

LaRouche 'Productive Triangle' plan is expounded by Moscow scholar

Lyndon LaRouche's proposal for a Paris-Berlin-Vienna "Productive Triangle" was the subject of a letter to the editor printed by the leading German daily Frankfurter Allgemeine Zeitung on March 16. The author of the letter, Prof. Taras Muranivsky, is rector of the Ukrainian University in Moscow and is the scientific editor of the Russian edition of LaRouche's textbook So, You Wish to Learn All About Economics? Professor Muranivsky linked the current crisis of west European steel industries to the dumping policies of east European steel producers, which is being carried out under pressure from the International Monetary Fund.

In the following excerpt from his weekly radio interview of March 16, "EIR Talks With Lyndon LaRouche," LaRouche took up this issue further. He was interviewed by Melvin Klenetsky.

LaRouche: Poland has collapsed to a worse condition than it ever suffered under communism after the first reorganization of Poland under communism. The former Soviet economy is in the worst condition it has been in since the war—total collapse. For example, there is a letter in the German press by Professor Muranivsky from a leading university in Moscow, who details some of this, and points out my alternative to this mess, which I had proposed as early as 1988-89, and he shows the collapse of the Russian economy and the effects of this upon the western European economy, as a result of failing to carry out the kind of proposal which I presented back in 1989 in particular, the so-called Triangle proposal. That was in the *Frankfurter Allgemeine Zeitung*, the leading financial market press of Germany, of March 16.

They have simply wrecked the economies, and it is the wrecking of the economy of Russia, as well as eastern Europe, which has driven the Russians to the point that Yeltsin has to change horses and go over to the hardline side, as a price for not being lynched. . . .

EIR: Today we are looking at a 2,000% rate of inflation in the Soviet Union, a 50% collapse in production, a 33% collapse in agriculture. What are your policies, which Professor Muranivsky is talking about, which would reverse this total disaster?

LaRouche: There are two things required. Professor Muranivsky does not mention one of them, although he is aware of it, as I know personally—I know him indirectly, personally.

First of all, on the economic side. The greatest concentration of infrastructure and of productive potential, labor force, education, everything else; the greatest center of power on this planet, is not Japan, it is not the United States, but it is this so-called Triangle area.

This is the result of an historical process which dates back to the Emperor Charlemagne, who set into motion, with a number of plans, canal-building and road-building and other policies, which, as a heritage, have shaped the progressive development of European civilization up to the point before there was any civilization in North America.

So we have about a thousand years or more, of accumulated development of land, of canal systems, river systems, road systems, locations of cities, all this sort of thing, which is concentrated largely in a triangular area, or you might say a spherical triangle, which includes Paris as a corner, Vienna as a corner, and Berlin as a corner.

There are about 110 million people living in this area, as compared with 130-odd million people living in Japan in an area of comparable size. This area has much greater productive power, than does Japan as a whole.

If we want to get new technologies developed cheaply for distribution, that is, spreading them around the world, this is the area in which to invest, where all the conditions of infrastructure, of skilled labor, and cheap cost of transportation—all these sorts of things—prevail. Therefore, we can produce this at the greatest economic advantage there. If we connect this part of the world through rail line systems, high-speed rails, magnetic levitation, 300-mile-an-hour rails, that sort of thing, to places like St. Petersburg, Moscow, Kiev, and so forth, and on the way to Vladivostok and into China, we integrate Eurasia for what most people would consider an absolutely miraculous rate of growth and productivity per capita and per square kilometer.

This is what Professor Muranivsky is talking about. As he also knows, to do this, we must eliminate the kind of intrinsically inflationary financial system which we associate today with a Federal Reserve System operating in a deregulated

lated so-called free-market system. State governments must organize the credit at low-interest rates and give the credit (as primary credit) *selectively* in those areas which will cause the fostering of these kinds of development.

In that case, we can have a recovery immediately; if we do not take exactly those measures, we will have a worsening, spiralling depression, which will continue beyond the end of this century.

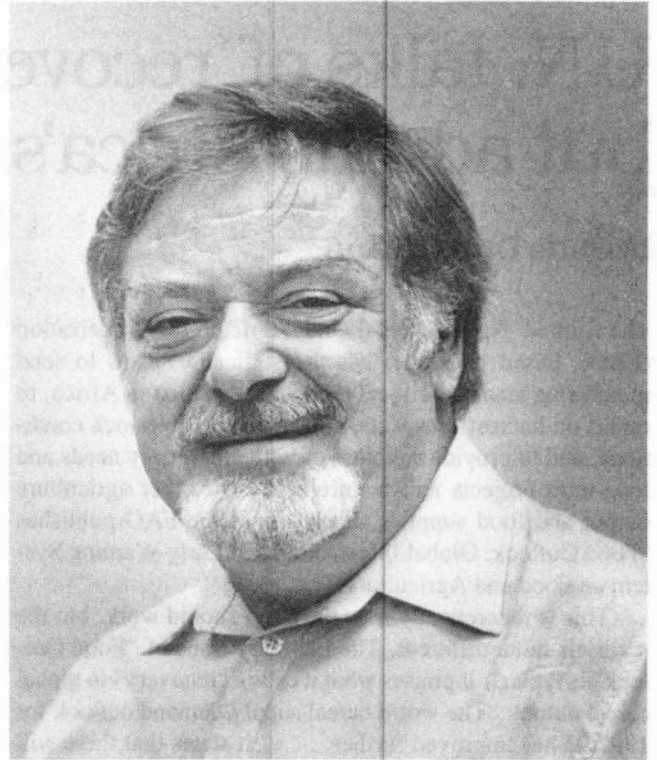
Professor Muranivsky also points out, in his letter (and he demonstrates with facts in terms of prices of iron and steel), that if the Russian collapse continues, this collapse will drag the entire world down *deeper* into a worldwide depression; and he is absolutely correct.

Documentation

Professor Muranivsky's letter to the editor of the Frankfurter Allgemeine Zeitung was published on March 16 under the headline "Steel Crisis and International Monetary Fund":

The problems of coal and steel production and sales in such industrial regions as the Ruhr can be shown to depend directly on decisions made in Poland, Russia, Ukraine, Belorussia, and other eastern European countries. Whereas in Germany one ton of coal costs about DM 250 to produce, in Poland it costs DM 80. The same goes for steel; in Germany it costs DM 650 and in eastern Europe DM 65. The reason why the prices are so low is very simple. It is well known that most eastern European countries have implemented so-called shock therapy, which the International Monetary Fund (IMF) forced on them. Although this medicine, which kills the patient, has led to drastic reductions in industrial production, eastern European countries are exporting, at dumping prices, goods which they actually would need for their own consumption. But the IMF conditions have ruined our currencies to such an extent, that only in order to acquire hard currency, coal, steel and other goods are dumped on the West, without the employees ever getting anything out of it. The hard currency earned thereby is then transferred to the IMF as debt repayment.

But it is also known that this immoral and discriminatory policy strikes back like a boomerang against the states that follow it. In my view, and that of my German friends, Germany has serious interest in supporting eastern European countries and will distance itself from discriminatory treatment. Despite the variety of problems, all European countries will have to seek common decisions. One of the most constructive means for the solution to the European and world economic problems of today has been elaborated by the Schiller Institute (Wiesbaden, Düsseldorf). I myself took part, together with colleagues of mine from Russia and Ukraine, in a semi-



Professor Taras Muranivsky: He prefers LaRouche's proposal "to the IMF conditionalities approach, which represents the attempt to loot and destroy eastern Europe and the former Soviet Union, as a component of the strategic efforts to build a new world order."

nar on this theme, held on Feb. 27-28 of this year.

The ideas and conceptions of the American economic scientist and politician Lyndon LaRouche provided the foundations for the elaboration and practical proposals regarding this theme. At the end of 1989 and the beginning of 1990, LaRouche and his friends from the Schiller Institute circulated a proposal which was called the "Productive Triangle." It contains the idea of using the historically defined concentration of productive capacities in the geographical triangle Paris-Berlin-Vienna as the motor force for new technologies, linking up this area with the rest of Eurasia and other parts of the world. With the help of so-called galactic spiral arms, that is, logistical corridors, other parts of Eurasia would be linked to this technological-economic locomotive, in order to build up satellite centers of development along the route, which would be determined, to a large extent, by the development of improved rail systems, especially high speed and magnetic levitation systems.

I prefer this way of economic development to the IMF conditionalities approach, which represents the attempt to loot and destroy eastern Europe and the former Soviet Union, as a component of the strategic efforts to build a new world order.