

global players. No one should be allowed to do more than the other or the smaller!

The reference point for such a regime is, and remains, the Bretton Woods concept in its original Keynesian form of 1944. The U.S.A. must be convinced that it is not, and cannot be the world central banker, but the IMF, independent from it, is. The IMF is, or should be, built up, from a fund dependent on refinancing, into a central bank which creates its liquidity on its own, whereby their credit money—by then, not the *bancor* but the SDR [special drawing right]—represents not the currencies of the nations, but rather their internal and settlement money in international central bank transactions. The SDRs do not replace national money, as does the euro. They simply make it internationally accountable, stable in exchange rates, and convertible, like the money of earlier national currencies. Only that in this SDR standard, the national currency institutions (central banks) and currencies are maintained, and with them a large part of national state currency autonomy. One would thus maintain a far-reaching, albeit not total freedom in national conjunctural, employment, and structural policy, which would allow nation-states to fulfill the expectations of their citizens for stable jobs and adequate incomes.

The world central bank is no enemy of national democracies, like, for example, the European Central Bank, which, with the euro and common exchange rates and interest rate policies, no longer allows for economic, monetary, and financial policies oriented to national needs.

With this world monetary reform, one would avoid from top to toe, the central, morally contradictory errors of the current dollar standard, whereby a country can go into debt without limits, and communicate to the rest of the world the fate of inflation and deflation. While it demands freedom and surplus for itself, it asks others to adapt to the U.S.-steered world inflation or deflation! One would avoid the errors of the Europeans, who believe they can confront the dangers of globalization with a common currency, and do not see, that their integration is nothing but another word for their own, homemade globalization: for an unlimited domestic market and an unlimited common currency, which endangers their industrial capabilities, threatens their historically developed social state, pulls their labor markets out from the supervision of social lawmakers and trade unions, and, instead of leading Europe into the future, throws it back into the horse-and-buggy era, as the gold standard forbade every active fight against depression, as well as structural and employment policy. With a Bretton Woods system revised in this way, the world (economy) would take a huge step forward in the direction of reliability of its global markets, as well as its national political structures. It would be a milestone along the long way from Kant's "Perpetual Peace" to "world citizens' intention" (1795). The New Bretton Woods would bring about what has been called for in vain for more than 200 years: international

monetary law. It would eliminate the weeds that have existed on the money and financial markets since 1973, and would pull out of globalization, the poisonous tooth of incalculability and spreading crisis. It would be an attempt to become smarter, without incurring damage, and only using insight and enlightenment.

Dr. T.I. Koryagina

The World Economic And Financial Crisis, Before And After Sept. 11, 2001

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Our seminar today is devoted to a problem, which has been of ongoing concern to the specialists, associated with *EIR* and Lyndon LaRouche. It was Lyndon LaRouche, who first, and in a very polemical form, forecast that the collapse of the world economic and financial system was imminent. He also proposed a system of measures to overcome the negative consequences of this economic and financial apocalypse, including through the establishment of a New Bretton Woods order.

For Russia, there was a milestone in the analysis of the world economic and financial crisis, with the Parliamentary hearings at the State Duma of the Russian Federation, which took place on June 29 of this year. Why were those Moscow discussions so important? In my view, the main result, achieved by the organizers of the hearings, was to breach the thick wall of silence, which has surrounded the real state of affairs in the world economy, and the U.S. economy in particular. The speeches and presentations, made from the rostrum of those Parliamentary hearings, sounded a stern warning about the onrushing planetary danger.

In my own testimony on that occasion, I specified a date for the beginning of the crash of the dollar and the U.S.A.—Aug. 19. The barrage of denials, which the liberal press threw against our forecast, showed that the forecast was a big threat to the people who promoted Russia's enslavement as a mindless supplier of natural resources to world markets, by the implementation of the liberal economic doctrine, and the total



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dollarization of the Russian economy.

The financial collapse did not happen on Aug. 19; but, on Sept. 11, events of another order took place—terrorist events. The question arises: Were the events of Sept. 11 connected with the probable collapse of the world economic and financial system? In our view, there is a direct connection. The logic of how the New York and Washington terrorist acts themselves were organized and—most important—the logic of the subsequent steps taken by the highest political circles in America and Great Britain, indicates that this was an attempt to cut the Gordian knot of the world economic crisis, using the sword of terrorism. The symptoms of crisis in the American economy, which had been artificially aggravated, now acquired a “natural” explanation: that the now generally recognized recession in the American economy was the result of the terrorist attacks on the United States, including biological terrorism. Accordingly, there was now no need to look for guilty parties among the political and economic establishment, but rather only to catch a few dozen Islamic terrorists, including bin Laden, and smash the terrorists’ bases in Afghanistan.

No thinking people can be satisfied with such a simplistic approach. This is, after all, a question of the future of the planet. Upon what principles will the newly rearranged world political system be based, and on what patterns will the new economic and financial order be cut? These are the main questions to be answered.

We have been working for a long time, on modeling the development processes of the world economic crisis and the crisis of the Russian economy. In our methodology, we develop our model of these crisis events as if it were in three-dimensional space: a) a model of the development of the official world economic system; b) the development of the trans-

national shadow economy; c) analysis and modeling of the shadow political domain. In geopolitical research, the “shadow politics” component is called the conspiriological element of the historical process.

A Neo-Malthusian Mega-Project

Conceptually, our general vision of the situation looks as follows.

First. The pumping of “hot money” into the world economy, sustained over several decades (first and foremost, by the U.S. Federal Reserve System’s emission of dollars), irreversibly corroded the entire world credit, financial, and economic system. The sporadic local stock market and currency collapse crises in some areas of the world during the 1990s, and the national defaults, became the visible tip of the huge iceberg of the world financial bubble, and were menacing harbingers of a coming collapse of the dollar as the sole world unit of account.

Second. The painful expansion of the “dollar empire” and the victorious march of the liberal economic doctrine undermined the basis for development of the real sector of the economy, worldwide. The United States of America was no exception, in this regard. The country of “runaway shops and factories” has become increasingly vulnerable to the emergence of insurmountable political and economic risks, while the gradually developing U.S. economic recession, under these conditions, is but a pale shadow of a future new American Depression.

Third. Among the factors determining the natural course of a world economic crisis, a certain artificial component began to be more and more clearly discernible during the 1990s. A certain group of players on the world financial and currency markets almost invariably came out on the winning side. From the standpoint of theory, it can be understood that if the very same winning side is present under conditions of a future crisis (and any crisis, by definition, means chaos), then it is functioning as an element that regulates the crisis.

Fourth. An artificial component of the world economic crisis comes into play, whose purpose is not the extraction of historically relatively short-term superprofits. This is always merely a derivative benefit. In our view, the mega-project is, rather, planetary in nature, and its main point is the implementation of a concept of “retardation of development” (with which the world public, unfortunately, is scarcely acquainted), in the strategic time perspective of the entire 21st Century.

The fifth, and final point. Because it is secret, the developers of the mega-project would need be either some organizationally very powerful secret society, or some economic and financial corporation from among the organized criminal communities. In our analysis, we are more inclined to the hypothesis, that at the present stage of things, certain “mutagenic” shifts have occurred in the development of so-called secret societies. As a result of the worldwide process of glob-

alization, some elite mystical and political order, which was initially regional in scale, has expanded to the point of becoming a world center of planetary governance, with an unbelievable concentration of political and economic power in its hands. Criminal finance and banking organizations (speculative finance capital) were the nucleus of this center, while the most important links in the chain of its activity are the narcotics trade, the illegal arms trade, the pornography and gaming businesses, and so forth. Non-traditional mystical religious teachings (sectarianism within the leading traditional world religions) serve as its ideological foundation, and neo-Malthusianism as the theoretical underpinning.

‘Tidal Wave 21’

Proceeding from these basic conceptions of a vision of the world situation, a scenario was elaborated as a model of the center’s behavior in the near future. We called this scenario “Tidal Wave 21.”

One of the essential elements of this scenario, was the supposition that the crisis (which we presumed would be strictly financial and monetary in the initial stage) would be instantaneous: An acute crisis would unfold on the stock exchanges and currency markets in the course of a few days, with the main events occurring in the United States of America. The significance of a financial blow being struck against the U.S. economy, would be to achieve the maximum “effect” of weakening the world economy as a whole.

It is well known, that the U.S.A. is the main world consumer of goods and services. An abrupt contraction of consumption in the United States would “engulf” the economies of the majority of countries on all continents, under a huge wave. This would be followed by a grand collapse of the world economy, the consequences of which would be famine, cold, and the natural extinction of the population, as well as wars among nations, civil wars, and a sharp decline of the population of the planet, simply through physical annihilation. It is estimated that the world population could fall to 1.5-2 billion people, during the next 25-30 years, with no more than 150-200 million remaining in the countries where the so-called “golden billion” live today. The ratio [of the “golden billion” to the rest of the population] would change from 1:5, to something on the order of 1:10. In other words, instead of a situation of five poor and destitute people for every wealthy one in the world, there would be a ratio of ten people from the poor and destitute layers, for each wealthy person. There would be increased polarization between the conditions and quality of life in the countries with a developed market economy, and those in the Third World, with an increase of instability on the planet. But, at the same time, it would be possible to achieve a sharp reduction in the consumption of world energy and water resources, minerals, timber, and so forth. Is this game worth what it will cost to play?

An extremely important element of the neo-Malthusian center’s strategy under this scenario would be the political

“dividends.” Economic destabilization will lead inevitably to destabilization in the political sphere, to changes in governments, and military conflicts. Under these circumstances, a strike against the United States assumes special significance. For it is precisely under conditions of an economic super-crisis, that the elimination of Americans’ “excessive” freedoms will become possible, insofar as their broad range of democratic freedoms could encumber the center, under conditions of a sharp deterioration of the conditions and quality of life of the U.S. population. A steep financial and monetary collapse, after all, will bankrupt a great number of corporations, companies, banks, and investment and pension funds. The fear of job loss and loss of the means to exist are to be a good “whip” in the hands of the new rulers of the world, for purposes of establishing a totalitarian order, above all in the United States itself.

So, then, the financial and monetary collapse did not take place (or, has not yet taken place!), but New York sustained terrorist air strikes against the World Trade Center towers. Symbolically, their destruction means the collapse of the U.S. consumer market. But, at the same time, this act also crushed any hopes that American consumer demand would save the U.S. economy from a deepening recession. Fear will paralyze the Americans’ will to shop, before the consumers even realize that their pockets are empty. Here, there is yet another nuance from the mystical side of things. The stock exchange is located nearby the trade towers in that area of Manhattan, and there were many stock exchange-related offices in the destroyed buildings. Therefore, the airliner disasters were closely linked, symbolically, with the crushing of the New York Stock Exchange and, thereby, of the old financial and monetary system, with its greatly weakened dollar. Looming ahead is the center’s organization of a new world financial and monetary system. And here, in our view, there may be an option under which that self-same dollar, but in a renovated format (the “new dollar”), now becomes in earnest the sole means of payment in the world. In other words, a global “currency board” system is to be established under the new political conditions, managed by a single world reserve bank, not connected with the economic and financial agencies of the United Nations.

The ‘New Monster’

One more point, on the center as a mutant, which diabolically unites the features of secret societies and the mafia, under contemporary conditions. It is a kind of criminal society, with a godfather who appears as the messenger of God on Earth. The mystical religious element plays the lead role in this symbiosis, shaping the global political goals of the society. The mafioso component makes it possible to carry out criminal economic activity, deriving flows from monetary and financial chicanery and looting, and criminal business, while organizing the seizure of productive capacities and entire sectors of the official economies of various countries. The

unification of mysticism with criminality was also abetted by the fact that, in the second half of the 20th Century, transnational crime adopted the “organizational weapons” of secret societies: totally conspiratorial practices, a network form of organization, the unassailable authority of the leader, and the infiltration of operatives into the political, management, and information and propaganda elites, for the purpose of expanding economic and political influence, providing security, and so forth. As is done by secret societies, techniques such as blackmail, terror, and the manipulation of people through ideas, concepts, and religious inclinations, and so on and so forth, began to be applied widely. The secret societies, in turn, were “enriched” by the mafia’s experience in creating their own regular armed forces. It presents no great difficulty for the “general staff” of this new monster to “hide” its secret army. There may be armed units of militants inside the “legal institutions,” seemingly of independent origin, or even sub-units disguised as anti-terror units within the national agencies of various countries in the world, and much more.

Thus, after the terrorist acts in the United States, the world today has encountered a more complex phenomenon than what religious extremism and fanaticism represent. More dangerous for mankind are these elements of cold calculation, cynicism, and cruelty, which are characteristic of highly educated individuals, who consider themselves the representatives of a super-race. Enamored of planning and organizing everything, and looking far ahead, they suppose, like demi-urges, that their salvation lies in doing evil.

Overcoming The World Depression

Here is our forecast. The neo-Malthusian center will fan tensions, without any interruption. Evaluating the events of September when the trail was fresh, we expressed on the pages of the Russian press, the idea that there would necessarily have to be a second, significant blow against the U.S.A. In a sense, this would be a kick in the back of the already-collapsing American economy. Fanning the public’s fears would paralyze the consumer market, once and for all, creating a second wave of crisis in the realm of finance and foreign trade, with the impulses of fear and uncertainty going off in various directions. Now, we have the news that there have been incidents of biological attack. “White powder” as a carrier of infection, is being discovered in countries on various continents (and the reports on these incidents are probably deliberately played up by the mass media). It has been said publicly, that there is a danger of biological weapons being used against 20 Russian cities. And, of course, a crack in the entire world geopolitical situation is to be expected from the “anti-terrorist” actions of U.S. and British armed forces in Afghanistan. Military victory is impossible, if the enemy has not been rigorously identified.

It is very important for the world public to understand at this time, that the crisis attacks on national economies must be countered, using whatever forces are available. Only an

economic recovery can enable each country to make its contribution to preventing a Third World War, to the brink of which the organizers of the terrorist acts have brought the world.

In our view, an extremely important role in overcoming the world depression today belongs to two countries. They are Russia and China. Russia is a very important element, because of its boundless domestic market. China is, because it is a power that has maintained a superior ability to absorb foreign investment, and has achieved uninterrupted economic growth. Forming a “bridge” of world economic stability, Russia and China present a unique opportunity for Europe and the countries of the Asia-Pacific region to rise above the “American syndrome” of a crash.

For Russia itself, economic growth is completely within reach. But to achieve it, requires a fundamental correction in our economic policy, with an emphasis on the development of the real sector of the economy, an orientation toward strategic investment in specific manufactures, and a shift to sweeping de-dollarization of the Russian economy and strengthening of the international position of the ruble.

Dr. Nino Galloni

Link The Value Of Production To Money

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The recent, dramatic events of Sept. 11 in the United States, the Middle East conflict, and the war in Afghanistan, have been added to an international financial and economic situation which was already critical.

The elimination of most productive activity (especially in the manufacturing sector, in infrastructure and social services) because of the growing importance of financial speculation, places the world in front of a dilemma: to support the North American financial-political model, based on a currency, the dollar, which no longer has a realistic connection to the productive economy; or, to return to a more financially prudent model, which establishes a link between the value of production and that of money.

Prior to the political crisis initiated by the events of Sept. 11, the European Union (EU) had taken timid steps toward