country had a good chance to break out of the trap of colonization and to embark, at last, onto a trajectory of economic growth."

Under the government of Yevgeni Primakov (September 1998 to May 1999), those hopes began to be realized, in part. Russia showed industrial growth during 1999. The surge in world oil prices somewhat alleviated its foreign debt payments crunch, because of the higher revenues, despite ostracism after the effective default of August 1998.

The choice of economic strategy under Acting President Vladimir Putin is hotly disputed within Russia now, as there is an attempt to combine officially proclaimed desires for a "national" economic policy, with adherence to the rules of globalized world finance. The continuation of the demographic tailspin through 1999, when Russia experienced natural population loss of another 836,000 people and AIDS and drug-resistant tuberculosis were among the fastest-growing diseases, underscores that the economic crisis will not will fix itself.

So far, the Putin regime has drawn the line against attacks on Russia's sovereignty, in an area where matters seem clearer in Moscow: the country's territorial integrity. Hence, the brutal military campaign in Chechnya, whose separation from the Russian Federation is understood in leading Russian circles as a first step in Zbigniew Brzezinski's *The Grand Chessboard* scheme for the dismemberment of Russia.

Lyndon LaRouche, in a Jan. 23 webcast dialogue with California activists of his Presidential campaign, identified the nature of the Russian reaction: "The terrorists deployed into Chechnya and Dagestan and elsewhere, the destabilization of the Nagorno-Karabakh situation with respect to Azerbaijan, and so forth—these issues created a hotspot. And when the President of the United States backed down, in dealing with some of these problems, especially in Yugoslavia, when he capitulated totally to the British at the end of the so-called Kosovo war, the world strategic situation went out of control. *We have now headed in the direction of more and more wars, which even could become nuclear wars around the world, unless the President's capitulation to Gore and to the British, and so forth, stops*.

"In this situation, there developed in Russia, a fear that Russia was about to be destroyed if this weren't stopped. The reaction came in a Russian fashion: First of all, the leading Russian circles were convinced that the United States had cut them off, that they were isolated. They became desperate, desperate because of the economic policies imposed upon them, which again, Clinton didn't have the guts to change that. He should have. . . .

"So, what you have, is a confused Russian patriot reflex reaction, which is extremely brutal, which is using the drawing of a line in the sand in Chechnya, as a point of confrontation where they say 'We will not take another step backward.' "

South America 1999

Narco-nations come to the fore

by Dennis Small

In January 1999, the world financial hurricane that had battered Asia in 1997 and Russia in 1998, made landfall in the Western Hemisphere in Brazil. For a period of two to three tense weeks, Brazil, the Third World's largest debtor nation and the eighth-largest economy in the world, was pushed to the very edge of national bankruptcy, and nearly pulled the entire world financial system down with it. Assaulted by hedge funds and other speculative capital, the Brazilian currency, the real, was devalued by almost 50% in a matter of days. The ferocious assault only subsided a few weeks later, when the Brazilian government handed over the country's central bank to George Soros, by making one of his water boys, Arminio Fraga, the central bank's new director.

Within days, Soros had called off the dogs: We must throw a "wall of money" at Brazil, the world's most famous drug legalizer smugly told the world financial community gathered in Davos, Switzerland. The "wall" quickly took shape, as a $42 billion bailout package from the International Monetary Fund (IMF), the U.S. Treasury, and others, negotiated in November 1998, began to be released to a panicked Brazil. Typically, the bailout had bone-crunching austerity conditionalities firmly attached.

But handing over the central bank of Brazil to Soros was not the only price that was paid to supposedly "solve" the 1999 Brazilian debt crisis. As a direct result of the Brazilian blow-out of 1999 and its hyperinflationary resolution:

• The economy of **Argentina,** already in bad shape, crumbled over the course of 1999, as entire chunks of its manufacturing sector moved to the cheaper-labor haven of devalued Brazil. These "runaway shops" have left more than 10,000 people newly unemployed in the Argentine manufacturing sector. Furthermore, the IMF has decided to turn the screws on the country's provinces, not so much to collect the debt they owe, as to deliberately fracture the country along historical fault lines, encouraging "regional autonomy" political maelstrom, in which "the devil takes the hindmost."

• The Jacobin government of Hugo Chávez in **Venezuela,** which took office in December 1998, was strengthened by the continental backlash to the hemispheric economic depression unleashed by the Brazil crisis. As a result, Chávez has emerged as the purported continental leader of the opposition forces—as the new Fidel Castro of South America. Chávez has established an overt alliance with the major drug cartel of neighboring Colombia, a.k.a. the FARC, and this alliance now threatens to overrun the entire northwestern sector of South America, establishing new narco-nations where sovereign republics once stood. In fact, the new Venezuelan Constitution, which Chávez rammed through in December 1999, in Article 14 "establishes a special juridical framework for those territories which, by free choice of their inhabitants, . . . incorporate themselves into the [Venezuelan] republic"—a transparent reference to the FARC-controlled areas of Colombia.

• **Ecuador** was plunged into outright bankruptcy in the aftermath of the Brazil crisis. In March 1999, a major devaluation and banking crisis hit the country. Then, six months later, in September, the bottom fell out: The government was forced to default on its foreign debt; the national banking system disintegrated in broad daylight, and half of all checking and savings accounts were unilaterally frozen by the government; and wave after wave of devaluations began to batter the Ecuadorean currency, the sucre. By January 2000, when President Jamil Mahuad announced that he would eliminate the sucre altogether and "dollarize" Ecuador, the country exploded.

In a period of 24 hours on Jan. 21-22, there were four different governments in Ecuador. One of them, the National Salvation Junta headed by Col. Lucio Gutiérrez, explicitly proclaimed its ties to Venezuela's Chávez, as well as its support for the narco-FARC's war against the government of Colombia. Fortunately, that junta was not able to consolidate itself in power—for now—but the dollarization policy remains in place, and the shattering of the nation will thus continue.

The shattering of a nation

Colombia was once a beautiful nation. A land of enormous natural wealth, in the nineteenth century it was also at the center of international scientific inquiry, including the famous Humboldt biological expeditions to the Americas. Its capital, Bogotá, was proudly known far and wide as the "Athens of South America."

But Colombia today has been taken over by the world's leading cocaine cartel, which masquerades as the "politically motivated" Revolutionary Armed Forces of Colombia, or FARC. The FARC could not dominate Colombia the way it does today, based on purely national factors: The population overwhelmingly despises the narco-terrorists. But the FARC cartel has, especially over the course of 1999, received decisive international backing from:

1. **Wall Street,** in the form of two visits to Colombia by New York Stock Exchange President Richard Grasso. In June 1999, he met in the FARC's jungle demilitarized zone (DMZ), to embrace FARC "Comandante" Raúl Reyes, and discuss "capitalism" and "investment strategies" with him. Then in January 2000, Grasso returned as part of the Millennium Group of international honchos, to meet with Colombian President Andrés Pastrana and to give full backing to the latter's policy of appeasement and surrendering chunks of the country to the FARC.

2. **The IMF,** in the form of a May 1999 demand that Colombia include illicit drug cultivation in the accounting of its Gross National Product, followed by a January 2000 signed agreement with the Colombian government which explicitly *excludes* government spending in the FARC-controlled area from the IMF's otherwise stringent austerity conditionalities—i.e., they are encouraged to channel money into the FARC-run areas.

3. **The United Nations,** which has announced funding for "crop substitution" projects in the FARC-controlled areas—i.e., UN financial aid to the FARC.

4. **The U.S. State Department,** which continues to lie that it is impossible to militarily defeat the FARC cartel, and prefers instead to discredit and weaken the Colombian Armed Forces with non-stop human rights campaigns, financed by drug-legalizers such as Soros.

5. **Various European nations,** such as Sweden and Norway, who are currently sponsoring a preposterous international tour by a *joint delegation* of FARC and Colombian government negotiators, which is drumming up international sympathy *and money* for the FARC.

Looked at from the top, what is being put into place by this policy sponsored by the international financial oligarchy, is a FARC narco-nation within Colombia, which is rapidly expanding, in direct activity and influence, throughout the region (see **Figure 1**).

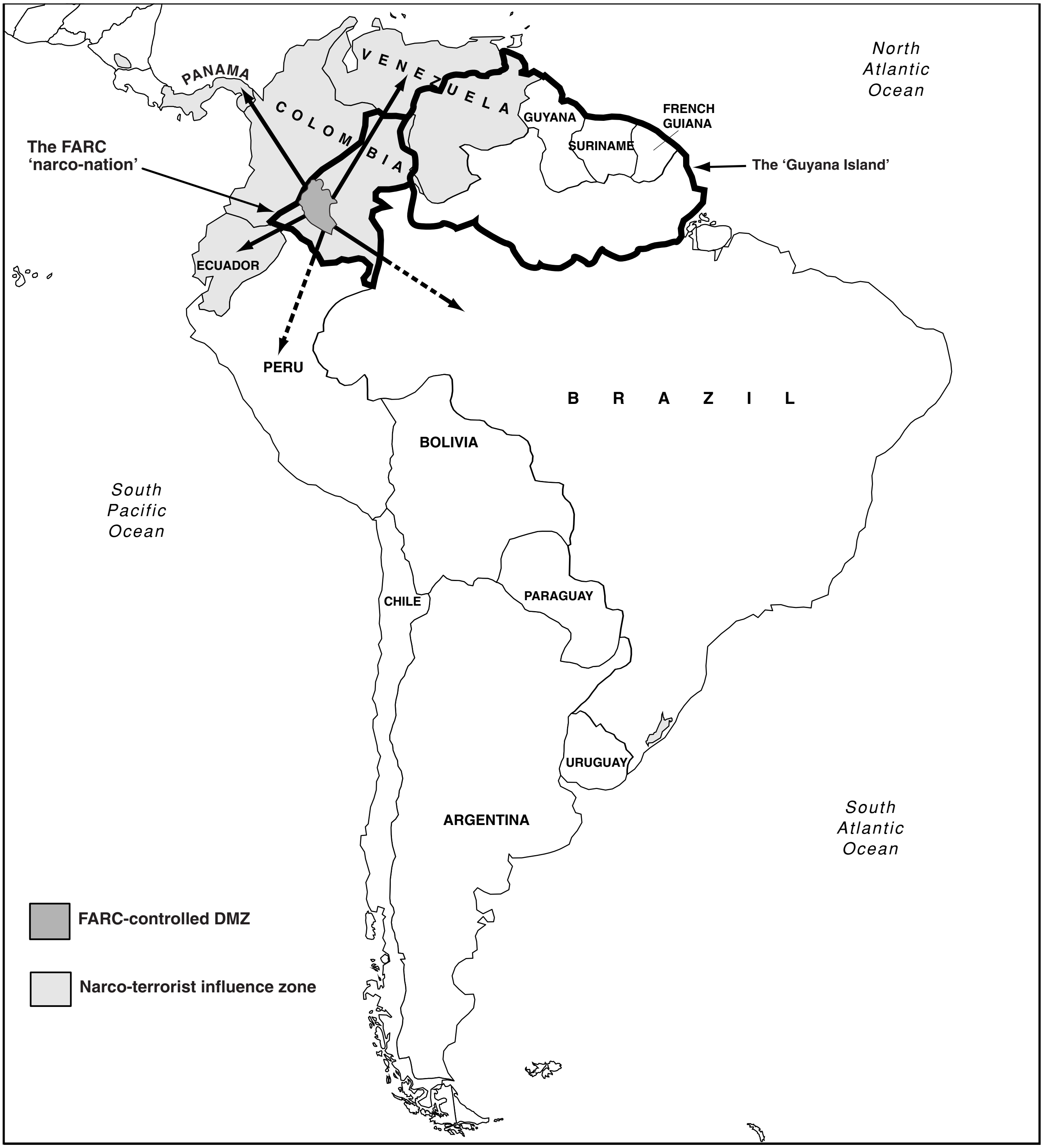
How big a narco-nation are we talking about? Consider the following elementary facts. One often hears that the DMZ that the FARC was handed by the Colombian government is a "Switzerland-sized area" in the jungles of the country. That is accurate. It is an area larger than the U.S. states of Massachusetts and Connecticut combined.

But the FARC's de facto control extends, already, to the entire southern half of Colombia, which is an area the size, not of Sweden, but of France. (Or, for the U.S. reader, it is the equivalent of the entire Northeastern seaboard of the United States, stretching from New England, through New York, New Jersey, Pennsylvania, Maryland, Delaware, and clear through Virginia.)

But that is not the full story. The broader zone of direct influence of the FARC-Chávez narco alliance, which extends throughout four countries (Colombia, Venezuela, Ecuador, and Panama), is a truly giant swath of territory. It is almost 1 million square miles, which is one-quarter the land area of the United States. In Europe, this area would be larger than Spain, France, Germany, Italy, Sweden, and the United Kingdom combined. About 80 million people live in that emerging narco-zone of South America today. They are hostages in their own land.

This area is also one of enormous raw material wealth—

FIGURE 1
London's expanding 'narco-nations' of South America



which, along with its drug output, explains the overriding interest that the British nation-smashers have in it. Venezuela is the largest supplier of oil to the United States; Ecuador is also a major oil producer and member of the Organization of Petroleum Exporting Countries; Colombia has sizable oil deposits as well.

Most revealing, however, is a report published in the December 1999 edition of the Colombian Armed Forces magazine, written by Army Majors Jorge Segura Manonegra, Jairo Cerón Castro, and Otto Quiñones Arboleda. They write that the area presently in the FARC's hands has been proven by geologists to be rich in oil, diamonds, uranium, and plutonium, among other minerals, and that in this regard it is very similar to the Guyanas region of South America.

They ask: "Are there interests in other countries who covet these resources? Foreign countries have already made contact" with the FARC. They then point to the "strange meeting of Grasso with the FARC," which had the following objectives: "First, channeling the vast sums of money in the FARC's hands into investment in the United States. Secondly, to reach an agreement whereby part of these investments are allocated to the exploitation of the strategic resources. . . . And third, to seek agreements whereby the rest of the money is invested in the New York Stock Exchange."

Piracy, by any other name

The reference to the Guyanas is of note. The full picture of today's British plan for this area only comes into focus once we place these emerging narco-nations of the twenty-first century side by side, in our mind's eye, with the nineteenth-century British plot to split off a northern chunk of South America, known as the Guyana Island, or Guyana Shield (see Figure 1)—a project which is still alive and well today.

As *EIR*'s Rio de Janeiro correspondents Nilder Costa and Lorenzo Carrasco document in the Dec. 10, 1999 issue of *EIR,* there is today a "Guyana Shield Initiative," financed and controlled by Prince Philip's World Wildlife Fund and its sister organization, the International Union for the Conservation of Nature, as well as other non-governmental organizations. Its alleged objective is to protect the flora and fauna of the Shield. However, its actual goal is to, first, remove these territories from any economic integration with their respective nations (for example, 44% of the Brazilian state of Roraima, which falls within the Guyana Shield region, has already been segregated into either Indian reserves or nature conservation areas); and, second, split the area off entirely from their nations—East Timor style.

This is not a new strategy for the British. As *EIR*'s Nilder Costa reported: "Recent research by *EIR* in Brazil has uncovered that the so-called 'Indian card' had already been astutely used by colonial British military intelligence, and before that, by the British West Indies Company whose agent was that famous pirate, Sir Walter Raleigh. Raleigh was a leading promoter of the idea that the area later known as the 'Guyana Island' was the paradise of El Dorado.

"British intelligence operations during the last century to conquer the 'Guyana Island' led to the loss of Brazilian territory, to what became the Crown Colony of British Guyana. That operation was planned and run by Lord Palmerston, who, in 1837, deployed his agent, Robert Schomburgk, to Guyana, under the auspices of the Royal Geographic Society, a body created and run by British military intelligence. Schomburgk did the field work so that the territories inhabited by 'independent tribes' could first be 'neutralized,' and then 'assimilated.' Schomburgk's work provides a thoroughly documented historical precedent for what is happening today. As a consequence, Brazil lost 15,000 square kilometers of territory, to England's benefit, fulfilling, in part, the dream of the pirate Raleigh. Raleigh and the German Schomburgk were knighted for their services to the British Crown."

Such is the pedigree of those who are attempting to disintegrate the nation-state today.

Ecuador is turned into a concentration camp

by Gretchen Small

When Ecuador's government fell on Jan. 21, 2000, brought down by mass protests led by the the Confederation of Indigenous Nationalities of Ecuador (Conaie) and a revolt by sections of the Armed Forces, a shock went through Ibero-America. Here, they saw one of their neighbors pass from financial disintegration, to disintegration of its government, and heading straight for civil war and territorial disintegration. Sober people in every Ibero-American country asked, not if such a process could be repeated in their nations, but only why it had not occurred yet.

What is driving the disintegration of Ecuador is that it is bankrupt. In January 2000, central bank officials estimated that public and private obligations due in 2000, were $7.4 billion more than the total public and private means available to meet those payments.

In the process of attempting to pay, the value of the currency has been destroyed (the sucre fell from 7,000 to the dollar in March 1999, to 25,000 when President Jamil Mahuad was overthrown). This, in turn, paralyzed imports and exports. Vital items such as medicines (largely imported) are no longer available. Productive capacity plunged by at least 40% in 1999, in a country where over 70% of the population is officially underemployed or unemployed. Hyperinflation exploded in January, sending the cost of basic foods up by 20%