
Prof. Stanislav Menshikov

Russia Needs LaRouche's New Bretton Woods

A report on the June 27 *EIR* seminar in Berlin, written by Prof. Stanislav Menshikov, appeared in the July 7 issue of the Moscow newspaper *Slovo*, under the headline "The Dollar and Russia." The Russian economist, whose own remarks to the seminar were printed in last week's *EIR*, reported especially about the keynote speeches, delivered by "the well-known American politician and theoretician of physical economy Lyndon LaRouche," and Prof. Wilhelm Hankel of the Frankfurt Currency and Development Institute, with respect to the status of the dollar, which continues to serve as an international unit of account, despite its fluctuations and the underlying weakness of the debt-strapped U.S. economy.

Menshikov summarized the conclusion of Professor Hankel's presentation: "Professor Hankel supported LaRouche's earlier proposal for an international currency reform, the so-called New Bretton Woods. This would mean rejecting the current system of floating exchange rates, and a return to fixed exchange rates, such as existed until the 1970s. Instead of the previous system, which was tied to the dollar and (indirectly or directly) to gold, Hankel proposes the institution of a new world unit of account, which would express the fixed rates of national currencies. This sort of system would make it possible to break free of the dollar's current wild fluctuations, as well as to reduce radically the volume of currency speculation, which shakes the international payments system and brings it, from time to time, to the brink of collapse."

Turning to LaRouche, Menshikov wrote, "Lyndon LaRouche emphasizes not only the strictly monetary significance of currency reform, and the reintroduction of stability to payments between countries, but also the investment mission of a New Bretton Woods, which could provide financial resources for capital investments in the global modernization of production and economic infrastructure during the decades ahead. And he places Russia, with its enormous raw materials and scientific research resources, at the center of implementing the new system, along with Western Eu-



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rope, especially Germany, with its advanced technological capabilities."

How To Solve the Resource Problem

The article brought to the attention of Russian readers, LaRouche's discussion of resources, recalling Menshikov's own participation in polemics against the Club of Rome's campaign on this question: "It is of interest that, this time, LaRouche also put up front the problem of limited natural resources for the further growth of production in the world. This topic was raised in the early 1970s by the Club of Rome, in their report, very faddish at the time, entitled 'Limits to Growth.' But its extremist, scientifically unfounded conclusions were convincingly refuted, in particular in a United Nations report called 'The Future of the World Economy,' edited by Wassily Leontieff (which the present author, working at the UN at that time, helped to prepare).

"The same topic has come up again now, for several reasons. The population of the Earth recently passed the 6 billion mark. China and India are developing rapidly, while in the West there are doubts about whether or not there will be enough resources to sustain a high living standard, with 8-10 billion people on the planet in the near future. LaRouche said that this will be impossible, without a radical breakthrough in nuclear fusion and other alternative sources of energy, nanotechnologies (i.e., the creation of new synthetic materials with the needed properties), fresh water production systems, etc., during the next 20-30 years. The New Bretton Woods is needed also for that reason."

Menshikov then summarized his own and Prof. Andrei Kobyakov's Berlin contributions to the discussion of Russia's role in these processes (see *EIR*, July 14). President Putin and his people have made important shifts recently, he said, but what's missing so far is a push "for an international agreement on monetary reform, say, in the spirit of the New Bretton Woods. This might have been put on the G-8 agenda, for example, but it wasn't. It is not yet clear, if Russia will become active in this matter in the future. Its support for world currency reform would certainly boost Russia's international prestige."

Professor Menshikov developed the perils associated with the wave of Russian companies getting involved in risky international financial markets, even as their participation in manufacturing (as with the abortive Arcelor-Severstal merger) is blocked. He cited the information provided by French 2007 Presidential candidate Jacques Cheminade at the seminar, on who pulls the strings on the Arcelor board. The article concluded, "Lyndon LaRouche reacted to this story with emotion: 'There are people in Washington who have been making plans for a long time, for the weakening and, ultimately, the removal of Russia from the face of the Earth. But we shall never let that happen.' It is good to know that our country has not only overt and covert enemies across the ocean, but also consistent, faithful, and committed friends."