raised the question of "writing off debts," Fyodorov said there would "be no restructuring and no writing off debts unless an agreement with the IMF is reached. . . . So, if the government really wants to relieve the debt burden, . . . we should urgently present an economic program that will earn the trust of the IMF and consequently of investors . . . because nobody wants to see Russia as an isolated state, *a North Korea which sits there with its unpaid debts and snarls at everyone*" (emphasis added). Fyodorov, an intimate of George Soros, nearly succeeded, with the patronage of Al Gore, in reentering power in August 1998 as economics chief under the reinstated former Premier Viktor Chernomyrdin, and in imposing the British imperial "currency board" model on Russia.

On March 2, Maslyukov was quoted by Interfax: "Mr. Camdessus has pressured us so much, and is so persistent to make us accept conditions which are unacceptable, that it is just unseemly." Maslyukov suggested that the IMF's demand for the creation of new institutions to allow more foreign exploitation of Russian oil and natural gas resources would only "give birth to a new crowd of thieves." Camdessus's posturing notwithstanding, Maslyukov said on March 4 that he had "a pretty clear idea of what Russia can do to reach a compromise while honoring its commitments under the 1999 budget, and believe[d] that a real rapprochement of the negotiating positions is possible within days."

The same *Financial Times* author, John Thornhill, who emphasized the potential for the Russian debt crisis to spread to the Soviet-era debt and Eurobonds, also joined the Boris Berezovsky-owned media inside Russia, in beating the drums for Maslyukov to be fired.

Throughout the foreign debt flap, it remains clear that the Primakov government, making Russia a member of the "Survivors' Club," has an agenda that overrides its continuing diplomacy with the IMF and the foreign banks. The last days of February saw the success of Chinese Premier Zhu Rongji's negotiations in Moscow (see p. 4). Last week, we noted the formation of a State Council for the revival of Russian industry, under Maslyukov. At a press conference on Feb. 8, Finance Minister Mikhail Zadornov reported that "we have lived through the most difficult economic and political period since the August crisis. It was little noted, but during this period we have managed to approve and implement the plan of financing the fourth quarter without departing one iota from the guidelines determined in October, neither the printing of money, nor the payments on the foreign debt, nor the payments to households. Let me remind you that on Feb. 1-2 we fully paid back arrears to federal employees and we do not have budget debts. That is, all the commitments that we undertook in early October we met."

As we go to press, financial "oligarch" Berezovsky, who has campaigned relentlessly against Primakov and Maslyukov, has been removed by President Boris Yeltsin from the post of Executive Secretary of the Commonwealth of Independent States.

European farmers protest Agenda 2000

by Rosa Tennenbaum

Europe has been experiencing an upsurge of protests by farmers in recent weeks, the likes of which have not been seen since the beginning of the 1970s. In most of the 15 member-states of the European Union (EU), demonstrations, blockades, interventions into political party meetings, and so on, have been the protest vehicles against the Agenda 2000 program of the EU Commission. The high point of these actions so far was a huge demonstration of more than 50,000 angry farmers from all over Europe in Brussels, the headquarters of the EU. On Feb. 28, they besieged the city in a desperate attempt to bring some reality into the sterile world of this huge "Eurocracy," which has been dictating the agricultural policy of Europe for 34 years.

The Belgian authorities, fearing for the security of the EU bureaucrats, passed special restraining orders that forbade farmers to bring tractors or heavy machinery into the capital between Feb. 15 and March 1, while Belgian farmers were forbidden to move their tractors more than six miles from their farms; violations were punished with prison sentences! Schools and kindergartens were closed the day of the demonstration, the staff of the European institutions got a day off, and the European Parliament was shut down. The EU Commission hid behind barbed wire, and the EU Foreign Ministers preferred to relocate their meeting from Brussels to Luxembourg. All this hysteria aside, the demonstration was harsh in words, but civilized in action.

Expansion of the EU

Agenda 2000 defines the principles according to which the EU wants to integrate new member-states, such as Poland, the Czech Republic, Estonia, Slovenia, and Hungary, which are supposed to join within a few years. Before they do, however, a number of national laws have to be changed and made congruent with the regulations of the EU, and the very different national administrative systems have to be adjusted. To achieve this, in every country, an army of bureaucrats has to be trained and prepared for its future tasks of surveilling and administering the new regulations. These bureaucratic preparations will eat up several billions of dollars per year. Nobody talks about developing the run-down economies of these post-communist states or the need to invest in infrastructure that is so dearly needed; the only preoccupation of the EU is to set up similar administrative apparatuses in all countries.

As the economic situation across Europe has been worsening, the growth of Gross Domestic Product has been shrinking and unemployment rising, and the governments of the 15 current EU member-states are not willing to expand the EU budget to finance the enlargement of the Union. So, there are only two possibilities for the EU Commission: to postpone the enlargement to some later date and hope for better circumstances, or to get the needed money by restructuring the budget and cutting existing programs. The commission decided for the latter, and put it in writing as the Agenda 2000 program.

Destruction of agriculture

The centerpiece of Agenda 2000 is a set of massive reductions in farm prices: Prices for milk will be lowered by 15%, grain by 20%, and beef by 30%. This comes on top of prices that had already reached a historic low in most cases. After these cuts, prices would be far below the world market level, while the biggest trading companies could export as many goods as they wished without needing any subsidies from the EU. The fact that producers need a parity price so as to be able to deliver goods to the trading firms, is no issue in this debate, which is concerned only with the price paid by the consumer, not the continuation of production.

These price cuts would have horrendous consequences. The income of European farmers would be lowered by 15 billion deutschemarks ($8.8 billion) annually, and, with more than half the farms already cannibalizing its capital base, thousands would be forced into bankruptcy. German farmers, for instance, would lose DM 4 billion per year, which would force 40-60,000 farms out of business per year. This alone would add up to 100,000 jobs lost.

But agriculture plays a central role for the overall economy, as farmers are buyers of industrial goods as well as suppliers for the food-processing industry. Every seventh job in Germany depends directly on agriculture. In the food-processing industry, the fifth most important economic sector, 300,000 jobs will be lost immediately. Throughout Europe, some 2-3 million jobs will be destroyed.

The bankruptcy of tens of thousands of farms every year will cause a profound restructuring of the food-processing industries, as well as in the industries supplying equipment and materials to agriculture. Middle-sized companies will have to close down, and cartels will determine what is produced, and its price to the consumer.

Agenda 2000 is an attempt to turn history back 200 years. With the big land reforms at the very beginning of the 19th century, the huge estates that were owned by feudal landlords were cut into smaller entities, and the farmer became the owner of the land he worked on. With these reforms, independent farms became the most productive entities of the economy. Now, "investors"—banks, insurance companies, and other firms—will buy up the collapsing farms, and "managers" will direct an army of miserably paid farm workers.

With Agenda 2000, the EU commission is also paying tribute to the World Trade Organization (WTO) negotiations that will begin in the autumn. The deadly price reductions, in particular, were welcomed as "going into the right direction, but not far enough," by a phalanx of free traders around U.S. Vice President Al Gore, Secretary of Agriculture Dan Glickman, and Trade Representative Charlene Barshefsky. Al Gore's arrogant demands for deeper price cuts and total free trade in agriculture are destabilizing govenments, already confronted with massive resistance among their populations, and they are accelerating the economic breakdown of Europe.

Agenda 2000 also demonstrates the dilemma that international politics is facing. The European governments find themselves facing an impossible choice: If they do not reach an agreement by the end of March, which is the original timetable for proceeding with the enlargement of the Union, then the stock markets will collapse, as will the common European currency, the euro. If they pass the Agenda 2000 program, the economic slide will be accelerated significantly. Every decision within the existing financial and economic geometry will end up in a disaster. The only solution is Lyndon LaRouche's New Bretton Woods program for a profound reform of this bankrupt international economic and financial system, as Agenda 2000 clearly demonstrates.