

developed industrial product.” And the leader of China replied very simply: He said, “Look, if you have the best product, we’ll buy from you. But your product is not as good as that Western product. So, you’d better make a better product, then we’ll buy from you!”

And I don’t know what Putin thought about this. Maybe he didn’t like that. But on coming back, probably he also thought that “this is a signal: We should invest more into our own machine-building industry, into our own industrial equipment industry. Because we are lagging behind in a way that we can’t supply China any more. We’re losing that market in China. So, maybe China, which has gone so far that it doesn’t need Russian equipment, because it considers it backward, will become a factor in promoting a more reasonable development of the lopsided Russian industry, which is really developing oil and gas, and not developing the machine-building and the other manufacturing industries that we should develop.”

So, these are some of the new things that happen in Russia. And I wanted to conclude with that. Thank you for being interested in that.

Tennenbaum: Thank you.

[To LaRouche:] Do you want to say something?

The Strategic Game

LaRouche: I’d just say one thing on this. Well, I think there are many things to be said about Professor Menshikov’s report on various interesting developments, but the key thing to realize is that the game right now, is a strategic game. And the game is what the Rohatyn thing typifies: Is that you have a movement of a certain group of international bankers—who called it “globalization”—who are determined to set up a world empire, in which governments become merely (if they exist at all) auxiliaries of international financial control.

You have to look at, most prominently, the fact that the takeover of military functions, away from the professional military by private military organizations, as we’re seeing in Iraq, is the intention, and has been the intention, since 1991, of a force inside the United States and Britain. And what’s intended is that Russia shall not survive as an independent force, and China shall not survive as an independent force. And these peculiarities that you refer to, are, apart from reflections of problems inside Russia itself, but they’re reflections, chiefly, of the fact that there’s a game in town, which is this strategic game. Which I’m very well aware of, and I don’t think civilization would survive for a couple of generations to come, unless we stop this game. We have to beat it, *now*. And it’s going to take some thinking and clarity of mind on some people’s part, to decide, we’re going to join together and stop this game. We’re going to kill it. We have to.

Dr. Konstantin Chermnykh

Don’t Believe the Media Line on Russia

Dr. Chermnykh is a physician and writer from St. Petersburg, Russia.

About ten years ago, I was very interested by Lyn’s [Lyndon LaRouche’s] definition of history as a precise science, not humanitarian, but precise, like mathematics or physics. Because it’s dealing with truth, and not fantasy. Fantasy is something which often walks around truth, and usually is used to make it more difficult for people to reach it.

And as in any kind of precise science, mechanical or linear judgments don’t help to find the truth. And very often we are presented with such types of simple, linear conclusions. For instance, when the leader of my country decides to appoint, or discharge some official, and appoint another, immediately in the mass media you have a lot of explanations, and usually the explanation is that he’s going to fix a balance. So the balance was changed in some way, as if it was scales. And he’s now taking one weight and putting it on the balance. But that’s a very mechanical interpretation. And eventually this interpretation doesn’t lead to truth. In several days, when he makes the appointment, or for instance, the last one with the general prosecutor, the person who was appointed was never anticipated by the press. Not a single paper could forecast this person.

Or another case: In Russian papers, very often in many so-called economic and political journals, you find this kind of picture: “This is the U.S. and this is the European Union. These are two opponents, rivals,” and so on and so forth. And the versions are, that Russia has to, for example, play together with the EU against the United States, or stay somewhere apart from both, and look at one of them weakening another. Or something like this.

But a couple of days before I came here, I talked with my friend from Armenia. And what he told me was not very pleasant to hear, because, I mean, all those who are here are humanistic people, and we don’t want war anywhere. But my friend from Armenia has a perfect feeling that what is happening there now, is one step towards a war in Iran, and that the political operations taking place there are associated with the plans for an attack on Iran. For instance, to take control of the border between Armenia and Iran with NATO troops, and to introduce so-called peacekeeping authority along the border of Karabakh.

But what puzzled me immediately, when he said this, what was most interesting, is that he said there are two candi-



EIRNS/James Rea

Dr. Konstantin Chernenykh: "A revival of thinking in the Russian government . . . started when, in one of his speeches, Vladimir Putin referred to the example of Franklin Delano Roosevelt."

dates for the President of Armenia. And in the context of what I just described, both of these candidates are being quoted by various politicians from outside.

"From which countries?" I asked.

He said, "From the United States and France."

I said, "Maybe one from the United States, another from France—"

"No! Both have connections in France, and the United States."

This goes back to what Lyn was saying in his keynote speech.

One more detail: that earlier, one of these candidates went to the United States to meet with Zbigniew Brzezinski and other persons like that, and he was introduced to a big diamond trader, who operated on the international level—who is neither a citizen of France, nor the U.S., but is influential on a global level.

A Criminal Economy

Now, I refer to what Professor [Wilhelm] Hankel said today, on the question of whether the global economy presently exists as a phenomenon. I believe it does. There is precisely a kind of global economy which exists: It is a criminal economy. It is the economy which has several layers and several specific spheres of business which operate with huge, immense amounts of money, and the more the modern financial system degenerates, the more money there is that operates in the shadow sphere, on the global level. And starting from

such transactions as illegal warfare, and ending up with all kinds of entertainment undertakings in other parts of the world, and in the richest countries of the West. And the more money that is involved in this sphere, the more the corresponding non-productive spheres of human activity are expanded.

To my mind, that's very important for understanding the situation in which the political leaders of countries find themselves when they want to make some kind of change. In Russia, in the early 1990s, as well as in the countries of Eastern Europe, the governments didn't rule. The real power belonged to organized crime, and this is well-known from a lot of books, and evidence, and so on. At the time, in 1990, Russia didn't have even a central tax authority! Not to speak of tax police and so on. It was a period when there was no rule, laws didn't function. Even in the formal sense, it didn't function.

Obstacles to Real Reform

So now, why am I speaking about this? Because, in Russia especially, it is very hard—so there is good news, and bad news—it's very hard to make a transition from intention, to the implementation of some kind of plan. So for instance, if you take this North European Gas Pipeline, I was present at the first discussion of this project; it was in Autumn 2001. And there has only now been an agreement for its construction; it doesn't exist yet. Before that, there were various versions of these gas routes. One of them was through Poland; it was discussed with the previous Polish government. And it's not the fault—well, it is not only the fault of the Russian side that it was not implemented.

So it's not so easy, you see. With respect to the change in the position of the government of Russia, a change of policy, the question is, is it really happening or not? Probably you know that the elections in Russia will take place in the year 2008. So it is not the pre-election period. So, many of the things which are made public right now, can't be regarded as just something populist.

And on the other hand, when people speak of the same Mr. Medvedev, what, to my mind, was the most important thing he said? He spoke about infrastructure corridors. The Minister of Finance, who until that time was thought to be a classical free-trade economist, said that it is necessary to introduce long-term credits with a low interest rate—he made several such credits. And Russian Finance Minister Aleksei Kudrin also said that it is high time to replace the flat tax, introduced several years earlier, to a progressive tax. That's very important.

There also was a statement by the Minister of Defense, who said that we need to use the potential of Russian military industry for dual-use technologies, which can be used by both the military and the civilian economy. That was also a new development in Russian policy.

So, over the past month, it was a real revelation. For the Russians especially, the thinking Russians, the engineers,

especially for the technical intelligentsia, who had been waiting for such words from its leadership for many years. In the year 2000, Vladimir Putin was inaugurated for the first time, and there was a certain enthusiasm in the same circles of the technical intelligentsia, who hoped that a change would happen immediately. And this enthusiasm was so high, that two major industrial projects which at that time had been stalled—the construction of the Rostov nuclear plant, and the final phase of the construction of the tunnel along the Baikal-Amur railroad project—they finished both projects, by the day of the first anniversary of Mr. Putin’s inauguration. But there was only one paper, only one central paper, which covered this.

So they made a sort of heroic deed, but that was not noticed. And that’s also very important, because when we speak about the shadow economy, and how it works, it’s important to know that a large part of its investment goes into the mass media.

And when the state leadership, if the state leadership really wants to change the economy, or to make a breakthrough, especially in the economy, and generally through this, in policy, or both, he needs access to the population. That, to my mind, is the major problem Russia is having right now. That is, that the best statements made by the top leaders are not heard by the population, because the mass media machine is functioning in this free-trade mode. It purchases and produces the most profitable kinds of entertainment products, and it is difficult to hear the truth through this permanent exchange of thrillers and soap operas, then again thrillers, again soap operas; only after that comes ten minutes of news, from which you can learn something about Mr. Putin’s new initiative.

So to my mind, that’s a real problem.

Origins of a Policy Shift

But what I have to emphasize, that which was not heard, or was almost unheard, was that the change which took place, the revival of thinking, I would say, a revival of thinking in the Russian government, started not from the economic forums in St. Petersburg, and not in the Shanghai meeting. It started earlier. It started this year, when, in one of his speeches, Vladimir Putin referred to the example of Franklin Delano Roosevelt: He said in order to get out of a hard situation, in order to make a breakthrough—he used this word—we must use the experience of Franklin Delano Roosevelt.

So, don’t listen to the official mass media to measure and interpret these and other words. Just try to find the truth through some actual events. So, you see an actual event, like the Shanghai meeting. You see the President of China there, you see the President of Iran, and the President of Afghanistan—it’s important. Then they go together to Astana. That’s also important. They launch a space satellite—that is what is really important.

And you look at the newspapers, and you’ll see that some papers claim that “Vladimir Putin is a dictator, he is an anti-

American friend of Ahmadinejad, and therefore he is anti-Semitic,” and so on and so on. You take another paper and it will write, “Vladimir Putin is the most pro-American politician of this century. He has sold this to America, this to America, this to America, and this to America. And therefore, he shouldn’t be trusted by the real patriots.”

Don’t read this. Just listen to the truth.

Prof. Andrei Kobyakov

Paradoxes of a Bankrupt World Monetary System

Professor Kobyakov teaches economics at Moscow State University, as well as the Higher School of Economics, in Moscow. He is the author of books and articles, including “The Decline of the Dollar Empire and the End of Pax Americana” (2003, with Mikhail Khazin). In columns for Expert magazine and testimony before the State Duma, Kobyakov has laid bare the fragility of the financial bubble of derivatives speculation, which is the essence of the globalized economy. As an editor at the periodical Russky Predprinimatel (Russian Entrepreneur), he launched a campaign to bring the theme of morality in economics, into Russian policy discussions.



I want to address some issues that are under discussion today. First of all this crisis of international financial system: To be frank, this question of the world monetary and currency system is not only the question of modern responsibility for the main issue of the world currency, and not only a question of a world economic model, but truly it is also a geopolitical question, a question of world power and control. Certainly there could be different ways to exercise this control, for good or evil. But certainly also, the international financial system, the international monetary system, is an instrument of such control. And well, we have now just what we wanted—I don’t mean “we,” but those people who constructed and reconstructed this system.

How Statistics Can Mislead

Since the 1960s, the American model has changed. And this is one of the main issues of Mr. LaRouche’s speeches,