

Eurasian Land-Bridge—including its extensions via the Bering Strait into the Americas, and via the Middle East into Africa—as a global reconstruction program for a just new world economic order, to literally thousands of conference and seminar audiences in all five continents.

A Worldwide Land-Bridge Movement

After the Beijing “International Symposium on the Development of the Regions along the New Eurasian Land-Bridge,” a conference which took place after two years of intense preparation on the suggestion of the Schiller Institute, and in which Dr. [Jonathan] Tennenbaum and myself participated as speakers, we escalated this organizing. We also, in the same time frame, organized a series of seminars with participants from the various cultures of Eurasia, to deepen the understanding of each other’s scientific, economic, philosophical, and cultural traditions—and where they are similar, to deepen the foundations for a dialogue among our cultures. I can proudly say, that we have created a worldwide movement for the Eurasian Land-Bridge!

Given the fact that I am a German citizen, I wish to address the issue also from a specific German point of view. On one level, it is self-evident that the development of Eurasia is in Germany’s fundamental self-interest. Because of the relative scarcity of raw materials, the German economy only functions if it concentrates on continuous progress in science and technology and their application in the productive process, and if Germany has expanding markets with ever more prosperous customers. Under the regime of the “free market” and “globalization,” Germany has lost many of its traditional markets, and, therefore, needs the Eurasian Land-Bridge perspective.

On a deeper level: We in Germany remember very well the connection between depression and war. In light of the threat of a global depression and the many already obvious dynamics, out of which new terrible wars could develop, it is useful to review the debate which took place in Germany during the world economic crises in the 1930s. The transcripts of a secret conference of the Friedrich List Society of Sept. 16-17, 1931, were first published in 1991. The subject of the conference was how to boost the economy under conditions of the simultaneity of a depression and a crisis of the financial system. Among the participants were Reichbank President Dr. Hans Luther, and about 30 leading bankers, industrialists, and economists. The keynote speaker was Dr. Wilhelm Lautenbach, an important economist and high official in the German Economics Ministry.

In his memorandum, he [Lautenbach] argued: “The natural course for overcoming an economic and financial emergency” is “not to limit economic activity, but to increase it. Under crisis conditions, the market, the sole regulator of the capitalist economy, does not provide any obvious positive directives.” In a depression and/or a financial collapse, there would exist the paradoxical situation, that “despite curtailed

production, demand is less than supply, thus leading to the tendency to decrease production further.”

Neither budget cutting, which reduces public contracts and mass purchasing power even further, nor lowering the interest rates, nor tax cuts, can solve the problem, but rather, they aggravate it, argued Lautenbach.

The key to the solution is to use the “surplus of commodities, unused production capacities and unemployed labor. “The use of this largely unutilized latitude for production is the actual and most urgent task of economic policy, and it is simple to solve, in principle.” The state must “produce a new national economic demand,” but it must “represent a national investment for the economy. One should think of such tasks as . . . public or publicly supported works, which signify value added for the economy, and would have to be done anyway, under normal conditions”—for example, roads, highways, and railroads.

Lautenbach then argued that the initial boost of infrastructure and investment projects would lead to an upward juncture of the whole economy, and that the [increased] tax revenue of the rejuvenated economy would be larger than the initial credit lines given by the state.

Had the Lautenbach plan of 1931 been implemented, the economic and political conditions would have improved in such a way, that the National Socialists would have had no chance to come to power, and World War II could have been avoided.

The realization of the Eurasian Land-Bridge is, therefore, today the best war-avoidance policy. It also represents the necessary vision of hope for the populations, which deserve a better Twenty-First Century than was the Twentieth. Thank you.

Tatyana Koryagina

Financial Crisis Will Sweep Away Governments

Dr. Koryagina is senior economist from the Institute of Macroeconomic Research at the Russian Ministry of Economic Development and Trade. Her speech has been translated from Russian. Subheads have been added.

Dear colleagues! Helga and I are making our presentations, the attempts at intimidation, which we heard from Mr. Zhirinovsky, notwithstanding. Although it should be said, that as an individual, I did follow his advice in a certain sense, insofar as when I was elected to the first State Duma, I voluntarily

refused to take my seat—but that was for other reasons.

And maybe it really would be better for women to sit in the kitchen, if it were not for the fact that our people so often have to see so many idiots among the men coming across their television screens, and if today's brilliant presentation by Vladimir Volfovich had not been just as incoherent as always. But, it's too bad he's not here and I have to talk behind his back.

In a short presentation today, I shall try to sketch the development of the research done by our group, which is a group of independent experts studying the world financial crisis, but in a more global context than merely financial.

Our 1997-98 Forecast

In the Autumn of 1997, we were requested by a major industrial finance group in Moscow, to draw up such an analysis. We delivered our product to the client at the end of March 1998. In the framework of our analysis, we made a three-level forecast.

Our first forecast was optimistic, and envisaged a devaluation of the ruble, as we calculated, within a factor within the range of one-and-a-half to two, by the Fall of 1998. Our middle version suggested a three- to fourfold devaluation, and our most pessimistic forecast suggested devaluation by a factor of five to seven.

It should be noted that our clients, who were quite well-qualified people—otherwise they wouldn't have ordered such a study in the first place—were skeptical about even our most optimistic prognosis. By June [1998], however, when I had occasion to speak at an open practical-scientific conference, organized by the Ministry of Internal Affairs at the Institute for Combatting Organized Crime, I limited myself to outlining only the pessimistic version, i.e., a devaluation of the ruble by a factor of five to seven that Autumn. To say that the audience was shocked, would be to put it mildly. During the first half of the day, I was sitting at the dais, but after my speech, they were scared to invite me back up to the dais, although the rest of the colleagues, who had been sitting next to me, were still there. I was denounced in the mass media.

Why did I need to discuss only the pessimistic version? In May, the cabinet had been broken, and Mr. Kiriyenko was named Prime Minister. For us, as analysts, this means that history was picking up the pace, and that events would be unfolding in the relatively graver ways we had identified, and possibly somewhat sooner, than our concept of a "black Autumn." And, so it happened. True, it was close to September—but still in August.



Tatyana Koryagina

The figure of Kiriyenko was worked up quite splendidly, by the forces, who were playing out this scenario. This person was rather widely dubbed on TV, "The kinder-surprise." We called him a talking head, or a talking parrot. This is a totally peremptory person, absolutely sure of himself, who knows absolutely everything about everything. Almost like Vladimir Volfovich, one might say. Although Vladimir Volfovich is still smarter than Kiriyenko, it seems to me—a bit deeper.

In the framework of that June [1998] conference, I hesitated to name the person, on whose behalf the game was being played. Literally ten days after my speech to our policemen, I was invited to appear on REN TV, where I again laid out the pessimistic "black Autumn" scenario, and said that we would have a new Prime Minister by the end of Summer. And when all the relevant events had taken place, and REN TV invited me again, they said: You seemed to have guessed that the default was going to happen, but the Prime Minister hasn't changed. And I said, "It's not yet evening." Two days later, Kiriyenko was out.

Thus, one of the hypotheses about why this game was being played, and which figures were acting in the open, was that the beneficiary was Yevgeni Primakov.

The only unexpected element, when this person really did emerge as the candidate for the premiership, was that Grigori Yavlinsky was the first to bring him up. I have known Grigori for a very long time, since our work together in Nikolai Ivanovich Ryzhkov's working groups at Sosny. He is a very cowardly person, who absolutely lacks his own point of view. He is the original "floating exchange rate"—but a political one, rather than for currency. Furthermore, and I say this as a person who has been living her political life somewhat in parallel with Grigori Yavlinsky—having sat with him, Gaidar, and Volodya Orlov at the conference table in Sosny—it is the case, that with Grisha Yavlinsky there always comes bloodshed.

There was the blood of the Pugo couple, and then some other incidents. Therefore, this was a very frightening prospect. I shall not go into details, but the fact that ultimately Putin came to power, I consider to be positive.

Let me say a little bit, about why our forecast was so accurate, down to the part of the month, even to the day, with the ruble falling already in the first days of August 1998—threefold, and then 4.3-fold. This was very close to the lower boundary of our pessimistic forecast.

Many colleagues here know me, and that I have studied the "shadow" economy of the Soviet Union and then Russia, in parallel with studying the ordinary, normal economy. So, when I was dragged by the ears into politics, as well, while studying our domestic "shadow" economy and expanding that to the study of the transnational "shadow" economy, I unavoidably landed in the realm of analysis that is sometimes called conspiracy theory. This is an analytical technique, a methodology, which makes it possible to fine-tune research

and quantitative evaluations, both with respect to time, and with respect to certain other kinds of parameters.

I shall not go in detail into the basis for our forecast, which I shall now present to you. Just take my word for it, as some colleagues in the Ministry of Internal Affairs audience did back then.

My forecast is that major events will unfold, once again, in August. In a strange way, it seems to me that the date may even be known. It will be on Aug. 19. I have provisionally called this scenario, "Tidal Wave XXI," where XXI denotes the new century, in Roman numerals.

The Main Blow Will Hit the United States

The main blow will be inflicted on the United States of America. My colleague [Andrei] Kobyakov said here, that his analysis shows that the eye of the cyclone will be in America. I would only add, that it will emerge there, but this will be done on purpose.

Many of the preceding speakers mentioned financial figures, on the magnitude of financial assets, which had reached around \$400 trillion in 2000, as against \$30 trillion world GDP, and on capital flows. But it is consistently treated as unnecessary to analyze *who* is transferring that money. Who is the non-resident, with respect to the American economy? Where do these investments come from? If here we bring in our supplementary analysis and methodology, the picture becomes fairly clear, and can be observed, including with respect to the persons involved.

Thus, I make this determination. It will be the United States this time, and it will be a crisis developing at a different rate than the one in 1997-98. At that time, the action was drawn out. Here, it will be more of a precision strike. It will be like the explosion of the Universe. And it will spread throughout all continents. Many governments will be swept away. The monetary and financial system of the world will change.

In Russia, beyond a doubt, the free exchange of currency will be shut down. And the approximately \$100 billion, now circulating in cash inside our country, will suddenly cause an enormous shock to Russian citizens. (It should be mentioned that the quantity of foreign currency, functioning in economic exchange to transact deals, is 1.5 times the ruble money supply, servicing economic activity.) It will be impossible to change money. Those who have a lot of money (and I told this to our policemen not long ago, at a follow-up conference held in May 2001) will use their greenbacks to wallpaper the bathroom, where they'll be able to admire the portrait of a past President of the U.S.A.

There will be a change of leadership in the U.S.A., and early elections in Russia. By this Fall, there will be a new Parliament, a different government, but the President will remain the same. Insofar as I nevertheless fear to say too much—and I could say very much—thank you for your attention. God grant that my forecast turn out to be wrong. May God grant that!

Concluding Remarks

Sergei Glazyev: Dear colleagues, we must conclude our parliamentary hearings. There were very many interesting ideas expressed here, as well as proposals, often contradictory ones. I should like for our guest, Mr. LaRouche, to comment, perhaps, on what seemed the most interesting to him.

Lyndon LaRouche: I would like to emphasize, as most important, what was said by Academician Lvov, with which I concur, and I can add something I consider important, to his remarks.

In 1971, the United States and many Western European countries reached a turning point, with the adoption of the floating exchange-rate system, which meant the looting of the whole world, including the United States. There was no economic growth in the United States in the 1970s. There was monetary gain, but only because those important matters, which Academician Lvov talked about, were ignored. It did not count the cost to the economy, of that monetary growth, the unpaid costs of maintaining economic infrastructure and natural resources.

In that decade—a total of \$3 trillion in losses to the U.S. economy. At that time President Carter was in power, and he was the biggest disaster for the U.S. economy, until what we have now. He did more than any other U.S. President to ruin the U.S. economy. He destroyed the system of regulation, the system of protectionism, resource security, and infrastructure. He destroyed the economy.

After Carter, Bush proposed reforms, which continued the looting of the U.S. economy. And with the collapse of the Comecon sector, the British and others started to loot the whole world, just as the U.S. economy was looting itself.

The question here, associated with this trend, is Russia's natural resources. The income from these resources, somehow, does not come back into Russia, and that's a big problem. The natural resources of Russia, and the infrastructure to maintain them, cost money. In any healthy economy, government spending—direct, or through government programs, which support private organizations—for maintaining the basic economic infrastructure, is 50-60% of state spending. If you spend less than 50-60% of your revenues on infrastructure and improving it, if this is not done, the economy is destroyed. This is the responsibility of the state. The state can sometimes give this to private firms, but the state has to take responsibility for paying the costs of maintaining or replacing resources that have been used.

This should be a universal policy; this is a problem, which comes up in developing sector countries. We can create modern industry in Africa, but we can't maintain that industry, because there's no infrastructure. In Siberia, in that part of the former Soviet Union, in the Central Asian Republics, there are very wealthy regions for the development of Russia's