

States and the Russian state, saying, "Can't we do it together?" And you would find, with Clinton, I think, difficulties, but an open door.

Abalkin: Thank you. I shall ask a question, if I may. In Clinton's most recent message to Congress, he set the task of completely eliminating the budget deficit within seven years, by the year 2002, and he proposed a concrete program of measures for this purpose. My question is, whether you consider this program realistic, and is it related to the program for reorganizing the financial system, which you are talking about?

LaRouche: It has a relationship to an old Russian story, about the troika being chased by wolves. I'll summarize, because I think the question is typical of many questions that could be asked in the same direction.

Things are not always what they seem, especially not what the press says they seem.

The President, as is well known, has a bitter enemy in the British monarchy. After 1994, the friends of the British monarchy, which are called the neo-conservatives, or the "Gingrich types" in the United States, took over the Congress. These are all associated with an English society which you, Mr. Abalkin, may know: the Mont Pelerin Society of the late Friedrich von Hayek. These are very dangerous people, politically.

The President is a pragmatist. He was willing to throw a baby out of the carriage, out of the troika, to the wolves, until he could get through the next election. You probably are familiar with our American pragmatic standard. You will also agree that many people, including myself, who have been close to the President, may be running on a somewhat different track during this period than he is during his election campaign. Once he's reelected, and on condition we take over the House of Representatives again, it will be a completely different story.

Abalkin: As for babies who are tossed out of the troika on election eve, this is something we in Russia can understand very well. In this regard, I believe, we are very similar to the Americans. Or, perhaps politicians are always like that.

Valentin Pavlov (former prime minister and former finance minister of the U.S.S.R.): My question is a simple one. To what extent are your concerns connected with the formation of the ECU system and the strengthening of the [German] mark?

LaRouche: The ECU system, when it was first started by Chancellor Schmidt and President Giscard d'Estaing, in 1978—I defended it at that time, because we had a lunatic as President of the United States, by the name of Jimmy Carter, and it was necessary to bring some kind of credit stability into Europe to prevent political and other disasters.

Recently, the same system has been used, since a British agent was President of France, called François Mitterrand, who, remember, rammed through an agreement, under British direction, called Maastricht. And, this was to prevent the kind

of policy coming out of Germany, which you probably know of in terms of the proposals of former Deutsche Bank leader Alfred Herrhausen, to extend credits.

I am opposed to what is happening now, as I am opposed to the extension of NATO to the borders of Russia and its Near Abroad neighbors. I'm opposed to the dissolution of the principle of national sovereignty, and the replacement of national sovereignty, as a system, by regional and international, supranational government.

Abalkin: Thank you. Let this be the last question.

Representative of the International Slavonic Academy: I follow your work with great interest. I find that an important, convincing aspect is the effective combination of your own economic approach, with geopolitical considerations. I am particularly struck by your saying that united efforts by the chief world powers are necessary for the reshaping of monetary and economic policy. At the same time, it is important to see that the leaders of the world powers—the United States, as you have discussed, and we could say the same for Russia—are limited by a number of important factors. You cited, for example, the electoral campaign; or, even the actions of the secretary of state—these are limitations. My question is the following: Is it sufficient to have agreement among some three or four world powers, in order to implement the rational course you are talking about, or is the main thing the position of those centers of transnational capital, which, in practice, created this financial crisis?

LaRouche: Simply, we have been under the rule of Great Power systems since the end of the war. The problem is, the smaller nations of the world, among which one must ironically include India, have no power to resist these international authorities. Only a majority combination among great powers, can break the power of these international authorities. Therefore, not in order to create another global hegemonic system, but to create a world which is safe for sovereign nation-states.

We're in a great struggle. We're in a great, strategic world-historical struggle. And therefore, as in war, the unity of great powers can be decisive in whether you win the war or lose it, as Roosevelt understood before he died.

Abalkin: Thank you. We shall now move on to the discussion. I have here the names of several people, who have already indicated their wish to speak today. First, I give the floor to Ivan Korolyov.

Ivan Korolyov

Mr. Korolyov is a professor, deputy director of the Institute for the World Economy and International Relations (MEMO) of the Russian Academy of Sciences.

Thank you very much, Leonid Ivanovich. I shall try to be brief, so that there will be time left for discussion.

You know, we have such a situation in Russia, that when we look at the world situation, it looks good, compared with what is happening here. I agree with Mr. LaRouche, that, indeed, the expansion of private capital flows, in particular, creates a potential danger. If we look at the crises that did take place in the West since 1987, we see that there were just two or three crises on the stock markets; a slight problem with the British pound in 1992; problems that year with the European Monetary System—also, not very serious, in my view; the collapse of one major British bank and one large American investment house. As the saying goes: If only we had *your* problems!



The main task is to create the possibilities for initiative, to create work for millions of people—the very problem, which we were seeking to solve for decades, during the existence of the Soviet Union.

—Ivan Korolyov

But at the same time, strange as it may seem, there is a parallel between the global financial situation, and the situation in Russia. And that is located in the insufficiently effective level of state intervention in economic processes. There are, however, different causes for the ineffectiveness of state intervention, internationally and in Russia. In the economy of the West, we are now at the peak of the relative development of *market* forces, as opposed to state intervention, in the entire postwar period; in my view the situation in Russia, however, is different.

Russia's unique situation

A unique situation has come about in Russia, where, on the one hand, state policy is insufficiently effective, but, on the other hand, the possibilities for normal, honest enterprise are even less than they were in 1992. Real market freedom exists only for certain large monopolies, such as Gazprom or Lukoil, which are able to act as they wish, even in contradiction to the political interests of the state. Therefore, strange as it may seem, the essential problem for Russia is rather different than for the economy in the West: The main task is

to create the possibilities for initiative, to create work for thousands and millions of people, and for ordinary enterprises—the very problem, which we were seeking to solve for decades, during the existence of the Soviet Union. This is the basic problem; because, if you compare Russian society and the Russian economy—it's absolutely different, from normal Western society.

In conclusion, I would like to comment on one question, namely the possibility of reshaping the world financial system, with Russia's participation. As far as I know, the existing projects for changing the world financial system are rather modest and comprise three elements. The three questions are: establishing currency fluctuation bands, target zones, instead of free floating; expansion of the IMF's issuance of Special Drawing Rights; and, increased coordination of monetary policy among IMF members. These are rather modest goals, compared with what Mr. LaRouche is talking about.

If, then, we take the question of what interest Russia has in participating in the restructuring of the international monetary system: Strange as it may seem, our possibilities for doing so are rather less than they were in 1944. As you know, in 1944, Russian specialists occupied an important place at Bretton Woods and often played a key role in resolving conflicts between Mr. [Harry Dexter] White and Mr. [John Maynard] Keynes. At that time, the Soviet Union was *not* included into the international system as Russia is today.

Today, we are the biggest debtor in the world, as well as the biggest creditor. We now have a convertible currency, and free access for our firms to international markets. In my view, although I think that some of those present will oppose what I say, we should concentrate on our Russian problems, rather than get into world politics. I think that for many Russian citizens, who—unlike me—are not very well off, it is unnerving to hear constant assertions, that Russia is a great power. The standard of living of the majority of Russians, especially in the smaller cities and most of the rural areas of central and northern Russia, does not permit us to declare that Russia is a great power. And thus, I think that we must concentrate on our own problems, while doing what we can at the international level, for the stability of the international financial system.

In conclusion, I would make one remark about any fundamental reshaping of the international financial system. I am afraid that, as a matter of principle, it may be an illusion, to think that it is possible to pose this task of reshaping the international system. Let us remember the Bretton Woods conference. In everything its participants did, they tried—by means of international agreements—to reestablish the monetary order, which had existed before the crisis of the 1930s. That's all! And the currency fluctuation limits they established were nothing but the old gold points that had existed before the war. I am a pragmatist, and I'm afraid that any politician will always achieve the maximum, if he simply sums up the already existing experience, and tries to imple-

ment it in a normal fashion. Unfortunately, we have had many people in Russia since the beginning of this century who tried to restructure the entire situation on a worldwide basis. Perhaps that is why I am skeptical about such plans. But I would like to say that, on the whole, in political terms, your statement, from my point of view, was very interesting and important. Thank you.

Abalkin: I have here a preliminary list of people who wish to speak. Others who would like to speak, please write me a note. I am a great advocate of the kind of modesty, which Mr. Korolyov exhibited during his intervention. Now, I give the floor to Mrs. Marivilia Carrasco.

Marivilia Carrasco

Marivilia Carrasco is president in Mexico of the Ibero-American Solidarity Movement, founded in 1992. The portions of her written speech that were not delivered orally appear in brackets.

Dear Friends! I am honored to participate in this seminar, with the hope of building bridges among us, the representatives of various nations of the world, in order to bring about a global solution to the current world crisis which threatens the very existence of civilization.

I know that my country, Mexico, was held up as an example by the International Monetary Fund and by idiots such as Jeffrey Sachs, during the period of ex-President Carlos Salinas de Gortari, of what Russia and other nations should do in order to "insert themselves in the global economy." [For those who believed this fairy tale, they should beware the fate of ex-President Salinas and look at what he is up to now: traveling around the world just one step ahead of the law, trying to avoid the ongoing investigations of various governments about his alleged ties to dirty money laundering, a virtual exile from Mexico. From Havana, Cuba to the Bahamas, protected by the mafia which brought him to power and kept him there for six years: George Bush and his friend Fidel Castro.]

So, after the monetary and financial explosion of Dec. 20, 1994, I trust that you are convinced that the "Mexican model" is not the path to be followed. [And if that is not the case, I hope to be able to convince you today, because there are still a few pro-Salinas lunatics hanging around, in London, in the IMF, or in the U.S. State Department, who insist that it was all a local administrative "mistake," an error regarding when and how to devalue the peso. That is false, from top to bottom.]

The first explosion of the Mexican debt bomb occurred in 1982. In September 1982, Mexican President José López Portillo nationalized the central bank, declared a moratorium on the foreign debt, and tried to create a debtors' club among the countries of Ibero-America. [The debt crisis back then was the direct result of the policies of the chairman of the

United States Federal Reserve, Paul Volcker, of sharply raising interest rates.

At that time, an anti-imperialist spirit reigned in Ibero-America. This was the result, not of Fidel Castro, but of the effort of Argentine patriots in April of 1982 to assert their sovereignty over the Malvinas Islands, which the British call the Falklands, and which were illegally occupied by the British Empire since the beginning of the nineteenth century].

Lyndon LaRouche, who met with Mexican President López Portillo in 1982, at that time urged the governments of



Ibero-America has been subjected to the most criminal, Nazi policies of looting of its physical economy and of its labor force, under the supervision of the IMF. We went from being nations to becoming, quite literally, enormous concentration camps.

—Marivilia Carrasco

Ibero-America to respond to the British aggression with "the debt bomb," an expression which LaRouche coined, in his famous study "Operation Juárez," published in August of 1982.

LaRouche proposed the formation of a bloc of debtor nations to act with iron unity, and thereby force the international financial oligarchy, the creditors, to negotiate a just new world economic order, [by threatening to bankrupt them by jointly suspending payment on the foreign debt, a powerful weapon indeed at that time.]

Ibero-America failed to unite, and that historical opportunity was lost.

LaRouche's warning back then, is today more valid than ever. President López Portillo adopted it and posed it in the following terms in a speech before the United Nations in October 1982: "Either a new world economic order is accepted, or civilization will sink into a new medieval Dark Age with no hope of a Renaissance."

[One day before the Mexican President's speech, the U.S. secretary of state at the time, George Shultz, had said of Mex-