

of the Yeltsin administration “reformers” not only threatened the future survival of Russia. It set the conditions for an eventual strategic conflict, and a disintegration of the entire world financial and monetary system. The events of August-September 1998, when Russia announced the temporary moratorium on payments of its GKO government bonds, and froze commercial bank payments to foreign creditors—thereby triggering the near-collapse of Long Term Capital Management (LTCM) and the near-vaporization of the world financial superstructure—merely confirmed the accuracy of LaRouche and *EIR*'s warnings. To look at the Bank of New York money-laundering scandal outside of the context of those developments would be a grave error.

The prominent Russian economist Sergei Glazyev, in an exclusive interview with *EIR*, provided an important insight into how Russia began to effectively crack down on the corruption, and set in motion a process of recovery of the real physical economy, during the eight-month tenure of Yevgeni Primakov as prime minister. Ironically, most, if not all of the measures taken by the Primakov government, that began the process of economic recovery and the cutting down of the power of the mafia, were measures opposed by the IMF—and still violently opposed by the IMF to this day. Nevertheless, Glazyev's account of the successful efforts of the short-lived Primakov government offers an encouraging picture of how Russia could quickly free itself from the vise-grip of organized crime lords and government kleptocrats.

But this also requires a complete overhaul of the policies of official Washington towards Russia, and to all other nations in a similar position. Without the strong backing of the Bush administration, the Thatcher government in Britain, and, subsequently, the Gore forces inside the Clinton administration, the mafia takeover of Russia would not have been possible.

To further aid in the work of this Committee, in attempting to divine a solution to the crisis in Russia, including the rampant criminalization of the banking system, I have taken the liberty of attaching a series of recent *EIR* articles, which provide a detailed chronology of the actions by the Russian “reformers” and their U.S. and other Western boosters, that led us to this present crisis situation.

References

- “LaRouche: Bush to Be Hit by Gore Scandal,” *EIR*, Aug. 28, 1999.
- “The Russian Economy Can Become a Miracle,” *EIR*, July 23, 1999.
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U.S. gets North Korea to hold off on tests

by William Jones

William Perry, North Korea Policy Coordinator for the Clinton administration, in a press conference on Sept. 17 at the State Department, indicated that he had received clear commitments from the North Korean leadership to forgo further testing of their Taepo Dong missiles. Although the North Koreans had not made any public announcement about their commitment at the time of the Perry announcement, they had done so in negotiations held in Berlin. Perry said he expected them to “clarify their intentions on this in the weeks ahead.”

It was the firing of a Taepo Dong-1 missile over Japan last August, in what the North Koreans said was a failed attempt to launch a satellite, which created a total furor in Japan and triggered a Republican drum-beat in the United States for the rapid development of a national ballistic-missile defense system, ostensibly directed against so-called “rogue states” like North Korea.

On the same day as the Perry press conference, the White House said it was lifting sanctions against North Korea, many of which had been in place since the early days of the Korean War. The easing of sanctions will also permit regular commercial traffic between the two countries.

Perry made clear, however, that this was only the first step toward what he hoped would be a gradual normalization of relations between the United States and North Korea in the hope of establishing a regular dialogue between North and South Korea. “I am talking about only a small step at this time, but it is a step,” Perry said to reporter Margaret Warner, in an interview on the PBS News Hour on Sept. 17. “What our action is, is easing sanctions. . . . What we are seeking though is that that first step will lead to a full normalization of relations, both diplomatic and economic relations, between our two countries.”

In 1994, the Clinton administration succeeded in getting a framework agreement with North Korea, which had been in the process of building a plant at Yongbyon which could produce nuclear-grade plutonium, a project which had engendered fears of a possible North Korean nuclear weapons program. In the framework deal, the North Koreans agreed to a freeze of the nuclear activities at their Yongbyon plant in exchange for light-water reactors from the West which would secure their energy production, without the need for the fissile material. In connection with that agreement, the United States eased economic sanctions against North Korea in the areas of



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telecommunications and financial transactions, and permitted the import of magnesite from North Korea, and participation by U.S. firms in activities related to the North Korean Light-Water Reactor project. The natural disasters of 1995, 1996, and 1997, which brought the country to near mass starvation, prompted further easing of sanctions, in order to allow the export to North Korea of critical humanitarian goods.

Then, in August 1998, North Korea fired a Taepo Dong-1 space launch vehicle over Japan, in what the North Koreans said was a failed attempt to launch a satellite. In October, in response to Congressional demands for an outside review of the administration's policy toward North Korea, Clinton appointed former Secretary of Defense William Perry as the North Korea Policy Coordinator, responsible for conducting that review. Perry's credentials for handling this very sensitive subject included his extremely good personal relationships with Chinese military leaders—relationships which he had begun cultivating long before his appointment as Secretary of Defense during the first Clinton administration. In terms of North Korea, the role of its neighbor China is absolutely key. China is also one of the parties to the four-party talks, together with North Korea, South Korea, and the United States, aimed at reducing tension on the Korean Peninsula and replacing the Korean Armistice with a permanent peace agreement.

Perry stated at the State Department press conference that he had found no indication of any reversal of the previous North Korean commitment to a moratorium on the production of fissile material, in spite of the incessant rumors circulating on Capitol Hill, fueled by Republican operatives eager to

make the Clinton peacemaking attempt into political capital for the 2000 Presidential campaign. At one of the locations, Kumchang-ni, widely rumored as a possible site for such "surreptitious" production of fissile material, Perry said that inspectors had requested—and received—permission to visit the site, and found it unsuitable for any such production.

Perry also countered the widespread view of the "unpredictability" of the North Korean leadership. "My own judgment is I would not call them erratic or irrational at all," Perry said. "I think they have a very clear logic and a very clear rationale for what they are doing. We don't always understand that rationale, and we don't always understand that logic, and therefore we consider it illogical."

He was quick, however, to indicate that the moratorium, if it holds, is just a first step on the road to full normalization of relations with North Korea. "In the path to normalization that I described to you, we envisioned that North Korea would, in time, become compliant with the standards of the MTCR—the Missile Technology Control Regime," Perry said, "and that would mean they would have to sign up to neither producing, deploying, nor exporting missiles that fall under the standards of that regime, which in simplified terms, are 300 kilometers range and 500 kilograms payload." "We are not at that point in the agreement yet," Perry admitted. "All we have, at this stage, is an agreement for suspension of testing. But that is where we are headed."

On Sept. 22, in reply to a question from *EIR*, President Clinton also expressed the same cautious optimism. Asked if he thought the North Korean moratorium on missile testing would hold, the President replied, "I do. And, of course, if the future proves otherwise, then there are always other options open to us. But former Defense Secretary Bill Perry, and others who worked with him, worked very hard on this, and then our negotiator in Berlin did a very good job. We worked very closely with the Japanese and with the South Koreans on this approach. They are agreed with it. And it offers the most promising opportunity to lift the cloud of uncertainty and insecurity and danger that otherwise would hang over that whole region, including the American servicemen and women who are there. So I'm very, very hopeful about it. If it works, it does; if it doesn't, then there will be other options open to us."

Even with the lifting of the Korean War-era sanctions, other sanctions remain in place, sanctions associated with North Korea's being designated as a "terrorist-supporting state," and those related to dual-use items covered by U.S. non-proliferation requirements. Although the Clinton policy toward North Korea appears to be proceeding forward with substantial success, the President has received very few kudos for his work from a highly partisan Republican Congress. On the contrary, the Republican leadership seems intent on doing everything possible to deprecate, and sabotage, the agreement, in their eagerness to make foreign policy an election-year issue against the Democrats.