

# Russian State TV Puts LaRouche On The Air: Revive FDR's Bretton Woods

The Vesti Nedeli (News of the Week) program on Russia's national TV Rossiya channel put American economist Lyndon LaRouche on the air Oct. 5, in a segment about the current global financial meltdown. In excerpts from an interview with correspondent Konstantin Syomin, LaRouche laid out both the inevitability of the total demise of the current financial system, likely by the end of this year, and the emergency alternative that he is fighting for.

During the program, anchorman Yevgeni Revenko drew attention to recent proposals by Russian President Dmitri Medvedev for a new financial architecture, as well as Prime Minister Vladimir Putin's insistence that spurring the real economy, as opposed to financial crisis-management, is the key to a lasting solution.

Vesti Nedeli is the Sunday prime-time news round-

up program on TV Rossiya, whose regular viewing audience numbers 70 million people.

Here, from the third segment of the program, is an edited transcript of the program.

## **The Financial Crisis: Victims of the American Dream**

[Yevgeni Revenko:] On Friday, Oct. 3, the U.S. Congress finally approved the bailout plan for the American economy. An astronomical sum will be allocated—\$700 billion, although from Monday to Tuesday, after the crash, the U.S. economy slimmed down by \$1.3 trillion.

Late Saturday evening, the leaders of the four EU countries that are also members of the Group of 8—Germany, France, Italy, and Great Britain—finished



*"This system, in its present form, is virtually extinct," Lyndon LaRouche told the Russian television audience.*

talks on how to save their economies from the financial crisis. There were ideas about creating some kind of common fund, but they only agreed to some degree of coordination. Meanwhile, each will try to get out of the crisis on their own, as best they can. However, [French President] Nicolas Sarkozy voiced the idea of convoking, in the near future, an expanded summit of the Group of 8, with the participation of Brazil, China, India, South Africa, Mexico, and possibly South Korea or Australia. Combined, that would represent 80% of world GDP, to decide together on how to combat the global crisis.

On the background of these difficulties, there was one story that sounds almost like a joke: One Wall Street broker, Kristo Mishkov, has already taken the tonsure as a monk, and returned to his homeland, Bulgaria. What will be the lot of the rest? As correspondent Konstantin Syomin tells us, they're not in the mood for jokes in America.

[Konstantin Syomin:] If you could take a cardiogram on the world economy, it would look like this. You don't have to be a doctor to notice that stock markets from São Paulo to Seoul are beating with the same, pre-heart attack rhythm. And you don't even need to see any numbers. The diagnosis is written on the brokers' faces. The problem is, that the crisis has already sloshed

over from the stock exchange tickers into the streets. Now everybody is affected. Globalization didn't waste its efforts, in fighting against state borders: in some places, they hardly even exist.

"Those of us who came up North, now we're in an awful fix. We would leave, but there's a crisis there, too. All the banks are in a crisis," says this Mexican, Pablo Rojas.

For the first time, the illegal immigrants who hold up the entire U.S. economy have practically stopped sending money to their relatives. How are Mexico, El Salvador, Peru, and Colombia going to live? New residential buildings in Spain, with uncurtained windows. What is to be done with these apartments? Who will buy them? Bankruptcies and layoffs in England. A recession in Japan.

"Purchasing power has dropped in America because of the crisis, especially demand for cars. This has hit Japanese producers. The whole thing has dragged the Japanese economy down, too," says Osamu Kamizono, vice president of the Japanese TV company TBS.

Who could have imagined that the world depended to such a degree on one single country, and that dozens of nations would be following the vote on Capitol Hill as if it were their own parliament?

### Paulson on His Knees

An unprecedented scene: the U.S. Secretary of the Treasury gets down on his knees before the Speaker of the House. [Paulson caricature:] "For God's sake, support our package." [Pelosi caricature:] "I never would have thought you were a Catholic."

[Cuts to Vatican, with choir singing Alleluia.] "The tragic outcome is that if a person seeks only immediate profit, and sees this as the good, then ultimately, he will be left without any profit. And the crisis completely confirms this," emphasized the Vatican Secretary of State Tarcisio Bertone.

[Voiceover of CBS clip.] "A new CBS poll shows that Americans are more pessimistic than ever before about the future of the economy. Only one out of ten people thinks they're doing well. That's the lowest level in 20 years. And for the first time, the majority believes that things are very bad," according to a recent CBS TV report.

Last year, this couple celebrated Christmas in Portland, in a house which they were renting. But then, Mi-



*“For God’s sake, support our package!” Treasury Secretary Hank Paulson begs House Speaker Nancy Pelosi. “I never would have thought you were a Catholic,” Pelosi replies.*



*“How much are they getting into our pockets for? Our homes are getting foreclosed, and they’re bailing out the corporations!” says the speaker at a street rally. “Ordinary Americans are upset,” notes the announcer.*



*“Your bill sets the fox among chickens,” charged Sen. Bernie Sanders (I-Vt.) at the debate on the Paulson bailout. “Explain to me why we are allocating \$700 billion to the Secretary of the Treasury, who not so long ago was the head of Goldman Sachs, which is responsible for all these problems?”*

chael lost his job at a gas station. They moved here, to this tent city, and he’s looking for work. Today, Michael is trying his luck at a raw materials processing factory. [Factory official, in English:] “We don’t have any openings right now.”

There’s a chain of logical connections, like a row of slip-knots. In order to save the world economy, you have to save the American economy, i.e., to revive American consumption. But how can this be done, if the country has been living on borrowed money for all these recent years, paying for its fabulous prosperity with billions of dollars, backed up by nothing, and trillions in derivatives, which are devilishly complex financial obligations that turned out to be simply fictitious?

[LaRouche speaks from a studio in the U.S., with a view of the White House behind him:] “This system, in its present form, is virtually extinct. This system will not live out, probably, this year. By the first of the year, we may have a broken-down international financial-monetary system. The question is, what is the alternative to a collapse? It means a reorganization, on an emergency basis, of the entire international monetary-financial system. It would require that the United States would have to go to the three largest nations, outside itself, which would be Russia, China, and India. If [they] agree on reorganizing the international financial-monetary system, we could solve the problem. This would mean going to a Roosevelt approach, to a kind of new Bretton Woods system,” the economist Lyndon LaRouche is convinced.

## Instead of New Deal, Bush-Paulson Bailout

The mention of Franklin Roosevelt is to the point. The current collapse most resembles the Great Depression of 1929. [Film footage of unemployment lines and soup kitchens during the Depression is shown.] So, it would seem, it’s just the right time for a Democratic President to appear and propose another New Deal for government intervention in the economy. But instead of Roosevelt, today there are Obama and McCain, and instead of a New Deal, the Bush-Paulson plan.

[Speaker at a street rally.] “How much are they getting into our pockets for? Our homes are getting foreclosed, and they’re bailing out the corporations!” [Trade unionist:] “I’m here to oppose this nationalization. This is redistribution for the wealthy.” Ordinary Americans are upset.

“Remember that the proposal for this legislation was defeated, on Monday, in the House of Representatives. Now, this reflected that 70% of the voting population of the United States hates what is being proposed by the Bush Administration at this time. The popularity of political Washington, the capital, among the ordinary citizens of the United States has dropped to below 10%,” noted Lyndon LaRouche.

[American analyst Bob Brasca:] “Actually, they’re worried over nothing. If you actually read the 110 pages of the plan adopted by the Congress, it turns out that nobody is going to get into Americans’ pockets. Other taxpayers will pay for everything.

“This money will be borrowed. The U.S.A. will get the money by issuing Treasury bonds. They’ll get the



*"Back in 1934, at the height of the Great Depression, Marine Colonel Smedley Butler stopped a plot aimed at overthrowing President Roosevelt. . . . Among the plotters was the grandfather of the current President, Prescott Bush," the announcer said. Left: Butler, testifying in Congress; right: a scene from the Depression.*

*Russian Prime Minister Putin is shown in a televised address, in which he called for "a modern financial and credit system" to protect Russia "against global financial viruses."*

money from the people who buy the bonds. That could include U.S. residents, but, most likely, it will be foreign investors. So, this is not money from the budget," explained consultant Bob Brasca.

In other words, the \$700 billion which will be used in an attempt to resuscitate the stock exchanges, is borrowed money from the outset. Borrowed money, which nobody has yet given to America. And the ones that are supposed to give it are foreign Central Banks, which hold a part of their reserves in the form of U.S. Treasury bonds. The list is headed by Japan, China, and Great Britain. To date, the main selling point for them has been the reliability of the U.S. government. It would seem that there are certain small problems on precisely that issue, just now.

[Prof. Zhao Xijun:] "Under these conditions, the Chinese government will be forced to diversify its currency reserves, for example, to hold part of our money in euros, Japanese yen or another currency. After all, the financial crisis in the USA is increasing risk, and our objective is to protect ourselves as much as possible." This is the view of Prof. Zhao Xijun, deputy director of the Finance Institute at the Chinese People's University.

But, even if the \$700 billion is raised, will it help? According to the Bush plan, the government will buy toxic waste from the banks. That means derivatives, which the banks themselves issued. A strange method. When a similar crisis happened in Scandinavia, for example, the government did not purchase the banks' problems; it bought the banks themselves, along with the real estate behind the bad loans. Then housing prices rose, and the government made back the money. It's as if the American government, by contrast, is afraid of

touching the corporations. Actually, it may have good reason.

### **The Fox Among the Chickens**

"Your bill sets the fox among chickens. I may be the only one who sees this, but explain to me why we are allocating \$700 billion to the Secretary of the Treasury, who not so long ago was the head of Goldman Sachs, which is responsible for all these problems?" asks Vermont Senator Bernie Sanders.

Senator Sanders was not the only one to notice the fox among the chickens. Henry Paulson, like another one of the architects of this crisis, Alan Greenspan, comes out of the investment bank Goldman Sachs. Its capitalization has doubled in the past few weeks. While crying about the end of the world, Goldman Sachs and a few other banks bought up their competitors on the cheap.

When the dust settles, it will turn out that some countries' economies have been ruined, and instead of tens and hundreds of bankrupt companies, [animation of banks melting down into a red puddle] America has three financial super-giants: Citibank, JPMorgan Chase, and Goldman Sachs [animation of three skyscrapers rising from the puddle]. Many people have observed that there is no need for that kind of super-concentration of capital in peacetime.

"The danger of war is very great. I think that the temptation to go for a quick war, so that people would forget about everything, is very great under these conditions. These groups are out of control," thinks the political analyst and member of the European Parliament Giuletto Chiesa.

Back in 1934, at the height of the Great Depression,



Marine Colonel Smedley Butler stopped a plot aimed at overthrowing President Roosevelt. A group of bankers and military men who were against the New Deal wanted to set up a dictatorship [film footage of Butler testifying before Congress on the plot]. Among the plotters was the grandfather of the current President, Prescott Bush.

Actually, such simple solutions would be unlikely to be put into operation today. For that, there would have to be at least one Roosevelt.

## **Russia Wants a New Financial Architecture**

[Revenko:] As you see, serious American economists are also talking about the formation of a new financial architecture in the future. Russia is a part of it; I remind you that President Dmitri Medvedev brought this up at the St. Petersburg Economic Forum [in June 2008]. Last week, major decisions were taken. The Central Bank has allocated 50 billion rubles to the Development Bank, to refinance the foreign debt of Russian companies.

The government also authorized the Central Bank to issue unsecured six-month credits to corporations. On Friday, Oct. 3, the needed legislative amendments already passed the State Duma in the first reading. Here's how it works: The Central Bank deposits \$50 billion in Vnesheconombank, which then lends to other banks and to companies, so that they won't have to shut down programs they have already started. In addition, the Central Bank itself has been authorized to issue unsecured credits to the commercial banks. This represents support to the construction sector, agriculture, and leasing, which the airlines depend on. Finally, \$75 billion has been allocated to support the stock market. But, it would be worth it to depend not only on extraordinary measures, in combating the current difficulties.

[Prime Minister Vladimir Putin:] "The latest events have shown that the government needs to have substantial currency reserves and other ways of providing insurance, to maintain stability. And we have these. But we cannot count only on such a security cushion. The main guarantee is a competitive and stable national economy, the development of market institutions, and effective means of applying government regulation where it is justified and needed, as well as a modern financial and credit system that relies chiefly on internal resources, thus gaining strong immunity against global financial viruses," stated Russian Prime Minister Vladimir Putin.