

saw the vast majority of voters support the traditional institutions, although in new forms. Despite divisiveness, there is strong national resistance to handing over economic controls or relinquishing any further territory to foreign interests under the guise of “independence” of un-viable mini-states. President Wahid has also made clear his intention to prioritize Indonesia’s ties to China and Asia generally.

But few in Indonesia have had the courage of their neighbor, Prime Minister Dr. Mahathir bin Mohamad of Malaysia, to identify the destructive *purpose* of the international financial oligarchy, or to propose sovereign measures of the sort adopted in Malaysia to protect the nation’s currency and economy from speculators. The danger is quite overt. Prince Philip’s “spiritual adviser,” Martin Palmer, recently pronounced that “Indonesia has no logic for existence,” and promised that the independence gained for East Timor is but the first step in the break-up of Indonesia. Palmer bragged that “British policy for the last 200 years has been based on one central idea: the break-up of other empires [read: nation-states]. . . . The British Foreign Office has a certain agenda, which is continued divide and rule.”

*Michael Billington is serving his eighth year of a 77-year sentence in Virginia state prison. Ostensibly convicted on charges of “securities fraud,” he in fact was railroaded into prison because of his association with Lyndon LaRouche.*

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## Russia 1998

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# The line is drawn vs. attack on sovereignty

by Rachel Douglas

An assault on the nation-state is grim whatever the target country, but nowhere is the insanity of the perpetrators more on display than in the case of Russia—still one of the world’s great nations, and still the possessor of a superpower’s nuclear arsenal, even after a decade of destruction of the economy.

Russia and Ukraine, the two largest countries to emerge from the former Soviet Union, have had their science and industry smashed in the name of liberal reforms that were supposed to be the path to integration into a globalized economy. Their combined natural population loss, the excess of deaths over births without offsets from immigration, has now surpassed 7.7 million people since 1992, when the two countries had a total population of 200 million. As Ukrainian Member of Parliament Dr. Natalia Vitrenko reported to an *EIR* seminar nearly one year ago, Ukraine, which was a developed nation with one of the best education and training levels in the world, “has been turned into a disaster zone, where a brutalized people, corrupted officials, and overt bandits represent a threat to world civilization as a whole.”

Compound deep economic depression with a threat of territorial fragmentation, such as what Russian leaders perceive in the foreign instigation of separatism in Chechnya, and you have invited the commanders of that ex-superpower arsenal to shift to a potential adversary posture. As *EIR* has reported, such a shift is expressed in the new Russian Military Doctrine and National Security Concept, which are both in the process of being adopted.

The draft Military Doctrine defines the following main external threats to the Russian Federation, in this order of importance: territorial claims; interference in its internal affairs; countermeasures against Russia’s becoming a center of influence in a multipolar world; hot spots close to the borders of Russia; deployment of troops close to Russia’s borders; the buildup (without UN approval) of forces near Russia that could be deployed into Russia; attacks on Russian military facilities in other countries; psychological warfare and propaganda against Russia abroad; and the creation of hindrances to the functioning of Russian state security systems, including the strategic nuclear forces, warning systems, anti-missile defenses, satellites, weapons stockpiles, and key industrial facilities. Among the internal dangers, are: the activation of

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by Lyndon H. LaRouche, Jr.

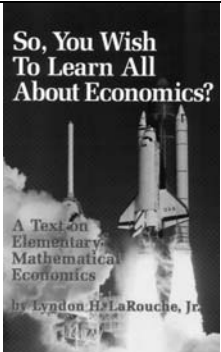
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extremist and separatist groups; the planning and preparation of actions to disrupt the infrastructure for the functioning of the state; organized crime; and unregulated trade in explosives and weapons.

### **The destruction of sovereignty**

What was done in Russia, when “liberal reforms” had hegemony before the crash of August 1998, is best examined through the eyes of the Russian patriotic intelligentsia. Dr. Sergei Glazyev, an economist and former Russian cabinet minister who now heads the Economic Policy Committee in the State Duma, presented the devastation of Russia’s economy and population in his book *Genocide*, which EIR News Service published in English last year. He analyzed the destruction as a systematic policy, imposed from the outside.

In a section titled “The Colonization of Russia,” Glazyev wrote: “Practically the entire policy arsenal for the destruction of the institutions defining national sovereignty, in favor of global domination by the world oligarchy, was brought into action in the process of the destruction of the U.S.S.R., and continues to be employed in Russia and the other Commonwealth of Independent States members today. The international obligations, assumed by Russian leaders as part of the ‘revolutionary reforms,’ under pressure from their foreign bosses and at great cost to the country’s national interests, bear out this policy most clearly.” Among those obligations were Russia’s assumption of the former Soviet debt, and pledges by the Russian government to the International Monetary Fund, to abandon measures to defend the domestic market, conduct an independent financial policy, or employ state incentives for the development of industry, science, and technology.

“Numerous statements . . . and practical actions of leading Western countries and international organizations with respect to Russia leave no doubt, that . . . our country is assigned the role of a raw materials colony. . . . A strategy has been imposed on Russia of deindustrialization, shutdown of science-intensive technologies, raw materials specialization, and adjustment of the country’s legal and economic space to suit the interests of transnational capital. This strategy cleanses Russian territory not only of domestic products, but also of ‘superfluous’ people.”

Writing just weeks after the collapse of the speculative Russian bond market and devaluation of the ruble, Glazyev warned, “Continuation of the social and economic policy that was being carried out until Aug. 17, 1998, even for only a short while longer, would leave no hope for a decent life for tens of millions of citizens of Russia, or for the independent development of the nation. It is impossible to preserve either independence or the ability to develop independently in the world today, while failing to finance science and education, . . . and living in debt at the expense of the country’s future. . . .”

“The main result of the economic policy carried out in Russia was the clearing of economic space for transnational capital. . . . The ruling oligarchy will strive to consolidate the results it has achieved. This will be done in several directions, . . . each of which leads to a further weakening of Russian statehood. The first such direction is the further buildup of state debt, with Russia’s assumption of still greater obligations, including the use of raw materials deposits and tracts of land as collateral, and political concessions up to and including nuclear disarmament, the concession of contrived territorial claims by other countries, and so forth. . . .”

“A second direction is to compel Russia to make a partial renunciation of its sovereignty, in the form of international obligations that ban unilateral actions in the areas . . . of foreign trade, financial markets, and the exploitation of raw materials deposits. . . . Typically, political decisions were taken for Russia to join the Paris Club, the Energy Charter, and the World Trade Organization, without any study beforehand. Each of these international law regimens entails a partial renunciation of sovereignty in the area concerned. . . .”

“A fourth direction is the transfer of important enterprises and economic sectors to control by foreign capital. . . . Transnational corporations have . . . [established] control over several strategically important sectors of the Russian economy. Even in the case of the natural monopolies, which are of critical importance for ensuring the country’s national security—the electric power industry, the natural gas industry, telecommunications—a rapid transfer of shares to foreign ‘investors’ was organized. . . . With the conclusion of agreements with foreign companies on their exploitation of raw materials deposits, under terms of production-sharing, which provide for the primacy of international law and the Russian Government’s relinquishment of immunity, valuable Russian raw materials deposits, and subsequently large tracts of Russian territory, will come under transnational capital’s direct control.

“A fifth direction is the disintegration of the country, its breakup into self-governing territories, the destruction of a single legal and economic space, and the entanglement of constituent territories of the Federation in relationships of unilateral dependence on foreign capital. . . . Little by little, international recognition of the criminal regime in Chechnya is countenanced, the foreign contacts and independence claims of several Russian autonomous jurisdictions are intensified, and the common economic and legal space of the country is being destroyed. It is clear that, after several years of such policies, Russia is doomed to become a colonial country, carved up into spheres of influence among various groups of creditors and foreign corporations.”

### **Epidemics and geopolitics**

“In October 1998, as this book was going to press,” Glazyev wrote in the Russian edition of *Genocide*, “the

country had a good chance to break out of the trap of colonization and to embark, at last, onto a trajectory of economic growth.”

Under the government of Yevgeni Primakov (September 1998 to May 1999), those hopes began to be realized, in part. Russia showed industrial growth during 1999. The surge in world oil prices somewhat alleviated its foreign debt payments crunch, because of the higher revenues, despite ostracism after the effective default of August 1998.

The choice of economic strategy under Acting President Vladimir Putin is hotly disputed within Russia now, as there is an attempt to combine officially proclaimed desires for a “national” economic policy, with adherence to the rules of globalized world finance. The continuation of the demographic tailspin through 1999, when Russia experienced natural population loss of another 836,000 people and AIDS and drug-resistant tuberculosis were among the fastest-growing diseases, underscores that the economic crisis will not will fix itself.

So far, the Putin regime has drawn the line against attacks on Russia’s sovereignty, in an area where matters seem clearer in Moscow: the country’s territorial integrity. Hence, the brutal military campaign in Chechnya, whose separation from the Russian Federation is understood in leading Russian circles as a first step in Zbigniew Brzezinski’s *The Grand Chessboard* scheme for the dismemberment of Russia.

Lyndon LaRouche, in a Jan. 23 webcast dialogue with California activists of his Presidential campaign, identified the nature of the Russian reaction: “The terrorists deployed into Chechnya and Dagestan and elsewhere, the destabilization of the Nagorno-Karabakh situation with respect to Azerbaijan, and so forth—these issues created a hotspot. And when the President of the United States backed down, in dealing with some of these problems, especially in Yugoslavia, when he capitulated totally to the British at the end of the so-called Kosovo war, the world strategic situation went out of control. *We have now headed in the direction of more and more wars, which even could become nuclear wars around the world, unless the President’s capitulation to Gore and to the British, and so forth, stops.*

“In this situation, there developed in Russia, a fear that Russia was about to be destroyed if this weren’t stopped. The reaction came in a Russian fashion: First of all, the leading Russian circles were convinced that the United States had cut them off, that they were isolated. They became desperate, desperate because of the economic policies imposed upon them, which again, Clinton didn’t have the guts to change that. He should have. . . .

“So, what you have, is a confused Russian patriot reflex reaction, which is extremely brutal, which is using the drawing of a line in the sand in Chechnya, as a point of confrontation where they say ‘We will not take another step backward.’ ”

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## South America 1999

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# Narco-nations come to the fore

by Dennis Small

In January 1999, the world financial hurricane that had battered Asia in 1997 and Russia in 1998, made landfall in the Western Hemisphere in Brazil. For a period of two to three tense weeks, Brazil, the Third World’s largest debtor nation and the eighth-largest economy in the world, was pushed to the very edge of national bankruptcy, and nearly pulled the entire world financial system down with it. Assaulted by hedge funds and other speculative capital, the Brazilian currency, the real, was devalued by almost 50% in a matter of days. The ferocious assault only subsided a few weeks later, when the Brazilian government handed over the country’s central bank to George Soros, by making one of his water boys, Arminio Fraga, the central bank’s new director.

Within days, Soros had called off the dogs: We must throw a “wall of money” at Brazil, the world’s most famous drug legalizer smugly told the world financial community gathered in Davos, Switzerland. The “wall” quickly took shape, as a \$42 billion bailout package from the International Monetary Fund (IMF), the U.S. Treasury, and others, negotiated in November 1998, began to be released to a panicked Brazil. Typically, the bailout had bone-crunching austerity conditionalities firmly attached.

But handing over the central bank of Brazil to Soros was not the only price that was paid to supposedly “solve” the 1999 Brazilian debt crisis. As a direct result of the Brazilian blow-out of 1999 and its hyperinflationary resolution:

- The economy of **Argentina**, already in bad shape, crumbled over the course of 1999, as entire chunks of its manufacturing sector moved to the cheaper-labor haven of devalued Brazil. These “runaway shops” have left more than 10,000 people newly unemployed in the Argentine manufacturing sector. Furthermore, the IMF has decided to turn the screws on the country’s provinces, not so much to collect the debt they owe, as to deliberately fracture the country along historical fault lines, encouraging “regional autonomy” political maelstrom, in which “the devil takes the hindmost.”

- The Jacobin government of Hugo Chávez in **Venezuela**, which took office in December 1998, was strengthened by the continental backlash to the hemispheric economic depression unleashed by the Brazil crisis. As a result, Chávez has emerged as the purported continental leader of the opposi-