

Went Wrong?" Wedel described how U.S. aid to Russia, funneled through Harvard University, had contributed to the decline of Russia and had contributed to a backlash against reforms and against the United States. Wedel described how a small group on both sides—the Harvard Institute for International Development on the U.S. side, and what she calls "the Chubais Clan" on the Russian side—had taken control of aid programs and even policymaking for their respective governments.

Wedel noted that U.S. policymakers and journalists have a very different view of the Chubais Clan than is held within Russia. She said that U.S. Deputy Treasury Secretary Lawrence Summers had called the Chubais group the "dream team." But, in fact, she pointed out, the policies they promoted resulted in asset stripping and capital flight.

The Chubais Clan was a shadow government, even negotiating with the International Monetary Fund on behalf of the Russian government, Wedel said. Yeltsin and the Chubais Clan carried out "rule by decree," and circumvented the Russian State Duma; they were anti-democratic, yet were supported by the United States. The Gore-Chernomyrdin Commission, especially its bond markets committee, was another vehicle by which this group exerted its influence.

This was not accidental, Wedel stated. She pointed to a statement by a U.S. Agency for International Development official, to the effect that "we can't change the whole country, but we can provide targeted aid to help Chubais." As a result, Wedel concluded, "many Russians believe that the United States set out deliberately to wreck their economy."

Another perspective on the distorted picture most Americans get of what is going on in Russia was presented by Professor Cohen, who called the way the American news media have reported on Russia since 1992 "a kind of journalistic malpractice."

The assumptions of most press coverage, Cohen said, was that Russia was moving toward something like the American political system, and that the Yeltsin regime's policies of going along with shock therapy, neo-liberalism, and monetarism amounted to true reform.

Reform means making the lives of the majority of the people better, Cohen said, but in Russia, every year of "reform" has meant collapse and immiseration. But we have treated this pain and suffering as secondary, and as the inevitable fate of all people in Russia. Cohen noted sarcastically that proponents of the "reforms" say that "we are doing this for the young people"—but, he asked, "what about the young soldier . . . the young coal miner," who haven't been paid in six months?

Although American journalists normally have an aversion to "radicals," they fell in love with the "radical reformers" in Russia, Cohen noted. And, he pointed to another quirk in the reporting, of referring to opponents of the reforms as "hard-liners." "If hard-liner means anything," Cohen said, "it should apply to those promoting shock therapy."

Scotland, Wales

Elections deal another setback to Tony Blair

by Alan Clayton

The May 6 elections for the new Scottish Parliament and Welsh Assembly have produced a number of surprise results. The financial and social oligarchies which circle around the House of Windsor, have, for the time being, given unequivocal backing to Tony Blair's Labour Party—now officially known as New Labour, since it has adopted the austerity and monetarist policies associated with former Tory Prime Minister Margaret Thatcher.

In Wales, Blair suffered a humiliating setback, as the Welsh Nationalist Party, Plaid Cymru, made substantial gains into the New Labour domination of that state, winning 28 of the 60 Assembly seats, thus denying an overall majority to New Labour. The Plaid, which had placed fourth in the 1997 general elections, now represents the main opposition. This victory, which Plaid Cymru president Dafydd Wigley said had surpassed his own expectations, is due in part to the fact that until now, the Plaid has never been viewed as a threat to the oligarchy, and consequently was not subjected to the avalanche of misinformation, distortion, and lies that assaulted the Scottish National Party (SNP) in Scotland.

In the wake of the successful 1997 referendum, engineered by the SNP, when Scots voted to establish a Scottish Parliament, it was hoped by many Scots (and feared by the oligarchy) that the SNP would win a majority in the new Parliament, and would immediately submit a new referendum for the establishment of an independent Scottish nation.

What happened in Scotland can certainly be appreciated by readers of *EIR* who are familiar with the historic defamation of the LaRouche movement by means of a massive campaign of media distortion and downright lies. Alex Salmond, leader of the SNP, was subjected to character assassination by the British establishment media, which escalated after his televised criticism of the NATO bombing campaign against Yugoslavia. Actor Sean Connery, an active supporter of the SNP, laid the cause of the "shameful abuse" of the media at the doorstep of the "control freaks" of Blair's New Labour Party, which, he said, ruined the positive potential of the election campaign with a "reign of fear and intimidation."

Taxation was a central theme in the Scottish campaign, the essence of the SNP argument being that it is immoral to reduce direct taxes while schools, hospitals, and much of

public sector housing were falling apart. However, an associated theme was the fuel tax. Tax on fuel in the United Kingdom is among the highest in the world, despite the fact that the sea around Scotland is one of the most oil-rich areas in the world.

Road haulage companies in the United Kingdom, for example, pay a dollar per liter for diesel fuel, while in most other countries of the European Union, it is about one-third of that. In the United States, road haulage companies pay around 12 cents a liter for fuel. This crippling and punitive tax is related, not to social and infrastructure expenditure, but to the United Kingdom's massive military budget, and its need to keep Britain a strong nuclear power in order to maintain its world influence and hegemony.

The consequence of this, is that a considerable number of road haulage companies are now going to relocate in Belgium and Holland, with catastrophic consequences for jobs in the United Kingdom. The London government, however, blames the tax increases on fuel on the recent Kyoto Convention agreements on air pollution—a response that provokes the deepest cynicism in the dangerously underpopulated Scottish highlands, where the air is among the purest on Earth, and economic and social dependency on road transport is almost total.

However, there are certainly powerful voices which would like to return the Scottish highlands to the “Brigadoon”-style romanticized theme park that it was in the days of Queen Victoria, when ancient crofting rights were removed, and pollutants such as humans were evicted and replaced by highly lucrative sheep farming, and wild deer for the southern elite to come and shoot among the forcibly depopulated glens.

Breaking the axioms

Going against the so-called public opinion of the British establishment and its controlled media, the Scottish National Party leadership made two important policy statements, which challenged the prevailing axioms. First, in opposition to the oligarchy's promotion of “globalism” and “free trade” economics, typified by New Labour's Private Finance Initiative, the SNP took a step toward nation-building in calling for its “penny for Scotland” tax to ensure adequate funding for schools, hospitals, and other necessary public services. Second, the SNP broke the rules of the game by entering the arena of strategic issues, when SNP leader Alex Salmond made a U.K.-wide television address which criticized the air assaults on Yugoslavia. He argued that the bombing would make the plight of the Kosovo Albanians infinitely worse. This is in sharp contrast to the Malvinas War in 1982, and the Persian Gulf War in 1991, when the SNP leadership backed British policy without equivocation or reservation.

Even though the media establishment unleashed the furies of hell on Alex Salmond, the SNP has come out of the elections as the second-largest party, with 35 seats in the new

Scottish Parliament, in opposition to New Labour's 57 seats. This has denied Tony Blair his hoped-for majority rule in the Scottish Parliament, which means that New Labour must either form a coalition government, or must go it alone, as they have chosen to do in Wales.

Meanwhile, as Scots attempt to practice democracy and statecraft, Tony Blair is working from 10 Downing Street to dictate the terms for the formation of the new Scottish government. When the official spokesman for Blair announced that the British Prime Minister was “involved” in the formation of the Scottish coalition government, Alex Salmond appropriately responded by identifying Blair as “playing the puppetmaster.”

On May 12, the new Scottish Parliament opened, almost 300 years after this nation's former Parliament ceased to exist, as a result of the 1707 Union with England which created Britain. Though many of the newly elected members of Parliament were opposed to taking the oath of allegiance to Queen Elizabeth II—without which they could not take their seats—they did so with qualifications, with many SNP members indicating that they were making mental reservations before taking the oath, and one independent MSP, Tommy Sheridan, publicly stating his formal objection before taking the oath. Also, all indicated their ultimate loyalty to the sovereign “people of Scotland.”

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e-mail: larouche@larouchepub.com