

Schiller Institute meets in Moscow, poses alternative to IMF austerity

by Konstantin George

The Schiller Institute held its first-ever conference in the Russian capital Oct. 30-31, co-sponsored by the Russian State Humanitarian University and the Ukrainian University in Moscow. The historic meeting was held on the premises of the Russian State Humanitarian University, within walking distance of the Kremlin.

The purpose of the conference was to present the programs for comprehensive Eurasian-wide and global development, initiated by Lyndon LaRouche, to reverse the world downslide into a new Dark Age. With Russia now at a crossroads, such an intervention is essential to shape the policy course of the former Soviet republics, toward peace and security based on economic progress. This means pushing through a positive alternative to the "shock therapy" program of the International Monetary Fund (IMF), which is now being implemented by the Russian government, with disastrous consequences.

Schiller Institute founder Helga Zepp-LaRouche, the wife of the imprisoned American statesman, sent a message of greeting to the conference, emphasizing that humanity is confronted with a global crisis, and that no solution can be found to any nation's individual problems unless a global approach is taken.

"We are already in a Thirty Years' War," she said, citing the unspeakable genocide being committed with Anglo-American blessing against the Bosnians, the wars engulfing the Caucasus and Central Asia, and the imminent threat of these wars escalating, first into Balkan-wide conflagration and wars among the former Soviet republics, and finally toward "a third world war . . . a war with nuclear weapons." She contrasted this to the Schiller Institute's program for the creation of a new Renaissance.

More than 50 people participated from Russia, Ukraine, Latvia, and Armenia, representing important political, legislative, and government institutions. Rachel Douglas, *EIR's* intelligence director for Russia and eastern Europe, introduced the history of the Schiller Institute to the participants, among whom were: members of Democratic Russia, the Democratic Union, and other organizations that were in the vanguard of the August 1991 overthrow of the Bolshevik regime; three delegates from the Russian Farmers Party; a member of the Moscow Region Council (Oblast Soviet); leading personalities from the Rukh opposition movement in Ukraine; a three-man Armenian parliamentary delegation

and a member of the Karabakh Committee; university professors from Russia and Ukraine; journalists from Radio Moscow and a leading Moscow daily, *Moskovski Komsomolets*; a representative from the Diplomatic Academy of the Russian Foreign Ministry; and a high-ranking anti-shock therapy representative from a Russian ministry, who has lobbied for the Russian government to fund great infrastructure projects along the lines recommended by LaRouche and the Schiller Institute.

The conference was co-chaired by Dr. of Philosophic Sciences Prof. Taras Muranivsky, rector of the Ukrainian University in Moscow, and Anno Hellenbroich of the executive board of the Schiller Institute in Germany. The proceedings were opened by Prof. Dr. Arkady Romanenko of the Russian State Humanitarian University.

The collapse of the Bretton Woods system

The conference opened with a presentation by the director of *EIR* Nachrichtenagentur, Michael Liebig, who proved that the world economy is in a breakdown crisis, that a new Great Depression is a present reality and not some "future danger." He documented the collapse of the postwar Anglo-American Bretton Woods financial system, and the destruction of the real economy this has caused in Great Britain and America. The adherence by western governments to this bankrupt system, he showed, has brought depression to all the industrial countries. The presentation had a very sobering effect on an audience in which many people, because of the brutal realities of their own economic situation, had been blinded to the reality, as Liebig expressed it, that the Russian and former East bloc breakdown, hideous as it is, is only one very large component of a global crisis.

The second speaker was Konstantin George, *EIR* intelligence director for Russia and eastern Europe, who documented that with not one single exception, the IMF's so-called cure is always not only worse than the disease, but it invariably kills the nation that becomes its "patient." He used case studies from the Third World, Russia under Gaidar's shock therapy, Poland, former Yugoslavia, Czechoslovakia, and Bulgaria, to detail how the IMF, this "international institution," has always been the financial arm of Anglo-American geopolitical interests. Financially, the IMF has served as nothing more than the enforcer to collect debt payments based on Anglo-American bank credits loaned at usurious

Russian crisis heads toward a power shift

A decisive power shift is being organized in Moscow by the military-industrial complex, which already controls the single most powerful Russian institution, the Russian Security Council. By sometime in December, they will extend their power to control the Russian government. This will probably take the form of President Boris Yeltsin invoking constitutional emergency powers and purging the government of "shock therapy" practitioner Yegor Gaidar (the acting prime minister and economic "czar"); Yeltsin may even go so far as to dispense with the Russian parliament.

The plans for installing a new government were worked out over the weekend of Oct. 31-Nov. 1, at a Russian Security Council meeting. Immediately after the meeting, council member Aleksandr Ruts koy, the Russian vice president and a leader of the anti-Gaidar faction, announced that the first government changes, which will involve "a number of ministers," will occur on Nov. 15.

On Nov. 3, the Russian Civic Union, the political

organization of industrial leaders, announced its agreement, after a meeting with President Yeltsin, that a new government will be formed on the basis of a Civic Union-drafted "anti-crisis economic program." The content of that program has not been revealed. Yeltsin will meet again with the Civic Union on Nov. 14.

A crucial component of the arrangement worked out between Yeltsin and the military-industrial grouping can be seen in his tough statements and actions in the conflict that has erupted in the Russian Federation republic of North Ossetia, on preserving the "territorial integrity" of the Russian state. The Russian military has intervened into North Ossetia, while in the nearby Georgian region of Abkhazia, Russian forces are giving artillery support to Abkhazian forces fighting Georgian troops north of the regional capital, Sukhumi.

Yeltsin will give the Russian military free reign to take action against Georgia to prevent any humiliation of the Army. That situation is at the brink of fighting after Georgian troops on Nov. 1 seized a huge Russian Army ammunition depot. On Nov. 3, Russian Defense Minister Gen. Pavel Grachev warned that should Georgia refuse to return the base and munitions, Russia will bomb the base, if necessary, to deny its stocks to Georgia. —Konstantin George

rates, committing every crime up to and including the slaughter of many tens of millions of people, to collect the debt. The audience was shown how the Third World has already paid, in the last 10 years, twice the amount it owed back in 1982, leaving it with a debt burden double that of 1982.

George stressed that breaking with the IMF and freezing the debt was not a financial question, but a moral question, upon whose resolution millions of Russian lives depend.

The LaRouche program

The second day of the conference opened with a presentation by Dr. Jonathan Tennenbaum, president of the German Fusion Energy Forum, and co-author with Mr. LaRouche of a book-length development program for Eurasia, *Ein Wirtschaftswunder für Osteuropa, Das Productive Dreieck: Paris-Berlin-Wien (An Economic Miracle for Eastern Europe, the Productive Triangle: Paris-Berlin-Vienna)*.

Tennenbaum presented the policies of Hamiltonian national banking, in answer to what is perhaps the most often asked question in the nations of the East: If no aid comes from the West, how can the necessary, huge infrastructure projects and industrial-agricultural modernization described in the LaRouche-Tennenbaum book be funded? As Dr. Tennenbaum detailed, the state can act in a sovereign manner and establish a national bank, as Alexander Hamilton did, to issue credits to the state, banks, and enterprises, to finance

the growth and technological advancement of the real economy: to infrastructure construction projects, and for equipment and other purchases to get modern industries and agriculture going.

Tennenbaum explained how this program is not inflationary, since the real wealth it creates, after an initial period, becomes far greater than the cost incurred. This is no "leap into the void," but a tested program that works. Every time Hamiltonian banking, dirigist methods of state support for industrial capitalist growth have been employed, the economy in question has undergone breathtaking rates of sustained growth. Examples include the young United States, the late-19th-century policies of Russian Finance Minister Count Sergei Witte, and in the modern period, the German postwar "economic miracle" and France under Gen. Charles de Gaulle.

The next speaker was a Moscow scientific researcher, Dr. Viktor Petrenko, a member of the Schiller Institute, who introduced the forthcoming first Russian-language edition of the physical economy textbook authored by Lyndon LaRouche, *So, You Wish to Learn All About Economics?* After Dr. Petrenko's presentation, the conference participants received a copy of the proofs of the Russian-language LaRouche book.

A full report on the proceedings of the conference is being prepared by Rachel Douglas, and will be published in *EIR* after her return from Moscow.