

the government millions of dollars in scarce foreign currency income every month; the UN and the foreign NGOs now running the pseudo-state of East Timor — with its population in abject poverty — are again threatening to institute “international tribunals” against Indonesian military leaders for supposed complicity in the chaos following the referendum vote in August 1999.

In Thailand, the new government, led by telecommunications mogul Thaksin Shinawatra and General Chavalit Yongchaiyudh (Ret.), has made tentative moves in the direction of launching large-scale development programs and protecting the general welfare of the population from the ravages of the IMF austerity. However, Prime Minister Thaksin was nearly killed when an airplane he was about to board blew up at the gate, and he is now facing conviction in a corruption case, being heard in a new “clean hands” court. Conviction would bar him from politics for five years, despite his recent election by the largest majority in Thai history.

In the Philippines, the opposition to former President Joseph Estrada (also elected by the largest majority in his country’s history) constantly blamed the collapsing economy on his supposed corruption and misrule. With Estrada now deposed (with overt complicity from Washington), and facing multiple criminal charges, the economy has nonetheless continued its downward descent. In all three countries, both the elites and the population are transfixed by the political soap opera, while the whirlpool of the global economic collapse is dragging them rapidly towards oblivion.

## Malaysia

Even in Malaysia, where the now-famous implementation of selective currency controls and other sovereign measures against the speculators and the IMF, in September 1998, saved the nation from the devastation which has wracked its neighbors, the global breakdown is threatening serious unemployment and related economic problems. These, in turn, feed into the foreign-sponsored political opposition. In part this is due to Malaysia’s heavy dependence on exports in the cyber-economy associated with the now-collapsing globalization mania.

Nonetheless, the Malaysian economy’s protective structures allow for emergency measures which can deflect the worst effects of the crash, at least temporarily. The government has announced a stimulus package which will build new schools and colleges, housing developments, small businesses, and several large-scale projects like the Bakun hydroelectric dam and power project in Sarawak. Because of the currency controls, the stimulus package has a far better chance of success than those in Japan and elsewhere, where similar injections of liquidity were quickly drained away into foreign speculative markets.

But such temporary measures will be swept up in the flood if each country is left to fend for itself. The recent partial measures toward the creation of an Asian monetary system must be expanded rapidly.

## ‘Petersburg Dialogue’ Boosts Russo-German Ties

by Rainer Apel

The April 9-10, Fourth Russo-German Conference, which for the first time convened in St. Petersburg, has established a new institutional framework for deepening a dialogue between Russians and Germans. This conference, attended by 130 high-level economic, scientific, and political representatives from both sides, was the first to run under the name, “Petersburg Dialogue,” and it will be held annually from now on; the next gathering will take place in the German city of Weimar.

The first Petersburg Dialogue, in addition to the plenary and workshop sessions of the experts, provided the background for a regular government-to-government summit. Russian President Vladimir Putin and German Chancellor Gerhard Schröder, and the ministers of foreign affairs, defense, finance, and domestic security took part. The officials had on their agenda talks on missile defense, the Balkans, the



*German Chancellor Schröder and Russian President Putin began their St. Petersburg meetings on April 9, by laying a wreath at the Memorial to the Motherland there.*

Middle East, and Chechnya, as well as the potential for new joint projects in civilian space research and technology development (a new agreement on the latter aspect was signed in St. Petersburg).

No breakthrough was achieved on Russia's Paris Club (Soviet-era, state-to-state) debt, but the German Chancellor, who insisted that Russia make payments on this debt as far as possible, assured the Russians of German assistance in rescheduling it during the difficult years 2003 and 2004, when grace periods negotiated earlier, will expire. The Chancellor stressed that he thought that an exception could be made for the 6.5 billion transfer-ruble debt that Russia owed to Germany—the "transfer ruble debt" owed by the former Soviet Union to the pre-1990 East German state: that debt may be transformed into German corporate shares and new investments in Russian industry, the Chancellor hinted, in interviews with German and Russian radio and television and at the concluding St. Petersburg press conference. It is said that by the Summer, the first projects under this new "debt-for-investment" scheme may be announced.

### **Cultural Relations Take a Step Forward**

Whereas the debt talks are on difficult territory, cultural relations featured a big step forward in St. Petersburg: For example, there was a mutual commitment to intensify cooperation on projects between universities and research institutes, with the idea of also making research capabilities and technologies developed on either side, available for future industrial cooperation projects. The proposal has been made from both sides, to establish a Russian university (or academy) in Berlin, and a German institute of the same status in St. Petersburg. Lyudmila Verbitskaya, Director of the University of St. Petersburg, said in her April 9 address to the conference, that a grand old tradition is being revived, namely, that of the German origins of St. Petersburg University: where the first 17 professors lecturing there were recruited in Germany by Tsar Peter the Great. German was the official language at the university during its first 23 years of existence, Verbitskaya said, and the first lecture given in Russian was one by Mikhail Lomonosov in 1747. In that context, President Putin remarked, in his short address to the conference on April 9, that he finds it deplorable that fewer young Germans are learning the Russian language these days, and fewer young Russians the German language.

The scientific aspect of the talks was emphasized also by the visit that Putin and Schröder paid to the renowned Joffe Physical-Technical Institute in St. Petersburg. They met and had a discussion with the leader of the institute, Russian Nobel Prize laureate Zhores Alfeyorov.

In parallel talks, the defense ministers discussed the intensification of contacts this year, including visits by military delegations, joint bilateral military exercises, and training programs for future joint missions (like the present ones in the Balkans, SFOR and KFOR). The defense ministers fur-

thermore discussed cooperation in the modernization of Soviet-made MiG-29 military aircraft that are still in service in some Eastern European air forces.

The agenda also included the missile defense issue, debate about which treads on difficult territory, because the Germans have made it no secret that they profoundly dislike confrontational aspects in the Bush Administration's National Missile Defense project and are hoping for a dialogue between Russia and the United States about options to achieve missile defense in a cooperative approach. The Germans are open to discussing the Russian proposal for a joint European Union-Russian mobile defense system against non-strategic missiles, but they have also made it clear that they will not discuss the Russian proposal if it implies a project outside of NATO.

Chancellor Schröder stated in St. Petersburg, in response to media allegations that he was about to strike a unilateral deal with Putin at the expense of NATO, that Germany, as a NATO member, will not do anything outside of the Western alliance. He stressed that as far as he knows, Putin is not intent on driving a wedge between Germany and NATO, and that Russian diplomacy has a realistic and sober approach on these issues. Putin corroborated the Chancellor's remarks, saying that Germans and Russians are "aware of their high level of responsibility for security and stability in the world," which implies "joint efforts of our two countries' governments."

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