

Russia's Destiny: Banking Mafia Seeks Revenge against Putin

by Natalia Vitrenko

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The West has launched a war against [Russian President Vladimir] Putin within Russia. So far, it is an information war. But insults may escalate to threats.

In full compliance with the technique of color revolutions, the stage now underway could be called "heating up the magma" of the population, when malcontents are trained to go into the streets and listen to orders from the would-be bosses. There is no doubt that the percentage of Western agents of influence, people who thrive on U.S. grants, and those who hate Russia's very statehood, was actually negligible, among the tens of thousands of people who gathered on Bolotnaya Square in Moscow Feb. 4. But they are yeast for the ferment. People are being trained to listen to them, and hundreds of thousands of gullible and deceived people are prepared to follow them.

I am an economist, as well as a politician. Besides my genetic predisposition to favor unity between us Ukrainians and the people of Russia and Belarus, and my own rich experience in fighting the "orange" psychosis,¹ I am also a scientist who understands cer-



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The world banking mafia, declares Natalia Vitrenko, is attempting a "color revolution" against Russia, like the Orange Revolution run against Ukraine in 2004-05.

tain fundamental patterns of development. This allows me to anticipate and forecast outcomes, and at least to warn people about certain dangers. That is what I sincerely want to do for those Russian citizens who are anguished over the challenge of making the right choice, and are looking for answers to very difficult questions.

It is impossible to provide an adequate picture of the entire range of issues in a single article. I shall focus on one issue that reveals a single, perhaps the most important, aspect of the world banking mafia's fierce hatred of Vladimir Putin. This topic is not brought up at the

1. The regime-change operation run in Ukraine, November 2004 to January 2005. See *EIR* articles "Flattened by IMF, Ukraine in Geopolitical Crosshairs," Dec. 10, 2004; and "Ukraine: A Postmodernist Revolution," Feb. 11, 2005.

street rallies. It is something the newly appeared “democracy” coaches don’t talk about.

What Is an ‘Independent’ Bank?

The economy is the foundation of society. Money is the economy’s “blood.” One of the main attributes of an independent nation-state is a monopoly on monetary emission (the printing of money), which determines the mass of money in circulation. Monetary emission by the government is a basic mechanism for advancing economic growth. And if the money is issued for the needs of the economy, for the development of production, then it is not a source of inflation. Regulating such utterance of money may even contribute to lowering prices.

In the Soviet Union, money was issued to finance growth of the national wealth. The state handled its own financial problems, printing money itself. In payments between the member countries of the Council for Mutual Economic Assistance (CMEA), a cashless so-called “transfer” ruble was used, while in the world market, the Soviet Union used the dollar and other foreign currencies. State-owned banks financed and provided loans for the entire national economy. Banks did not speculate, but served as the economy’s circulatory system, supporting commodity exchange, lending, and saving.

The globalization of the world economy, i.e., the shift of national economies to control by a single center of capital in the hands of a world government, began to be implemented after World War II, primarily by economic methods through the network of the IMF and the World Bank. They worked over the political elites of countries one at a time, using bribery, blackmail, and brainwashing. All sorts of “institutions of civil society” were created for this purpose. A leading role was assigned to non-governmental organizations funded by foreign grants. Then, politicians who had been worked over in this way would push through the constitutional independence of the banking system from a country’s government, and get their country hooked on IMF loans. We remember how this was done by Boris Yeltsin in Russia and Leonid Kravchuk in Ukraine, among other examples.

The IMF provided loans only with harsh conditionalities attached. In the triad of reforms prescribed by the IMF (deregulation, privatization, and macro-economic stabilization), practically the most important place was allotted to the banking system. It was mandatory for it to be made independent of the state (!), and commercial (private) banks had to be estab-

lished in addition to the existing state banks.

Think about it! Central banks were mandatorily made independent from the governments of their countries! Then, as the sole money-issuing banks, they began to lend money to the government. At interest. That bank interest became both a source of enrichment for the banking system itself, and a source of inflation (rising prices on all goods and services).

The corporate interests of the bank owners integrated them into the global banking mafia. This grouping promotes speculative financial bubbles (derivatives), while destroying the real economy (production of goods and services). The result is mass unemployment, impoverishment, and rising death rates among the population. At the same time the process of enrichment of the global oligarchy accelerates, and the gap between rich and poor increases in each country.

The world government views the independence of the banks only in terms of their independence from national governments. But the entire world banking system depends (and does it ever!) on the single issuing center of the world’s major currency, the U.S. dollar.

The dollar is issued by the Federal Reserve System (the Fed), which is privately owned. A hundred years ago the Fed was created by 12 U.S. commercial banks from different states. Several dozen bankers took control, first and foremost, of the U.S. government. Then, through the “independent” central banks of victim countries, they took control of monetary emission in these countries, which means, in effect, to manage those countries’ economies. It is the Fed that saturates the whole world with tons of waste paper—the dollar, which has no real backing, neither gold nor commodities. The Fed has dragged the United States into enormous national indebtedness: As of Jan. 1, 2012, the U.S. debt was already \$16.39 trillion. Almost all the countries in the world are afflicted by huge debt bondage: Their total external debt is already \$54 trillion, including total external state indebtedness of \$33.5 trillion. This is the natural result of the global banking mafia’s operations.

Defending the interests of the world government, the IMF puts the central banks of the victim country under “currency board” conditions. In this mode, issuance of the national currency is permitted only in an amount equal to an increase of the currency reserves of the country’s central bank. It is not the volume of the domestic market, but only the volume of a country’s exports (i.e., sales of goods and services on the world market and, as a rule, for dollars), that allows growth of



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“The West organized and financed the Orange Revolution . . . and the whole coup process of 2004, in order to make Yushchenko President,” charges Vitrenko. Shown: Independence Square, Kiev, Nov. 22, 2004. Inset: Victor Yushchenko.



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to exchange the proffered dollar-trash for gold, as de Gaulle had asked. Only two years later, demonstrations and strikes just happened to break out in France, resulting in de Gaulle’s forced resignation in 1969. The following year he died suddenly.

I, too, experienced the vengeance of the international banking mafia. During the Presidential campaign in Ukraine in 1999, my popularity in opinion polls was higher than any other Presidential candidate

the gold and currency reserves and, accordingly, authorization to issue an equivalent amount of currency. That leads to dollarization of the economy of a supposedly sovereign nation.

Few people in the world understand this problem, and certainly the participants in the color revolutions do not think about it, since they are deceived by slogans about liberty, democracy, and the fight against corruption. People at the protest rallies talk about the corruption of officials, but they keep silent about bank fraud and other destructive banking activity, which have hit the country and every person living there, many times harder.

Revenge of the Banking Mafia

Every country in the world suffers from a banking system that destroys the real economy, protecting the interests of speculative finance capital. The U.S.A. is no exception: The government depends on a private organization, the Fed, and on the interests and appetites of two dozen banking kingpins. Almost half a century ago, President John F. Kennedy clashed with the Federal Reserve on monetary policy and did battle with the Wall Street owners of major U.S. steel companies. His assassination followed those confrontations.

Some other examples:

Upon his re-election in 1965, French President Charles de Gaulle asked the United States to exchange \$1.5 billion for gold, proposing to revert to physical gold in international settlements. Being firmly opposed to U.S. dictates, he pulled France out of NATO in 1966. To avoid an international scandal, the United States had

(32%), and I had a real chance to defeat Leonid Kuchma in the second round. I was campaigning on a program calling for Ukraine’s withdrawal from the IMF, putting the banking system under state control, de-dollarization of the economy, and integration with Russia. The other Presidential candidates had nothing like this.

A massive slander campaign was launched against me, followed by a terrorist act. On Oct. 2, 1999 in Krivoi Rog, two RGD-5 grenades were thrown at me during a meeting with voters. I was wounded. Forty-four people in all sustained injuries of various degrees of severity. None of the pro-Western governments of Ukraine (neither Kuchma, nor Yushchenko, nor Yanukovich) has uncovered who ordered that crime, and the investigation was dropped.

Or, take another example: the events in Iraq. Iraqi President Saddam Hussein stopped accepting dollars for oil and switched to the euro. Under the fabricated pretext of Iraq’s having weapons of mass destruction, in 2003, the U.S. bombed and maimed this sovereign state, after which, the American butchers executed the legitimately elected President of Iraq.

Then there is the example of Libya. What did Libyan leader Muammar Qaddafi do to anger the U.S. and EU imperialists? He achieved prosperity, peace, and harmony in multi-tribal Libya, on the basis of a strong economy. The economy became strong through the nationalization of oil production, government regulation of banking, and the prohibition of lending at interest. Moreover, Qaddafi began to work actively on integration of the countries of North Africa. He planned to in-

roduce a common currency—the gold dinar. That’s what the world government would not forgive! That’s why they built up local gangsters, armed them, and led them to attack the legitimate authority of Libya. The U.S.A. and the EU are responsible for the defeat of the sovereign nation of Libya, and for the death of Qaddafi, who was torn to pieces by the mob.

Look at how they have treated Hungary, where the government decided to take over the central bank. The EU, the IMF, and, of course, the United States, unleashed a storm of outrage against the Hungarian leadership. In December 2011, Hillary Clinton even found a time to send an angry personal letter to Hungarian Prime Minister Viktor Orban. The reason for this was not the alleged infringement of certain democratic rights and freedoms by Hungary’s recently adopted laws or its new Constitution, which went into effect on Jan. 1, 2012. No indeed, the example of Ukraine shows that the Western “democrats” prefer to overlook things like that.

In Ukraine, the President, the Parliament and the Government deprive our people of their constitutional rights with the whole world looking on, neo-fascism is rearing its head, and the Constitution of Ukraine is being re-drafted and flagrantly customized for the country’s next ruler. The West looks the other way because the Ukrainian government does not threaten to change things the West considers sacred, like the “independence” of the central bank.

The main reason for the threats to throw Hungary out of the European Union, cut it off from IMF loans, and bankrupt the country, is the new law on the National Bank (the MNB), passed by the Hungarian Parliament at the very end of last year. This law places the MNB fully under government control. The head of the Bank is to be nominated by the Prime Minister and approved by the President of the country. The nine members of the Monetary Council are to be chosen by Parliament. Orban also introduced an additional tax on the banking sector, and instituted government regulation of wages and pensions in the banking sector. And the Constitution includes protections for the forint as the national currency.

This was a real challenge to the world government, a challenge to the banking mafia! That’s why Hungary was hit.

The Loss of Sovereign Rights

Those leaders of ostensibly sovereign nations, who, for the sake of dollar loans and political support from

the U.S.A. and the European Union, obey all the demands of the world government, actually deprive their own countries of the right to determine and regulate their national monetary policy themselves.

The example of Ukraine is especially illustrative. Ukraine’s National Bank head Victor Yushchenko (who enjoyed a mysteriously meteoric career, rising from the rank of farm accountant) became a favorite of the U.S.A. and the world banking mafia because of services rendered. Indeed! The Ukrainian banking system was organized in such a way, that Ukrainian businesses suffocated from lack of access to credit, industrial output fell, millions of people landed on the street with no means of sustenance, and the population was hit with soaring prices. All the while, the oligarchy got richer, thanks to speculation on the national gold and currency reserves, remittances from people working abroad, and the 1996 currency reform. The West organized and financed the Orange Revolution—the demonstrations in the Maidan (Independence Square)—and the whole coup process of 2004, in order to make Yushchenko President.

Thus, reform of the banking system, with mandatory central bank independence of the national government, is a strict requirement imposed by the world government. In order to comply with it, constitutions are changed and special laws introduced. So it was in Russia, Ukraine, and other targeted countries.

Article 2 of the Federal Law on the Central Bank of the Russian Federation (the Bank of Russia) states: “...[T]he Bank of Russia shall exercise its powers to own, use and manage its property, including the gold and currency reserves of the Bank of Russia... The state shall not be liable for the obligations of the Bank of Russia and the Bank of Russia shall not be liable for the obligations of the state...”

The Ukraine’s Law on the National Bank of Ukraine is almost identical. Article 4 reads as follows: “The National Bank shall be an economically independent body... The National Bank shall not be responsible for the liabilities of government agencies; government agencies shall not be responsible for the liabilities of the National Bank...”

That’s the point. They want the banks, which form the circulatory system of the economy, to be independent of governments, that is, of their own nations. They do not care about the problems of our society or the objectives that must be achieved for the sake of the population and the development of production! Such a



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Prime Minister Vladimir Putin “dared to challenge the mafia” by promoting economic growth and the welfare of the Russian population. Here, Putin visits an emergency hospital in Naberezhnye Chelny, Feb. 15, 2012.

banking system, led by such a central bank, turns into a cancerous mass, devouring and killing the entire organism, rather than providing life-support for the nation.

Without radical change, without changing the role of the central bank, any economic development and modernization of production, any transition to an innovation model, is out of the question.

Putin’s Attitude to the Russian Banking System

Putin knows this! Actually, he realized it some time ago, back when he became President in 2000. He assumed office in May, and a few months later presented to the Duma his amendments to the law, essentially nationalizing the central bank.

Of course, Putin was counting on support from the parties in the Duma, which verbally advocated national prosperity. And then . . . not a single party supported the bill. Not even the Communist Party. It was a cold shower for Putin, and it posed a very fundamental question for the political parties in the Duma. Whom do they serve? Whose interests do they represent?

In this situation, Putin made the only possible correct move. He gave the Foreign Economic Bank (Vneshekonombank, or VEB) functions similar to those of a central bank. Starting in 2001, this bank, which after the destruction of the Soviet Union had

dealt solely with restructuring the foreign debt of the former Soviet Union, began to carry out government instructions related to financing social projects. In 2003, it became the government management company for pension fund investment. In 2007, it was reorganized as the Development and Foreign Economic Bank (VEB). Already in 2008, the VEB financed over 70 investment projects, worth 750 billion rubles (about \$25 billion). In 2009, it provided credit for the construction of Olympic facilities in Sochi. It issues long-term loans for 5-10 years. This is what the Central Bank of Russia would not do. Or, to state it more precisely, what the banking mafia would not let it do.

The performance of such functions by “clone” banks—created to bypass the world government’s demands—were very clearly outlined by Nikolai Starikov in his book *Nationalization of the Ruble: Pathway to Freedom for Russia* (Moscow: Piter, 2011). He identified a second clone, a double of Sberbank (the state Savings Bank of Russia), which was a subsidiary of the Central Bank. A controlling packet of its shares, more than 60%, belongs to the Central Bank. Sberbank is the top-ranking Russian bank in terms of assets. In order to promote investment in the economy, the government did an end-run around Sberbank in 2002, creating VTB, an 85% state-controlled full-function banking group that ranks second in Russia in terms of assets. VTB began to invest in businesses and the real economy. It even loaned \$2 billion to Ukraine (without any conditionalities in the form of requirements for reform, such as the IMF imposes). “Independent” central banks are prohibited from carrying out such operations.

The world banking mafia, looking after its own interests, and caring only about increasing its capital, absolutely ignores the needs of national economies. Recent events have demonstrated this once again. In the middle of the global financial crisis, which has been felt particularly hard in Europe (foreign debt is strangling the eurozone countries, production is falling, and recession is turning into stagnation), the European Central Bank suddenly began to provide an unlimited amount of three-year loans to commercial banks.

In January 2012, EU489 billion has been pumped into the banking system at quite moderate rates of interest. By doing this the ECB was protecting the banks (!)

against losses, in the event that the debts of troubled countries had to be written off. Banks in Italy, Spain, Ireland, France, Greece, and Germany have already received from the ECB amounts of money double what they need to cover these risks. Yet they are not investing in the real sector (rather, they do nothing but tighten their lending terms). They are buying up Italian, Spanish, and Irish bonds, hoping to increase their speculative capital. That's what the banking mafia is after!

And Putin dared to challenge the mafia. He strengthened the state, using government control over bank capital, putting it to work to develop production, and promote economic growth and the welfare of the Russian population.

Incidentally, Putin was able to pay off Russia's foreign debt not by means of the Central Bank's gold and currency reserves, but only by creating a Stabilization Fund. Thus, while Japan's foreign debt stands at 220% of GDP, in Greece it is 142%; in the U.S.A., 91.6%; in France, 84.3%; and in Germany, 80%—this level in Russia is only 9.9%.

Realizing that the Central Bank was not going to use the Stabilization Fund for the needs of the population, Putin split it into two parts—the Reserve Fund (managed by the Central Bank) and the National Welfare Fund (controlled by the government). This has made it possible during the global crisis to support domestic production and strengthen social programs. As a result, while in 2011 GDP in the U.S. grew by 1.6% and in the eurozone by 1.5%, in Russia, GDP growth was 4.2%, outstripping the world average of 2.8%.

In the midst of the crisis, wages and pensions in Russia were growing quite noticeably, and health care and education received increased funding. The Russian government did not yield to IMF demands to raise the retirement age (as was done in Ukraine) or increase the length of the work day (also being prepared in Ukraine).

If we also take into account that Putin has strongly advocated integration of the former Soviet republics (and not just into the Customs Union, but into a Eurasian Union!), and has come out bluntly and unequivocally against NATO as the world's policeman, and against expansion of U.S. missile defense systems, is it really not clear why the world government, the leaders of the banking mafia, and the NATO thugs have come to hate Putin?

The West's Goal Is To Destroy Russia

I shall not write about things that are generally known, such as the repeatedly stated plans of the West

to undermine and destroy Russia. On top of the encirclement of Russia with NATO troops and a U.S. missile defense system, the economic model and the banking system represent internal threats to Russia. Banking tycoons are ready to spend not just millions, but billions of dollars on bribery, blackmail, intimidation, and deception, aimed at naive and gullible Russian citizens, and on organizing information and psychological warfare against those who don't suit them.

They have no use for order, prosperity, or the protection of Russia's national sovereignty, nor for the integration of our countries, and creation of a powerful union among them. No, what they want is liberalization, meaning the total removal of the state from the regulation of economic processes. But such deregulation would be suicidal for Russia. Its harsh climatic conditions (being the northernmost country in the world), vast territory, and the accumulated economic, environmental, social, demographic, and political problems, all require fine-tuned management by the government. The liberal ideology and conditionalities of the IMF and the World Trade Organization put Russia at a disadvantage from the outset. It would have been proper first to establish a competitive economy, and only then, to address the issue of joining the WTO, rather than the other way around.

Look at Ukraine: In 2008, President Yushchenko, backed by the "orange" parties and the Party of Regions, secured a decision by the Supreme Rada (Parliament) to join the WTO. In September 2011, the leaders of 50 industry associations (from the farm sector, the food industry, light industry, machine-building, furniture manufacturing, and others) appealed to the Prime Minister of Ukraine for protection against the WTO. Ukraine has lost billions of dollars, since it opened its domestic market. In 2011, Ukraine's trade deficit was over \$12 billion.

Therefore the liberalism of [Russian President] Dmitri Medvedev, expressed in the removal of members of the government from the management of state corporations, and in dragging Russia into the WTO, as well as promoting large-scale privatization and many other things that happened during his Presidency, has significantly put the brakes on Russia's development. These and other mistakes need to be corrected. A man representing the interests of the state must replace this liberal.

Clearly this is not what the world government, the

international banking network, wants. They require a Russian President who will give the banks free rein, ensuring continued capital flight, inflation, inaccessibility of credit for development, debt bondage, the seizure and exploitation of Russia's richest natural resources, and the total impoverishment of millions of people, while some individuals become billionaires.

They are interested in seeing the growth of unemployment, alcoholism, mental debilitation, and death rates among the Russian population. They desperately want Russia to be weak and disintegrating. Then, kneeling before the West, each separate entity—Bashkortostan, Muscovy, Tatarstan, Chechnya, Udmurtiya, and the others—will beg for loans, sacrificing their intelligence, labor power, natural resources, native land, and human dignity for empty paper dollars. This scenario would be lethal for Russia, and is absolutely unacceptable for its citizens.

Goals for Russia Should Inspire and Unite the People

Wishing to see the revival of a strong Russia and its transformation into a highly stable center of civiliza-

tion, I believe that the President of Russia is obliged to offer a program of reforms that will inspire and unite people.

Each Russian citizen wants to live in a country that strives to produce the best spaceships and coffee-makers, submarines and televisions, cars and planes. He wants his country to have the strongest army, a high standard of living for all the people, and the best science and medicine in the world. The country's traditions and culture should be carefully preserved and developed. Inter-ethnic and inter-religious peace and harmony should be maintained. To achieve these objectives, the President needs to establish a team of like-minded people.

The color revolutions have quite different aims. They seek to divide society; inflame conflict under slogans about democracy and freedom; turn people against the government; and thus divert the government from addressing the objectives which have been set. That is what implementation of the world banking bosses' plans means.

Those are the stakes in the Russian Presidential election of March 4, 2012.

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