

appears to lose control of the situation, the more the World Bank forces and the political opposition, be it in Iran or the Occupied Territories, gloat. And the worse the security situation becomes.

Terje Larsen, one of the insiders in the Oslo negotiations who is the U.N. undersecretary general for Palestinian territories, was quoted in the London *Financial Times* on Nov. 20 saying, "If there is no change immediately, there will be more killing, more blood. . . . My assessment is that both the peace process and the legitimacy of the Palestinian Authority are losing ground day by day, and the reason is that nearly nothing has been delivered on the ground."

If the degenerative dynamic was triggered by British-World Bank policy, on another level, British complicity in direct actions of sabotage and provocation cannot be ruled out. Nor can a plot be ruled out to assassinate Arafat.

Arafat himself spoke of a conspiracy following the Gaza bloodshed, and pointed to a "third force" controlled "from abroad" (generally understood to refer to Saudi Arabia and Iran, financial backers of Hamas and Islamic Jihad) as responsible for unleashing the confrontation. Although investigations have not been completed, certain disturbing facts have been made public. First, doctors at the Shifa Hospital showed journalists X-rays of Palestinians killed in the violence, in which dum-dum bullets and rubber bullets were used. Neither is used by the Palestinian police force. Secondly, the PNA senior police officers received their training in London, as Foreign Secretary Douglas Hurd recently boasted. At a European Union meeting last spring, when responsibilities were divided up for various areas of cooperation with the Palestinian authority, Britain chose police and banking as the areas in which it would offer its special expertise.

It has been reported that in the week prior to the Gaza shooting, advisers of Arafat were in London. Among them was Razi Jabali, chief of PNA intelligence. The question should be posed: What advice were they given by their British trainers, on how to deal with demands, coming from Israeli government spokesmen, to crack down on the "fundamentalists"?

One final fact on the British angle: The London *Sunday Times* reported on Nov. 6 on a scandal involving alleged diversion of funds provided by the British for the PNA police. According to the report, the U.N. official responsible for delivering salaries to the Palestinian police, did so without passing through other U.N. channels. "Despite specific British requests that the money not be used for Arafat's plainclothes preventive security forces, more than £300,000 was handed out to them in September," the article reads. Following "tense negotiations with Arafat," during which Britain insisted that "its money should go only to the members of the official police force," the money was reimbursed. The question is: Why should the British, committed to training and financing PNA police, be so adamant that Arafat's personal security, associated with the police function, be deprived of funding?

Yeltsin plays up to the Armed Forces

by Konstantin George

On Nov. 14, Russian Federation President Boris Yeltsin addressed the entire Russian military leadership, to open a three-day session devoted to the problems plaguing the military, under the conditions of an escalating breakdown of the Russian economy—problems which Yeltsin brought on himself by inviting the International Monetary Fund in to dictate the country's economic policy.

The speech, in which the President took the part of the military-industrial complex, shows that Yeltsin is scrambling to adopt a "national-patriotic" profile and spewing out anti-western rhetoric, as a means of prolonging his own survival.

Present from the military side were the minister of defense, Gen. Pavel Grachov, the commanders of the service branches, the leadership of the General Staff and Defense Ministry directorates, and all military district and fleet commanders. The conference was also attended by the head of the security service successor to the KGB, Sergei Stepashin, Interior Minister Viktor Yerin, and Prime Minister Viktor Chernomyrdin. Everything—except for Yeltsin's address—occurred behind closed doors.

Shock therapy blamed on 'the West'

Both in the military and in the Russian population at large, three years of brutal shock therapy, associated in the popular mind with "the West," have effected a growing anti-western mood. The cabinet reshuffle engineered by Yeltsin has done nothing to alleviate things. On the contrary, the government's commitment to pursue monetarist policies will only make people angrier.

Yeltsin took great pains to present himself as the champion of the needs of the military. He echoed the military in pinning the main blame for their problems on the government. Command and reorganization reforms were going too slowly, he admitted. He attacked the housing shortage for officers and their families, and called on Prime Minister Chernomyrdin, who was in the room, to ensure that the Armed Forces receive enough funding for readiness, procurement, and living conditions.

This was an undisguised attack on Chernomyrdin's 1995 austerity budget, which provides for a 20-30% cut (in real terms) in the military budget compared to the already bare bones 1994 allocation. Toward the end of November, Mikhail Malei, a top representative of the military-industrial

complex on the Russian Security Council, was scheduled to present his report on the devastating breakdown in military procurement to Russian Security Council Chairman, Oleg Lobov, and President Yeltsin.

Chernomyrdin is attempting to postpone the revolt by offering the military-industrial complex "quick fix" access to cash through lucrative arms sales to Arab Gulf states (historically British clients), and to Saudi Arabia. This arms sales push went into high gear with a tour of Saudi Arabia and Gulf states by a top-level Russian delegation led by Chernomyrdin and Russian military-industrial complex leaders.

The foreign policy side of Yeltsin's Nov. 14 speech also gave out anti-western signals. Yeltsin, noting the string of conflicts under way either along or near the southern periphery of Russia and the former U.S.S.R., stressed the danger of these spreading. The situation "is fraught with a potential expansion of existing military conflicts and the emergence of new ones in which Russia will be involved because of its geopolitical and geo-strategic interests." Yeltsin also publicly hinted for the first time at what could develop as a new adversary relationship with the United States: "After the victory of the conservatives in the U.S. midterm elections, we can expect a certain toughening of the U.S. stand in foreign policy and military questions."

This three-day conference is one of several military-linked meetings for Yeltsin in November-December. On Nov. 10, Yeltsin held a private meeting with Defense Minister Grachov, Interior Minister Yerin, and security service boss Stepashin. Notably in his Nov. 14 speech, Yeltsin had called for closer cooperation between the Army and troops of the Interior Ministry. He will be meeting separately with the commanders of the branch services of the Russian Armed Forces.

On Nov. 16, Yeltsin held highly publicized meetings with Russian Orthodox Patriarch Aleksii II, and with writer Aleksandr Solzhenitsyn, the leading publicist for the idea of a renewed "Pan-Slavic" Russian Empire, consisting of the four Slavic or heavily Slavic republics of the former U.S.S.R.: Russia, Ukraine, Belarus, and Kazakhstan.

A furious officer corps

The seething discontent in the officer corps is the subject of a study by the Friedrich Ebert Foundation of Germany, titled: "Military Elites in Russia 1994, A Questionnaire to 615 Officers of the Armed Forces of the Russian Army in the Military Regions, Moscow, St. Petersburg, Volga-Ural, North-Caucasus, North Sea Fleet, Siberia, Kaliningrad." The study is broadly accurate, despite the devastating methodological flaws inherent in opinion polls. Defense Minister Grachov, who is widely blamed in the military ranks for their woes, felt compelled to issue a public denunciation, calling it a "filthy invention."

The first question put to the officers was how they view the present situation. Forty-three percent of the officers inter-

viewed consider it bad and 20% say it's very bad. Only 1% said they were satisfied. Thirty-two percent thought it would be worse in a year, and 42% saw no improvement ahead. Forty-nine percent called the economic situation in Russia bad, and 31% said very bad. Thirty-eight percent thought it would worsen over the next year, and 43% expected no improvement.

Concerning Yeltsin, 59% were dissatisfied on how he has functioned as President, only 17% thought he was doing a good job, and 24% refused to answer. Politicians in general received a very high negative rating, in many cases worse than Yeltsin. The communist ex-President Gorbachov led the pack with a 79% negative rating, and the Russian chauvinist politician Vladimir Zhirinovskiy, who made major gains in the December 1993 parliamentary elections, followed with negative 69%. Only 23% were in favor of Russia pursuing the so-called "reform" policies of the past three years.

Defense Minister Grachov had a 52% negative rating. The most popular figure was General Lebed, with a popularity-trustworthiness rating of 57%, followed by Deputy Defense Minister Boris Gromov with 54%.

In all probability, during the next phase of the government crisis, the military will be active in the background, leaving the up-front moves to leaders of the military-industrial complex and leading figures of the State Duma who work together with them. This group includes Yuri Skokov, the head of the Russian industrialists' association and former chairman of the Russian Security Council, and Mikhail Malei, responsible for "Scientific-Technical Questions for the Defense Industry" in the Russian Security Council. Working closely with them are State Duma Chairman Ivan Rybkin and the chairman of the State Duma Economics Committee, Sergei Glazyev, whose exclusive interview with *EIR* appeared in our Nov. 18 issue.

The first significant intervention into the current Russian political crisis by the military-industrial complex and military-related institutions was the report released by the Russian Security Council Commission appointed by Yeltsin to investigate the causes of the ruble crisis. The commission's report was an indictment of the government and its symbiotic relationship with the leading Russian state and private banks. One of the banks singled out for attack was Mosbank, which fronts for the financial interests of the "mafia-nomenklatura" complex headed by Moscow Mayor Yuri Luzhkov, known as the "King of the Thieves," and hitherto a political untouchable.

The real fireworks will come soon, when the Malei report on the mortal crisis of the military-industrial complex is submitted to Yeltsin. Two irreconcilable forces will be head-to-head: the military and military-industrial complex on the one side, and on the other, the present government of lame-duck monetarist technocrats, driving Russia toward total ruin. Yeltsin's crew will fall. What emerges from that is the big open question now in Russia.