
Chautauqua Conference Report

U.S.-U.S.S.R. officials seek to join worst of two worlds

by Scott Thompson

"Out of the frying pan and into the fire," goes the proverb about the idiot who opts for a solution worse than an already very bad problem. The saying is descriptive of the remedies prescribed to Soviet party boss Mikhail Gorbachov, at the fifth annual meeting of the "Chautauqua Conference," where from Oct. 30 to Nov. 3, over 250 Soviet officials and citizens gathered at the campus of this year's conference co-host, the University of Pittsburgh. Presuming that the U.S.S.R. is ready to chuck Marx and Lenin off the Kremlin balcony, Gorbachov's advisers and their Western interlocutors appeared ready to invite Marx's economics teacher Adam Smith in the front door, to deepen the economic disaster that is currently the greatest threat to world peace.

Meanwhile, the Soviets played heavily on the theme that the United States must bail out Mikhail Gorbachov economically, in order to "save *perestroika*."

The tacit agenda item raised by the Soviets outside the official sessions was the danger and opportunity raised by the physical economic breakdown crisis in the Soviet Union, which, they concede, Gorbachov's *perestroika* policies have only worsened to date. Key economic advisers to Gorbachov acknowledged to *EIR* in the corridors, that jailed U.S. statesman Lyndon H. LaRouche is right when he warns that lack of food and other consumer goods means Gorbachov is facing a cold and bleak winter, which his ruling faction might not survive.

Little of this reality filtered into the formal proceedings, where discussion instead focused on the restructuring of the East bloc to obey the "magic of the market mechanism"; environmental policing that will only worsen matters by closing down farming and industrial production; and the terms for a global partnership between the U.S. and the U.S.S.R., to carve up the world between the two superpowers in a new version of the Yalta accords at the close of World War II, which are now being torn up in the streets of Eastern Europe.

In general, the conference was focused on topics dear to the hearts of the appeasement-minded architects of the global superpower deal, including trade, the environment, arms control, and "human rights." A sampling of the panel titles suggests the tenor of the meeting: "Prospects for Increases in Trade and Economic Relations Between the United States

and the Soviet Union"; "The Environment: Cooperation of the United States and the Soviet Union in Solving Global Problems"; and "How We View Each Other: Are the Images Changing from 'Enemy' to 'Partner?'"

Soviet Justice Minister Yakovlev, Sen. John Heinz (R-Pa.), and U.S. Information Agency Director Bruce Gelb were among the featured speakers at this latest East-West "love-in."

'Yes, there is a breakdown crisis'

Among the Soviet officials who echoed LaRouche's view of the gravity of the situation was People's Deputy Pavel Bunich, who advises Gorbachov on economics, as vice chairman of the commission on restructuring, and chief of the department of "Economic Mechanism of Managing the Socialist Economy" at the Moscow Institute of Management. When asked by *EIR* whether the Soviet Union had entered a "physical economic breakdown crisis," Bunich admitted, "Yes, that is so. It is a crisis of underproduction."

In a later panel discussion on restructuring, Bunich was asked to comment on Boris Yeltsin's prediction that Gorbachov had only two years to carry out *perestroika*. "Yeltsin is too optimistic," Bunich came back. "If nothing changes soon, then it has no future. It has less than a year. The new system must be working by the beginning of next year or else there may be a popular revolt. Only by implementing the new system rapidly can we build confidence in the population to gain two to three years. If not by January, there will be less than a year. We are in a race against time."

Bunich also ascribed the principal cause for the revolts of non-Russian nationalities in the Soviet republics and the crisis among Eastern European states to "the crisis of underproduction, especially for food and consumer goods."

But revealing the barbaric mentality of the Russian leadership, Bunich repeated Gorbachov's stated view, that this does not mean the Kremlin will rush in to alleviate the crisis with Western imports or stockpiles. On the contrary, "Our strategy is to let this crisis worsen," Bunich said, "so that when it reaches the boiling point, then we can force through our restructuring program."

If this is really his plan, party boss Gorbachov is walking

a tightrope, hoping to turn popular anger against his opponents in the state apparatus (Nomenklatura) before it is turned on him. Cynical, to say the least.

The invisible hand

Mikhail Gorbachov's economic restructuring policies, as outlined by Bunich and others at Chautauqua, imbibed deeply of the elixir of "market magic" by which the latter-day apostles of Adam Smith have turned whole regions of South America into empires of drug-running, overtly Satanic crime families. Bunich said that next January, a package of "two-tier" structural reforms will be pushed through the Supreme Soviet. Although Bunich and other officials paid lip service to meeting the "crisis of underproduction" by stepped-up development of industries, farms, and infrastructure, Gorbachov is advocating precisely the structural reforms demanded by big Western money interests as the precondition for financial credits.

Among the measures prescribed were the following:

1) A scheme for shifting 70% of industrial concerns from the central government to the republics, which, in turn, will either lease or sell these enterprises to workers' collectives, which will be responsible for acquiring investment capital from abroad, from Soviet banks, or else from other more profitable enterprises. (Students of history will recognize this classic from Mussolini's 1927 Corporatism—part of the economic prelude to World War II.)

2) Restructuring of Soviet banks to provide capital previously supplied by the central government, and the creation of a stock market that will be a means of channeling workers' savings into enterprises.

3) A system of taxation of these enterprises and the creation of an insurance industry.

4) An austerity program for closing marginal enterprises and redirection of capital investment from sectors such as construction in Siberia, which, Bunich said, "will create as much as 20% unemployment." He was perfectly blunt about the murderous implications of this shock treatment: "The Soviet Union will have the highest unemployment in the world," Bunich added, before "bad" Soviet workers are retrained to work in a non-productive service sector that will capture Soviet investment—because services require less investment than real industrial, agricultural, and infrastructure programs!

5) A hybrid price system, to include both centrally fixed prices and a market pricing system, which will impose further austerity by abolishing subsidies on items like food and housing. While food rationing is seen as a stopgap measure and significant homelessness is expected, this reform of pricing combined with the revaluation of the ruble, are seen as essential steps toward creating a convertible ruble for attracting more foreign investment.

Gorbachov's advisers at the Chautauqua Conference appeared ignorant of the facts known to every *EIR* reader,

namely that the West has a financial collapse arising from the need to roll over \$20 trillion in debt. Without radical policy reversal, this financial crisis, which has masked an even earlier physical economic breakdown crisis in the West, means that there is not sufficient food or capital to bail out Gorbachov, even if the will be there.

Soviets peddle eco-fascism

On top of this list of monetarist structural reforms that would only add high unemployment, homelessness, and a booming black market to the grave ills of East bloc economies that may face actual starvation this winter, several panels at Chautauqua were devoted to U.S.-Soviet cooperation for imposing an environmental police state on the globe, above all for the purpose of drastically reducing human population. Bush administration officials present openly called for the "post-industrial" society, as when Deputy Assistant Secretary of State for the Bureau of European Relations Curtis W. Kamman heralded the emerging "Age of Information," in which mere physical goods have little relevance. "We have clearly moved out of the industrial age and into a new era characterized by information and communication transcending national borders," blathered "New Age" yuppie Kamman.

Soviet environmentalist Boris Laskorin showed that the barbaric Soviet leadership not only endorses, but is ready to lead the way in promoting such genocidal gibberish. Laskorin called for a total shift in production technology toward so-called organic farming (with its low inputs of technology, Soviet farming is far too "organic" now to feed its people) and energy production based upon the absurdly low-energy "renewable, no-waste sources such as solar, wave, and wind power," which Laskorin incongruously pretended to derive from the late Russian scientist V.I. Vernadsky's conception of the biosphere. Coming to his real point, Laskorin called for population control as an essential means to eliminate the "contradictions" between man and nature.

Laskorin's U.S. counterpart, Alan Hecht, who is deputy assistant administrator, Office of International Activities, Environmental Protection Agency, crowed about the burgeoning growth of U.S.-Soviet cooperation on environmental issues since 1972, when an "Environmental Agreement" had been signed at the height of détente. The environment is now an established part of the U.S.-Soviet "basket five" dialogue around "transnational issues" that includes terrorism, narcotics, and environmental law enforcement to close down allegedly polluting industries.

There were occasional glimmers of sanity from the Russian side. Alternate Politburo member Yevgeni Primakov, for example, was prudent enough to tell the U.S. participants, "Keep your economists like Federal Reserve chairman Alan Greenspan at home; what we need are real food and products." Greenspan recently visited the Soviet Union, presumably to advise them on how to have a nice, stable stock market like the United States does.