

On March 22, when Russian Minister of Trade and Economic Development German Gref presented his rewritten “Basic Long-Term Social and Economic Policy Directions for the Government of the Russian Federation”—the promised attempt at “harmonizing” his Summer 2000 neo-liberal draft with the dirigist recommendations of Ishayev’s team—the cabinet did not rubber-stamp it. Instead, the text was subjected to hours of debate, in which the chief invited critics were Academician Lvov and Corresponding Member of the Academy Sergei Glazyev, who also chairs the Economic Policy Committee in the State Duma (lower house of parliament), and co-authored the Ishayev report. The cabinet deferred a decision on a 2001-10 policy until April 5, when a pared-down 30-page document was to be submitted to Putin, while a medium-term policy for 2001-04 will be debated in May.

Lvov, Glazyev, and Ishayev all welcomed Putin’s commitment to strengthening the authority of the state. “I am sure that all members of the State Duma agree with the main idea of Putin,” Glazyev told Strana.ru, “to increase the effectiveness of the government. But, what is the goal and purpose of social and economic policy? The question of the content of the tasks which the state must solve, still remains open.” Glazyev convened hearings in the Duma, at which Lvov, Ishayev, and others elaborated these concerns, just hours after Putin spoke,

The attempts to “harmonize” Gref’s neo-liberalism with advice from industry- and technology-oriented Academy economists, were evident in Putin’s Message. Discussing social reforms, Putin gave the nod to Gref’s and Andrei Illarionov’s vision of shifting health care into the hands of private insurance companies, and of pension reforms, which are modelled on schemes that have been disastrous for the populations subjected to them in the West, Asia, and Ibero-America. While identifying the problem of capital flight, in excess of \$20 billion per annum, he suggested that further deregulation, the lifting of certain exchange controls, and guarantees for foreign investors would allegedly help to solve this problem by making Russia an equal player on the world scene. Prof. Stanislav Menshikov, in a March 30 *Moscow Tribune* column, noted one reason these constructs don’t hold water: More than 90% of the \$250 billion-some Russian flight capital, parked in banks and financial instruments abroad, originated with Russian firms.

Glazyev suggested on April 4, that the people writing the liberal program’s planks on social services reform, are at odds not only with the welfare of the Russian people and with Glazyev or Lvov, but with Putin himself. “It is amazing,” said Glazyev to Strana.ru, “how the authors of the social and economic strategy ignore the President’s many statements on the need to tax natural resources more heavily, while reducing other taxes. . . . They don’t want to pay attention to the President’s many instructions on increasing investments and structural reform on the basis of new technologies. They have totally forgotten, that the President said in his Message last year, that the main problem is for our nation to survive.”

U.S. Spy Plane Recalls Embassy Bombing in China

by Mary Burdman

Hopes among the leadership in China, that it might be possible to reach any lasting accommodation with the George W. Bush Administration in Washington, suffered a rude shock on April 1, when a U.S. EP-3 spy plane collided with a Chinese fighter off the coast of China and was forced to make an emergency landing on Hainan Island. Full details of the collision might not be known, but the event is one of many “incidents just waiting to happen” between the Bush-led United States and other nations — allies and “competitors” alike.

The “Hainan Incident” is occurring in the context of world financial collapse. East Asian nations are excessively dependent upon exports to the United States, and hold big reserves in U.S. dollars. Japan, China, and South Korea have all had to report severe collapses in their U.S.-bound exports since the beginning of 2001. In recent weeks, Japan, by many times the biggest economy in East Asia, has made repeated concessions to the demands of the Bush Administration, that it continue its hyperinflationary bailouts of the world financial bubble. There are also indications, as marked by the one-week visit of former U.S. Secretary of State Sir Henry Kissinger to Beijing on March 15-21, that arrangements were being discussed, between the United States and China.

In Beijing, Kissinger met all of China’s highest-level leaders, including senior diplomat Qian Qichen, who was about to depart for a one-week visit to the United States, where Qian was eventually received by George W. Bush. Indicative of the likely content of the discussion with Kissinger in Beijing, are statements made by President Jiang Zemin in an interview with the *Washington Post*, published March 23: “No matter who administers the government in the United States, . . . one thing is very certain: The United States has to look at U.S.-China cooperation from a strategic standpoint. . . . In terms of private friendships, I think I have more friends in the Republican Party. Nixon, my old friend, . . . Bush Senior, Scowcroft, [William] Perry, Kissinger; there were many times when we sat together. . . . We believe Bush Senior will definitely push Bush Junior to bring U.S.-China relations to a new level.”

However, it should also have been marked in Beijing, that this was the same Kissinger who, at the February Wehrkunde Meeting of defense policymakers in Munich, had warned world leaders that it is not the so-called “rogue states” which are the targets of the U.S. “missile defense” program, but the large nuclear powers, notably Russia, China, and India.



From China Daily.

Also on March 23, the *Washington Post* “leaked” the news that U.S. Defense Secretary Donald Rumsfeld had accepted the findings of a defense review, conducted by Andrew Marshall, the 79-year-old head of the Pentagon’s internal think-tank, the Office of Net Assessment, and one of the most influential figures in the U.S. defense establishment. Reportedly among the recommendations that Rumsfeld accepted, was to re-orient American policy away from Europe and toward Asia, and to regard China as America’s main strategic threat in the years to come.

It should be noted, in light of the EP-3 incident which happened so soon after Kissinger’s departure, that Jiang Zemin concluded his interview with the *Post*, saying: “The United States occupies a very different geographical position as compared with China. The United States did not suffer much from World War I or World War II . . . but the case was totally different for the Chinese people: We have suffered more than our share of catastrophe and miseries of war. Also, the . . . bombing of our Embassy in Yugoslavia . . . caused a strong shock wave in China; 1.2 billion people rose up in great anger and indignation. It has not been easy at all to channel these emotions to a rational and cool-headed track. These issues, Americans often do not understand.”

However, what has happened in the course of the “Hainan Incident” indicates that Washington still “does not understand.” On April 1, the U.S. reconnaissance plane was flying in a disputed region of the South China Sea, which China considers its “economic space.” After the U.S. crew made its emergency landing at a Chinese military airport on Hainan Island, U.S. authorities asserted it to be a “state aircraft” and U.S. “sovereign territory”—a dubious claim for a spy plane which landed itself on another nation’s territory. The Chinese side, not surprisingly, soon initiated a “series of investigations” of the EP-3.

Whoever in the U.S. military-intelligence apparatus decided to make this provocative flight, if there were an intelligent national leadership in Washington, that leadership would have immediately perceived that China would react to this

collision on the basis of the unresolved U.S. bombing of the Chinese Embassy in Belgrade, during the NATO war on Yugoslavia in May 1999. Washington has persisted in the absurd and arrogant assertion that that attack was a “mistake” due to the use of an “old map” of Belgrade.

Another ‘Old Map’

On April 3, Jiang Zemin stated, in his first reaction to the situation, that “the responsibility fully lies with the American side; we have full evidence for that,” and called on the United States to stop its surveillance flights close to Chinese airspace. U.S. officials were able to visit the crew that same day, but earlier, Foreign Ministry spokesman Zhu Bangzao responded to U.S. assertions that the plane was its “sovereign territory,” saying that “based on Chinese law, and international practice, we have the right to conduct an investigation. . . . If this plane is sovereign American territory, how did it land in China?”

Even more pungent, was the cartoon which appeared on the *China Daily* website, showing the spy plane sitting on the runway at Hainan’s Lingshui Airport, with a speech balloon from the cockpit, with the words: “It . . . might be due to another map error.” The cartoon was highly appreciated by the international press.

There are, however, efforts to keep this particular incident under control. Jiang Zemin did nevertheless decide to leave Beijing on April 4 to carry out an important 12-day trip to six Ibero-American nations. On April 4, U.S. Secretary of State Colin Powell offered his “regret [for] the loss of life of the Chinese pilot,” and called on both sides to “move on.”

However, that will be difficult, considering what the Bush Administration is letting loose in Washington.

U.S. statesman Lyndon LaRouche warned throughout the 2000 U.S. Presidential election campaign, of the clearly foreseeable consequences of the election of either Bush or Al Gore to the White House; now, even U.S. establishment figures such as journalist William Pfaff are urgently warning that Washington is being dangerously provocative. “The Hainan Incident was waiting to happen,” Pfaff wrote in a commentary in the April 5 *International Herald Tribune*. U.S. surveillance is a “permanent affront to China.”

The United States has no need to make China its enemy, but that is just what it is doing.

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