

# Globalization vs. Economic Development: Views from Eastern Europe

*Here are the contributions from several individuals from Eastern European countries, to the EIR Berlin seminar on June 27. Jonathan Tennenbaum chaired the panel. The speakers are Dr. Zbigniew Kwiczak of Poland, Dr. Jan Carnogursky of Slovakia, and Dr. Stanislav Fischer and Dr. Tibor Vasko of the Czech Republic. Other speeches have been published in recent issues of EIR.*

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## Dr. Zbigniew Kwiczak

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For me, the principal question is how to implement the ideas of Mr. Lyndon LaRouche. That is the question: How long and where? But I won't talk about this in my speech. The idea of globalization and the ideology of new liberalism in the social-political and economic fields, are mainly aimed at the capital-holders' maximum profit increase. On the ideological level, capital's proprietors talk about the benefits of democracy, freedom, and complete happiness, only they don't mention that all this is for the few and chosen ones, who possess the required material and financial means. At the same time, speculators in reality don't guarantee economic growth and long-term prosperity to society. They don't recognize huge areas of poverty in Africa, Asia, South America, and other continents. Having enormous financial means and the media at their disposal, they wish to rule the world in the name of their egoistic goals.

Those speculators, as Lyndon LaRouche justly points out, are the cause of the crisis on the global scale. At the same time, the realization of such ideas means constraining many of the world's nations. The main objective of globalist ideologies is gaining control over the organization of the international system, and as Lyndon LaRouche rightly asserts, they attempt to destroy independent nations.

For speculative capital to function, it must create or have appropriate conditions, such as: gaining control over international financial trade, and economic and political organizations; ensuring uninhibited cash flow and mobility, such as rapid transfers to areas of greatest profit; weakening or depriving nations of many of their fundamental economic, financial, social, and political functions; gaining control over banks and financial institutions; having influence on entrepreneurship in order to maximize profit flow; limiting output and eliminating

competition, because in the great corporations, you haven't any mastery over civility; allocating investment in chosen areas of production, which are most favorable in terms of maximizing profit, as opposed to providing for social needs; choosing production and seizing markets from the viewpoint of profit; minimizing human labor costs, which we have seen being done very well in Poland, for example.

So, it is obvious that, as long as conditions for functioning of speculative capital exist, it will exist and expand its capabilities for expansion, with harm to development, and react to the threatening increase of crisis situations, which can end up in economic and social catastrophe on a global scale. Thus, it is essential to counteract the destructive activity of speculative capital on a local and global scale. What actions are to be taken to limit or eliminate such function of this capital?

Primarily, it is necessary to: inform wide circles of society about the dangers of the ideology of globalization and neo-liberals, who serve as instruments for harmful capital; prevent the existence and creation of conditions for the functioning and expansion of such capital; strengthen the state in its economic, financial, social, and political functions, which is the sole organization which is capable of preventing the expansion of speculative capital. A strong state, having at its disposal proper means and instruments, can invest in the society's interest, and participate in the creation of the Eurasian Land-Bridge. Strong state organisms may be interested in the details of the New Bretton Woods system. Speculative capital is not interested in this.

Thus, in my opinion, the ideas of Lyndon LaRouche can only be realized if the function of speculative capital is lim-



EIRNS/Chris Lewis

*Dr. Zbigniew Kwiczak emphasized that LaRouche's New Bretton Woods solution to the worldwide economic collapse cannot be implemented unless the conditions for the existence of speculative capital are eliminated, and the functions of the state are strengthened.*

ited, or eliminated, and if the roles and functions of the state are strengthened.

I want to say some words about our government, the Polish government's program. I think that this program is going in the right direction, coherent with the ideas we have been speaking about, because this program can only be realized by government. It means investment in the social sphere, in building, in infrastructure, and other goals, which are principal ones for society and for our nation. I think it will be realized by our government. I think our nation will have good results in the next year for our people. Thank you very much.

**Tennenbaum:** I think this was also an example of something that I'm observing occurring in Eastern European countries: There's a rethinking process going on, which I think is of very great importance actually, and which obviously is an important part of the international discussion. And I think in that line, I'd like to call Dr. Carnogursky, who is a former vice prime minister of Czechoslovakia.

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## Dr. Jan Carnogursky

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This seminar is mainly about economic issues, global economic issues. I would like to speak about the importance of Poland in global issues. You know, General de Gaulle said that the sword is the axis around which the Earth is turning. And to organize economic issues continentally, or even globally, geopolitical issues must be managed, somehow. And, yes, in European politics, the paradigmatic models of organizing continental European issues, had two models. One model was Russia with Germany, mainly against Britain; and another model was Russia against Germany, and practically the whole 20th Century was ruled by this second design.

We spoke about it with Mr. [Michael] Liebig yesterday. I would not say that the last wise German politician who understood the matter was Bismarck, not the last, but he was a wise German politician who understood, and said that "the enemy of Germany is not in the East." And, yes, I would not like people to suspect that I am from Poland; however, I speak only as a reader of historical literature. But Poland tried to escape from its position between Germany and Russia, by seeking friends and allies somewhere far away—either Napoleon's France, or Britain and France, or now, the United States. And as long as Poland does not have good relations with its neighbors, then organizing Europe, and starting from Europe going far away to Eurasia, is difficult. And that's why, for example, the gas pipeline under the Baltic Sea raises fears for some politicians, because some politicians in the West, and even in Poland, like Minister Sikorski some two or three months ago, supposed that it could be a turning point from this second design, of Russia against Germany, to the first design, Russia with Germany. And that's why they are criticizing this project.

And, yes, as we see at the present time, all the Polish



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*Dr. Jan Carnogursky, a former high-level official in post-Communist Czechoslovakia, and later Slovakia, said that European nations must replace manipulated geopolitical conflicts with good relations, to establish the basis for collaboration with Asia.*

governments of the last decades did not seek good relations, especially with Russia, and also some of them did not seek such relations with Germany. So, I see as the great challenge for organizing and managing the good position of Europe in global affairs, that Poland should seek, and should find good relations both with Russia and with Germany. And in this way, prepare conditions for organizing Europe first, and uniting Europe with Asia, and making Europe independent of especially British-American dependence. Thank you.

**Tennenbaum:** Okay I would like to come back to our guests from the Czech Republic. And I understand that Mr. Fischer—who is the Member of Parliament of Czechia and also brought the New Bretton Woods resolution into the political debate in his country—that he is going to introduce the next speaker, as his representative.

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## Dr. Stanislav Fischer

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Thank you Mr. Chairman, Professor LaRouche. It is great honor for us to be here. But I'm sorry to correct you. After six years in the Czech Parliament in the Chamber of Deputies, this is my second week as simply a retired scientist, a specialist in cosmic rays and solar-terrestrial relations.

But fortunately, I have the pleasure to introduce to you Prof. Tibor Vasko, who is in front of me. And he's a specialist in systems analysis, and he has a lot of experience in work in



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*Dr. Stanislav Fischer, an astrophysicist and former member of the Parliament of Czechia, brought the New Bretton Woods resolution into political debate in his country.*

international institutions abroad. And due to limited time, it will be better to give him the opportunity to present our contribution. So, thank you very much, and I am ready to have discussions with you, during the evening. Thank you.

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## Dr. Tibor Vasko

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Mr. Chairman, distinguished Professor LaRouche, thank you again for the invitation. And I would like to quote Mr. Churchill, Winston Churchill, who said that there are three difficult things in life. The first is to climb a wall when it is leaning toward you; the second is to kiss a girl when she is leaning away from you; and the third is making an after-dinner speech. And I think that I could extend that, to say that a before-dinner speech is equally difficult, especially if you have to talk after so many distinguished speakers, as is my case.

My background is engineering, and we were, with Stanislav, trespassing into your domain of economy recently. I studied the long waves of Kondratieff for several years, and even published a book about that, about 15-20 years ago almost. And we discovered quite a lot of things, which appeared to us as some kind of paradox. But now, listening to you, we find a certain explanation, so that now they do not seem so paradoxical to us.

I know that the great economist Ricardo said that “there is nothing which can contribute so much to the growth of a country as high profits.” And Ricardo was an economist when Karl Marx was a small boy. I think that now he must be turning in his grave, because what we observed, was that in the last two years, many big companies had very high profits, while the national economies of their nations were stagnating. To give you concrete numbers, big German corporations had, during the last two years, a 100% increase in profits, while the German economy grew 1-2%. The same was the case in Japan, 60%; France, I think, 50%; the U.S. only 30%. But again, the GNP of the U.S. was not growing as much as the profits of big corporations.

So, this is one explanation why taxes from profits are missing in budgets of these countries, and why they have to squeeze social programs, especially. And this is why there is a farewell to the welfare state.

So, the explanation is really simple: Globalization gave wings to the profits, and the wings are flying into the tax-free and tax-paradise-owned Cayman Islands and Bahamas, etc. Which is very close, from a national point of view, to almost criminal behavior. But, I’m not an economist, so I leave that judgment to the economists.

Related to this, was a second paradox, which we seem to have discovered in the work of two Israeli scientists: One is named Shimshon Bichler, the other is Jonathan Nitzan. If you are interested, I will give you the url address of their work. And they said that nowadays, there is only one type of capital,



EIRNS/James Rea

*Dr. Tibor Vasko pointed out the paradox of corporations claiming profits, while the GNP of industrialized countries is growing only a small amount. The result is the elimination of programs serving the general welfare.*

as opposed to before, when there were commercial, industrial, or investment capital, and financial capital. Now it seems to them that all capital is only financial. And that practically, in the present-day economy, capital is only a certain type of entitlement to pecuniary income from the assets. And when you continue this idea further, you come to the idea that in the modern period, in this type of economy, the profits don’t seem to be coming from production, but only from power: from power to reshape the trajectory of social reproduction as a whole. For the average man, I would say—as a non-economist, excuse me—that is power to cut more from the common pie.

This is why we are discovering in many countries, including our own, that the profits of energy companies are rising, to almost a record price, but at the same time they are increasing the price of energy and squeezing the population.

So, this is what seems to me quite interesting, and now very much more understandable, after we have listened to you.

And, I discovered the third paradox in one work of a French economist, Gérard Duménil, who studied the U.S. and its finances. And he, of course, noted that the U.S. owns a lot of assets in the world, shares, government bonds, loans, what have you. And the U.S. is getting quite an income from these assets. On the other hand, the world owns a lot of assets in the U.S.—again, shares, government bonds, by China and other countries, and loans. But the paradox seems to him, and to me, to be that the world owns twice as many assets in the U.S., as the U.S. owns in the world. Yet, the U.S. is commanding quite a lot of financial worth.

Now, this is contributing to the double-deficit of the U.S., because the U.S. owns twice as many assets in the world, which are in the form of shares. A share is not a deficit. But from the shares, you have to pay dividends, which then appear as a kind of deficit, and this will obviously grow in the future.

So these were a few things which we thought would be worth sharing with you, and I excuse my misuse of your patience.

**Lyndon LaRouche:** Oh-ho-ho, not at all! It’s great fun, great fun! Thank you.