Steven Moore, a public relations specialist from Washington, and Richard Dresner, a New York-based consultant who had worked with Shumate and Gorton on many of Wilson's campaigns, were also named by Time.

The magazine said the team was brought together in February by Felix Braynin, a wealthy management consultant who advises Americans interested in investing in Russia and is closely allied to Yeltsin. Braynin moved from Belarus to San Francisco in 1979.

Toronto Star, July 7, 1996

# **RESCUING BORIS**

The secret story of how U.S. advisors used polls, focus group negative ads and all other techniques of American campaigning to help Boris win.

In an 11-page EXCLUSIVE story in TIME magazine of July 15, 1996, the real undercover story of media hype, lavish money spending by Yeltsin and his Western backers; subliminal and outright mind manipulating TV campaigns; the involvement of American, British and other "advertising gurus", produced the desired results!

Northstar Compass spoke about this in our Editorial, written one week before the election, based on our sources and contacts in Moscow.

We cannot (unfortunately) print in full the 11-page exposé in NSC ... we're just quoting some very pertinent lines that are included in this very gloatingly written article. Why should not TIME magazine gloat? After all, they managed to fool the people again and gave Yeltsin another 4 year term in office.

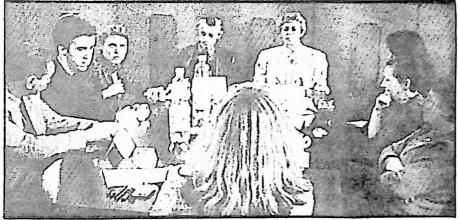
For two years, the Americans and British experts were secreted in a Moscow Hotel, working with Yeltsin's daughter as the "central pivoting point", since Yeltsin did not trust even his own team to get him elected.

Here are some quotes:

YELTSIN: "One of your tasks is to advise us whether we should call off the election if you determine we're going to lose" – this was told right at the start to the American advisors.

DRESNER (American advertising guru and former U.S. state employee): "On March 2, our team wrote a 10 page memo to Yeltsin outlining that the only way he will be elected if we open up a anti-communist tremendous campaign and present him as the only alternative. We picked people at random, instructed them on what to say in a TV group discussion, paid them a fee and the result was that we presented an image of 'people thought of Yeltsin as a friend who had betrayed them'. At the same time, we produced TV commercials which showed photos of (unsubstantiated) conditions under Stalin while the positive side showed young,





Focus groups Indicated that many people thought of Yeltsin as a friend who had betrayed them





One ad evokes the bad old days; the other shows slogans about moving forward, not backward

up-and-coming youth with slogans about moving forward, not backward.

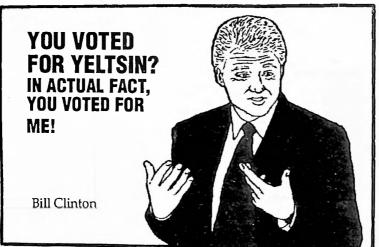
We also made certain that Yeltsin was surrounded all the time while TV cameras were taking pictures or photographers, with young and elder people alike. It was all pre-planned and staged.

By using a 'perception analyzer', when we gathered about 40 people together, showed them film clips of Yeltsin's speeches. The 40 people had their hands on a wired dial, which recorded on a chart their feelings about Yeltsin. The dial recorded the reaction of the people when Yeltsin said that: 'I will improve your lives' - the dials turned completely down, since people did not believe Yeltsin. This then taught us when writing his speeches that we should make certain that he did not promise anything, just harp on anticommunism!

Daughter Dyachenko – the only person of his entourage he trusted with Americans.







### ROOM 11120

The Americans set up their headquarters in Room 1120 of the President Hotel in Moscow. Yeltsin's daughter Tatiana Dyachenko, the real behind-thescenes boss of the campaign, was in Room 1119. From left:

STEVEN MOORE
Moore is the public relations
specialist the team hired

GEORGE GORTON
A longtime strategist for
California Governor Pete Wilson,
Gorton told Yeltsin's aldes the
election was "in the bag" even
though he wasn't so sure

JOE SHUMATE

were "helpful"

When everyone was worried about turnout the day of the first round, Shumate, a polling expert, sald, "It won't go below 65%, and our model shows we win with that"

RICHARD DRESNER
In the late 1970s and early '80s,
Dresner Joined with Dick Morris
to help elect Bill Clinton Governor
of Arkansas. Sources say the
team's contacts with Morris,
Clinton's current political guru,

FELIX BRAYNIN
Braynin, an immigrant to the U.S., brought in the Americans.
"Secrecy was paramount," he sald. "If the Communists knew about this, they would attack Yeltsin as an American too!"

# 440ne of your tasks is to advise us whether we should call off the election if you determine we're going to lose.77

We gaged the average fear of the Russians and found out that 'civil war' was uppermost on their minds. That gave us the cue to systematically utilize the civil war scare at every opportunity on TV, radio, press and public speeches. We dug up, reworked and inserted all sorts of shots from the Second World War, the famine, the line-ups, etc., etc.

'Stick with Yeltsin and at least you'll have calm – not civil strife or civil war' ... this became our election slogan.

Video International, a company involved in this unsavoury campaign, let it be known that a coded message was received by President Clinton of U.S., urging him to help and to make available his personal Public Relations guru, Dick Morris.

This Video International also staged the meeting between Clinton and Yeltsin, staging the image of Yeltsin posturing in front of Bill Clinton. That footage really helped Yeltsin in Russia, since it was broadcast and re-broadcast daily, showing that Yeltsin can stand up to Clinton!

So ... the American style trickery and slickery were the tools that helped Yeltsin (besides the serious mistakes made by Zyuganov). The results were worth it even if those tools are not admirable, they helped to achieve what the Americans and Russian capitalists wanted."

But consultants, clever as they are, cannot forever keep a despot like Yeltsin in power! Soviet people have learned a lesson during this election that they are not apt to forget.

The lines are more clear, the fog has lifted and Soviet people shall have their say sooner than later.

# IS OUR POSITION WRONG?

There might be some readers, who read other progressive newspapers, who will accuse us of being "too left", "too dogmatic", "too Stalinist", "too out of touch with present reality in Russia", etc., etc.

Everyone has the gift of criticism – that's the easiest thing to do and comfort yourself that you have done your bit for humanity, for socialism and for rationality!

We, at Northstar Compass, over a period of close to 4 years of publication, have managed to publish nearly all news and statements of all the anti-Yeltsin forces that exist or have existed on the territory of former Soviet Union. That, we must say, was not accomplished by <u>ANY OTHER</u> publication!

Some of those statements or movements that we gave space to on the pages of NSC were at variance with each other, or many were at loggerheads with the policy of the Editorial Board of NSC. But ... we specifically printed their articles, letters and appeals in order that our readers would understand the complex situation existing in former USSR. Otherwise, how can our readers make any judgement or make analysis? It is impossible.

We, as friends of Soviet people since 1918, have that right, not only as Canadians or Americans or other nationalities, but as citizens of this planet of ours which now is in grave danger of being subverted as slaves to the Transnational Corporate Power and the New World Order a la USA! We surely have that right!

Just one day after the second round of election, Yeltsin already let it be known through his minister Chernomydrin who told reporters that "offering Zyuganov a government post is not out of question. Other communists could also be included. These moderate communists will be offered positions in the government".

Now ... Yeltsin's Cabinet did not have time to meet to consider these offers, but already these offers are public, and tentative agreements arrived at, while the Duma, supposedly the government is not consulted or even informed about these behind-the-scenes manouvers.

Constitutional lawyer Vladimir Isakov in Moscow stated it correctly when he said: "Yeltsin's team is trying to break up the party".

It is not a victory for Zyuganov or some other "moderate communist" when they accepted some posts offered by Yeltsin – after all, Communists were in power before and to be offered a carrot with a big stick behind the carrot is nothing more than a sell out to the present Yeltsin-Lebed regime, nothing more and nothing less.

Commending and criticizing some of the shortcomings of Zyuganov and other Communist leaders – that is what real Communists should do. What happened to criticism and self criticism? Did Lenin not state that the Communists should lead, but lead with the purpose of the masses in mind, for their welfare, for socialism!

Let us be brutally frank – some so-called Communists that were ruling the USSR since 1953 were in actual fact the greatest enemies of the Soviet people. Otherwise, they would not have deserted the people in their hour of need.

Why is it that everyone agrees that a deserter during war-time to the enemy should be shot without any qualms? We are living in a class struggle of such proportions that deserters are now as guilty of treason as they would be during war times! There is absolutely no difference.

Are we all aware as to what is waiting for the working class of former Soviet Union now? Are we also aware of what the working class in the capitalist world will be facing now, that Yeltsin-Lebed duo is in power with the USA given cartblanche to do whatever they want?

This temporary defeat is just what we have said – A TEMPORARY DEFEAT!

The times ahead will see polarization of forces, sharper lines being drawn, the struggle will intensify and sooner than later, Socialism will again come to the Soviet people as it surely will come to the rest of the world.

UNITY IN ACTION IS WHAT WE NEED!

UNITY AMONGST THE PROGRESSIVE MOVEMENTS AND PARTIES IS A DESPERATE NEED!

CAPITALISTS KNOW HOW TO DIVIDE AND RULE. COMMUNISTS SHOULD LEARN HOW TO UNITE AND RULE AND RULE!

# FEATURE ANALYSIS

# RUSSIAN ELECTION AS SEEN BY OUR EDITORIAL COMMITTEE

### DEAR READER:

We have asked some of our Editorial Committee members living in Britain, India, Brazil, Turkey, Syria, Mexico, Columbia, Czech Republic to write their short analyses of the Russian presidential elections.

The following Committee members have so far replied with letters or articles which we publish below. Others will be published in the next issue, since they arrived too late to be included in this one.

We certainly hope that you will enjoy reading their opinions about the elections, since they represent such a variety of countries and outlook. In this way, NSC readers have the opportunity to compare their own thoughts to those of our members plus the editorial policy of the Editorial Board.

### From: GREAT BRITAIN

The Presidential Election, the first round of which has recently been concluded in Russia, was held against a background not dissimilar from the background against which the forthcoming General Election in Britain will be held. Results of the first round show Russia to be almost equally divided between those who would like to go back to the security of the old Soviet system, and those who are still drawn towards the false hopes of a capitalist lottery.



Ernie Trory
Photograph of the author taken on his 80th birthday by John Bubb of Rustington

It is true that the plight of the workers, especially in the countryside, is ten-times worse in Russia than it is in Britain, but there are a number of frightening similarities.

Both countries are presided over by the representatives of a form of concealed fascism that has succeeded in immobilising the trade union movement; in both countries, there is unemployment, poverty and homelessness; in both countries, the crime rate is rising alarmingly; and in both countries, the buzzwords are "Law and Order" – without reference to whose law or whose order.

There are similarities too in the institutionalised opposition parties. Gennady Zyuganov may call himself a Communist, but his programme is almost identical with the programme devised by Tony Blair for Britain's New Labour. Zyuganov's programme advocates "a market economy, preferably led by a strong state sector" with state control of prices. He has made it clear that private banks will not be nationalised.

In an article in The Guardian, Ken Livingstone, a left-wing Labour MP who recently met Zyuganov in Moscow, wrote: "Were I to have closed my eyes, I could almost have believed myself to have been in the office of Tony Blair. When Zyuganov talked of 'direct state control where necessary' and of how he favoured 'a varied social and economic structure', he could have been quoting from one of New Labour's recent policy documents. And when he spoke of his intention 'to turn all citizens into co-owners of the national property', I felt like telling him that 'stakeholder' might have been a more appropriate word."

But in an article in The New Yorker on the June 14th, Bill Doares, writing from Moscow, pointed out that although Zyuganov's programme is not socialist, making an appeal to Russia's indigenous manufacturers with a plan for tariffs on foreign products, it is certainly not welcomed by Russia's rapacious new capitalists, any more than Blair's vague policies, despite concessions to the City of London, appeal to the right-wing Tory leadership of Britain's rapacious

new capitalists, particularly those in the newly-privatised utilities and transport systems. Both are concerned that a victory for Zyuganov or Blair might unleash uncontrollable social forces when the working people who are supporting them realise that they will be unable to deliver what has been promised, vague though that may have been, without a further revolutionary advance. Which is why we must support them and then keep them under pressure in anticipation of later struggles on a higher plane and for more tangible objectives. Getting rid of Yeltsin and Major are the first steps in what promises to be a long, drawn-out battle for real socialism.

The second round of voting has now been completed, leaving Yeltsin a clear winner, thanks mainly to the intervention of General Lebed, whose "law and order" programme was accepted at face value by many of those who longed for an end to lawlessness in Russia. Unfortunately, the most likely outcome will be a gradual slide towards a fascist dictatorship with General Lebed in charge of "security".

After the announcement of the result, Zyuganov, who still calls himself a communist, drew attention to the fact that his so-called Communist Party of the Russian Federation had 7 million votes in 1993, 15 million in 1995, 24 million in the first round of the election this year, and 30 million in the second round. That Zyuganov is not a communist is patently obvious to most politically-minded people outside of Russia. The question is, was it so obvious to the 30 million who voted for him? Or, did they really think that his victory would bring about a return to the Soviet system they are now missing? If the latter, there is hope for the future, though the way will be hard and long.

Yours fraternally,
 Ernie Trory

### From: CZECH REPUBLIC

Dear Editor:

Unfortunately, it is not possible to write an article on the elections, because I am not as well informed here as you are there at NSC; and at the moment, my priority has to be the overseeing the production of our first issue of Postmark Praha in its new format.

 With very best wishes and comradely greetings,
 Ken Biggs
 Editor, "POSTMARK PRAHA" □

From: Bill D., Moscow July 8, 1996

# RUSSIA'S ELECTION: A COUP D'ETAT BY ELECTORAL MEANS

Bill Clinton called Russia's presidential election a "triumph for democracy". Those were the exact same words he used in October 1993



to describe the massacre of hundreds of supporters of Russia's parliament by the troops of Boris Yeltsin.

Richard Ball III, millionaire Republican "electoral observer" and Ronald Reagan's Navy Secretary, said the vote was "open, honest and unmarred by irregularities of a consequential scale". Naturally.

But the re-election of Boris Yeltsin was far from free. It was bought with what opposition candidate Gennady Zyuganov called an "unprecedented mobilization of state funds" by the Yeltsin regime. This spending was made possible by billions of dollars provided by the International Monetary Fund, the World Bank, Western corporate investors and what Time magazine called "quasi-government U.S. agencies".

This money financed, among other things, a massive campaign of psychological warfare aimed at terrifying Russians into voting for Yeltsin. According to the Washington Post, several "quiet Americans" were secretly helping to direct this media blitzkrieg. History will shed further light on what may well have been the largest CIA covert operation ever.

To bankers and corporate magnates greedy to plunder the industrial wealth of the former Soviet Union, the defeat of Zyuganov was well worth the price. "Markets Jump For Joy Over Victory" and "Debt Prices rise After Yeltsin Win" read headlines in the Englishlanguage Moscow Times. Another Moscow Times article told of U.S. investors gloating over the election's outcome at a July 4 bash.

It is no wonder. Before the election, the Yeltsin government sold bonds to foreign investors at a 215 percent interest rate. "The regime is turning Russia into a colony to pay for this election", charged a statement by the mass movement, Working Russia.

Indeed. In between the electoral rounds, the Yeltsin regime purged top officials who were known to favor restrictions on Western ownership of Russian oil and other strategic industries.

It is difficult to convey in writing the scale of the campaign carried on by Russia's private and state owned media against Gennady Zyuganov, leader of the Communist Party of the Russian Federation and candidate of the People's Patriotic Forces. Every day and night for six months, TV, radio and newspapers terrorized voters with visions of civil war, famine and violence that would allegedly follow a Zyuganov victory. One observer compared it to a non-stop, half-year multimedia version of Orson Welles' 1947 radio report of "Invaders from Mars" that sent thousands of Americans fleeing from their homes.

Just about every anti-communist movie ever made was shown on TV with the sponsorship of U.S. corporate advertisers. Yeltsin TV commercials were often 15-minutes Zyuganov had no TV advertising. TV "news" reports cast Yeltsin as Santa Claus, travelling across Russia, raising wages and pensions and doling out funds to the needy. The fact that these payments rarely materialized was not reported. Nor were the devastating conditions attached to the IMF-World Bank loans that paid for Yeltsin's campaign-trail largesse.

There were other forms of pressure. Bosses in new-privatized industries warned workers their plants would shut and leave if Zyuganov were elected. Trade union leaders received large sums to campaign for Yeltsin. Military and militia personnel were pressured to vote for Yeltsin. So were prisoners, who can vote in Russian elections, unlike in the U.S. The prison vote was allegedly 100 percent for Yeltsin. The church did its bit, of course. The day before the first round, when campaigning is forbidden under Russian law, Yeltsin appeared on TV with the patriarch of the Russian Orthodox

Church at his side, urging voters to "choose correctly".

Then there were the "dirty tricks". Moscow Mayor Luzhkov, a Yeltsin ally, blamed mysterious pre-election bomb blasts in Moscow on Communists, a ridiculous assertion that was trumpeted on national TV. Three nights before the final round, TV newscasts began airing false reports that Working Russia and the Russian Communist Workers Party, two of the most active organizations in the Zyuganov campaign, were calling on their supporters to boycott the election.

The dirtiest trick was the use of former general Alexander Lebed, whose expensive campaign was apparently financed by pro-Yeltsin forces to take votes from Zyuganov in the first round. After the first vote, Lebed declared support for Yeltsin in return for a post as head of a new Russian Security Council. Lebed lent a phony, nationalist image to the Yeltsin campaign with demagogic criticism of "foreigners stealing Russia's resources". In reality, Lebed's hero is Chile's late fascist dictator, Augusto Pinochet, who massacred Chilean workers on behalf of IT&T and the Anaconda Copper Company.

In the final round of the election, all the pro-capitalist candidates, from free-market "liberal" Grigory Yavlinsky to right-wing demagogue Vladimir Zhirinovsky, united behind Yeltsin.

Nonetheless, the majority of Russia's industrial workers and farmers, those who produce the wealth so coveted by Western investors and new Russian capitalists, seem to have defied the mediagovernment hysteria. At least 30 million people, 40 percent of the 65 percent who went to the polls, voted for Zyuganov. Several million people cast votes against both

candidates.

Manufacturing centers like Bryansk, Kursk, Orel, Lipetsk, Tambov and Belgorod in western Russia voted overwhelmingly for Zyuganov. So did the industrial regions along the Volga and in southern Siberia and Russia's black belt, the Kuban farming region. The voter turn-out was high in all those regions.

As in the first round, the national republics of Chuvashia, North Ossetia, Mordovia, Mari, Adygei, Buryatia, Altai and Gorno-Altai, gave a solid majority to Zyuganov. In Chuvashia, where tractor builders have been on strike for six months, the pro-Communist vote was 63 percent.

Among former state and collective farmers in rural Russia, the pro-Zyuganov vote was nearly unanimous. In several villages visited by Workers World, the only pro-Yeltsin voters were businessmen who had built second homes there.

### FRAUD PREVALENT

Finally, in spite of all the propaganda weapons at their disposal, those in power seem to have resorted to fraud. Nearly 70 percent of the voters in the mountain republic of Dagestan voted for Zyuganov in the first round. In the second round, most of them allegedly voted for Yeltsin. Vote tallies also changed dramatically in Tatarstan, Bashkiria and Rostov Oblast (see accompanying interview). Even more absurd was the reported 68 percent pro-Yeltsin vote in Chechnya. "Apparently they want us to believe that if you drop bombs on people, they are more likely to vote for you", opposition leader Aman Tuliev told Workers World.

In many regions, villages that voted for Zyuganov in the first round did not receive ballot boxes or transportation to the polls in the second round. In other areas, the number of people allegedly voting jumped dramatically in the last hour.

In a July 4 press conference, Zyuganov said his bloc was planning to file suit about 60 serious violations of election law by the Yeltsin regime. He also condemned the media for "manipulating people instead of informing them".

In spite of that, CPRF leader congratulated Yeltsin on his "success at the polls" and said, "I respect the will of the citizens of the Russian

Federation", and "the rules of civilized society". Pointing out that the left vote had risen from 7 million in the December 1993 parliamentary elections to over 30 million this July, he confidently predicted that 50 million people would vote for the left bloc in the next election.

"A two-party system is developing in Russia", Zyuganov said. "One wing of that system is the Bloc of People's Patriotic Forces, which believes in a patriotic ideology, ideas of justice, a strong Russia and strict observance of law. The other wing is the Party of Power." He complained that the media had "painted the mask of one party", his own Communist Party of the Russian Federation, "on the face of our bloc". He added, "we have long ago distanced ourselves from radical forces and we don't support radical solutions." Zyuganov left open the possibility that his bloc would accept posts in Yeltsin's government if they were offered.

Millions of Russia's impoverished workers and farmers may feel they need a "radical solution", however. Street polls by Workers World found that workers who voted for Zyuganov overwhelmingly favored the restoration of socialism and the Soviet Union. This was true in the city and countryside, among youth as well as workers and retirees.

### **ZYUGANOV CRITICIZED**

Zyuganov's approach was sharply debated and criticized at a post-election conference of opposition leaders.

Vicktor Tyulkin, First Secretary of the Russian Communist Workers Party, pointed out that several northern and far eastern regions where militant strikes are in progress had voted for Yeltsin. Tyulkin attributed this to Zyuganov's failure to link his campaign with the working-class struggle.

"Before the election campaign, we signed an agreement to support Zyuganov, and we honestly adhered to it", Tyulkin told Workers World newspaper. "But the shift to the right by Zyuganov in his attempt to unite all Yeltsin's opponents prevented us from fulfilling our task of implanting a class analysis of the economic and social situation in Russia. In this period, the strike movement increased ten-fold. But the Zyuganov bloc sacrificed its own social base in a futile effort to win capitalist allies."

"Hopes to win power through bourgeois parliamentary methods are illusory. We must merge Marxist theory with the working class movement."

At a July 7 rally in Moscow at the statue of Karl Marx, Working Russia leader Victor Anpilov criticized the opposition bloc of Zyuganov for replacing the Communist Party slogan "Labor, People's Power, Socialism" with "Russia, Homeland, People", and for accepting a market economy.

"They say that society is divided between honest and dishonest people, rich and poor, patriotic and unpatriotic, and so forth", Anpilov said. "We say the division is between the exploiters and the exploited. We must be clear

that we are fighting for the power of the exploited and the overthrow of the exploiters."

Many rank and file Zyuganov voters spoke more forcibly. "Everyone in this village voted for Zyuganov", said one of a group of women in a village near Kaluga. "We were happy under Soviet power. Now, we are hungry. But this regime will never give up power. We will have to remove it."

She was asked as to her job. "I'm in the militia", she said.

# TATAR COMMUNISTS FIGHT ELECTION FRAUD

Interview with Alexander Sagil, First Secretary of the Communist Party of Tatarstan.

Tatarstan is a republic of 2 million people on the banks of the Volga. It was created under the Leninist policy of self-determination for once oppressed nationalities. It is one of several national regions that voted for Zyuganov in the first round, but where the vote in the second round mysteriously favored Yeltsin. Alexander Sagil, First Secretary of the Communist Party of Tatarstan, spoke to Workers World about the struggle in his republic.

Tatarstan is one region where there is clear evidence of electoral fraud by the authorities. Our party poll watchers have proof there was fraud in the first and second rounds.

We now have a legal case before the Supreme Court of the Russian Federation; a lower court has already ruled that the first-round results were falsified.

The count taken by our observers showed that 68 percent of our people voted for the Communists. In rural regions, it was as high as 75 to 90 percent. But the republic election committee records switched one-quarter of the votes over to Yeltsin.

After the first round, there began a real persecution of the Communists in Tatarstan. Activists in the Zyuganov campaign were told they would lose their jobs or pensions. In some villages, officials threatened people and forced them to swear on the Koran that they would vote for Yeltsin.

Villages that voted for Zyuganov in the first round were told that their natural-gas supply would be cut off if they didn't vote for Yeltsin in the second. But our people told the officials that if you cut our natural-gas supply, we will cut the supply of oxygen to your throats. So, the authorities resorted to fraud.

Our people fought for socialism in the Civil War and the Great Patriotic War. They remember that Soviet power liberated them. Hundreds of volunteers went from Tatarstan to defend the Soviet parliament in 1993. Our contingent was the first to break through the police line.

They say Tatarstan voted for Yeltsin, but in reality, the victory was for Communism. But it will not be a true victory until we overthrow this anti-people regime.

### **OUR COMMENT:**

If Tatar Communist Party is fighting the fraud right up to the Supreme Court, then the question as to why Gennady Zyuganov's CPRF, knowing full well that there was absolute fraud in both the first and second round elections — why did he or they not make a statement more forcibly, why not demand a recount, why not call the people into the streets?

The answer is obvious – Zyuganov accepted a post in Yeltsin's Government!

Northstar Compass is NOT the only one to point these facts out at all. Communist parties and movements that worked within Zyuganov's Bloc are pointing this out, as can be read in the above articles.

Those who are still hazy or still not clear as to what happened, should read TIME MAGAZINE expose on the fraud that was directly perpetrated on the advice of U.S. media manipulators and also, the advertising guru from England!

When the capitalists themselves gloat how they manipulated the elections, how come that Gennady Zynganov accepts the results and offers congratulations to Yeltsin and states that "we shall accept the decision of the Russian people"!

What does this prove? What message does this send to the millions of voters that voted for Zynganov?

A LESSON THAT WILL NOT BE FORGOTTEN BY THE SOVIET PEOPLE!

KONSTANTIN Kolontaev



# From: UKRAINE UNKNOWN REVOLUTION IN RUSSIA AFTER THE FIRST ROUND OF PRESIDENTIAL ELECTION ... IS IT OVERLOOKED OR IS IT PURPOSELY NOT NOTICED?

The results of the first-round of presidential election have instituted great changes in the elite that is ruling Russia. Full change on June 17th (day after Yeltsin won the first round) was the removal of the military-industrial complex under vice-premier Soskovets, who ruled this complex. The control now was given into the hands of General Lebed who is in charge of Internal Security, in fact, means the soon-to-be accomplished departure of Yeltsin

from the leadership and the institution of a semi-military dictatorship. This military dictatorship is and will be felt in all aspects of life of Soviet people. This is shown by the fact that Yavlinsky and Chubais have given Lebed their support.

In this way, on June 17, 1996, the deed was accomplished, that in its time in August of 1917 was not possible, when the weak premier Kerensky was presented with a strong-willed General Kornilov.

Looking at the character of today's military dictatorship that is being formulated in Russia, can be called a victory of the oil industrial complex whose head Chernomydrin over the militaryindustrial complex which in the administration is represented by Soskovets, Grachev, Korsakov and Barsukov. Now, it is only necessary to sideline the military-industrial complex of the left flank represented by Gennady Zyuganov. This will be accomplished "democratically" when the vice-presidential post will be established, and Yeltsin will win this second round. This will be overseen by the Electoral Commission established by Yeltsin yet in 1993, after the events in Moscow. This is part of the apparatus, fully government dedicated to the present regime - not impartial agency as is presented by the Western media or even some of our own patriots.

After his victory, Yeltsin will announce the formation of the vice presidential post, which will be filled by Lebed. After that, Yeltsin will depart his presidential chair "for health reasons" and Lebed automatically will become President of Russia.

This is the scenario that was conceived in the secret corridors of the Kremlin. When this will happen is not a question, but how soon will this take place! This is done in order to end the "unstable situation" in which Russia finds itself already from 1991 to 1996.

In order to understand as to what transpired now, it is necessary to understand as to what transpired in our history in 1603-1613 and 1905-1920. This is why the "knowing people" are shamelessly saying that they do not understand what is taking place or might take place after the June 16th or July 3rd, which changed the whole structure of Russia and they do not want to call it by its right name.

Konstantin Kolontaev
 Sevastapol

### **DEAR READER**:

Konstantin Kolontaev, our Editorial Committee member lives in Sevastapol, Ukraine and is a political commentator, historian and publicist.

What is interesting is the fact that this article was written for us after the June 16th first round election in Russia. His predictions are right on the mark and we are thankful for Konstantin's foresight and dedication to socialism, not only in Russia but in the resurrected Soviet Union.

He has sent us very important historical materials from the archives on events that we in the West never heard of.

WE JUST WISH THAT OUR READERS WOULD HELP US FINANCIALLY TO PUBLISH THESE URGENT MATERIALS!

# From: BRAZIL

The elections in Russia were an important moment for its people to make a critical appraisal of what happened in that country in the last years. As so many other friends, admirers and sympathizers of the Soviet people, we knew from our own experience in capitalist



GUARCY GOUVEA General Secretary

Uniao Cultural Brasil-URSS De Sao Paulo

countries that the balance of those years would be highly negative or even catastrophic. Nevertheless, as we are also used to the "democratic elections" that are practiced here, we never underestimate the capitalists' capacity to accomplish clever tricks and all sorts of electoral manouvers to seduce the voters.

To our satisfaction, we have found out that the Russian people are awaking to the necessity of reacting to the humiliating situation that has been imposed upon them and has shown a fairly good electoral behavior, if we take into account the situation to which they have been subjected. Irrespective of what the Russians may conquer now, what really matters is this new awareness, this political re-articulation that is taking place. Indeed, the fact that the restoration in course is slow is not as important as the requirements that it be well consolidated.

There were many rumors before the elections echoing the idea that if the communists win, they will not be allowed to govern - a stand that was endorsed by leading figures of our "democratic" press. certainly might have contributed to clarify the Russian public opinion on how frail the capitalist "democracy" Here in Latin America, accustomed as we are to such practices, remind to our Russian brothers: when the purchased TV and radio stations, newspapers and other media do not solve the electoral problems of the capitalists, the following step is the purchase of

the generals. The peoples of Brazil, Argentina, Chile and almost all Latin American countries have dramatic events to report in this regard.

Illusions also should not be nourished on the supposed and over-propagandized respect of them for the "human rights". In the last 30 years, our ill-fated Latin America has been the stage of the most barbarous tortures and physical eliminations of political prisoners, only comparable to the crimes of Nazi-fascism.

And the most incredible thing about it is the fact that those crimes have been committed merely to defend privileges of an insignificant minority of the population, and to keep in poverty the peoples of very great and wealthy nations. For instance, in a country with 8,500,000 square kilometers like Brazil, one of the largest countries on earth, second in size only to Russia, there is a person that owns 1% of the national territory, encompassing an area the size of 4 States of Israel and 2 Switzerlands. And in that same state (Pará) where there are so rich persons, recently 24 peasants without land have been brutally killed by the local police under payment of landlords because they occupied a farm. That is the legacy of centuries of capitalism: the sky is the limit for the power of the rich, and one never really knows the actual depth of the hell to which the poor are condemned.

Without intending to give lessons to the Russians on how to overcome the setback they have suffered, a setback that unfortunately also hit us as it leads millions of victims of capitalism to think that such system is the inexorable fate of the entire mankind, I see however as a great and promising way out the fact that the Russians in general have had a good educational background,

an advantage that does not benefit most of those who live under the capitalist rule. Such powerful tool, so I hope, shall put the Russians in harmony with that great old truth, one of the tenets of your Soviet State: "Znanie – sila" (Knowledge is power)!

- Guaracy Gouvêa

NINA A. Andreeva



# STATEMENT OF THE SECRETARIAT OF THE AUCPB

# 3RD OF JULY - START OF THE FUNERAL OF ILLUSIONS OF A BOURGEOIS DEMOCRACY IN RUSSIA

Historical destiny in Russian of the XX century twice fell on the same date of July 3, which was a turning point in our history. In 1917 during the same date, officers and Yunkers viciously butchered in Petrograd a peaceful demonstration of workers, soldiers and sailors, putting the final touch to the idea of a peaceful development of a proletarian revolution in Russia. On July 3, 1996, there took place the second round of the first bourgeois-democratic elections for a president. In 1991, Yeltsin was being elected in the deformed socialist democracy, now he was elected during the reign of Russian bourgeois democracy. Russia again got an "elected president". This is another event in the crisis of the present bourgeois reformism. The "peoples-patriotic bloc" of Zyuganov suffered a defeat. The party elite of former CPSU was

not able to take advantage, according to them, this last chance to gain the presidential chair.

July 3 saw the crash of their belief in parliamentary presidential road to regain the socialist perspectives of our country. Again, the position of the AUCPB (All Union Communist Party of Bolsheviks) was confirmed that "parliamentary-presidential illusions of transforming capitalism into socialism is not formed on realistic basis".

The victory of Yeltsin was programmed not only on his unlimited powers, his vise-grip over the mass media information, the threat of "civil war" on Russian citizens, but it was also helped with the changing, waffling self contradictory position of Zyuganov. In the presidential campaign, anticommunism was fighting with Zyuganov's pseudo-communism, over which he won a victory. The call for "peoples' understanding and co-operation" between the robbers and the robbed is nothing but a mask espoused by both pretenders. The analysis of their election program and strategy is the same: the solidification of state-monopoly capital; the other platforms are only tactics towards the same goal, methods, tempo of solving this problem. Therefore, General Lebed saw no difference between the two programmes of Zyuganov or Yeltsin ... being invited by one or the other camp - finally going to where he was meant to go in the first place - to Yeltsin's camp. During the election campaign, Yeltsin and Zyuganov sides came very close together in their programmes. Yeltsin spoke to Zyuganov's followers, while Zyuganov spoke to diplomatic corps, foreign investors and Russian financiers. It was an election to choose but in reality, there was no choice. Arguments and criticism by Zyuganov of Yeltsin, unfortunately, did not have too much effect on the electorate.

The decision of the 2nd Congress of AUCPB to boycott the first round and to vote "against both" candidates in the second round was correct. If we put together the votes of the first round (35%) who voted and those who voted for Zyuganov (32%), this means that there were enough votes, that could have cancelled the presidential election, and at the same time, this would have brought such a defeat to the present regime, that it would not be able to continue further.

But the party-elite capital, tied together with the national Russian bourgeois, headed by Zyuganov, helped Yeltsin's regime win the election. The decision of the 2nd Congress of AUCPB to: "not to believe the party-apparatchiks of former CPSU, the necessity to get these people out of important party posts in the Communist movements that exist now, criticizing them for their opportunistic sabotage of the CPSU and of giving up their socialist positions to the enemy." This statement, first of all, was meant to be against Zyuganov and the leadership of CPRF. Let us remember that the CPRF was formed by the top elite of former CPSU and also that it was allowed and approved by Yeltsin himself, in order to bring in under the red flags the "communist mud" under the pretence of fighting the counterrevolution and, by the same token, to neutralize any effect on it by the Marxist-Leninist parties such as All Union Communist Party of Bolsheviks, Russian Communist Workers Party, Russian Party of

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Communists and others.

The results of the presidential election showed conclusively the tendency towards reactionary dictatorship, which is permitted and everything done to help achieve this, by the presidential authority. This is of course seen by the immediate bringing in of General Lebed from third place and placing him into a second position, with the first position as the ultimate goal. General Lebed got into his hands such responsibility that in actual fact, he has control of: internal security; defense; intelligence; counter-intelligence; economy; culture; ideology; and control of all spheres of Yeltsin's apparatus. This is also a definite possibility that Yeltsin will name General Lebed as his successor. Lebed is dedicated to save the present bourgeois reformist policies and any demonstrations or resentment by the people will be put down by all means at his disposal, or as he stated: "at first, it will hurt, after that, arrest", or this Gem: "The one that laughs last is the one that shoots first".

The same policy on "New Order in Europe" was not spouted by even Hitler openly. This statement of "shoot first" is meant not only for internal Russian consumption, but is meant also internationally by the new imperialistic ambitions of the present elite of Russia. Only the growing intellectual dystrophia of romanticists of Russian democracy is preventing them to see WHERE Russia will be thrown by this "General's sabre"? The flight of Lebed over the Kremlin will see this hawk settle into the president's chair even though Yeltsin might not want this to happen. Of course, General Lebed, as he himself stated, is not happy with being "3rd". Democracy is very apt in giving birth to generals, who then become Fuerhers. Looking at the character of these newly rich "new-Russians", the autocratic dictatorship in Russia, this can become very dangerous for the Soviet people and the world.

After the temporary defeat of the Soviet Union, can the Imperialist world find the strength, to form a coalition, compared to the anti-Hitler coalition that was formed, to form this new "New World Order" with all of their contradictions?

The presidential elections did nothing to alleviate the terrible economic crisis in the country. Again, the state is printing money. The treasury is empty. There are no more pension or social funds available. The back pay to millions of workers is growing with millions not getting paid for 4-6 months on end. There is an alarming flow of capital to countries outside the Russian borders. There are more and more hunger strikes and hunger demonstrations. Not Communists, but specialists of finances in the Yeltsin government and foreign specialists are stating that: "during the second part of 1996, there will be a tremendous growth of inflation, in the financial and economic spheres. Official declaration by the governmental ministries that this will be stabilized, has not happened. To raise the prices cannot be done by anyone or for anybody. These facts will have to be faced in the fall of this year."

Nevertheless, the victory of Yeltsin also has a positive side. This main architect of the temporary defeat of socialism will not have an opportunity now to proclaim and blame anyone else for the collapse. "Hot Autumn" is awaiting Russia now and the formal acceptance of the president ... his favourite preelection slogan that "there's no return" will come to haunt him now.

The victory in the second round by Yeltsin, his coming closer to the policies of Zyuganov, the manipulation of a coalition, political reshuffling in the Kremlin elite, anticommunist cleansing of voters' brains, will result in serious thinking by the present state-monopolistic capital of Russia for its future while International Imperialism – about the beginning of a world-wide bourgeois counter-revolution for division again of world resources.

In the preset situation of the growth of tendencies of regimes for authoritarianism and political reaction, Soviet communists must be ready to utilize all Methods and Forms of Struggle, in response to the present regime's further tactics.

Nina Andreeva
 General Secretary, AUCPB



# ISRAEL'S PRIME MINISTER UNDER SUSPICION

Benjamin Netanyahu, new Prime Minister of Israel, and educated in the United States, is now under investigation as to who he really is, since in the USA, he was registered under many names. He used names such as Benjamin Nitay, John J. Sullivan and John J. Sullivan Jr.

An article in the Israel newspaper "Hair" stated that Mr. Netanyahu's files were sealed in a way done only for employees of the CIA, FBI or Internal Revenue Service.

"Who are you, John J. Sullivan?", the newspaper demanded. "Is it all the same person? ... Never was the history of an Israeli Prime Minister so secretive."

"If he was an American citizen when elected Prime Minister of

Israel ... his election is null and void," Mr. Avnery wrote in the newspaper "Maariv" daily.

What else can we say? It is obvious that Mr. Netanyahu is a U.S. product, following its policies and having hoodwinked the Israelis, he is now an honoured guest at the U.S. White House. After all, he is an American citizen but the Prime Minister of Israel!

Are you questioning that this is undemocratic? Shame on you!

# THIS ISN'T AMERICA, IS IT?

Over 5,300,000 Americans are in jail! That is almost three out of every 100 Americans – men, women and children. The U.S. Justice Department said that since 1980, the number of people in jail has grown at an annual average growth of 7.4 percent.

Thanks to The New Worker

And here, we thought that this "bastion of democracy, who professes to teach the world how to live, think and behave, was so perfect!

# From Newspaper: "VOICE OF A COMMUNIST" HEIRS OF NIKOLAI THE BLOODY VOTED FOR YELTSIN

Princess Leonida: "On June 16, I'm coming to Paris and vote for Yeltsin at the Russian Embassy."



These former aristocrats were given permission to vote in Russia, after being abroad since 1918! Can any reader find a precedent to this outright fraud in any other country?

### WITCHCRAFT DISPELS STORM OVER KREMLIN

A group of Russian witchcraft professionals with tie-in to International Witchcraft and Extrasensory mind-readers, held a seance on the Red Square and brought all of their "powers" to help Yeltsin get elected. This was done with full blessing of Boris Yeltsin.



Yes, Yeltsin needed all the help he could get, not knowing if the millions of dollars would be enough to get him elected. International groups poured into Russia prior to the elections, using every possible means to make certain that Yeltsin gets in, by hook or by crook.

# ITEMS FROM ABROAD

# REMEMBER, YOU READ THIS FIRST IN NSC!

The items of news below will not be found in the daily press in the capitalist world. We present these items gathered from our reliable sources.

• Foreign Minister Primakov of Russia, spoke to the Institute of International Affairs in Moscow and stated that "there were no winners or losers in the Cold War, and that Russia is still a Super Power"!

Is this statement meant for naive people? If that was so, then why is Russia now in such a devastated economic and political state, depending on the U.S. for keeping the present structure of Yeltsin afloat?

• Murmansk Territory of Russia begs Norway for Aid in order to help cover expenses such as the wages of teachers and doctors. Norway will invest over \$24 million in Murmansk province, of course, with strings attached.

And Primakov still makes a statement that Russia is also a super power. Oh yes, with cap in hand and begging!

• Justice Official murdered in Moscow, one of a series of murders of judges by Mafia controlled officials who are trying to escape jail sentences. Interference by government officials into the court system is such that All-Russian Council of Judges have adopted a resolution expressing lack of confidence in Yeltsin's Justice Minister Valentin Kovalev.

These numerous murders in Moscow and other cities are not being solved. Why? Who is protecting whom?

• President Clinton meets Uzbek president Islam Karimov in Washington. This meeting was after president Clinton met with the presidents of Latvia, Lithuania and Estonia. The talks were about economic reforms, press freedom and political reform.

This activity is not just a social chit chat, of course. Clinton, now on the election band wagon at home, is trying to put his house in order, get points in the public eye of U.S. citizens that he is THE POWER that not only solves other countries' problems, but will also solve numerous problems back home. Raw materials, cheap labour for U.S. corporations — that is the real agenda.

- Kazakhstan's Chief Energy Inspector, looking at the bankrupt economy of Kazakhstan and not able to meet the needs for power of his own people, has appealed to the citizens to collect animal "dung" to burn as fuel! Kazakhstan just in power sector owes over \$1 billion, besides owing to other former Soviet republics for energy supply, over \$400 million.
- Tajikistan is in the midst of a civil war, with government troops taking heavy losses. Islam Fundamentalism, fuelled by external forces and internal traitors, have seen this former Soviet republic sink to the status of Middle Ages economy and daily life.

This is the price for capitalism ruling this country.

• Georgian President Shevernadze is giving back to Germany all the historical books and other related materials that the Red Army captured in Germany during the Great Patriotic War. These historical documents were in the Georgian War Museum.

Of course, having been one of the leaders who sold out the German Democratic Republic to West Germany ... now he wants loans, dollars and what better way to enhance his traitorous image but by giving the historical documents that cost the Red Army millions of dead back to Germany which is again flexing its muscles and demanding territories that the Second World War Allies gave back to the countries that had these territories since time immemorial.

Yes ... when Shevernadze sinks, he can only sink down to the bitter bottom, from where only a death sentence will liberate him.

• "National Democrats" (read RUKH, Ukrainian Nationalists) of Ukraine have collected over 2,000,000 signatures and presented them to President Kuchma, asking that the

Communist Parties of Ukraine be banned. President Kuchma is considering this request.

Of course, what else did anyone expect? These nationalists, supported by the West and other elements of Ukrainian nationalist diaspora, are determined to establish nationalism-fascism in Ukraine. In the previous issue of NSC, our correspondent, Professor Herasymchuk, wrote very vividly about the farce which is the so-called "new Ukrainian Constitution".

• Baltic States appealed to the Council of European Parliament Assembly to give them 600 anti-tank missiles that will be aimed at the Russian territory.

Of course, these former Soviet republics, now under the wing of Germany and USA, would like nothing more than to be able to expand their "legitimate claims" against Russia and Poland and thus enlarge their present boundaries.

• Hungarian Parliament commemorates executed former Premier Imre Nagy, leader of the 1956 Hungarian uprising against "Soviet domination". The Socialist Party (MSZP) sponsored the bill, calling Nagy the "freedom spirit of Hungary against tyranny"!

These present Socialists are former "Communists" who now are making a hero out of Nagy who was the architect of the demise of Socialist Hungary. Can anyone in their right mind not see the so-called "democracy" of the present Socialists (Communists) who completely somersaulted and back-flipped in order to please their Western masters by pushing for land-locked Hungary to join NATO and being pushed on to start the process of claiming its former Austro-Hungarian Empire.

DID YOU DONATE TO SUSTAINING FUND?

# From Youth Newspaper: "RED YOUTH" Vladikaykaz

# STALINISM OR NATIONALISM?

This year is the 116th anniversary of J.V. Stalin. Although this date is not rounded (120th or 125th), we, members of the Communist Union of Youth of Georgia, did celebrate this date with love and honour.

Only honest communist state and rightly so, that theory and practice shows the correctness of Stalin.

We are called Stalinists and are ridiculed that this is only due to "nostalgia". To me, "Stalinism" is Marxism-Leninism on a higher plane. To me, Stalinism is Leninism in contemporary time.

The Stalin epoch – is the greatest epoch of the blossoming of the Russian State. Thanks to practical and strong socialist laws, on a volunteer basis, there was formed the USSR. In 3 years (1930-1933), there were built over 1,500 large industrial complexes, heavy metallurgy and industry was built, automobile manufacturing enterprises were constructed all over the Soviet Union, machine building industries, chemical enterprises and the growth of collective, state farms and the tractor stations to serve them.

Why do they so hate Stalin? Why do they heap such abuse on him? Because our state became strong, mighty. The dollar was at par with our ruble. Capitalists did not like this state of affairs. Our opponents criticize us that we are Stalinists, Internationalists. Yes we are!

Stalinism – is Internationalism, and we are proud of this and suggest to our opponents that it's much better to be Stalinists than be sick with Nationalism!

Bourgeois historians, all sorts of "Sovietologists", turn facts inside out, falsify the truth of the USSR during the Stalin period. They heap abuse on the former USSR, fan hatred, support their bought dissidents, and the result that they would like to achieve is this: to try and remove Stalin's name from the history of our country and from the international communist movement.

The enemies are not successful in this, with every year, the name of Stalin has more and more significance and authority. People are beginning to see the real Stalin, his program, his dedication and his Internationalism. They are also beginning to give credit to the enormous legacy of Marxism that Stalin left behind.

We Stalinists are very proud of Stalin, and we shall defend his name and his deeds to the best of our ability.

Members of the Union of Communist Youth of Georgia must learn quickly and deeply the teachings of Stalin, his life, his work, his theoretical works, history of the Soviet Union, of Soviet Georgia, in order to be able to help the USSR and our Georgia to a socialist future.

Olga Dzhavakhishvili
 16 years of age



### From: São Paulo, Brazil

Dear Michael:

I was very pleased to receive your letter of June 2 along with the excellent journal "Northstar Compass". It is a powerful encouragement to all of us, in our pursuit of socialism and, therefore, in our stand of solidarity with the Soviet people, to count on an independent and combative structure of exchange of information in support of the socialist ideals!

We are forwarding an order for a one-year subscription of "Northstar Compass".

Regarding your request that I write an article on the elections in Russia, which I have been overburdened with pressing matters regarding União, which has not yet taken place, I asked our General Secretary, Miss Guaracy Gouvéa to write an article on the subject, which is enclosed herewith.

Wishing you great success in your valuable initiatives.

I remain very truly yours,
 Alfredo Moraes
 President of União Cultural
 Brasil-URSS de São Paulo

The article is very explicit and to the point for which we thank you. Thank you for your kind words about Northstar Compass.

### From: Poland

Dear Comrades:

I'm only 19 years old, but I'm already the Chairman of Local Executive Committee of the Union of Polish Communists "Proletariat".

I am in permanent contact with many Soviet newspapers and Communist parties.

Every summer, I spend my holiday in the USSR. This year, I'm going to Kiev, Minsk, Leningrad and maybe Moscow.

I certainly would appreciate receiving Northstar Compass regularly. In return, I will send you our magazine "Brzask" (Daybreak). In return, I would also send you Soviet newspapers such as the excellent one, called "Loyalty To Lenin".

It would be much easier for me

to write to you in Russian if I can.

In the last days, I started to cooperate and exchange newspapers with the Communist Party of Slovakia.

With comradely greetings,
 Jaroslaw S. Dabrowsky

We certainly will exchange publications and letters, because together, we shall win socialism, not only in Poland and Soviet Union, but in many other countries of the world.

We congratulate you, a 19 year old revolutionary, for raising the Communist Red Banner high and proud.

### From: Bolshevik Lenin-Stalin Guard in the Socialist Party of Ukraine

Dear Comrade Lucas:

We ask you sincerely to make certain that during your translation from Russian into English, you use the correct terminology of the Bolsheviks of the Lenin-Stalin Guards.

We are certain that your family member – heroic revolutionary and practical General Lukach (Mate Zalka) knew the importance of using the right terminology.

We are also asking that you send us your NSC in 5 copies to the following address:

We are going to spread your excellent NSC amongst other Bolshevik organizations.

EYES FRONT!

 With sincere appreciation to you and your colleagues!
 S.P. Belykh
 Bolshevik Platform inside the Socialist Party of Ukraine

### STATEMENT FOR NSC

Khrushchev-Brezhnev-Gorbachev's dirt prepared in advance the conditions and "grand" work for the temporary dismemberment of the USSR into a

number of pro-Western statesmarionettes.

Khrushchev's – nestlings, Brezhnev's – nurslings, Gorbachev's – "komsjuki" (communist lap dogs) without any delay, changed the Soviet Army into a Vlasov-Banderite and other nationalistic formations.

We think that the highest form of a Revolutionary-Liberating struggle of the Soviet People – is the All Peoples Partisans Movement, we are asking you to publish the OATH OF THE UNDERGROUND FIGHTERS OF UKRAINE.

ROT FRONT! VICTORY WILL BE OURS! □

# OATH OF AN UNDERGROUND PARTISAN OF UKRAINE

I, a citizen of the mighty Soviet Union, trusted son of the Soviet People, VOW, that I will not give up my gun from my hands, UNTIL the last capitalist snake on our land is liquidated.

I UNDERTAKE without question to obey the commands of my commanders and superiors, to follow military discipline.

For the liquidation of factories and enterprises, for the death of women and children of ours, for the torture, rape and mockery of my people – I VOW – TO AVENGE MY ENEMY by being CRUEL, WITHOUT LET-UP AND WITHOUT MERCY.

BLOOD FOR BLOOD, DEATH FOR DEATH!

I VOW, with all means at my disposal, to liquidate the wild dogs of capitalism, without regard for my own lifeblood.

I VOW that I would sooner die in a death struggle with the enemy, than give up my family and my people to the robbery of capitalism.

And if in my weak moment, if I am scared or by my bad nature, I should abandon my VOWS and were to give up the interests of my

people, let me die at the hands of my comrades.

Date Signature Pseudonym

 Bolshevik Platform inside the Socialist Party of Ukraine

# From: Japan

Dear Friends:

A comrade of the New Communist Party of Britain introduced to us your publication "Northstar Compass". We are interested in the situation in the former Soviet Union, especially in the struggles waged by genuine Communists against imperialism and fascism. Thus, we would be very glad if you would send us copies of some of the latest issues of NSC as samples.

We are looking forward to hearing a favourable answer from you.

Truly yours,
 The International Department
 of the Communist Party of Japan
 (Left)

We certainly will comply with your wishes and we thank you for subscribing to Northstar Compass. We feel that our cooperation will benefit both sides and we hope to also receive some of your periodicals.

### From: Wales, Great Britain

Dear NSC staff:

You, the Canadian Friends of Soviet People, are doing a wonderful job, not only for Canada, USA and the Soviet Union, but for the whole world.

If ever there was a time to carry out world Socialism and Communism, it is NOW!

The world capitalists, monopolies and their supporters are leading the world to Fascism.

Tom HopkinsRetired Miner

Your leaflets that you've sent are given out. Keep up the fight and together, we shall win!

We publish here a leaflet that was written by Tom and sent to all newspapers and trade unionists across Great Britain.

# CAPITALISM IS A DEAD SYSTEM!! SOCIALISM & COMMUNISM, THE ONLY ALTERNATIVE

It is about time we all started to realise the REAL MEANING of Monopoly Capitalism and what it is doing to the HUMAN RACE.

The Soldiers came back from the Second World War. They wanted Peace and Socialism. They were determined to CHANGE TORY POLICY AND CAPITALISM TO SOCIALISM. So the Labour Party Leaders were forced to change their Policy of "PARTNERSHIP WITH CAPITALISM". They were forced to Nationalise a number of industries. The Mining Industry is an example. But there were a number of Labour Party Leaders who didn't want any Real Change of Policy to Socialism. They wanted exactly the same Policy as Tony Blair and Co. want today. They call it "PARTNERSHIP WITH CAPITALISM". That is why they got rid of CLAUSE 4 in Labour's Constitution. I will just name two Labour Leaders who did not want all-out Socialism: P.M. Clement Attlee and Ernest Bevin, who were completely tied up with the Americans. The same as Blair and Co. are today.

There is no way possible for the Working Class to live in REAL SECURITY as long as Capitalism exists. I have studied Marxism for many years. One thing I am absolutely positive about: That is Monopoly Capitalism is a

CRIMINAL ROBBING SYSTEM. There is no way for HUMAN PROGRESS: ONLY SOCIALISM, leading to COMMUNISM.

Yours sincerely,
 Tom Hopkins,
 Retired Miner
 Age 84 years

# NEWS FROM U.S. FRIENDS OF NORTHSTAR COMPASS

### From: Sylvan Lake, MI, USA

Hi there, Friends:

Here's a contribution plus my renewal. Too many demands on a worker's pension while the fight-back is taking place.

I'm confident that the changes in former USSR are coming to socialism, less the mistakes that were made. Capitalism is not the answer. Shall visit Toronto and might drop into your office.

Angelo Deitos

Thanks for the contribution and if you arrive in Toronto, we shall be only too glad to talk and exchange opinions about our common struggle.

# FRIENDSHIP NEWS

# From: Courtney, B.C.

Dear Friends:

Enclosed is a cheque for \$50 for a sub for my niece in Hamilton, Ont. ... the rest, please keep as a donation.

I enjoy reading the "Compass" – it brings back memories because my mother was a strong supporter of "Hands Off Russia Committee" in 1917. I'm glad that she isn't around

to see what happened. My husband, a war veteran, was very left.

I will try to send more financial help later on.

All the best,
 Renie McCallum

Your help is much appreciated and your family history is such that everyone should be proud of. Information that you requested is on its way to you.

### From: Montreal, Quebec

Dear Friends:

Enclosed is \$100 to NSC and that will include payment for the book "My Secret Mission". Send that book to my friends in Australia ... the rest of the money is a donation towards your publishing of NSC.

- Paulette Buchanan

The book is on its way to Australia and we thank you, as always, for your generous donation.

## From: Bethune, Sask.

Enclosed please find a cheque for the book "Secret Documents".

I'm happy to see that NSC is doing this. It certainly is time to have Stalin's story published since even some progressive people blame Stalin for the downfall of the Soviet Union. There should be more articles published in order to bring the truth to them.

Good luck!Mervin Ermel

Your comments need no further elaboration on our part. The next book, "Together With Stalin" will also be soon off the press ... and it is a MUST reading.

YOU HAVE AN OPINION ABOUT NSC? WRITE!

### From: Coquitlam, B.C.

To my new friends at Northstar Compass:

Please send information regarding videos and the local branch of your organization near Coquitlam. Your videos (titles enclosed) would make fine educational materials.

Thank you again for your fine publication.

Darin Greentree
 Educational Director
 Upper Fraser Club
 Communist Party of Canada

We certainly will send the mentioned videos to you and your club. Everyone should be aware of these materials, since knowing the truth of the past, you can prepare yourself for the future.

### **DEAR READER:**

The poem below was written by Donia Johnson, Montreal, companion of Bill Bunge, our reader/member who himself is a prolific writer, geographer, fighter for socialism and justice. We are proud to reprint this great poem, "The Horror of Our Life"!

# THE HORROR OF OUR LIFE By: Donia Johnson

- The horror of life is none other than the abstract objects existing among living organisms.
   It's like an Orphan with an empty gap in his life.
   It's a child who must bear the consequences of her mother, in desertion and real love
   It's the world facing reality.
- How many times have I wondered, not only of myself, but of the neglected plants with too much sunlight and no water, of the animals treaded upon in the woods, on the streets,

of people undergoing the

spell of existence.
OH, how I wish I could understand, but instead, it's a grey cloud hanging beyond the point of my visibility.

The treasure of love, must be given, not bought,



For kindness and generosity are the things contributing to happiness,
Are the things which comes from the heart,
Are the things not spoken of, but acted upon.

- 4. For many years, happiness I know not, Love, I cannot define, Courage I know, by strong inclination projected towards the existence of nature.

  The gentle trees, both tall and short, The glowing sun, doth beam its light upon the universe, The moist soil, the rocks lying side by side along the river banks, The thirsty birds, bending over, greeting the life giving the running water.
- 5. The daily comfort of many creatures seems supported by these famous vegetations, who are often abused, by those who think not of themselves, by those who tear the hearts of strong feelings of kindness by those who care not of their offspring.
- Many a thousand times
   I've thought,
   Thought of the things which are neglected, of justice miscarried

upon us by our oppressors, who care not of our future, our race, our brothers and sisters, but who cares only of our death, by our own grief, hunger and who help carry our fate to our feet. OH, we must escape, flee, revolt against the temptations of our strong moralities.

We must make them come to understand of our creation.

7. If only we were likely to diversion, how happy would we be, standing among the loving hearts of nature, not like our own human born feature, but like the created shape of nature's beauty.

But I fear, I tremble to know that we must stand and support the hateful thoughts of our humanism.

We must stay, O Lord, we must stay and not until our dominating masters are defeated, shall we

proclaim freedom we will then be

free, free from all unjustly deeds.

- 8. We are little in number, for which we must conserve, Wealth and fortune, we have but none, color and creed, are our aims of determination. Children of the same Father whom we must love.

  Love, not as an individual personality
  Love, not of favors or promises But Love, the Love of equality, The Love common to each and every one
  The Love by which we all must live.
- Remember failure and pity go hand in hand.
   Remorse and power do just the same.
   If we must live by those,
   Ask now, the Lord, thy life be taken
   But sons of earth, not making
   Reference to our misfortunes,

- must stand collectively bringing forth the crisis of tomorrow's world.
- 10. Our isolated mind and idealism
  Our restricted pride and
  philosophies are all but concealed.
  So concealed, that our
  self-expressions become our
  condemnation
  Revealing our thoughts, makes
  us victims of our own defence,
  Must we endure all these?
  OH, living spirits think not upon
  our kind, but give to us the hope
  to overthrow the dagger which
  keeps piercing our flesh upon
  this corrupted sphere.
- 11. If we must die let us not die to the bidding of our masters, but of our own free will, for our freedom against Repression, for our Justice.

  We must be ourselves, we must conquer, we must keep together our kind and number handed to us, generation after generation, we must fight for our existence.
- 12. Were we to think of our misfortune, our fate, our mistrust, we would be all like dead souls, would bury our heads to our grave.

  But no, no fellow brothers, and sisters, let's all together face the world's reality, to overcome fear, hate, and bloodshed of those we love.

  If we are to die, we will die altogether for the common cause, the cause for which we have all risked our lives, the cause of FREEDOM.

# AD RATES FOR NORTHSTAR COMPASS

GREETINGS, CONDOLENCES, MEMORIALS: \$10 per Column Inch. Maximum size: 2 Columns x 3 Inches

# OPEN FORUM

### **DEAR READERS**:

Below, we reprint in its entirety an excellent researched article from a newspaper coming to us from England, called "LALKAR" which is the organ of the Indian Workers Association (Great Britain).

These are our friends with whom we exchange publications, and this article called "Crisis of International Finance" is a MUST reading for everyone, including those that still harbour an illusion that "capitalism" is the answer to all of mankind's wishes!

Lalkar publication should be congratulated on their excellent publication and indepth articles!

- Editors NSC



# MELTDOWN

# THE CRISIS OF INTERNATIONAL FINANCE

"The harvest is past, the summer is ended, and we are not saved."

- The Prophet Jeremiah

### **By: Trevor Rayne**

A hurricane threatens to blow through the world's financial system. Not since before the Second World War have the portents looked so ominous for international capitalism. A mountain of debt overhangs a

stagnant production base. Vast speculative sums send currencies careering on a switchback ride. Something big and very dangerous is happening.

Tom Wolfe's novel "The Bonfire of the Vanities" has Wall Street bond trader Sherman McCoy, "salary like a telephone number", "Master of the Universe", trapped by circumstances he cannot understand or control. Every way he turns, disaster encroaches on him – a disaster mirrored all around in the crazy, bizarre ruination of New York City. The book was published in 1987, the year \$500 billion was wiped off Wall Street shares. McCoy and New York are allegories of the decline of the dollar and the US economy.

Commenting on the 16 September 1992 debacle when sterling left the Exchange Rate Mechanism, despite the Bank of England spending billions, Samuel Brittan wrote that it was as if the Chancellor of the Exchequer "had personally thrown entire hospitals and schools into the sea all afternoon". The former chair of the US Federal Reserve Paul Volcker describing how exchange rate instability makes rational investment decisions impossible remarked, "The answer, to me, must be that such large swings are a symptom of a system in disarray".

"Disarray": a monument to banking finesse, as though a tie, not quite straight, needed adjusting. The truth is triumphant capitalism is in chaos.

We are in a period of renewed inter-imperialist rivalries centred on the USA, Japan and Germany. In 1987, the USA sounded the trumpets of impending trade war with Japan. With the collapse of the Soviet Union and the socialist bloc 1989-1991, the political and military restraints on Germany and Japan that benefited US capitalism loosened. While the USA

footed the defence bill for their protection, German and Japanese capitalists accepted US trade and exchange rate policy and subsidised the dollar. Now this factor is diminished, revealing sharply that capitalism has no anchor country, no anchor currency, no overriding stabilising power such as it had in the last century when Britain and sterling performed this role, or in the period after 1945 when the USA and the dollar were the anchor.

The US economy has weakened relative to Japan's and Germany's. The dollar, the main currency for world trade, no longer serves so much as an international store of value as a weapon wielded for the benefit of US exports and capital. The loss of an anchor, the reduced US ability cajole and coerce adds to the financial instability.

The fantastic sums involved in currency speculation (\$600 billion a day in 1990, \$1 trillion a day today) feed on and add to the instability. From speculation being a bubble on the back of production, production has become a bubble on the back of speculation. \$1 trillion a day is 20-30 times the amount of trade in goods plus services.

If the world's most powerful governments act in concert, they can manage \$14 billion a day to combat speculators. The combined 23 leading industrialised countries' currency reserves are \$550 billion half the daily trading volume in exchange deals. These reserves, held in a range of currencies, are the ammunition that central banks have available to fight speculative attacks on a targeted currency. Once ' speculators listened to central bankers for hints on where to bet, now George Soros, fund manager and speculator, utters that the franc and Deutsch mark will fall and they fall. A Master of the Universe.

In 1992, Soros bet \$10 billion on

the Deutsch mark against the pound and lira. He made \$2 billion profit in two weeks!

This loan funded speculation has grown precisely as capital accumulation, as investment in production has slowed, particularly in the USA and Britain. capitalist is only interested in profits, the source of which is labour. At a certain point in its accumulation and drive for ever greater productivity, the outlay by capital on labour relative to that on machinery is insufficient to ensure an adequate return. At this point, the rate of profit is insufficient to maintain a growth in productive capital investment. Speculative capital grows as capital decays. Harvard Business Review estimates that for every dollar or its equivalent circulating in the world's productive economy, \$20-\$50 now circulates in the world of pure finance. Money making money in the blink of an electronic eye. This money is a parasitical claim to real wealth. It is part of a redistribution of capital and as such, it claims a portion of the wealth in goods and services produced by labour.

As capital accumulation slowed so governments have been forced to increase their borrowings to pay for welfare, education, defence, etc. In 1978, public debt of the Organisation for Economic Cooperation and (industrialised) Development countries averaged 40 percent of Gross Domestic Product. In 1988, it was 54 percent and 1994, 70 percent. Governments borrow from giant banks, investment and pension funds and multinational companies that move money through the speculative markets. They borrow by issuing bonds and Treasury Bills.

With increased government reliance on borrowing, so dependence on the speculative funds grows. Ever more profitable rates have to be

offered consuming more and more government revenues: thus. Norman Lamont throwing hospitals and schools into the sea. In 1994, the US bond market crashed as the dollar fell against the yen. Investors took money out of dollar denominated US bonds. To repair the bond market, long term interest rates were raised. "Hot money" retreated from Mexican investments back to the higher US rates. A run on the Mexican peso followed. Stock markets around the world wobbled. The biggest international rescue of all time, almost \$50 billion, was organized to stabilize the peso. \$50 billion of hospitals and schools thrown down the mouths of speculators, while the Mexican economy shrinks 5 percent this year and armed guards are posted outside the department stores.

"If recoveries do not emerge soon, bond and currency markets will force cuts in real public expenditure, shocking millions who have staked their lives on the promise that politicians would protect them from economic difficulty." Thus speak investment advisers. They cite Sweden, held up like a trophy, where speculation forced government spending cuts of 20 billion krona (\$1 = 6.6 krona) in a year to ward off a banking collapse, equal to a quarter of Swedish expenditure on health.

In 1993, speculators turned on the French franc. The German and French central banks spent \$50 billion defending it. These are real reductions in governments' financial resources. French foreign currency reserves fell \$17 billion in a week. Where did the money go? Primarily to French banks, investment funds, etc.

## CRISES

For 400 years, financial crises erupted in the capitalist system every ten years or so. Periodic crises reflect a crisis in accumulation where profitable investment opportunities dry up, with an over-production of capital driving down the rate of profit and intensifying competition for world markets and resources. Excess capital has to be exported or deployed on the stock market and in speculation to avoid a profits collapse. The top six US banks derive 40 percent of their total profits trading currencies and securities. Similar proportions obtain for UK banks. Speculation drives up asset prices way beyond what the levels of income they generate should warrant, leading to stock market, derivatives, bond or currency booms. This is accompanied by scrambling for markets and investments overseas.

In the past ten years, foreign direct investment (in plant, labour and materials) by multinationals has quadrupled, twice the growth in world trade. UK foreign direct investment doubled from 1991 to \$30 billion in 1994. Of the £108 million scheduled for investment in the first quarter of 1995, ICI intended to

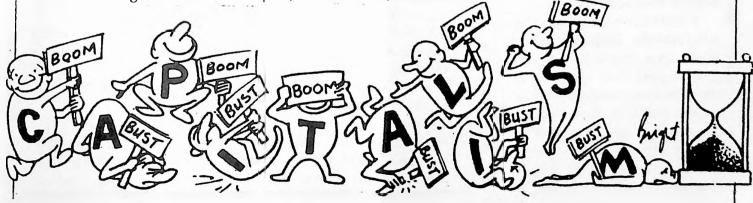
spend £27 million in the UK – while investment in both the Americas and Asia-Pacific regions will rise by 70 percent on the 1994 figure. Portfolio investment (share holdings – paper not physical assets) in developing countries increased seven fold since 1990. All of this is money seeking returns of 20-30 percent per annum, twice those expected in Britain.

This export of capital and speculation, which such as Wil Hutton condemn as the "short termism" of the City, is symptomatic of a crisis of accumulation, of profitability, of decaying and parasitical capitalism, of imperialism.

## 1929 AND TODAY

Some features of the 1929 Crash are relevant to understanding today. The First World War ended London's domination of international finance without then establishing New York as successor, just as today the dollar diminishes without the yen supplanting it. In the 1930's the Bank of England was unable to prevent the Wall Street Crash producing a banking collapse in central Europe, a run on sterling and the ultimate departure of sterling from the gold standard in 1931. Today, the central banks, the International Monetary Fund (IMF) and World Bank are increasingly enfeebled in the face of speculation.

Two financial centres may coexist for a time, but one tends to



supplant the other. In capitalism's history Venice was replaced by Antwerp, Antwerp by Genoa, Genoa by Amsterdam, Amsterdam by London and London by New York. The financial centre serves as lender of last resort, bailing out major bad debtors, holding reserves that reinforce the system. But what happens when the centre cannot hold?

SECONDLY, the period before the 1929 Crash saw huge trade imbalances resulting in a steep rise in indebtedness. Britain's debts to the USA rose to half Britain's national product, Germany's to one and a half times its national product. The international financial structure depended on credit flows from the USA to Europe. If they stopped the structure would and did collapse. Now, for over twenty years, the USA has depended on capital flowing from Japan and Europe.

In the 1920's, the USA was the world's major creditor nation and it had the biggest trade surplus. Germany was the biggest debtor nation and it had the biggest trade deficit. Today, Japan is the world's biggest creditor nation and it has the biggest trade surplus. The USA is the biggest debtor nation and it has the biggest trade deficit. A symmetry where only names change.

This imbalance provokes the drive towards protectionism and formation of trade blocs, as it did in the 1920-30s when world trade fell by 65 percent: the Great Depression.

THIRDLY, no country was able in the 1920-30s – nor can they now – absorb large surpluses of unsold goods, expand credit at a sufficient rate to counter recessionary trends, ensure exchange rate stability through purchases or sales of currency, impose its will on different governments; for example, to collectively inflate or deflate. No

one can play the role of locomotive to drive the world economy forward.

FOURTHLY, in the late 1920s while stock markets boomed agricultural prices fell, particularly in the colonies, and automobile and property prices slumped in the period before the 1929 Crash. Stagnant and falling prices are evident today in Europe, the USA and Japan.

# US POSITION UNDERMINED

Following World War Two, the USA dominated the world economy. At the Bretton Woods Conference in New Hampshire in 1944, the USA, with Britain, planned the IMF and World Bank to regulate international financial relations. The General Agreement on Tariffs and Trade was intended to regulate trade.

The dollar, the anchor currency, was tied to gold at \$35 to one ounce. Other major capitalist currencies were fixed against the dollar with margins for adjustment, to be agreed with the US-dominated IMF. For every \$35 presented by a central bank to the USA, the USA had to present one ounce of gold. The USA had up to 70 percent of world

gold stocks to meet claims.

For twenty five years, the capitalist world had growth and stability seldom, if ever, seen before. Between 1947-67, Britain, France, West Germany and Japan together averaged 6.4 percent growth per annum, the USA 3.6 percent. From 1960-73, OECD economies grew on average 4.8 percent per annum, exports by 8.8 percent. From 1973-87, economic growth slowed to 2.6 percent and export growth to 4.2 percent. For the US economy from 1950-73, the average growth rate was 3.7 percent, but from 1973-94, it was just 2.4 percent. Stagnation and instability were returning by the late 1960s.

US-financing of the Vietnam War, together with a series of US budget deficits which heralded the failure of "Keynesian" economics, resulted in a surfeit of dollars circulating relative to gold reserves held. An unofficial rate emerged alongside the official gold rate. Fears that the US Treasury would be unable to meet its gold-dollar commitments led central banks and others to sell dollars.

Between 1971 and 1973, the

# **WE'RE FOUR YEARS YOUNG!**

To celebrate this event, Northstar Compass is going to hold its Anniversary Banquet on Sunday, September 22nd at the Friendship House, 280 Queen Street W., Toronto, starting at 2:00 p.m.

- Taking advantage of this event, because of many suggestions by our readers, there will also take place a NORTHSTAR COMPASS CONFERENCE, September 21, 1996, starting at 10:00 a.m., where guests from across Canada, the USA and maybe a guest from Russia will be present.
- By now, we hope that you have received the RAFFLE TICKETS to sell, which will help to sustain further publication of NSC.
- You also have received a letter informing you that in honour of the 4th Anniversary, we are asking each reader to get one more subscriber.
   In this way, we shall certainly have a lot of good news to report on September 21st and 22nd.

Bretton Woods currency model unravelled. The dollar was floated in the market and rapidly devalued with gold prices rising to over \$800 an ounce. With the dollar devaluing against gold and other currencies, the Oil Producing and Exporting Countries (OPEC) quadrupled the price of oil. Oil is priced in dollars. The fortunes made by oil producers were deposited in the imperialist banks and lent on to Third World countries. Third World interest payments would meet the industrialised countries' higher fuel

From 1971 to 1981, Third World debt grew from about \$70 billion to \$600 billion. Its service costs rose from under \$20 billion to over \$120 billion a year. By 1993, Third World public and private debt was \$1.77 trillion. Absolutely unpayable, even when over 30 percent of these countries' export earnings are taken in debt repayments. They can hardly be drained of more wealth. In 1980, one in four Latin Americans lived in poverty. In 1990, one in three. Africa spends four times as much on debt repayments as on health care. Bank lending has been redirected towards the industrial countries and speculation.

The President of the European Bank for Reconstruction and Development observed: "The signs of America's relative decline are converging and unquestionable. Japanese productivity is increasing at three times the US rate, while European productivity increases at twice the US rate." Ten lawyers graduate in the USA for each engineer. In Japan, ten engineers graduate for every lawyer. Germany has double the number of scientists and engineers per capita as the USA.

... to be continued in the next issue of NSC. Save this excellent article for future reference.



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