

# Ukrainian Economist Natalia Vitrenko: Finding a Noble Path Out of the Crisis

*Natalia Vitrenko, chairman of the Progressive Socialist Party of Ukraine, spoke at a seminar held Oct. 18, 2009, in Wiesbaden, Germany, with Lyndon LaRouche and Helga Zepp-LaRouche. A doctor of economics, Vitrenko is known for her combative activism against the politics of the International Monetary Fund, and outside attempts to exploit Ukraine for geopolitical purposes, such as conflict with Russia. In 1997, she and Zepp-LaRouche together issued the international call for a New Bretton Woods conference.*

*Her presentation has been translated from Russian.*

*Guten Tag*, good day, I am very glad to see you. I am very glad of the opportunity to tell you about our struggle against the world crisis; about my own personal activity, as well as that of our Progressive Socialist Party of Ukraine.

My presentation will have three parts. The first, is our evaluation of the causes and the scope of the world crisis. The second, is the situation in Ukraine, and a comparison of that situation in Ukraine, with what is happening in Russia and China. And the third part will be our proposals for how to get out of the crisis.

The topic of my doctoral dissertation was macroeconomics. In view of the shortcomings of the Soviet economic model, we—Soviet scholars—were developing some approaches and proposals for reform. In the course of my research, I saw that the policy of the International Monetary Fund is essentially anti-human. It destroys the national economy and leads to the bestialization and degeneration of the population.

In the beginning of the 1990s, my research brought me to the name of Lyndon LaRouche. It was very important for me, that a U.S. citizen, an economist, could see from inside the U.S.A., what a threat the International Monetary Fund represents for humanity. I became very interested in the studies being done by the Schiller Institute. Beginning in 1994, we began to work closely together, and I made the acquaintance of Lyndon LaRouche and Helga Zepp-LaRouche personally.

For me as a Ukrainian scholar, it was especially precious that Lyndon and Helga responded to our invitation, and, in 1995, came to Ukraine, to Kiev, in order to warn the leaders of Ukraine first-hand, about the threat represented by the IMF reforms. Representatives of the Schiller Institute also came to visit us, and we did everything in our power to warn the Ukrainian population that our country was about to be torn, limb from limb, by the IMF, by the international financial organizations.

Since there were no political forces in Ukraine at that moment, who would have been capable of defending the country, and the Ukrainian leadership was listening exclusively to the “British” representatives from Washington and Brussels, Vladimir Marchenko and I founded a new party, the Progressive Socialist Party of Ukraine. The opening sentence of our party program contains the following idea: “Our planet is experiencing a profound environmental crisis, which means that the Biosphere cannot support the existence of six and a half billion people. That is because an economy has been created, which eats up resources and destroys the human habitat. The inevitably approaching crisis of imperialism threatens the world economy with collapse, compounded by the financial crisis connected with the collapse of the dollar pyramid.”

## **Firm Scientific Foundations**

Our party’s activity is based on firm scientific foundations. The research done, in continuation of Vernadsky’s work, for example in Russia, by such people as the well-known contemporary scholar Arkadi Fedotov, also has confirmed that toward the end of the first quarter of the 21st Century, our planet will face a very serious, global environmental crisis. While Vernadsky presented the relationship of the Biosphere and Man, Fedotov has taken this idea forward, working through the details, showing the Biosphere, mankind as a whole, and the situation in specific regions. And his conclusion, which we share completely, was that the only con-



EIRNS/Christopher Lewis

*Ukrainian economist and political leader Natalia Vitrenko briefs the EIR staff and friends in Wiesbaden, Germany Oct. 18. Her campaign poster shows her pointing to LaRouche's "Triple Curve."*

dition for saving civilization on Earth, would be to make a transition from "spontaneous" civilization, to a type of civilization on Earth which would be directed—based on reason, and on the human spirit and intellect.

The economic basis of the coming world environmental crisis, this global catastrophe, is created by the economic model which the IMF seeks to impose on all humanity—the liberal capitalist model.

As a Member of the Parliament of Ukraine—and I was simultaneously coordinating a group of researchers—I developed an economic program for the prevention of national catastrophe. In October 1995, I presented it on the floor of the Ukrainian Parliament.

This program was published in my book, *Save Ukraine*, which came out in 1997. And, of course, it is with profound respect, that I would like to give this book to Lyndon LaRouche, and to Helga Zepp-LaRouche, who are here today, because their ideas, interwoven with my own research, are presented in this book.

The main theme of the program, which I presented from the tribune of the Parliament, was the need to develop real production: the need to invest resources into industry, agriculture, the development of transport, infrastructure. The state needs to regulate—to regulate prices, to establish a strict monetary exchange rate. That is, the state is obliged to create a powerful economic base for society, and to address social problems effectively.

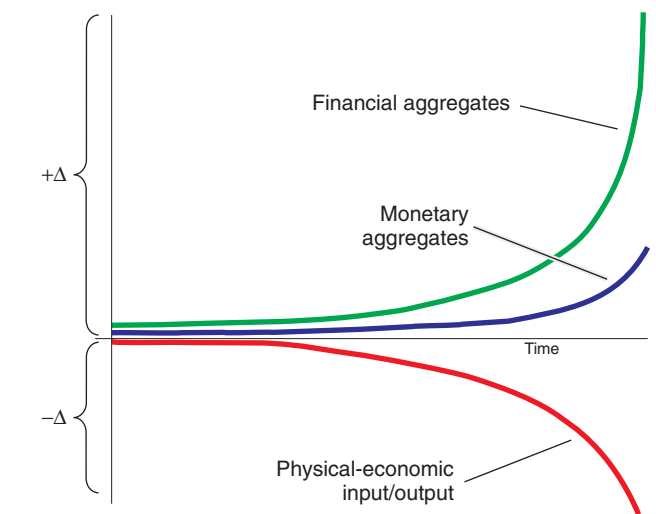
What happened, however, is that the "world government," which is represented by this British gang, has reached its tentacles into many countries of the world, if not all of them, and, certainly, into Ukraine. The President at that time, [Leonid] Kuchma, and Prime Minister [Yevhen] Marchuk, and Speaker of the Parliament [Olexandr] Moroz, did not listen to me and the other Ukrainian scientists. They listened to what they were being told from Washington and Brussels.

I would like to make clear right here, that we distinguish various currents within the United States: the industrial, Democratic North, and the colonial South. And, thus, we understand the different types of influence on the world, which may come from one tendency or another, heading up the U.S.A. at any given time. Unfortunately for mankind, however, the good, progressive U.S. Presidents get killed, they are eliminated. And the ones are left, who carry out tasks for London. Therefore, when I say "the U.S.A." or "Washington," this refers to the representatives of that British grouping, which is in power in the U.S.A.

And so, in 1995, our proposals were rejected, and Ukraine continued to take loans from the IMF, which it joined on June 3, 1992. And everything in Ukraine developed absolutely as shown on this graph (**Figure 1**). Production of material goods collapsed, unemployment grew. Financial speculation was stepped up. Commercial banks appeared, which Ukraine hadn't had before, along with various insurance agencies, stock exchanges; all of these financial assets were built up. At the same

FIGURE 1

### LaRouche's Triple Curve



time, printing of the national currency was suppressed, for the purpose of—through barter deals, and dollarization—enriching a small layer of the population.

### **One-Third of Ukrainians Supported LaRouche's Ideas**

In 1999, ten years ago, Presidential elections were held in Ukraine. I was a candidate for the Presidency, and this is my official campaign poster, with which I ran for President. I explained that if the reform policy were not changed, there would necessarily be a collapse of the economy.

Here's what is written on this poster [shows Vitrenko with LaRouche's Triple Curve]: "From the moment that Ukraine began reforms according to IMF recipes, I have been warning everybody about the collapse of the economy, the degradation of the population, and transformation of the country into a colony, if this policy were carried out. I proposed, and I do propose, what must be done to overcome the crisis. I know how to save Ukraine. And, with our team of like-minded economists and specialists, we are prepared to act to save our people."

I ranked highest in the polls, with 32%. And all the political analysts, at that point, were saying that Vitrenko was the only one with a chance to defeat Kuchma. I repeat, especially for Lyndon LaRouche, that 32% of the Ukrainian population, in 1999, supported his ideas. They understood his ideas, his proposals and his fight. The Ukrainian population responded to the proposals of Lyndon LaRouche.

But, one month before the Presidential vote, two live grenades were thrown at me—RGD-5 grenades. This happened on Oct. 2, 1999. I was wounded; Vladimir Marchenko was wounded; 44 people who were near me were hurt. One woman had her leg blown off. Some people received deep head lacerations, others had multiple injuries to the back or their limbs.

Ten years have passed, but those who ordered this crime have not been found. When I was asked why I, the only female candidate for President, had been the target



[www.vitrenko.org](http://www.vitrenko.org)

*One month before the Ukrainian Presidential elections, on Oct. 2, 1999, two grenades were thrown at Vitrenko, and her political ally Vladimir Marchenko (left), in a crude attempt to defeat their electoral efforts. Despite the attacks, their party won 32% of the vote, a vote for LaRouche's policies, Vitrenko insists.*

of a bomb attack, I replied immediately: "Because I am the only one whose program sets the objective of taking Ukraine out of the IMF and changing the reform policy."

After it happened, this terror attack was exploited. Some people yelled that Vitrenko had organized it herself; others, that people should not vote for Vitrenko because she has three children—she'll become President of Ukraine, they'll kill her like Kennedy, and her children will be orphaned.

Kuchma remained President, and the IMF continued to run the economic policy of Ukraine.

In 2001, I managed to introduce in Parliament, from the tribune of the Parliament, a bill for the withdrawal of Ukraine from the IMF. But it received only 157 votes in support, falling short of the 226 needed to pass. It only got 157, because, already then, there were a large number of very wealthy

people in the Parliament, who had obtained their wealth through financial speculation. And they had absolutely no desire to change the reform policy.

The 2004 Presidential elections, in which I ran again, and the Parliamentary elections of 2002, 2006, and 2007, showed that Ukraine was increasingly under the control of the United States, and that the puppets who are allowed to get elected would do what Washington and Brussels want.

I emphasize that when I say "Washington and Brussels," that is because Brussels is the location of NATO headquarters. And NATO, as the aggressive military bloc that it is, very much needs Ukraine to join it, and become an enemy of Russia, because it is from Ukrainian territory that they intend to attack Russia.

It should be noted that all the elections which have taken place in Ukraine were under the direct oversight of the U.S. Ambassador to Ukraine. There was massive vote fraud, and the political results were prepared on order. As we were told at the Central Electoral Commission, the U.S. Ambassador was on the case: Natalia Vitrenko should not get into the Parliament. Suffice it to say, that, in the most recent Parliamentary elections, the





www.vitrenko.org videograb

*With the situation in Ukraine deteriorating precipitously, Vitrenko's Progressive Socialist Party has begun attracting large numbers of people to its protest demonstrations, whose slogan is, "We cannot keep living like this." Vitrenko is shown here addressing a rally.*

bloc of Natalia Vitrenko missed getting into the Parliament by 0.0093%. In other words, we were 7/100 of 1% short, supposedly, of the threshold for entering the Parliament. And we were denied a recount at even one single polling place, although we had presented evidence in court.

### **'We Cannot Keep Living Like This'**

Now we have Presidential elections coming up in Ukraine, which are scheduled for Jan. 17, [2010], but the only people who can participate are those with enormous amounts of money, which means they have criminal connections. Suffice it to say, that, in order to register for the elections, you have to make a deposit of \$350,000.

To put a campaign video on national television costs from \$6,000 to \$10,000 per second. So you can understand, who can possibly get elected in Ukraine today.

The Council of Europe says nothing about this. The OSCE says nothing. Nobody sees what is happening in Ukraine: how human rights are being violated, and how the rights of political parties are being violated.

But, we continued to fight, and in 2006, we were able to get over 1,000 deputies elected to local and regional legislative bodies, from our party, from our slate. Throughout southeastern Ukraine—the city of Kharkov,

the Don Valley, Zaporozhye, Crimea, Sevastopol, Odessa—we have deputies from our slate in all those places, and they are highly respected. Naturally, these representatives stand for our ideas, coming out against the IMF and NATO, and against the "world government." They are waging this fight both on the floor of those local parliaments, and in the street, rallying people around them.

Since the situation in Ukraine is deteriorating precipitously, we are able to attract large numbers of people to our protest demonstrations in the street. Now, I would like you to see these protests, from this year in Ukraine; we brought videoclips only from this year, 2009. The slogan for our demonstrations was "We cannot keep living like this." (The sound track is supposed to be the "Marseillaise.") This is Odessa on Feb. 21.

Look at the number of people. "We cannot keep living like this." Donetsk, Feb. 21. "Call the IMF to account, for the poverty and destruction." People are marching in the streets. And there's the poverty, the destruction which there has been in Ukraine.

Sevastopol. "Ukraine in alliance with Russia." "Down with the Orange junta." Simferopol: this is a demonstration on March 14 in Simferopol. Zaporozhye. This is people marching in the streets in Zaporozhye. There you can see the banners of our political bloc. "U.S.A.—hands off Ukraine"—that's in Zaporozhye.

Kharkov, March 14. You can see the flags of our bloc, and the same slogans. Lugansk, Feb. 21.

Khmelnitsk. Now this is more toward the Western part of Ukraine. Look how many people there are. "We cannot keep living like this"—this time in the Ukrainian language, rather than Russian. Zhitomir, March 14. "We cannot keep living like this." You see that people came out pushing baby carriages, because they can't live.

And here's Kiev. On May 1, we led the biggest demonstration, in Kiev, with over 5,000 people. "Call the U.S.A. and the IMF to account." You can see the pots and pans; we marched with these pans to the government building, and demanded that the Prime Minister answer the question, why there is a situation like this in Ukraine.

Now we'll go to the next disc, and on this other disc we're going to see how the Ukrainian authorities act against us, against these peaceful protest demonstrations.

What it comes down to, is that the reforms which were implemented led to a horrendous polarization of incomes within the Ukrainian population. According to expert estimates, 85% of the national wealth is in the hands of 500 families. These millionaires and billionaires fear losing their stolen riches. It suits them quite well to collaborate with Washington and Brussels. They have purchased whole companies; they have purchased villas and yachts, at the finest resorts in the world. They have acquired companies in foreign countries, including the United States and Western Europe. So this policy suits them fine.

And they finance pro-fascist, neo-Nazi parties and organizations, for the purpose of having those parties head up the popular protests.

## Two Civilizations

We were discussing this yesterday with Lyndon LaRouche, that Ukraine is special, in that it contains representatives of two different civilizations, Eastern and Western. It was representatives of Western civilization, living in western Ukraine, whom Hitler made his agents, financing the creation of armed units which fought behind the lines, in occupied territory, against the Soviet Army and the civilian population, and in support of the fascists.

I stress that, in 2004, the Orange coup took place in Ukraine. And the United States insisted that [Viktor] Yushchenko become President of Ukraine. He did not win the election. He became President, because the U.S.A. insisted on it. And, not long before that, in an apparent coincidence, he acquired a new wife, Katherine Chumachenko, who was born in Chicago and worked for the U.S. State Department. She makes no secret of the fact that she was a member of a Banderist youth organization. And Bandera was none other than an agent of the Abwehr [German military intelligence], who fought against the Soviet Army, and organized actions against our population.

And while, up until 2005, Ukraine was being gradually pulled away from Russia, and dragged into the market of the West, with constant propaganda in favor of the World Trade Organization, the IMF, the World Bank, and NATO as the saviors of our country, beginning in 2005, under the Presidency of Yushchenko, this

all went onto a forced march. Everything was done as quickly as possible, to complete the transformation of Ukraine into a colony.

It was in 2005, that the neo-Nazis wanted to march down Kreshchatik, [the main street in downtown Kiev].

I never saw my father. He died two months before I was born, in October 1951. He fought from the beginning to the end of the [Second World] War, and, in the post-war period, 1945-51, he was seriously ill from his wounds. Vladimir Marchenko's grandfather fought in the War, and millions of our compatriots fought. And that means that, to acquiesce to such a crime, to the rehabilitation of fascists, is something we could not do.

In October 2005, we led people into the streets for the first time. You could see in that picture that along Kreshchatik, on the other side, were standing... Here, the police are breaking up our demonstration, a peaceful anti-fascist demonstration.

This is our fight, in 2006. That was Oct. 14. The fascists wanted, on Oct. 14, to march through the streets of Kiev.

Look at the size of the forces brought out against us. That's 2007. Here they are beating our people. These events took place in 2007, on Kreshchatik, in Kiev. Here we went on strike, a sit-down strike.

Here's more documentation: Oct. 14, 2009, just one week ago, or less. Four thousand police and special forces were deployed against us. They wanted to drive us out of Kreshchatik, and clear Kreshchatik for the neo-Nazis. There I am, speaking. The slogan says "The UPA are bloody butchers." UPA stands for the Ukrainian Insurgent Army, which was created by Bandera and [General] Shukevich, as an armed unit, which was completely financed by Hitler, and supplied with weapons—all this has been historically proven. But, nonetheless, Yushchenko, under the influence of his pro-Bandera wife, wants to make these people national heroes.

Here, you see our protest demonstration. Look, you can see the police standing all around there. The police were there, and their job was to clear us out of Kreshchatik. But they did not drive us off Kreshchatik, and the fascists did not pass.

Nonetheless, the fascistization of Ukraine is intensifying before our very eyes. Yushchenko has already made Shukevich a Hero of Ukraine. And now he is being asked to make Bandera a Hero of Ukraine. Streets are being renamed in Ukraine. Monuments are being built to people who abetted the fascists.



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*In 1992, Ukraine joined the International Monetary Fund, and began to carry out its reforms, as conditions for loans. Today, Ukraine's total foreign debt is \$103 billion, or 85.4% of GDP, and its productive farms and industries, like this steel mill, are shutting down.*

On Friday [Oct. 16], before our departure for Germany, I sent an appeal to the United Nations, the Council of Europe, and the OSCE. I presented these facts, attached photographs, and showed that the Ukrainian authorities are rehabilitating fascism. This is not an internal affair of Ukraine. Mankind sacrificed 70 million lives to fascism in the middle of the 20th Century. Do we really need to repeat this?

The same thing, this rehabilitation of fascism, is taking place in Estonia, in Latvia, in Lithuania. As the crisis deepens, there is a simultaneous rehabilitation and rebirth of fascism. It is natural that when, because of the crisis, there are more and more unemployed, and more poor and hungry people, they become bestialized, and fascist ideas can latch on to their minds.

Ukraine has arrived at such a state of affairs now. Why are such things happening in our country?

## Economic Psychosis

So: In 1992, Ukraine joined the International Monetary Fund, and began to carry out its reforms in complete accord with the demands of the IMF, and while receiving loans from the IMF. Ukraine received its first such loan in 1992 for \$400 million. At the time, this was 0.2% of GDP. Today, Ukraine's total foreign

debt is \$103 billion, or 85.4% of GDP.

Implementing all of the IMF's demands, Ukraine introduced privatization. So-called free competition was introduced in industry. Commercial banks began to be set up, while, in the agriculture sector, the land holdings of collective farms and state farms were broken up.

As a result, Ukraine's GDP in 2008 was only 59.5% of the 1990 level. In 1990, the Soviet Union ranked second in the world in industrial output, and Ukraine, within the U.S.S.R., ranked second after Russia. As a result of the reforms, industrial output fell by 80%, to a level of only 0.2% of world industrial output.

When these reforms were being imposed, their apologists shouted about all the foreign investment that would now come pouring into Ukraine. But, what happened? In all the years since the reforms began, Ukraine has received \$36 billion in foreign direct investments. This is laughable! It is equal to \$800 per capita. And where did these investments go? Eighty percent of them went to banks, into the banking system. The banking system began to bloat up before our very eyes. Bankers' incomes soared.

Beginning in 2005, a general psychosis broke out, related to the issuance of consumer loans. In the period from 2005 to 2008, the amount of consumer credit extended to individuals increased 14-fold. Where were these credits directed? They did not go into the development of production. They went for consumption. Production, meanwhile, was collapsing more and more, during this same period of time.

Essentially, what was built in Ukraine during the Soviet period is still functioning, but nothing new is being built. The physical depreciation, the obsolescence of fixed assets, is increasing at an ominous rate. For housing and utilities infrastructure, it is over 70%.

Everything is collapsing, and disasters caused by this worn-out equipment can happen any day of the week. We're talking about large cities, urban areas, utilities systems, water mains, heating systems, and so forth. Nothing is being modernized. Virtually no maintenance is being done. All the resources are going into consumption.

By the time that the world crisis broke out, Ukraine was a weakened, half-destroyed, bankrupt country, with a foreign debt in excess of 80% of GDP. Our foreign trade deficit was \$18 billion in 2008. The budget deficit was \$13 billion. This is the condition in which Ukraine met the world crisis.

This is the answer to the question of why Ukraine



has experienced greater destruction of the economy than any other CIS member country. In the first half of this year, Ukraine's GDP fell by 18%. Industrial output dropped by 30%. Exports fell by 44%. Imports fell by 51%. Construction was down 65%. Transport by 30%, and investments by 43%.

[At this point, Zepp-LaRouche asks: "Are these percentages for the year, or the entire period?"]

They are a comparison of the first half of 2009 with the corresponding period of 2008.

You might ask, what is the country living on? The country is living by building up its foreign debt. Ukraine's direct foreign debt doubled in 2008, and has increased by another 48% so far in 2009.

In addition, the Ukrainian government came up with a special Ukrainian innovation: to collect taxes on businesses for periods of time in the future. In September, they collected the taxes for October, November, and December. As far as I know, this practice does not exist in other countries, but in Ukraine, to date, 30 billion hryvnias (UAH) have been collected in this fashion. Expressed in dollars, that's about \$3.5 billion at the current exchange rate.

What else is the Ukrainian government doing? They don't return the value-added tax to the producer. These un-returned taxes already total \$2.5 billion.

## A Terrible Game

What else is the Ukrainian government doing? The government of Ukraine requires the Ukrainian Ministry of Finance to issue bonds, which it then forces the National Bank to purchase. The National Bank turns on the printing press, and with the money it prints, backed up by nothing, purchases this paper from the Finance Ministry. In the first half of this year, this method has been used to print around \$4 billion—UAH34 billion.

In other words, Prime Minister [Yulia] Tymoshenko is playing a terrible game, setting loose a monstrous fraud, in that there is no economic capacity, but she puts up the pretense that wages are being paid, pensions are being paid, and that life goes on in the country. And although the real wages of the population fell by 10% in this same period, and wage arrears of \$200 million have piled up (if we express the amount in dollars), there are no general, universal uprisings. Think about it: People go to work, and do not receive their wages. \$200 million in unpaid wages, if we recalculate it in dollars.



*Prime Minister Yulia Tymoshenko, shown here at the Kremlin with Russian President Medvedev (left) and Prime Minister Putin, Jan. 17, 2009, "is playing a terrible game," says Vitrenko, lying about the state of the economy, as real wages collapse and unemployment soars.*

People are working without pay. Ukraine has 2 million unemployed. That is about 10% of the potential working population of the country. And people say nothing.

Why do they remain silent? Because money with nothing backing it up is being issued, and although inflation is rising, the government constantly promises that tomorrow will be better, and that Ukraine is already exiting from the crisis.

At the same time, of the debt that has been taken on—the IMF having made the decision one year ago to give Ukraine \$16.4 billion—half of the total is immediately funneled into the banking sector. What you are studying and seeing in the world as a whole, is exactly what the case of Ukraine demonstrates. Enormous financial resources, while the population is dying and destitute, are being thrown into the banking sector. From October 2008 through September 2009, UAH225 billion were pumped into the banking sector. That's \$30 billion.

Thus, the IMF loan, plus the national budget revenues, plus resources from the reserve fund of the National Bank—all of this is being pumped into the Ukrainian banking system.

I would like you to compare the figures. Ukraine's direct government foreign debt today is \$35 billion. Meanwhile, the national budget is UAH237, or around \$37-38 billion—the entire national budget. Thus, the direct government foreign debt is about equal to the national budget. But it has to be serviced, with interest. The highest level of debt payments will be due in 2011.



*The Orange coup of 2004 placed Viktor Yushchenko (right), shown here with Speaker of the Parliament Olexandr Moroz, in the Presidency of Ukraine. Under former President Leonid Kuchma, and now, Yushchenko, Ukraine was handed over to the financial oligarchy, which is committing genocide against the nation, Vitrenko charges.*

What is Ukraine going to pay with? I think that the plans of Washington and Brussels are to drive Ukraine to total bankruptcy, in order then to buy up our land at fire sale prices—Ukraine has 20% of the world's black earth soils—and take over our natural gas transport network, as payment of the debt.

Ten days ago in Parliament, the Accounting Chamber gave its report. And the head of the Accounting Chamber stated that, during the period of the crisis, not one single hryvnia has been invested in production or infrastructure construction. Everything went into consumption—consumption and the banks, and that's all.

## Genocide

What is the social situation in Ukraine? What does the population's income look like? The average per capita income in Ukraine is 90% lower than in Germany. In Germany, the average annual income is EU27,500 per capita; in Ukraine it is EU2,600. We walked around Wiesbaden and looked at the prices for food and gasoline. The prices of food and gasoline in Germany are three or four times higher than in Ukraine—five times, maximum; but the incomes are ten times higher.

Totally disgraceful levels, for the civilized world, have been established in Ukraine, as government-guaranteed minimum wages, pensions, and the minimum income for subsistence. The official poverty line in Ukraine in 2008 was UAH778, which is \$95 for one person for one month. But the subsistence minimum,

established in the national budget for 2009, is UAH622, or \$76. Think about that: \$76 per month. Meanwhile, the minimum wage, established in the national budget, is lower than the subsistence minimum.

Thus, 70% of the Ukrainian population, officially, lives below the poverty line.

Now the budget is supposed to be passed for 2010. For two months, the Ukrainian Parliament was out of session. A fight was going on there, supposedly over raising these minimum social guarantee levels. And what was this fight about? It was over the issue of raising the subsistence minimum by \$20, to raise the monthly minimum wage by \$20. But the Tymoshenko government categorically refused to do this—to raise these social guarantees, even by \$20 per month. There will be a session of Parliament on Oct. 20, and I don't know what the outcome will be.

There is your answer to the questions of why the Ukrainian population is dying out, and what Ukrainian youth is turning into. In 1990, we had a population of nearly 52 million. If nobody had changed anything, if we had continued living the way we were before, the population would be 59.4 million in 2009, simply by extrapolation. The Ukrainian population would have increased by 7.7 million people. But today, the population of Ukraine is 46.1 million. There were 52 million of us, now there are 46. But if we compare this with what the population should have been, 59 million, Ukraine has lost 13 million people.

Thus, the Ukrainian authorities, starting with Kravchuk and continuing through Kuchma and Yushchenko, who have carried out these reforms, should be put on trial for genocide against our people. They are annihilating our people.

Maybe you heard about the psychosis, whipped up by Yushchenko worldwide, in the United States, and from the tribune of the UN General Assembly, to get the *holodomor*, the famine which occurred in Ukraine in 1932-33, recognized as genocide. What was Yushchenko's purpose in doing this? To set Ukraine and Russia against each other, to accuse Russia of committing genocide in Ukraine. But this is a lie. There was not ethnic genocide. It was not Russians wiping out Ukrainians. There was truly a famine at that time, but it was occurring in Krasnodar Territory in Russia, as well as in Ukraine. Ukrainians were dying, Russians were dying, Armenians were dying—people of all different ethnic groups starved to death in Ukraine. Because there was forced industrialization, and the agriculture sector



wasn't keeping up, and there were also mistakes committed by the Soviet authorities. In that period, 6.5 million people died in the famine. 3.6 million of them were in Ukraine.

But today, when there would appear to be no war going on, and there's no drought, Ukraine has already lost 6 million people. And nobody wants to take responsibility for it.

And from the official current population of 46 million, we also have to subtract another 7 million who have left the country to find work abroad.

Then, compare how long people live in Ukraine and in other countries. The average life expectancy in Germany is 79.1 years. In Poland it is 75.4 years. The average life expectancy in Ukraine is 66 years. This is simply a disgrace. Meanwhile, the IMF demands that the pension age be raised in Ukraine. Speaking in the Parliament, I explained that half of the men in our country do not live to pension age, to the age of 66.

As a result of poverty, mass emigration, and the polarization of incomes, the youth are degenerating. Ukraine has the world's highest level of alcoholism among youth. Ninety percent of young people, aged 13 to 15, are alcohol users. Sixty-three percent of them smoke.

## How Ukraine Compares to Other Countries

Against the backdrop of the catastrophe in Ukraine, it is easy to see that the situation is different in other countries. The situation in China, which has not taken IMF loans, and did not implement a reform strategy like this [points to Triple Curve], is completely different. The situation is different in Belarus, and the situation is different in Russia, which stopped taking IMF loans a few years ago and is developing its own capabilities.

China had a very difficult situation in 1976, but nonetheless, did not go to the IMF for loans. Now, with the outbreak of the world crisis, which of course hit China very hard, the economic strength which China does have, makes it possible to mitigate the impact of the world crisis on its economy and its population. The fact that China, during the crisis period, has increased budget spending on health care by 30%; and the fact that China, during the crisis period, has allocated 3.5 billion yuan to support small and medium-sized business; and the fact that China, during the crisis period, has sharply lowered lending interest rates, in order to support industrial production—providing incentives

preferentially to industrial production; all of that strikingly differentiates China from Ukraine.

It is difficult to compare Russia with Ukraine, since Russia is a much larger and wealthier country. The economic policy in Russia has been much more intelligent. In particular, the government debt is only 2% of GDP.

But, if we compare Ukraine with Belarus, then it becomes absolutely clear what a disaster the policies in Ukraine have been. Belarus is smaller, and previously was a much weaker country than Ukraine. But in Belarus, the reforms were carried out according to the scenario we proposed. [President Alyaksandr] Lukashenka began to implement this kind of a program, starting in 1995, with the aim of developing real production. He did not privatize the factories, but made sure they had orders for their output, and made it possible for people to be employed. As a result, the position of Belarus in the world crisis is much better.

Here are January-August data for this year. Decline of GDP: 9% on average for the CIS as a whole. The worst situation is in Ukraine, where the drop was 20.3%. Russia: 12.5%. Belarus: 0.5%. Industrial output declined by 12% in the CIS as a whole during those eight months. Again, Ukraine led the way with a decline of 29.6%. Russia: 14% decline. Belarus: 4.6% decline.

Projections of GDP growth, for 2009 as a whole, show that China will have 6.5% growth; the U.S.A. will have a 2.9% decline in GDP; Russia's GDP will fall by 6%; and Ukraine's by 15%.

## What Is To Be Done?

The last section of my presentation concerns what is to be done in this situation. Of course, the first thing to do to cure a disease is to understand its causes. We must understand the nature of the crisis: Is it merely the latest, which will soon pass and everything will be fine, or is this a fundamental crisis? We assert that this crisis is the fundamental crash of the liberal capitalist model. An economic model constructed on the race for profits, on obtaining profit at any cost, on fanning financial speculation and creating huge amounts of speculative capital, is a fundamentally flawed model, whose collapse is inevitable.

If the outcome of current processes is that the leaders of the major countries manage merely to patch the holes, and preserve this model, this will be a catastrophe for civilization on our planet. Because the ultimate goal of mankind is to preserve and develop civilization on Earth, but this economic model is misanthropic. It



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*The “wonderful ideas” of Lyndon and Helga LaRouche, to establish Four-Power cooperation among the U.S., Russia, China, and India, are what is needed, Vitrenko said. Here, she is shown (left) with the LaRouches and Youth Movement member Polina Kurtova, in Wiesbaden, Oct. 18. They are looking at Vitrenko’s party paper.*

is a model for genocide and exploitation.

Therefore, I am deeply convinced that we must push the leading countries of the world toward an understanding of the need for a radical change of the economic model.

For our part, we are trying to do what we can. In particular, I recorded a lecture called “How To Save Ukraine and Transform the World.” This lecture is available on DVD and on the Internet, on our site [www.vitrenko.org], and we printed it as a pamphlet which we are distributing throughout Ukraine.

But the situation of mankind cannot be mended by the efforts of a single country, especially one like Ukraine. And therefore, it is very important for us to turn, today, to a document from 14 years ago. This is the “Memorandum to Mankind,” from 1995. This was when, at a conference in Eltville, Germany, when Lyn said, “Propose something for mankind!”—we drafted this document. There were 32 countries represented at that conference. The representatives of only two of them abstained; all the others supported this document.

I shall read just the first three points of this memorandum, in order to underscore its relevance for today, and how right we were 14 years ago.

The Memorandum said that, “true progress for mankind can be guaranteed by a fundamentally new policy of partnership among sovereign nation-states, based on the following principles:

“I. Declaration of the bankruptcy of the international financial institutions, and creation of a new world

financial and credit system to revive the productive economy;

“II. Recognition of the exclusive responsibility of governments and national banks for the utterance of national currencies and issuance of long-term credits, for the regulation of banking systems, and financing of production and infrastructure development;

“III. Recognition of the leading role of the state in determining economic strategies which correspond to its obligation respecting social protection of the population.”

Thus, my idea is that the Schiller Institute should again take this on, and organize a very representative international conference; to bring to-

gether leading political figures and economists from various countries, and elaborate this strategy for saving humanity, at a new conference.

Without reform of the banking sector, without the elimination of the financial bubbles based on derivatives, without bringing order to the world currency system, it will be impossible to save humanity. The correct ideas, wonderful ideas, which Helga Zepp LaRouche puts forward, and which Lyndon LaRouche talks about, on uniting the efforts of four leading powers—the United States, Russia, India, and China—and creating credit for long-term infrastructure projects: These are the solutions we have to force them to adopt.

And if it proves impossible to save the United States, such that the British wing would not dominate, but rather the progressive democratic wing, then humanity still must think about how to defend itself against the dollar, and shift to regional currencies. This kind of work is now under way. Within EurAsEC, the idea of creating a new currency is under study. This kind of idea is under study also in Latin America, in the Near East. China and India are discussing this kind of idea.

That is, humanity simply must save itself. But, I think that the agency to focus these ideas, and bring them to the leaders of the world’s leading countries, should be a new international conference of the Schiller Institute.

My wish is for us all to achieve success on this noble path. Thank you.