

LaRouches Address Russia's Destiny At Hearings of the Duma in Moscow

by EIR Staff

U.S. Presidential pre-candidate Lyndon H. LaRouche, Jr. spoke before the Russian State Duma's Economics Committee in Moscow on June 29, at the invitation of the Economics Committee's chairman, Dr. Sergei Glazyev. LaRouche's subject was the global financial and economic crisis, and the way to overcome it. In addition to the Duma delegates, more than 100 scientists, economic experts, and media representatives attended the special hearing, whose theme was "Ensuring the Development of the Russian Economy Under Conditions of a Destabilized World Financial System." Other speakers included Professor Dmitri Lvov of the Russian Academy of

Sciences; Helga Zepp-LaRouche, founder of the international Schiller Institutes; Dr. Jonathan Tennenbaum of the German Schiller Institute; Sen. Ivo Tarolli, Secretary of Italy's Christian Democratic Center party; H.E. Datuk Yahya Baba, Malaysia's Ambassador to Moscow; and economist Prof. Tatyana Koryagina, who is the leader of Russia's Schiller Institute of Science and Culture.

The appearance of Senator Tarolli is of special note. He has introduced a series of resolutions into the Italian Senate, pressing for government support and aggressive promotion of the New Bretton Woods proposal, first advanced by Lyndon LaRouche, for the convening an international heads-of-state conference, in order to overhaul the bankrupt global financial system. His remarks before the Duma focussed on these proposals.

Addressing the Russian Media

On June 28, Glazyev and LaRouche were featured panelists at a two-hour press conference, in which about 50 media representatives took part, including five television crews and reporters from *Izvestiya* and the English-language *Moscow Times*. A transcript of the panelists' opening remarks was distributed in the United States by Federal News Service, under the title, "Press Conference With a Group of Russian and Foreign Experts Regarding the Current Economic Situation in Russia."

LaRouche made three points central to his presentations before the Duma Committee and the press:

- the impossibility of saving the present world financial system from collapse through inflationary tricks, and the pressing need for international agreement on a new Bretton Woods system with fixed exchange rates;
- the opportunity for a worldwide economic upturn, through building development corridors through Eurasia, in



Coverage in the Moscow Times, June 29, 2001.

which Russia, as both a European and a Eurasian power, takes on decisive importance;

- positive developments in Eurasia, which demonstrate the possibility of realizing the Eurasian Land-Bridge.

LaRouche also cited certain improvements in the political situation in the United States in recent weeks, including the change in power in the U.S. Senate, and growing opposition within the Republican Party, to the policies which President George W. Bush has followed thus far.

On the evening of June 28, LaRouche delivered a lecture on the Russian-Ukrainian scientist Vladimir Vernadsky, before 150 scientists at the Institute of Physics of the Russian Academy of Sciences, also known as the Lebedev Institute.

Policy Changes Needed To Overcome the Collapse

This is the testimony of U.S. Democratic Presidential Pre-Candidate Lyndon H. LaRouche, Jr., to the Russian State Duma's Economics Committee, in Moscow on June 29, 2001.

Presently, the world as a whole is dominated by the fact, that we are in the end-phase of the IMF system, at least as it has existed in the form it developed following U.S. President Nixon's introduction of a so-called "floating exchange-rate" monetary order in mid-August 1971. Contrary to some hysterical propaganda coming out of the now deeply troubled U.S. Bush Administration, nothing can save the present world financial and monetary system in its present form.

A continued refusal to accept certain necessary, sweeping reforms in those systems, would bring about not only an economic catastrophe worse than the worst period of the 1930s economic depression. The present crisis, unless it is stopped by drastically needed reforms, will also be a demographic collapse more or less comparable to what is called by historians "the New Dark Age," which dominated Europe following the Fourteenth-Century bankruptcy of the so-called Lombard banking system.

Therefore, to speak of any economic policy which does not include a early and sweeping reform of the IMF system, is worst than a waste of time.

We can overcome this collapse, but only if we are able to bring about a certain degree of international cooperation around four general intentions. The four essential classes of sweeping changes in the existing monetary and financial system, are as follows.

Changes That Must Be Made

1. The total accumulation of indebtedness in the world today vastly exceeds the amount which could ever be repaid under existing terms and conditions of repayment. If either the

creditors or debtors wish to survive, much of this indebtedness should be simply cancelled, as without merit. This includes what are in fact purely gambling debts, called financial derivatives.

What remains of morally legitimate debts, should be reorganized, in both amounts and terms, in the degree such reorganization is an essential precondition for sustainable physical-economic growth in per-capita output. In this reorganization, we must follow the advice of former U.S. Treasury Secretary Alexander Hamilton, in insisting that the honorably contracted part of the nation's official debt, must be defended, as a precondition for its power to create new credit in the future. The principal amount of all other debt is negotiable under the conditions of a world crisis as disastrous as the present one.

2. As a practical political measure, the revision of the international monetary and financial systems must incorporate the best features of the 1945-1958 cooperation between the U.S.A., Western Europe, and Japan. This must be a vigorously protectionist form of monetary and financial system, solidly based on true partnership among perfectly sovereign nation-states.

3. This reorganization of the world monetary and financial systems, must be based upon the use of large-scale, long-term cooperation in infrastructural development within, and among nations, and heavy emphasis upon adopted targets of scientific and technological progress. The pivot for world economic growth, should be a new system of transcontinental cooperation among the sovereign nation-states of continental Eurasia.

4. Those regions, within and among nations, which can generate "fountains" of scientific and technological output to regions which are deficient in their available supply of such technology, must be envisaged as the suppliers of, not money-loans, but long-term purchasing credit, at nominal borrowing-costs. Continental Eurasia should be the center of such global economic recovery and growth, but all the world will benefit through participation as partners in that effort.

Since the general cycle of development based upon the combination of infrastructure and more advanced technologies is approximately a quarter-century, the system of credit and payments should be based on cycles of about a generation, and at simple interest-rates on borrowed purchase-credit at between 1% and 2% simple interest.

Under the conditions created by a general bankruptcy now pervading the world's principal banking systems, the required credit must be generated by political actions of sovereign governments, using newly created national-banking institutions as the pivotal agencies through which relevant agreements are coordinated.

Inevitably, there will be many who scream in protest against the return to the protectionist practices associated with the names of economists such as Leibniz, Hamilton, List, and Carey. No amount of such screaming will change the basic fact, that the system of "free trade" and "globalization," has proven itself a catastrophic failure, relative to the protectionist