

selected on a competitive basis. . . . But look at what is happening now. The most valuable assets are removed from such enterprises: machine tools, computers, premises are leased and workers are thrown into the street. We will stop such anti-social actions. . . .

“Naturally, the government will support domestic producers with a whole range of customs, tax, depreciation, and investment measures. Experience demonstrates, however, that monetary injections do not bring about economic growth, the production of competitive goods. This is our chief objective. This is the kind of growth we need, not the multiplication of old technologies.

“*World experience proves that the innovation basis for economic growth is largely created by so-called ventures, i.e., mostly small and medium businesses which specialize in addressing concrete scientific and technical problems. One should give thought to promoting such dynamic forms of business in this country as well.* Otherwise, permanent protectionism, in the final analysis, strikes a blow against the domestic producer. . . . The government intends to attract foreign investors, while shifting the emphasis to direct investments.”

Volsky cites New Deal schedule

From the platform of his RUIE, an association that groups leaders of surviving industries from the Soviet period as well as other business figures, Arkadi Volsky has kept up a stream of criticisms of IMF policies for Russia since the early 1990s. Five years ago, he attempted to build a political force called the Civic Union. After Primakov spoke on the morning of Oct. 20 and departed for a meeting with President Boris Yeltsin, Volsky addressed his membership with a renewed denunciation of the IMF’s record, and urging that Franklin Delano Roosevelt’s New Deal was a better Western model to follow.

“Academician [Leonid] Abalkin recently joked bitterly,” noted Volsky, “that the world’s leading power had been enfeebled by previous governments. Equally dangerous, is the fact that instead of salvaging and developing Russian industry and agriculture, the country has been consistently turned into a supplier of raw materials. It has lost traditional markets and became seriously import-dependent.”

Volsky raised the prospect that Russian firms, barring new debt restructuring agreements, may default after the Aug. 17 ninety-day moratorium on private foreign debt payments expires in mid-November, or there could even be state bankruptcy. Nonetheless, he said, “many credit terms put forth by the IMF—further cuts in government spending, reorganization of the natural monopolies, accelerated privatization, creation of a land market—are unacceptable to Russia under present circumstances.” Volsky proposed to seek “at all levels—government, commercial, and banking—a deferment of the payment of principal of sovereign debts by at least 5-10 years.”

“Tough anti-crisis measures,” said Volsky, are not to be feared. As an example, he urged, “take the Great Depression in the U.S. They passed a set of laws—and they did this, by

the way, in a matter of 20 days; I note this for the benefit of our State Duma [lower house of Parliament]—including an emergency law on banking, a law on economy, a federal law on emergency assistance, a law on the reconstruction of agricultural production, a law on honesty in exchange transactions and securities trading, a federal law on the reconstruction and restoration of industry, and—remember this one—a ‘Buy American’ law. . . . If we want to learn something from the Americans, we should learn state regulation of the market, rather than the Harvard school of monetarism.”

LaRouche ‘action program’ published in Moscow

by Rachel Douglas

The Russian weekly *Ekonomicheskaya Gazeta* of Oct. 15, excerpted the action program for “emergency world reorganization,” written by Lyndon H. LaRouche, Jr. and published in *EIR* of Oct. 9. The publication was contained within a report by Prof. Taras Muranivsky, on an economics conference held one week earlier.

Muranivsky wrote, “The now more than a year-long world financial crisis was the topic of discussion at an international seminar, held Oct. 8 by leaders of regular seminars from three institutes—the Institute of Comparative Political Studies, Russian Academy of Sciences (G.G. Pirogov), FIAN (D.S. Chernavsky), and the Schiller Institute for Science and Culture (T.V. Muranivsky).

“At the center of attention were the concepts of several contemporary foreign scholars and leaders of state, for overcoming the current crisis. G.G. Pirogov explored problems of the aggravated crisis in Japan, where the question of nationalizing some bankrupt banks and companies has been raised as one measure that can be taken. A comparative analysis of Domingo Cavallo’s ‘currency board’ in Argentina and the ‘currency controls’ of Mahathir bin Mohamad in Malaysia, was presented by T.V. Muranivsky on the basis of materials, some of which have been published in *EG*.”

In the Russian press, as in some places in Ibero-America, the “currency board” scheme, resurrected from British imperial practice and constituting a surrender of sovereignty to foreign interests, who acquire veto power over credit-creation in the victim country, has been jumbled together with exchange controls and other state regulatory measures, under the single, undifferentiated heading of “re-regulation.” Professor Muranivsky’s report addressed the disorientation that might result from such publications.

The *Ekonomicheskaya Gazeta* article continued: “Jona-

than Tennenbaum, a scholar from the U.S. who heads the scientific research of the Schiller Institute in Germany, reported on the evaluation of the current world crisis by the well-known American economist Lyndon LaRouche, founder of the new scientific tendency called physical economy.

“In connection with the further deterioration of the world financial crisis in late September and early October, Lyndon LaRouche circulated three personal memoranda, arguing for the necessity of emergency reorganization on a world scale. In the memorandum, ‘What Each Among All Nations Must Do Now,’ he observed that all countries are currently burdened by ‘derivatives’ and kindred, fictitious financial instruments, with a nominal value of more than \$100 trillion. Unless that mass of fictitious claims is wiped off the books, very soon the result will be an economic catastrophe, unprecedented in world history—the total, and chaotic destruction of public and private financial assets and monetary systems.

“LaRouche harshly criticizes the so-called ‘crisis management’ and ‘playing by the rules,’ proposed by various financiers, which he believes will ruin entire countries.

“As a way out of the crisis, he proposes an ‘action program,’ containing ‘directives’ of a certain type, comparable to ‘the tactic for execution of a combat mission’ (*Auftrags-taktik*). This makes it possible to avoid quibbling over supra-national structures, and to proceed quickly to success.”

LaRouche’s eight points

The *Ekonomicheskaya Gazeta* article then quoted the eight points of LaRouche’s memorandum, as well as the three

leading considerations, enumerated under “The principle of emergency action” (*EIR*, Oct. 9, pp. 5-6).

“The general directives, put forward by LaRouche in his ‘program,’ define actions that can be taken unilaterally by sovereign nations. He proposes first to establish, ‘pragmatically,’ some relative values for currencies, referencing their prices prior to what the hedge-funds and other financial pirates unleashed during 1997. Next, to set up international projects and lines of credit, for increasingly large-scale movement into physical-economic forms of growth, in basic economic infrastructure, agriculture, manufacturing, and the transfer of high-technology capital into relatively less-developed regions. The methods which the Franklin Roosevelt administration copied from the U.S. economic expansion of 1861-1876, provide the model of reference sufficient for this purpose. Another excellent model for comparison is the Kreditanstalt für Wiederaufbau in Germany, in the period of post-war economic reconstruction. . . .

“His analysis of the causes of the crisis, rooted in erroneous state economic policy, has brought Lyndon LaRouche to his idea of the necessity for a ‘combat mission’ orientation. . . . This approach is especially important for solving difficult economic tasks, especially under conditions of continuous and ever more acute world financial crisis.”

The Oct. 8 issue of *Ekonomicheskaya Gazeta*, which was available for circulation the day of the seminar, carried Muravinsky’s skewering of former Argentina Minister of Finance Domingo Cavallo, promoter of the “currency board” model, and recent guest in Moscow.

Georgian political figure urges Clinton to appoint LaRouche

Dr. Vakhtang Goguadze, former Speaker of the Parliament of Georgia, on Oct. 21 released his Open Letter to the President of the United States, Bill Clinton. The text follows:

Greetings from Georgia, which in the past was so distant, but today is rather close to you. We regret that our decades-long expectations about the American image have not been altogether fulfilled. We may say bluntly, that our tendency is not very desirable for the U.S. We would like to develop a more open and moral policy.

I, personally, and many of my compatriots are impressed by the philosophy and economic theory of Mr. Lyndon LaRouche, the well-known U.S. political figure

and scientist, who is deeply respected in Georgian society. Glory and Honor to such Americans.

I should say that his insightfulness and analytical approach in politics, culture, and economics, taken together, are no accident, and this is borne out in practice. He is not one of those political thinkers, who confuse wishes with reality. His trenchant forecasts about the world financial crisis are by no means based on some merely empirical or narrowly economic analysis. His negative attitude toward pop-culture and his concept of the necessary healing and intellectual renewal of society provide some prospect for the preservation and development of American prestige, on the propaganda of which the superpower spends so many billions of dollars.

We think it would be beneficial both for the U.S. and for the new friends of the U.S., to propose to you to invite Mr. Lyndon LaRouche as your economic adviser.

[Signed]

Vakhtang Goguadze
former Speaker of Parliament,
Member of Parliament of Georgia,
Doctor of Philosophy, Professor