

Russia Sees Global Crisis, Looks at LaRouche Alternative

by Jonathan Tennenbaum

The attention of Russia's political elites is now focussed, as never before, on the interconnected menaces of the global financial crisis, and the insane U.S. "pre-emptive war" strategy. Thus a recent visit to Moscow by Schiller Institute representatives Jonathan Tennenbaum and Karl-Michael Vitt, encountered intense interest in the worldwide influence of Lyndon LaRouche and his international movement—LaRouche's U.S. Presidential campaign, the recent Italian Parliament resolution in favor of the "New Bretton Woods" policy, and the stunning victory of Dr. Enéas Carneiro and other LaRouche allies in the recent elections in Brazil.

Among numerous other meetings, Vitt and Tennenbaum participated in a two-day conference on "The State of the Global Financial System and Tactics for Corporate Development" held at the Financial Academy of the Government of the Russian Federation, attended by 70 representatives from the government, the State Duma (parliament), foreign embassies, and Russian banks and businesses. Addressing the conference alongside Dr. Tennenbaum were: former Central Bank chief and current head of the Russian National Banking Council, Viktor Gerashchenko; Gov. Konstantin Titov of Samara Province; Chairman of the Duma Commission on Credit and Financial Markets Alexander Shokhin; well-known Russian financial experts Andrei Kobayakov and Mikail Khazin; economists Tatyana Koryagina and Prof. Georgi Pirogov, and others.

Of particular interest were comments made by Gerashchenko immediately after Tennenbaum's speech, addressing some of the points raised by the LaRouche representative.

U.S. Crisis Is the Focus

Tennenbaum had pointed to LaRouche's unparalleled track record in economic forecasting, particularly his famous "Ninth Forecast" from 1994, in which LaRouche declared

that the present world monetary and financial system was doomed and could not be saved in its present form. Emphasizing the global systemic nature of the crisis now entering its acute "terminal phase," Tennenbaum presented data on, not only the United States, but also the disastrous situation developing in Europe, Japan, and the developing sector. And he detailed recent, worldwide motion towards LaRouche's "New Bretton Woods" solution. He read key paragraphs from the Russian-language translation of the Italian Parliament's resolution No. 6-00030 on the need for "a new financial architecture"—also distributed in full to all conference participants with the Russian text of Helga Zepp-LaRouche's "New Bretton Woods" petition—and discussed the historical significance of the Brazilian election results.

Citing Tennenbaum's presentation, Gerashchenko said that it was now obvious that a global financial crisis is under way. One of the world's senior banking and monetary authorities, Gerashchenko then drew attention to the text of the Italian resolution, saying that it was "a very favorable development" and that "our Parliament should absolutely take this up. . . . I want to add an optimistic note," he continued. "There are enough clever people in the world, who have studied the past and can find a solution" to the present crisis.

Gerashchenko also welcomed the electoral victory of "anti-globalists" in "the great country of Brazil." Although citing "objective" aspects of the globalization of world production, he said this does not eliminate the need for regulation and directed investment. "We need some regulation of financial flows, to avoid a 'domino'-like collapse of the financial system," Gerashchenko insisted. Calling the world population's consumption level too low, he said it is necessary to boost purchasing power, and to use "interesting projects" to move the economy ahead.

Pointing to the post-war Marshall Plan, which created "a

new technological wave” and prosperity in Europe and the United States, Gerashchenko said Russia today should take up modernizing and developing the railroad network across Siberia, building an East-West transcontinental highway, and other infrastructure projects. Some argue there is not enough money for such projects, he said, but speakers at this conference have just reported on the vaporization of \$19 trillion in the current stock market collapse.

‘Not Found in Economics Textbooks’

Another prominent speaker showed the growing awareness of the global systemic crisis: Alexander Shokhin, a former member of the Russian government, now head of the Credit and Financial Markets Committee of the State Duma, and generally an “economic liberal.” Shokhin repeatedly stressed the “multiple uncertainty factors” in the world economy, “which call for multiple scenarios in monetary and credit policy. . . . Russia must have contingency plans to protect the Russian economy in the event of all kinds of developments in the world economy,” including oil-market turbulence from an Iraq war.

Economists Andrei Kobyakov and Mikhail Khazin each presented the latest findings from their ongoing research on the U.S. financial and economic collapse, in particular the demise of the New Economy hoax. Kobyakov underlined the fundamental differences between the current crisis, now exploding in the center of the world economic and financial system—the United States—and earlier crises that were “on the periphery.” Khazin likewise emphasized that the United States is suffering “a structural crisis, of the sort not found in the economics textbooks.” He characterized official U.S. economic statistics as “completely unreliable. . . . It is impossible to stop the crisis except for a systemic reorganization.” (Khazin’s recent article in *Ekspert* magazine, appeared in translation in *EIR*, Aug. 9, 2002.) Khazin linked the Bush Administration’s drive toward war to a desperate attempt to “solve” the financial crisis by trying to grab control over Middle East oil resources. “What worries me, is the lack of ability of the U.S. Administration to find a real way out of the crisis,” he said. As a result, its behavior “threatens the very survival of humanity.”

The second day of the conference was in roundtable format. It led off with Dr. Tatyana Koryagina presenting the record of her economic and political forecasts, including the widely publicized Summer 2001 forecast of catastrophic events about to hit the United States. She emphasized her expectation of a major destabilization of world oil markets, and analyzed “the Malthusian world oligarchy,” which wants to reduce the world’s population by over half, reserving a decent standard of living not even for the proverbial “golden billion,” but for an elite of only 150 million or so people.

There was animated discussion about the significance of “U.S.-Russia partnership” under such circumstances. Tenenbaum developed the New Bretton Woods concept from the history of the sovereign nation-state, and described the

United States as split between a neo-imperial “war party”—hostile to U.S. constitutional principles and traditions—and the faction led by LaRouche, that desires to revive the United States as an historically unique constitutional republic devoted to realizing the common good. This situation requires a sophisticated approach from Russia and other nations, recognizing that the battle is over the future of the nation-state. While it is illusory and dangerous to seek partnership with a “New Roman Empire,” Russia can ally with forces representing the real constitutional tradition of the United States.

Prof. Grigori Pirogov of the Institute of Comparative Political Science, Russian Academy of Sciences, who hosted LaRouche in 2001 at his seminar series at the Lebedev Institute of Physics, spoke on the need for Russia to utilize its strategic position in the crisis. He cited LaRouche on the importance of actions by the “strategic triangle” of Russia, India, and China. Pirogov reviewed the crisis in Japan and the growing Asia-wide role of China, stressing Asian cooperation in the face of International Monetary Fund (IMF) policies “that destroy the productive base of nations.”

Deep Concerns About U.S. Policy

A recurring theme in the financial meeting and practically all other discussions in Moscow, was shock and horror at the implications of the Bush Administration’s current drive toward war in the Middle East. Typical, were private remarks by a senior Russian Academy of Sciences expert on Asia, who repeated again and again his concern that the U.S. war drive would ignite a new East-West conflict with “unpredictable consequences,” and cause a “terrible regression in international relations.”

“You can’t underestimate Asia and the Asian reaction, the way Washington is underestimating it now,” the expert stated. “Remember, India is a powerful nation which has made nuclear weapons. China is a huge, powerful nation. During the last Gulf War, I heard even moderate people in India referring to the U.S. bombardment of Iraq as an ‘attack against Asia.’ The Arab nations, despite their lack of unity, are seeing the U.S. policy as an attack of the West against the East. You can’t approach Asia on the basis of the Huntington doctrine. If this war occurs, the whole reform process in Russia, China, and India will be frozen. We could be heading into a destruction of civilization as a whole. This U.S. policy is completely out of contact with reality. I am sorry to say, that people here are more and more often talking about the United States moving toward a ‘fascism with American characteristics.’”

He emphasized the importance of an intense new round of diplomatic activity in Asia, including a forthcoming Asian tour by Russian President Vladimir Putin, which will include visits to India and China. Another well-informed Russian judged that, in reaction to world strategic developments, the Russian government was moving toward a much more “hard-line” foreign policy, and that significant changes in economic policy may be in the works.