In late January, Belarus President Alexander Lukashenka told a visiting Russian delegation, that Belarus and Russia would form a military force, several hundred thousand strong, to defend their western frontier from NATO. He declared that this force would be armed with "the most modern weaponry," and "will be the shield of our fatherland on the common western frontier," used to counteract NATO expansion.

The Ukrainian flashpoint

In this overall Russia-Poland (NATO)-Belarus configuration, Ukraine remains a central flashpoint. Leading continental European strategists have denounced, as a "crazy provocation," a conference held by NATO, in Kiev in the first days of March. This is the latest, in a number of moves by the NATO leadership, to woo Ukraine, at the same time that there are a growing number of Polish diplomatic efforts vis-à-vis Ukraine.

This can only cause great alarm and anger in Moscow, at a time when, for economic and other reasons, Ukraine is being drawn closer and closer to Russia. For weeks, there have been negotiations, with intense pressure from the Russian side, for Ukraine to provide the Russians with key state assets, as a means of paying back Ukraine's debt to Russia for import of Russian oil and gas. This comes at a time when the Ukrainian economy is in free fall. The country must, this year, pay $3 billion in debt service; its overall foreign debt is approximately $12 billion. Already, the Ukrainian government has announced, that it cannot meet payment on a deutschemark-denominated Eurobond.

On March 15, reporting on negotiations for the overall restructuring of the Ukrainian debt, the London *Financial Times* likened Ukraine to Ecuador and Pakistan, two countries that are effectively in default, the economy of which have been taken over by the International Monetary Fund (IMF).

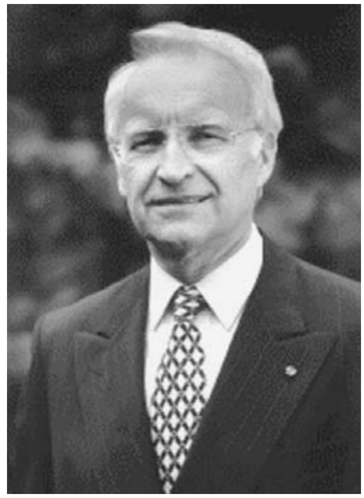
In Ukraine, political tensions remain high, between the apparatus of President Leonid Kuchma, who was recently reelected under highly dubious circumstances, and who assumes to dictatorial powers, and patriots angered by what Kuchma's IMF-mandated "reform" policies are doing to the economy.

Meanwhile, there are other unknowns in the region. The government of the Baltic nation of Latvia, for example, stands at the brink of a political precipice, following a bizarre series of "child sex abuse" scandals inculpating leading figures in the government. There are numerous underlying tensions between Russia and the Baltic countries, as the latter aspire to NATO membership.

Russian-Baltic tensions intensified during the week of March 13, with the announcement by the Russians that they have arrested a Russian citizen for spying for Great Britain, claiming that he was recruited in Tallinn, Estonia. In making the announcement, the Russians accused the Baltic secret services, in general, of cooperating with British intelligence.

First salvoes fired in next German election

by Rainer Apel


Dr. Edmund Stoiber

The protracted paralysis—in terms of leadership as well as of programmatic capabilities—of the Christian Democratic Union (CDU), the larger of Germany's two conservative parties, has accelerated the rise of Edmund Stoiber, chairman of the smaller, allied party, the Christian Social Union (CSU). The CSU dominates Bavaria, Germany's second-largest state with a population of 14 million, and through its command of an absolute majority of voters there, the party controls about 10% of the entire German electorate. Stoiber, who is also the Bavarian governor, has in recent weeks emerged as the leader of the national opposition to the Social Democratic-Green government in Berlin. Although the next national elections are not scheduled until the autumn of 2002, Stoiber is already acting as the main challenger of Social Democratic Chancellor Gerhard Schröder, and angry remarks by the latter show that he has recognized Stoiber as his main rival for the chancellorship.

Schröder's propitiation of the promoters of globalization in the banking sector, has offered Stoiber a unique chance to put himself forward as the defender of the "victims of globalization"—of the worker and engineer who loses his job because of mega-mergers, and of the smaller productive enterprises and the farmers that are suffering from a credit embargo imposed by the private banks. Stoiber has been sharply critical of the "Third Way" policy of Britain's Tony Blair, saying things that one might expect, under normal circumstances, to be said by the left-wing Social Democrats, who have remained amazingly silent on this issue. Thus, the "Social" in the party name of the CSU is gaining importance for German politics, far beyond the boundaries of Bavaria.

Stoiber comes out swinging

The speech which Stoiber gave at the traditional CSU Ash Wednesday gathering in Passau on March 8, documents these tendencies in a concentrated way. There, Stoiber called on the Christian Democrats to stop indulging in endless self-analysis of party-funding and other scandals, and instead donned their "combat gear" for a programmatic fight against the Schröder government. He said that Germany "needs neither the American Way nor whatever vaguely defined Third Ways—our social-market economy has withstood the test." Stoiber hit hard against the government's tax "reform" package, as working to the disadvantage of low-income categories of the working population and of the smaller enterprises, known as the *Mittelstand*. The tax reform works to the benefit of the big financial corporations, he charged, naming the Allianz insurance company and Deutsche Bank as examples. Stoiber said that the banking and insurance sector's welcome for the scandalous, planned tax exemption for sales of industrial stocks was a sure indication of which side the government was on. The Social Democrats "have sold out the labor movement" and their former *Mittelstand* constituency as well, Stoiber charged.

He also attacked the Schröder government for its European Union supranationalism, insisting that although the principle of the *sovereign nation-state* has been undermined by the partial transfer of powers to the EU institutions, it has not been made entirely void by that. The 1992 Maastricht Treaty and the 1997 Amsterdam Accord, which codified those transfers of sovereignty in economic, monetary, and foreign policies, depend on the consent of the populations of the sovereign member-nations of the European Union, Stoiber said. He announced a CSU initiative for a signature-collecting campaign throughout Germany, on principles of EU policies, which would once again affirm that the European Union is a union of sovereign nation-states with only limited rights of its own. "Things that have happened with [the introduction of the EU single currency] the euro, shall never happen again," Stoiber declared, adding that the miserable performance of the euro, which has lost 20% of its exchange rate against the dollar since January 1999, had caused a considerable drop in popular support for the EU in general, in Germany.

A German referendum on European policies was prevented by the previous government of Christian Democrat Chancellor Helmut Kohl, from the signing of the Maastricht Treaty in February 1992 until its ratification by the EU governments in March 1998. This policy has not been challenged, nor called into doubt, by the Schröder government, which took power in October 1998. Stoiber called for a national referendum to be held on "every important decision" of the EU, adding that this would not do any harm to the basic concept of European integration, just as it didn't do any harm when the populations of Denmark, France, and Austria were asked for their vote on the Maastricht-Amsterdam Accords in referendums, before March 1998. The Stoiber statements reflect the fact that opposition to the European Monetary Union scheme is growing in Germany.

In another offensive against the national "red-green" government, Stoiber on March 14 lashed out against Chancellor Schröder's new initiative to create more incentives for the development of jobs in the information technology sector. Stoiber said that the idea of offering special immigration status to 10,000 foreign information technology specialists to come to Germany, only sounds good, because Germany's unemployment centers are being discouraged by the government from funding "expensive" training courses in information technology for jobless Germans. Moreover, with the 14,000 employees who will lose their jobs in the mega-merger between Deutsche Bank and Dresdner Bank, the potential for re-training them in information technology exists, and could be tapped right away, Stoiber said. Even worse, Schröder's information technology "offensive" merely exists on paper, as his own government just a few months ago cut the R&D budget for FY 2000 by 340 million deutschemarks (about $179 million), a move which particularly affects state co-funding of corporate research and development in high-tech areas.