

## Clinton-Yeltsin summit sidesteps the real issue

by Mel Klenetsky

On Sept. 28, U.S. President Bill Clinton and Russian President Boris Yeltsin completed their third summit and fifth meeting. Both leaders characterized their meeting as productive, warm, and furthering a very rapid process of normalizing relations between the two countries. But the issue of the International Monetary Fund (IMF) and its efforts to inject a new round of shock therapy into Russia will be of greater importance for the future relations of the United States and Russia than the areas of discussion presented in the Clinton-Yeltsin joint press conference after the summit.

Last autumn, Strobe Talbott, now deputy secretary of state, and Vice President Al Gore visited Russia and challenged the IMF shock therapy (drastic withdrawal of price supports and subsidies and radical privatization), by calling for "less shock" and "more therapy." The IMF and its backers in the Thatcher-Bush networks were outraged and demanded that the IMF program be backed to the hilt, regardless of the political consequences for Russia.

Since then, President Clinton has increasingly drawn the wrath of the Canadian-based Hollinger Corp., an international newspaper chain and British intelligence asset, which has run a campaign to oust Clinton from the U.S. presidency, through their flagship newspapers, the London *Daily Telegraph* and *Sunday Telegraph*. What particularly enraged these forces is that Clinton has the potential of breaking with the IMF shock therapy for Russia.

Last July in Bonn, Clinton called for Germany to play a leadership role in Europe, especially in the emerging relations with Russia. Clinton called for a new special partnership between the United States and Germany, especially in working on opening up East-West relations. This drove the *Telegraph* crowd wild.

During that same trip to Germany, the President's praise of the Delors White Paper, a program of infrastructure devel-

opment that included railroad building programs that would connect Paris, Berlin, Warsaw, and Moscow, represented another potential nail in the coffin of the IMF and British policy. The plan of Jacques Delors, the outgoing president of the European Commission, is hated by the pro-British, pro-IMF forces in Europe.

### Queering the Delors plan

Sources indicate that two methods will be used to undermine the Delors projects. One will be financial. Since state-level funding is required for large-scale projects, by insisting on private funding as the only permissible form of project financing, the Delors plan can be poisoned. Secondly, Britain's Prince Philip has increased the activity of the World Wide Fund for Nature. This WWF will try to set up game and forest preserves in areas where rail links would have to pass through.

Queen Elizabeth II's visit to Moscow and St. Petersburg, scheduled for Oct. 17-20, should be seen in this context. British sources report that her arrival will likely coincide with efforts by certain influential Russians to formally "restitute and reconsecrate" the former Romanov dynasty. The sources confirmed that the activity of Prince Philip's WWF is "not what it seems to be, it is really a . . . new form of neo-colonialism, under the cover of protecting animals."

Currently the IMF has offered Russia a \$9 billion loan program if they implement a new round of shock therapy. The IMF is asking Russia to reduce its inflation rate from the current level of 5% per month, down from last year's level of 20% per month, to a level of half a percent per month. Already crippled, if Russia submits to the new round of IMF austerity the country will plunge into ungovernable chaos.

In 1994, Yeltsin and Prime Minister Viktor Chernomyrdin, have abandoned the more extreme forms of former Prime

Minister Yegor Gaidar's shock therapy regime, which reduced Russian industry by more than 50% in the 1991-93 period, but they kept to a modified IMF program. The results: Industrial production in the first half of 1994 dropped by 26%. Productivity in machine building dropped 44.9%, in the chemical and petrochemical industries 35.4%, and in light industry 41.1%.

The main reasons for the slump were the sharp cutbacks in the defense sector and state investment programs. General Kuznetsov complained in September that 95% of the military-industrial complex was not functional and the military was receiving a little more than 50% of its already totally inadequate allocation. Troops are going without pay. One strategic weapons facility even had its electricity shut off.

### The IMF issue is key

One of the bilateral economic deals between the United States and Russia is a \$250 million loan guarantee for jet engine maker Pratt and Whitney to work with Russian and German partners to redesign a Russian aerospace engine. Other trade deals worked out involve oil and gas exploration, automobile production, aerospace, and telecommunications. The size of these projects is minimal, but they could define a different direction, in contrast to the IMF asset-stripping, shock-therapy prescriptions. State and private sector-supported approaches coherent with the Delors plan, such as LaRouche's European Triangle program, are the only alternative.

Physical economist and presidential pre-candidate Lyndon LaRouche, on the "EIR Talks" radio show of Sept. 28, commented on the new IMF proposals for Russia: "The purpose of the proposal is, essentially, to destroy Russia's economy, and to destroy Russia so that it shall never rise again; that was the real intent of the policy which Mrs. Thatcher enunciated, and which George Bush, her stooge, followed on."

LaRouche continued, "This is classic British geopolitical policy," which "caused two world wars in this century. In the first case, the British organized a conflict in Europe, including the Balkan wars, which led to World War I. In the second case, the British forced into power in Germany their temporary protégé, Adolf Hitler, because the Anglo-Americans were the occupying powers in Germany and controlled the money and controlled the industrialists, and were able . . . to topple the von Schleicher government with the help of the Social Democracy, which helped to bring Hitler into power." LaRouche added, "The British saw Hitler as ensuring that Germany and Russia would go to war down the pike. That was their purpose: to arm Germany for a war with Russia, to have another war in Europe which would eliminate the danger that economic development on the continent of Eurasia would build a force which would challenge British world domination by British influence.

"The same thing is going on now. They're trying to destroy Germany. . . . They have also been trying to destroy Russia and eastern Europe. Eastern Europe's levels of pro-

duction are down to 30% or less of what they were in 1989. A similar situation already exists in Russia, in Ukraine. They're now saying, 'Do more.' The military and its friends are saying, 'We will not put up with more of this.' So, the Anglo-Americans who are supporting this IMF policy, are driving the Russians up against the wall."

### Queen Lear

"The powers that are running these policies . . . are mad," said LaRouche. "They're sitting on a system which is as doomed to fall as were the Lombard debt structures of the middle of the 14th century. This system globally, this monetary and financial system, is on the brink of collapse. . . . It is said, of course, that 'whom the gods would destroy, they first drive mad'; and if you doubt the veracity of that aphorism, you have to look at the British monarchy—'Queen Lear'—going to Moscow in an effort to revive the Romanov dynasty, and the IMF going for another round of shock therapy in eastern Europe."

LaRouche has described the derivatives-driven world financial crisis and the IMF-induced crisis in Russia as the two most important areas for determining future global strategic and East-West developments. LaRouche sees two factions. One is the British and the Bush League. "The other side is not necessarily Clinton supporters, but forces around the world who are looking at President Clinton as a man who might offer an alternative.' Hence, "in France, in Germany, throughout continental Europe . . . the hot issue is: Are you going to go with the British, or are you thinking perhaps of trying to work with Clinton on a development policy which includes the word 'grow'? . . . So, the 'grow' people, which include Jacques Delors of France . . . which include those Germans such as Kohl . . . which include Russians and Chinese and others who are looking to see if, *possibly*, the Clinton administration will move in this direction.

"That's the way the world divides, in terms of power. You're either with Clinton, or you're with the other side. Not because Clinton is an assured winner, not because he's assuredly going to stick with the right policy, but because, to many people around the world, he seems to be the only visible alternative to the *absolute hell* which we would go into, if the policies of Thatcher and George Bush were to continue on auto-pilot as they are pretty much doing up to the present time."

Clinton and Yeltsin agreed on moving up weapon reductions for START II and eliminating the Jackson-Vanik Amendment which limited exports to Russia. They failed to agree on Bosnia and Nagorno-Karabakh, and compromised somewhat on Russian weapon sales to Iran. According to LaRouche, President Clinton correctly has an institutional rather than a personal relation with the Russian leadership. Unlike Bush, who backed Gorbachov and then Yeltsin, Clinton backs Russia and its institutions, not a particular leader. Crucial to the future of this more rational, institutional, relation is the IMF issue.