

LaRouche program can save Europe from IMF fiasco

by Mel Klenetsky

The narrow margin of German Chancellor Helmut Kohl's electoral victory on Oct. 16 and the recent dramatic collapse of the Russian ruble serve as a reminder that Europe is steps away from political turmoil and economic disaster. The political crisis in Germany is a result of the five years of status quo policies since the fall of the Berlin Wall in November 1989. In Russia, shock therapy policies plunge that nation into new depths of deprivation and political chaos each month.

In both cases, the approaches defined by Lyndon LaRouche and his wife, Helga Zepp-LaRouche, were not followed. Instead, the debilitating programs of the International Monetary Fund (IMF) have forced a political-social crisis in Germany, Russia, and throughout Europe. The infrastructure development perspective of Lyndon LaRouche's Paris-Berlin-Vienna "Productive Triangle" program was mirrored in the *White Paper* of Jacques Delors, the outgoing president of the European Commission. While the Delors plan is a step in the direction of LaRouche's Triangle perspective, it is not yet the necessary financial and debt-restructuring proposal and comprehensive infrastructure development conception that LaRouche first proposed in 1991.

On Oct. 12, 1988, one year before the Berlin Wall came down, LaRouche prophetically predicted that Germany would soon be reunited. In his speech at the Bristol Kempinski Hotel in Berlin, LaRouche proposed that the carrot of western technology and food capabilities be used to induce what was then still the Soviet Union to allow Poland to be developed and Germany reunified. This dramatic and radical proposal became the subject of a half-hour nationally broadcast television advertisement for LaRouche's 1988 presidential campaign.

We include that speech in this feature, along with a timeline that juxtaposes LaRouche's proposals and warnings to the warnings and reactions of others; the policies of LaRouche's opponents; and the actual events that followed. The political-economic crises of Europe can be seen from the standpoint of the IMF policies that were adopted, and the LaRouche programs that were not.

In January 1992, Yegor Gaidar and a 13-man committee of advisers led by



An unusual and uplifting feature of the German election campaign: The Civil Rights Movement Solidarity (BBS) co-sponsored a tour by African-American Classical musicians, to revitalize Germany's heritage of Classical culture and to emphasize the nation's dedication to the civil rights of all people. Shown here are (left to right) Helga Zepp-LaRouche, chancellor candidate of the BBS, with artists Elvira Green, Aaron Gooding, Detra Battle, and James Cokley.

Jeffrey Sachs and Anders Åslund won the upper hand in the Russian government. On Jan. 2, 1992, the ruble was made convertible to the dollar at a rate of 70:1. On Oct. 12, 1994, the ruble stood at almost 4,000, up from the 2,675 value of Oct. 4. The Russian government had to spend almost all of its reserves to bring it down to the 3,000 level.

The ruble inflation is only one sign of the economic collapse in Russia. In 1994, President Boris Yeltsin and Prime Minister Viktor Chernomyrdin abandoned the more extreme forms of Gaidar's shock therapy regime, which reduced Russian industry by more than 50% in the 1991-93 period; but they kept to a modified IMF program. The results: Industrial production in the first half of 1994 dropped by 26%. Productivity in machine building dropped 44.9%. General Kuznetsov complained in September that 95% of the military-industrial complex was not functional, and the military was receiving a little more than 50% of its already inadequate allocation. A report in February 1994 from the economics faculty of the Russian Academy of Sciences, addressed to Yeltsin and the Duma, stated that 10% of the Russian population lacked sufficient food, 33% lived under the poverty line, life expectancy has gone from 69.2 to 66 years, and infant mortality has grown from 17.4 to 19.1 per 1,000 live births. Now, the IMF crowd wants a new round of shock therapy.

A narrow victory for Kohl

Chancellor Kohl won a narrow electoral victory on Oct. 16. Having promised that German reunification would bring prosperity, he was not able to meet that promise, especially

after the assassinations of Alfred Herrhausen, the head of the Deutsche Bank, and Detlev Rohwedder of the Treuhand agency, which was in charge of dealing with East Germany's state-run enterprises. Herrhausen and Rohwedder had proposed an infrastructure buildup of Germany's eastern states, rather than the IMF asset-stripping policy that Kohl was forced to follow.

East Germany went through a 40% economic contraction in the 1990-91 period, paralleling the later Gaidar-Sachs programs for Russia. Today, unemployment for all of Germany stands at 7 million. Some eastern German towns, such as Jena, have unemployment as high as 30%.

The German government held off the short-term effects of the depression with tricks, such as the granting of special budget concessions to the farming sector and medium-sized industries, and tacit agreements with the banks and industry to postpone corporate bankruptcies and industrial mass layoffs. Kohl's coalition, with a mere 10-seat margin in Parliament, will find no such gimmicks.

Our feature includes a sampling of the election speeches of Helga Zepp-LaRouche, who ran in the German elections as the chancellor candidate of the Civil Rights Movement Solidarity. Mrs. LaRouche's address to the Nordbau construction association presents the Productive Triangle approach, which harnesses the powers of the industrial belt from Paris to Berlin to Vienna in such a way that a global program of infrastructure building would unleash a worldwide economic recovery, thereby resolving the strategic and economic dilemmas that now stand in the way of East-West cooperation.