

## Report from Bonn by Rainer Apel

### A genuine second big historic chance

*The policy shift in Moscow will work to the benefit of Russo-German cooperation.*

For the first time in years, there are signs of a profound shift of policy in Russia, away from International Monetary Fund (IMF) monetarist internationalism, toward a reemphasis on the development of the national economy. Assessments that for a long time have been “dissident views,” can now be heard among people either in, or in the immediate vicinity of the new government of Prime Minister Yevgeny Primakov. Denunciations of the IMF’s monetarism, calls for strict capital controls, and for banking loans to industry and the farm sector, indicate the positive potential.

There can be no doubt that once Russians are committed to remobilize their ruined economy, the Germans, with their technological and industrial capacities, will play an important role. And, for the first time since 1989, when Chancellor Helmut Kohl and the German elites missed the historic chance of a grand post-Soviet reconstruction program for Russia, when they gave in to the London-centered policy designs for a monetarist reign in Moscow, there is also potential in Germany for active cooperation with the Russians.

Ironically, only weeks ago, the Kohl government was still holding on to the illusion that the Russian crisis would not affect Germany. This, at a time when Helga Zepp-LaRouche, at a press conference in Bonn on Aug. 27, presented a special dossier of the LaRouche movement on the “Missed Historic Chance of 1989” (see *EIR*, Aug. 14). There, she issued an urgent call for the German government not to miss the current chance for a policy shift toward the better.

That message seems to have come across among the German elites. Even Kohl has come to realize that there is a new constellation of forces in Russia. In a Sept. 13 interview with *Bildzeitung*, Kohl offered Prime Minister Primakov “German experts on economic and financial policy, to assist the Russian government in its practical work.” This is a big shift after nine years of German abstention from having any Russia policy.

There are more indications that a broader re-assessment of the last nine years of self-containment in Germany’s policy approaches on Russia, is under way. For example, on Sept. 9, the business daily *Handelsblatt* quoted Alfred Steinherr, the chief economist of the European Investment Bank, the “house bank” of the European Union. He said that a big historic chance was missed in the early 1990s, when the Germans, with their experience in banking methods during the postwar economic reconstruction, did not play any role in Western designs for Russia.

Steinherr criticized the fact that, under the influence of Anglo-Saxon investment funds, Russia’s financial and economic system was ruined by rapid capital market liberalization, and optimal conditions were created for short-term speculative operations.

The German system, instead, would first have insisted on establishing solid banks, based on long-term savings of citizens, to provide controlled, long-term investments into the real economy of Russia, Steinherr said. The IMF’s “ultraliberal views on the role of the state threw many switches in the wrong direction, to-

ward market economy” in Russia, he charged.

Similarly, Wolfgang Kartte, one of the very few German economic advisers working in Russia, and who has been on a non-profit mission in Russia arranged by the German government, used harsh words against the Russian “reform era,” in a Sept. 14 interview with *Der Spiegel*. “Western advisers are to blame for some disastrous economic decisions, which Russia now has to suffer from,” he said. “On the one hand, privatization has been a total failure—it induced the state to sell off its treasures at dumping prices to the old guard and to speculators.”

Kartte criticized the fact that the Russian government, under the influence of Western advisers, had “failed to introduce high import tariffs. Keep in mind that Imperial Chancellor Bismarck (1871 to 1890) built a defense against dumping products from abroad. This was called *educational tariffs*, giving domestic industry a chance to mobilize its own production. But when I called for that then [in the mid-1990s], I met with strong criticism among Western exporters. Even in Bonn, I had to justify myself.”

The IMF and World Bank policy in Russia “was outright evil, almost a strategy of extinction, which inevitably had to lead to disaster,” Kartte said. “We in Germany had no convertible currency for 13 postwar years—and we had one capital control after the other.”

So, having correctly stated all this, what is the only meaningful conclusion for Germany? The German government has to drop its longtime support of IMF monetarism, and begin pursuing its interests as an industrial nation. It needs expanding economic partners abroad, which have a demand for the specific industrial products and technology know-how that Germany can provide.