

Sign of Economics Shift in Russia

A detailed study of the economic policy paper, "Strategy for the Development of the State in the Period until 2010", prepared at the request of Russian President Putin and presented to the first meeting of the new State Council by Khabarovsk Governor Viktor Ishayev in late November, confirms earlier indications of a potential major shift in Russian economic policy.

In particular, the Ishayev document, whose authors in-

clude economist Sergei Glazyev, provides for a use of state credit generation in a Russian equivalent of "Hamiltonian" national banking, to finance a large-scale mobilization of the economy, with emphasis on high-technology machine-building and infrastructure development.

The document calls for an economic mobilization, whose initial phase would be based on tapping Russia's enormous reserves of unused production capacity, underemployed manpower and natural resources. These reserves are sufficient for a 30% growth in the next three years. The document explicitly calls for the dirigistic channeling of credit into the real economy, through tight cooperation between the Central Bank and "the system of largest state-controlled commercial banks," especially Sberbank, which holds most of the savings of the Russian population.

EIR will cover this signal report of a coming Russian economic policy shift, in detail, in a near future issue.

Hyperinflation Hits!

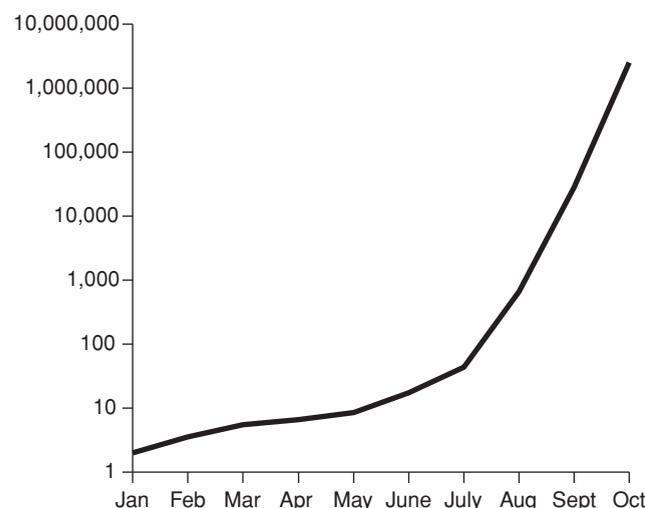
Lyndon LaRouche has warned since 1995, "hyperinflation as in Weimar Germany in 1923, or financial crash, or both, are coming." On Jan. 17, 1998, speaking to a conference in Alexandria, Virginia, LaRouche said: "The policy which the United States government, including the Clinton administration presently, by default, is conducting, is a hyperinflationary policy, which will blow up the value of money into nothingness, quicker than John Glenn can get into space: through a hyperinflationary bubble, through an attempt to maintain

financial aggregate by pumping in money fast enough to keep the aggregate going, under so-called bailout techniques, IMF bailout."

This graphic of natural gas prices was shown to the Senate Energy Committee at a Dec. 12 hearing, by Mark J. Mazur, Acting Administrator for the Energy Information Administration, Department of Energy. The pattern shows clearly that since May this year, the "Henry Hub" spot price (gas futures traded on the New York Mercantile Exchange) has headed upward, and is now going literally off the charts. In 1999, the price never went above \$2.75 per MMBtu. In December, there were spot prices of over \$9.00.

Hyperinflation in Weimar Germany, 1923

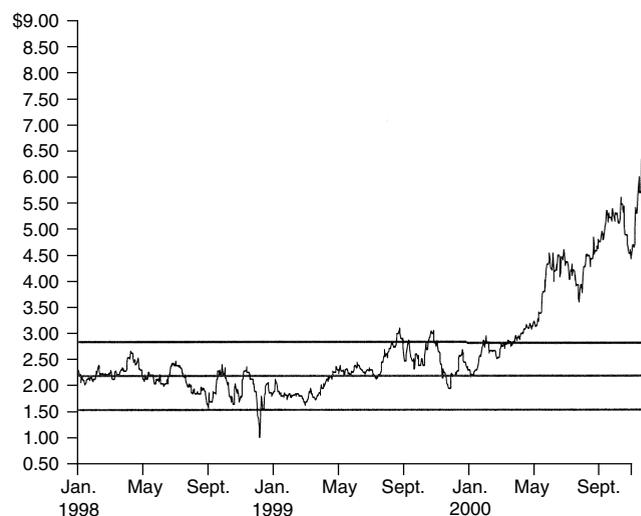
(trillions Reichsmarks outstanding)



Source: Zahlen zur Geldentwertung in Deutschland 1914 bis 1923.

Henry Hub Daily Spot Prices for Natural Gas Compared to Typical Range for 1998-1999

Dollars per Million BTU



Source: Gas Daily