

economy. And if we have special programs in the framework of regulating the economy, and we say that we should put aside a certain portion of our spending, and impose a special tax, which guarantees us that 50-60% of the national product will be spent to maintain this infrastructure—then, we can make an economic miracle.

But this is the most neglected element of economy, in the past 30 years. The importance is that we used to understand the necessity of maintaining basic economic infrastructure, maintaining it, replacing and restoring the natural resources, which we use.

**Glazyev:** . . . I think that within a week, some recommendations will be discussed in the Committee on Economic Policy, they will be adopted and sent to the agencies of state power of our nation. And I hope that the leading agencies of our country, the Central Bank, the government, and, of course, the State Duma, will find a use for the concern, and the conclusions made at our parliamentary hearings. And we shall continue to work on these problems.

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## Press Coverage

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# LaRouche Forecasts Are Big News in Russia

by Rachel Douglas

“LaRouche has no equal in the area of financial and economic forecasting.” This statement by an editorial writer for the Russian nationalist weekly *Zavtra*, introducing an interview with the American economist and Presidential candidate, typifies the media coverage inside Russia, of Lyndon LaRouche’s June 28-29 visit to Moscow.

The June 28 press conference on “The Russian Economy under Conditions of World Financial Destabilization,” given at the Central House of Journalists by Sergei Glazyev, Lyndon LaRouche, Helga Zepp-LaRouche, Jonathan Tennenbaum, and Dmitri Mityayev, drew five TV channels, two radio programs, the three biggest Russian wire services and two others, the dailies *Izvestia*, *Vremya MN*, and the *Moscow Times*, and another score of weekly and periodical publications. Those in attendance spanned the political spectrum. There was TV coverage in Moscow and St. Petersburg that evening.

An *Izvestia* wire story, web-posted on June 28, located the press conference and hearings in the context of the growing recognition inside Russia, that the latest phase of the global financial crisis is centered in the United States. It said that Russian people usually chuckle at the notion that there’s an

economic crisis in the West, but since the end of last year, “evidence has come out on the slowing of economic growth in America.” A “soft landing” failed to materialize, and “the negative trend has continued, despite the periodic pep administered to the stock market by the Federal Reserve System’s interest-rate lowerings.”

*Izvestia* recalled that the participants in a March conference near Moscow on prospects for a crisis of the world reserve currency, the dollar (reported on by Jonathan Tennenbaum in *EIR*, March 23, 2001, p. 11), took note of warnings by George Soros and others about a crash, and recommended the diversification of state currency reserves. “At the [June 28] press conference, the need for such measures was motivated more dramatically,” with reference to the impact on Russia of a collapse of the price of oil, *Izvestia* wrote, citing Sergei Glazyev’s proposals to denominate foreign trade transactions in rubles, and diversify currency reserves. The *Izvestia* author expressed shock at LaRouche’s call to “end free trade” as part of the solution, and reported that “the American economist Lyndon LaRouche is convinced that ‘the crisis is reaching its end-phase.’ ”

The *Izvestia* story also cited Helga Zepp-LaRouche’s warning that hyperinflation is on the way, and her observation that even the current level of 3.6% annual inflation in Germany could make it illegal to shift to the euro at year’s end, according to a German Constitutional Court ruling.

Amid other print and Internet media attention to the Duma hearings, the nationalist weekly *Zavtra* chose to publish its interview with LaRouche in the July 3 issue, under the headline, “The Sparkle and the Poverty of the New Roman Empire.” The excellent, lengthy interview, made by prominent demographer and anti-zero-growth activist Tatyana Shishova at the end of last year and translated into Russian with obvious care, dealt with the flaws of “free trade,” “globalization,” and the International Monetary Fund; the Greek Classical vs. the Roman imperial lines in European civilization; the “new utopia” of H.G. Wells and Bertrand Russell; post-World War II geopolitics; the International Monetary Fund and “world government” policy of eliminating “superfluous people”; what the world can expect from George W. Bush; Russia as the keystone nation for Eurasian development; transportation and development corridors; sovereign nations vs. globalist “world government”; and the potential of national governments against oligarchies and their foreign masters. (See box, for *Zavtra*’s editorial introduction.)

## Fracas over Forecasts

The content of the State Duma hearings drew even more attention, when the Russian Internet site Strana.ru, also on July 3, carried a short item quoting Dr. Tatyana Koryagina of the Institute for Macroeconomic Research at the Ministry of Economic Development and Trade, on her forecast for an explosion of the world economy this August, with the United States at the epicenter. Without mentioning the hearings, where Koryagina had testified (see her speech, in this *Fea-*

## 'LaRouche Has No Equal'

*The editorial introduction to Lyndon LaRouche's interview, published July 3 in the Russian nationalist weekly Zavtra, included this passage.*

One of the people who forged the theoretical basis for combatting the New World Order in our time, is the major politician and scientist Lyndon LaRouche. He was one of the first to engage the financial oligarchy, which has seized world power, and its chief institutions—the World Bank and the IMF. This was not an easy struggle: LaRouche spent five whole years in prison, accused of political conspiracy. Such a furious wave of protest was raised around the world, however, that LaRouche had to be freed.

LaRouche is nearly 80. He is not just a person, but represents an entire epoch. In 2000, he ran for President of the United States, surpassing the number of votes Al Gore received in several states. LaRouche has no equal in the area of financial and economic forecasting. For example, he very precisely predicted our Russian default in 1998. He has his own views on many things, views which not long ago might have seemed (and did seem!) strange, alien, and extravagant to many people in Russia. But, the more Russia is pressured by “the world community,” the more explicitly we experience on our own hide, the results of what Lyndon LaRouche forecast and warned about. We think that now, when so many incantations about the inevitability of a New World Order are heard from high-ranking politicians and in the media, we ought to listen especially attentively to the opinion of this outstanding man.

ture), the article recapped the main points she made there: that the crisis results not only from lawful economic processes, but from political moves by an international elite, and that this elite has decided to smash the U.S. economy, with results that will surpass the crisis of 1929.

Some hours later, the site SMI.ru—it specializes in monitoring and “spinning” the reports of other mass media, and is run by the same Gleb Pavlovsky who set up Strana.ru—posted a commentary on Koryagina’s testimony, with a screaming headline saying “Ministry of Economic Development Promises a Worldwide August 17” (the date of the ruble’s crash in 1998). While not expressly disputing Koryagina’s forecast of a U.S.-centered crisis this Summer, SMI.ru tried to paint her as a conspiriophobe, illustrating the text with a drawing of a sorceress holding a divining rod, and casting aspersions on the Ministry of Economic Development for letting such a

person speak for one of its think-tanks.

On July 4, SMI.ru posted Koryagina’s reply, in which she reminded that her forecasts were correct in 1998. As for what she calls “conspirological research,” she said, “Ten years ago, I thought such things were unserious in science. . . . But for many observers it is obvious that there exists a supranational center of economic planning on a global scale, with its own analytical centers. . . . It is usually called the ‘world government,’ although that concept is somewhat out of date.” She then laid out, again, the scenario for the United States to crash like a colossus with feet of clay.

The largest English-language newspaper in Russia, the *Moscow Times*, covered LaRouche’s statements June 29, under a front-page headline, “LaRouche Predicts Russian Greatness,” illustrated by a picture of LaRouche and Helga Zepp-LaRouche at the press conference. Economics writer Igor Semenenko emphasized LaRouche’s track record: “He predicted the 1971 collapse of the Bretton Woods agreement that fixed global currency rates and gave birth to the International Monetary Fund. And he predicted the demise of the Soviet Union and the reunification of Germany, 20 years later.” In summarizing LaRouche’s speech, Semenenko picked up his emphasis that, “For the next 25 years, the potential for growth will be in Eurasia,” where Russia plays a special role as “the only Eurasian nation that exists between globally extended European civilization and East and South Asia,” and his reference to certain “positive developments” in the United States, such as the revolt of a significant number of Republicans against George W. Bush.

### International Press Club: ‘Crash Inevitable’

*The International Press Club, which sponsored the June 28 press conference, issued this press release on that date. It was titled, “The crash of the world financial system in its present form is inevitable. The potential for a way out of the economic crisis is to be found on the continent, and in Russia, above all—according to Russian and foreign economists.”*

This was stated at a press conference held in the Central House of Journalists by Chairman of the State Duma Committee on Economic Policy and Business S. Glazyev; the well-known American economist, founder and editor of the journal *Executive Intelligence Review* Lyndon LaRouche; president of the international Schiller Institute (Germany) Helga Zepp-LaRouche; chief scientific adviser for the international Schiller Institute (Germany) Jonathan Tennenbaum; and president of the Center for Systemic Forecasting D. Mityayev.

In particular, S. Glazyev noted that the financial crises that have become more frequent in recent years in the United States, are fraught with grave consequences for Russia, whose economy is extraordinarily open and highly dependent on foreign currency. The unbalanced structure of the nation’s gold and currency reserves, which does not correspond to the structure of Russia’s foreign trade and debt obligations, creates the danger of an inability to fulfill current and long-term obligations, in the event the U.S. should abandon its



A selection of the Russian press coverage of the LaRouche visit.

“strong dollar” policy. In S. Glazyev’s opinion, the way out of the current situation lies in measures to strengthen the national currency and raise the stability of the ruble as a monetary unit, ending its status as a quasi-currency, entirely dependent on the dollar.

One method proposed, was the complete shift of foreign trade operations to denomination in rubles. Nonetheless, the fundamental problem of today remains that neither the Central Bank of Russia nor the Ministry of Finance notice, or perhaps they simply don’t want to notice, the world tendencies, connected with financial crises and collapses of production in all the leading centers of the world economy—the U.S.A., the EU, and Japan.

“The Central Bank and the Minister of Finance prefer to believe devoutly in the dollar and its stability, considering that the Russian economy’s linkage to the American currency is an anchor, providing economic stability for the country. If economic policy is not changed in the near future, technical default is inevitable for Russia in 2003,” concluded S. Glazyev.

The American economist L. LaRouche presented his view of overall world economic tendencies, and the role of Russia in the global economic process. First of all, he noted that the world financial system needs to be restructured, in connection with the shift of the center of the world economy to the Eurasian continent—to Russia and Asia. Secondly, the American scientist positively assessed the foreign policy

steps of the new Russian leadership, to support and strengthen its relations with Asian countries and the European Union.

“The step Mr. Putin made in Shanghai, I view as economically very important: There is a rebirth of the idea of creating a single Eurasian axis, on which Russia, China, and India will be located. Moreover, I consider the dialogue, begun between Russia and the German authorities, to be quite constructive,” noted LaRouche. The American economist negatively assessed the policy of the new Presidential administration in the U.S., commenting that all of Bush, Jr.’s initiatives have failed, only increasing the abyss between the U.S.A. and Western Europe.

LaRouche’s opinion on the current state of the U.S. economy was supported by the chief scientific adviser to the international Schiller Institute, Jonathan Tennenbaum, who emotionally called the American financial system “a global nightmare.”

The press conference also touched on questions, having to do with promissory note circulation and the leasing system in Russia, the probability of a new default, the processes of globalization, and the need for the Central Bank of the R.F. [Russian Federation] and the Ministry of Finance to develop a package of anti-crisis, preventive measures, helping to avert the negative consequences of world economic tidal waves.

The release concluded with the announcement of the next day’s hearings.