LaRouche and Russia

On Feb. 20, 1995, representatives of Lyndon LaRouche and the Schiller Institute presented LaRouche's memorandum on "Prospects for Russian Economic Revival" to a hearing of the Committee on Economic Policy of the Russian State Duma, the lower house of Parliament (see *EIR*, March 17, 1995). "There exists no possible solution to this [economic] crisis, either for Russia or for the world," wrote LaRouche, "within the bounds of the previously accepted terms of dominant international economic and financial institutions."

A thorough treatment of the influence of LaRouche's European "Productive Triangle" proposal of 1989-90 appeared in *EIR*'s Nov. 4, 1994 issue, including a reprint of his Oct. 12, 1988 speech in Berlin, forecasting the reunification of Germany.

EIR's March 26, 1993 issue included LaRouche's report on the real history of the Strategic Defense Initiative, and his role as a back channel to the Soviets in exploring his proposal for what later became known as the SDI.

Thus, the proper choices for Russia, and the global opportunities for Russia to apply those choices successfully, converge in the upshot of the onrushing global collapse of the dying old, IMF-dominated system. Our concern should be, to build the needed monetary lifeboats as quickly as possible, to escape the doomed financial "Titanic," to reach the safe harbor of the new American System as soon as possible. We should not waste any of our precious, limited energies, and other resources, in service of any different purpose.

Creativity: the individual in history

To avoid a catastrophe within the world's present level of population, we must solve promptly the task of global economic reconstruction. The enormity of that task, imposes upon governments the prerequisite, that, within the assortments of previously taught economic doctrines, we must remedy not only clear errors, but also characteristic shortfalls. We need not review such obvious academic refuse as apologies for primitive, barbaric, feudal, or Venice-style British culture. Among the economic doctrines of practice which reflect scientific qualities of thought, the most critical short-fall of virtually all of them, is the failure to address effectively the practical implications of the individual's human creativity in generating and sustaining technological and related progress. The general form of feasible solution to this specific challenge is, to date, the unique contribution of *the LaRouche-Riemann Method* in physical economy.[11]

We now summarize the points which are crucial to the kind of international dialogue which we are supporting by publication of the report of Russia's Central Economic-Mathematical Institute.

Certain facts are promptly evident to any scientifically trained investigators who attempt to define a successful, sustainable model of economy in physical-economic, rather than monetary terms of reference. That leads directly to the notion of a pedagogical model expressed in terms of generally employed university-classroom thermodynamics; for this purpose, monetary values can not be used, since price has only a fictional value relative to any notion of economies as physical processes.

Although we have described this process of approximation in other locations, it must be summarized here.

In place of prices, one must employ the notion of physical-economic market-baskets of required levels of consumption. This must take into account consumption, per capita, per household, and per square-kilometer of relevant land-use, by households and by the process of physical production of the elements of which those market-baskets are composed. The latter includes basic economic infrastructure, agriculture and mining, manufacturing, and so on. We also include three categories of services: health-care, education, and science and technology as such, as physical components of the market-basket, since those three are crucial in defining the level of the productive potentials of the labor-force. We compare, then, the relationship between the per-capita and per-square-kilometer levels of output of these items, with those costs, measured as market-baskets of the same list of items, which society incurs in order to continue producing at that level of output.

This leads us, next, to an improved approximation: a valuation of consumption and production in terms of the rather obvious implicit functions. Think of whatever consumption is required to sustain a given level of per-capita, per-square-kilometer output—whatever that might prove to be—as analogous to "energy of the system." Thus, implicitly, any output in excess of the required energy of the system, may be regarded as analogous to "free energy." We have, thus, the general notion of a relevant ratio of "free energy" to "energy of the system," all expressed in terms of per-capita, per-household, and per-square-kilometer valuations. Think, next, of the observable effects of raising or lowering the level of the per-capita, etc., "energy of the system," upon the sustainable ratio of "free energy" to "energy of the

11. See "Non-Newtonian Mathematics for Economists," loc. cit.