

A program that offers hope

What can be done?

Right now, the main institution that can keep Russia together and avoid chaos, is clearly the military forces. The Russian Army is the most essential pillar of power left in the country. The problem is, that military rule by itself only leads further into a breakdown crisis. In order to overcome the crisis, the military component must be supplemented by the scientific and technological contributions of the intelligentsia, and once again we see that the intelligentsia, as a Russian national institution, is one of the keys to this entire problem.

We were often asked, "What's your alternative to Jeffrey Sachs, the IMF, and shock therapy?" Let me give you a

number of points that I think *Executive Intelligence Review* would recommend as an alternative Russian economic policy, that would work as an anti-crisis measure.

Everything I say now needs to be taken in the context of the LaRouche program for the European Productive Triangle, which was offered in late 1989 and early 1990, which has been, as I'll try to show you, widely discussed in Moscow. What should Russia actually be doing? If you were a Russian patriot today, campaigning in the elections, what might the recovery program look like?

First, Russia must terminate the insanity of International Monetary Fund conditionalities. Indeed, Russia would be well advised to have *nothing further to do with this institution*. It goes without saying, that such aspects of the IMF policy as shock therapy, as well as advisers such as Jeffrey

Witte's grand design for Russian development

Sergei Witte (1849-1915) entered government service in 1870, where he learned about railways "from the ground up." It was Witte as director of railways in 1889 who ensured that the Trans-Siberia Railway project got under way. Witte conceived of the project as one link in a continental network of rails that would unite the Eurasian continent from Paris to Berlin to Moscow to Vladivostok, encompassing China and Japan as well.

Witte's grand design would have linked the industrialized western European countries to the lesser industrialized and underdeveloped areas of Russia and China, and could have become the basis of Eurasian economic growth and stability.

In an 1897 discussion of tariff policy, Witte spelled out his vision to Kaiser Wilhelm: "Imagine, Your Majesty, the European countries united in one entity, one that does not waste vast sums of money, resources, blood, and labor on rivalry among themselves, no longer compelled to maintain armies for wars among themselves, no longer forming an armed camp, as is the case now, with each fearing its neighbor. If that were done, Europe would be much richer, much stronger, more civilized, not going downhill under the weight of mutual hatred, rivalry, and war. . . . But, if the European countries continue on their present course, they will be risking great misfortune."

Witte worked to expand Russian industry. "During my tenure as finance minister," he wrote in his *Memoirs*, "industry grew so rapidly that it could be said that a Russian national industrial system had been established. This

was made possible by the system of protectionism and by attracting foreign capital."

"Generally speaking," Witte added, "the importance of industry is not appreciated or understood. Only a few men, like Mendeleyev—that great scientist and scholar and my devoted associate and friend—understood its importance. . . ."

Witte as finance minister advised Czar Nicholas II against undertaking the Russo-Japanese War of 1904-05. Witte knew that the war was both financially and politically unwise. He was unfortunately proven right. As a result of the war, discontent increased in the major cities, and Russia's treasury was almost bankrupt. Witte however was able to bail out the czarist regime by negotiating a loan from the Rothschilds. It was Witte, too, who was called on by Nicholas to negotiate the terms of the peace after Russia lost the Russo-Japanese war.

When the Russian Revolution of 1905 broke out, Witte helped to author a constitution which was reluctantly approved by Nicholas II. But as Rasputin and the hardline imperialist circles came to influence Nicholas more and more, the czar soon reneged on the Constitution, thus making Witte's position as head of the State Council untenable. Witte left government service and went into exile in Switzerland.

For Witte's autobiography, see *The Memoirs of Count Witte*, translated and edited by Sidney Harcave (Armonk, N.Y.: M.E. Sharpe, Inc., 1990). Harcave's is the first complete translation of Witte's *Memoirs* in English. See also *EIR*, Jan. 3, 1992, "The Fight to Bring the American System to 19th-Century Russia," "Dmitri I. Mendeleyev: Scientist-Statesman Fought British 'Free Trade' in Russia," "Sergei Witte: The Fight for Russian Industry," and "Witte: Tariff Helped Build Our Industry."

—Denise Henderson