

elaborated by France's "Author of Victory," scientist-soldier Lazare Carnot. Carnot articulated this, first in his memoir on Vauban, and applied this in leading France to defeat all invading enemies during his command of the defense during 1792-1794. The same policy was introduced through the leadership of Prussia's Scharnhorst.

As the Treaty of Westphalia showed, the only acceptable objective of warfare, if it is justified war, is durable, and productive peace among the victorious and defeated parties alike. Hence, the assured defeat of the attacking party, is the normal standard for strategic doctrine. This was brilliantly demonstrated, by aid of studies of Friedrich Schiller's studies of the Netherlands and Thirty Years wars, in luring Napoleon into the Moscow trap through which the process of destruction of his imperial power was brought about. The Soviet counterattack in World War II, is another example of the application of the principle of strategic defense.

In warfare, as in the related missions of economy, the object is to develop and realize the productive powers of labor of society, as a mobilizable force for realizing objectives of progress for society in general. A defeat will be welcomed by those whose submission provides them the means to a better condition of life than they had had before. Peace between adversaries is a condition achieved through mutual recognition of, and commitment to a durable mutual advantage in cooperation, as it was for the case of the Treaty of Westphalia.

There are many instances of which I know, in which Dr. Teller acted in a way consistent with that principle. That is what he, on his side, and I, on mine, sought, through the SDI policy.

If we now take into account, in retrospect, the horrible mistakes, which the combination of Margaret Thatcher, François Mitterand, and others imposed upon the break-up of the Warsaw Pact system, and contrast the present global economic ruin with the mutual progress which would have been realized under my proposal for SDI, or the 1989 draft proposal of Deutsche Bank's Alfred Herrhausen, Teller and I, each in our own way, were right, all the way through the 1980s, and those who opposed us, especially the curious Yuri Andropov and the future Russian oligarchs associated with him then, were terribly, terribly wrong.

At the very bottom line of the tally to be made, relevant persons in the United Kingdom should ask, and answer the question: Who, what, really, was the Yuri Andropov who made the crucial blunder? What, for example, was the Laxenberg, Austria-based International Institute for Applied Systems Analysis (IIASA), and what did Dr. Alexander King, McGeorge Bundy, the Cambridge systems analysts, and the Mont Pelerin Society, have to do with the fostering of the epidemic of "oligarchical carpetbagging" which has driven the world's second thermonuclear power, Russia, into the corner it finds itself today? Is that the road to peace?

Alasdair Palmer, or his editors, might ask, and answer some of those questions.

Andropov's 'Free Trade' Turn Still Hurts Russia

by Rachel Douglas

Behind the ill-starred rise and fall of Mikhail Gorbachev as Communist Party General Secretary and Russian President, was his predecessor, Yuri Andropov, who was identified by *EIR* in the 1980s as opening the disastrous Soviet "experiment" with free-trade economics. Now for the first time in the Russian press, a veteran of Soviet intelligence has identified the grouping and relationships, named by Lyndon LaRouche as "Andropov's Kindergarten," as the force behind the liberal economic reforms that wrecked Russia during the 1990s.

The exposé, written by an author identified as "Vyacheslav K.," appears in the February issue of *Stringer* magazine, which was founded by Alexander Korzhakov, at one time Russian President Boris Yeltsin's chief of security. It zeroes in on the nexus of Yuri Andropov's grouping in the KGB. This was rooted in the patronage of Andropov's career, within the Communist Party, by Finnish Comintern leader Otto Kuusinen, and in the International Institute of Applied Systems Analysis (IIASS) in Laxenburg, Austria. IIASS was an arrangement, deadly to Russian economic planning, which was built up after MacGeorge Bundy, senior figure of the U.S. financial establishment, reached an understanding with KGB figure Dzhermen Gvishiani in 1967.

Andropov and 1990s 'Young Reformers'

This story has been told previously only in *EIR*, for example in Roman Bessonov's series, "IRI's Friends in Russia: the Anti-Utopia in Power" (beginning with *EIR*, Sept. 6, 1996). More recently, the significance of the "Andropov Kindergarten" as a joint project with British Intelligence and the Mont Pelerin Society, has been featured in LaRouche's direct dialogue with various Russian circles. In his interview in the December issue of *Valyutny Spekulyant*, LaRouche was quoted saying that "on balance, if we put aside the not unimportant matter of personal freedom, the system which the 'Andropov Kindergarten' imposed, as with guidance from the International Republican Institute, of U.S. Mont Pelerin devotees, has done vastly greater damage to Russia and its people than was ever brought upon those people by the Soviet system itself. Saying that 'the young reformers' were not given the chance to prove their system, is like saying that Russia's current shortage of green cheese is the result of the Soviet government's failure to colonize the Moon with

cheese-gathering cosmonauts.”

The process of recruitment of the destructive “young reformers” was also described in general terms by the Russian State Duma’s chief economist, Sergei Glazyev. Glazyev, himself a veteran of this process at IIASA, and in the first cabinet of independent Russia from 1992, rejected the entire IIASA-spawned economic strategy, and denounced it in his book, *Genocide*.

“Vyacheslav K.” describes Andropov’s strategy—in the setting of economic hardship and food rationing in the Soviet Union after the late-1970s plunge of oil prices—as a strategy for the Soviet Union “as a huge corporation, financially independent, economically sustainable, and possessing a huge technological potential, concentrated in military industry. All this, unlike the West, the U.S.S.R. could deploy in a decisive place at a decisive moment. Andropov’s idea was to convey modern technologies to Russia’s industrial corporations, which would be allowed to attract foreign investments.”

The *Stringer* article then characterizes the recruitment of the Kindergarten: “Andropov made a decision to develop economists for ‘Corporation U.S.S.R.’ from scratch, and outside the country. The function of ideological control was, definitely, assigned to the KGB apparatus. . . . As a base for foreign training of economists, Andropov selected IIASA [in Vienna]. No wonder the young cadres, deployed to Vienna, immediately came under influence from well-trained foreign intelligence ‘specialists in management.’ That was a real struggle between Soviet and Western minds.

They Threaten Control Still Today

“As a result of a strict selection, during which some of the students left the experiment on ethical grounds, getting bored with permanent manipulation, the team of those who completed their education on the base of IIASA [and its Moscow branch], included persons such as Pyotr Aven, Anatoli Chubais, and Yegor Gaidar. . . . The resulting team ruined the Russian economy, with a great energy and a firm grip of persons brought up in the Stalinist tradition. That was a direct result of Andropov’s personal influence: Andropov was a pupil of Kuusinen, who was supposed to become the leader of Soviet Finland after the planned victory which did not happen.”

The author speculates on the degree of Andropov’s awareness of “the consequences of the process he launched.”

It is relevant that the publication of this notable exposé in *Stringer*, coincides with indications of a renewed offensive by Anatoly Chubais and his allies; and with new indications that Russia’s industrial economy is again threatened with shrinkage, after several years of scrambling to reach some semblance of its previous production levels. Chubais is now head of UES, the national electric grid. He and his circle are attempting to exert more control over Russian economic policy today, as for example with the latest shake-ups in the Russian government.

New German Data End Election Economic Fakery

by Rainer Apel

It is an election year in Germany; the government and a good part of the establishment are showing a stronger than usual tendency to cover up the real situation of the economy. But too many facts have made it through the censorship of the official statistics, over the recent days, to make the manufacture of rose-colored propaganda an easy job for the Social Democratic government of Chancellor Gerhard Schröder. With the voting for national parliament, the Bundestag, only seven months away, the government’s reputation has been badly shattered by the latest data on joblessness, industrial output, and industrial investment.

The unemployment situation is especially problematic for the Chancellor. In his election campaign four years ago, he bragged that he would cut joblessness (then officially at nearly 4 million) by half; moreover, that he “would not deserve to be re-elected, if there was no success on that front.” The Chancellor regrets that pledge, because with the national jobless figure at 4.32 million for February, he is constantly reminded by other people of what he said back in the Summer of 1998.

In the three months since November, national unemployment has increased by a net 700,000. And it keeps increasing—that has to do with a chain of reaction which starts with reduced industrial revenues and investments, continues with short-work, and ends with real layoffs. One-third of all companies plan to reduce their workforce this year, a survey done by the industrial chamber of the southern state of Bavaria shows. The survey, based on data provided by some 3,500 Bavarian firms, is especially indicative, beyond Bavaria, because on a national German scale, that state has for years had the lowest jobless rate in the country.

Real Economy Plunging

That the depression crisis has finally begun to hit the Bavarians, is important for Germany also from the electoral standpoint. The main establishment challenger to Schröder is Christian Democrat Edmund Stoiber, the State Governor of Bavaria. He will find it difficult to advertise his “Bavarian way” as an example for the rest of Germany, from now on.

Keeping in mind that the “D-word” is still a taboo dominating most of the economic debate in Germany, the fact that the Federal Statistics Office, on Feb. 27, made it official that the economy has “definitely entered a recession,” is really an acknowledgment that Germany has fallen into depression. The report by the office for the fourth quarter of 2001, shows