

scheduled full introduction of the euro currency on Jan. 1, 2002—was also addressed by Helga LaRouche. She said that panic has broken out in Germany over this transition, and that it might be constitutionally blocked under current crisis conditions of inflation and bankruptcy of the city of Berlin and its banks.

In answer to a question about pegging currency values to energy prices, LaRouche insisted that stable currency values, essential to recovery, cannot be based on free-market valuation of any commodities; they must be based on agreements among governments to regulate currency values, to achieve planned expansion of hard-commodity trade. He identified the underlying problem as axiomatic: Policy-makers and citizens alike, nowadays, tend to think of all questions merely in terms of money, and money-prices, not the real economy and its productivity.

In response to a question, LaRouche tied the Murdoch press blitz against him in Australia, to his increasingly successful U.S. leadership of opposition to Bush's policies. "Australia is doing things for Bush in South Asia, which I'm opposing and criticizing effectively. So, I'm getting these attacks."

'This Crisis . . . Could Be the Best Thing'

Here are the opening remarks by Lyndon H. LaRouche, Jr. and Helga Zepp-LaRouche before a Moscow press conference, on June 28, 2001. LaRouche was preceded by Dr. Sergei Glazyev, who opened the press conference.

Lyndon LaRouche: I shall address three subtopics at one time: That is, the nature of the collapse; second, the possibilities of action to correct the effects of the collapse; and, thirdly, the indications now, of the possibilities that a successful transformation can be made.

The present world financial crisis is in its terminal phase. We can not predict the exact day on which the collapse will occur, because it will depend upon certain political decisions, which will accelerate or delay the point of actual collapse. But, the collapse is inevitable. The world financial system, the world monetary system, in its present form, will soon cease to exist, period.

Now, contrary to some people, a monetary crisis is not the worst thing that could happen for the world—it could be the best. It's like going to a doctor to have a cancer removed: It could be the best thing that can happen to you. The reason the system is collapsing, is that it should never have existed. Decisions made in 1971 to change the international monetary

system, followed by decisions made in 1979-1991, have created the present mess.

The key is obvious—or should be obvious. First of all, we have to put the existing system into bankruptcy reorganization. That means that, the \$400 trillion in short-term debt, to a large a degree, should be cancelled. Remember, that the world GDP is estimated in dollars, at \$42 trillion a year, right now. In addition to the normal debt, which is piled on nations, we have about \$400 trillion in various kinds of soft, speculative gambling-debt types of debt. We should remember that, at the end of the last World War, we put weaker currencies through fundamental reorganization, of that type. We had the experience of de Gaulle's "heavy franc," as a form of that, similar type.

Now, the possibility of recovering depends upon establishing fixed-parity rates among currencies—at least principal currencies. In other words, in order to get growth, you must be able to have long-term credit extended, first of all, extended at 1-2% simple interest. In other words, if the rate of interest is higher than the rate of possible technological and physical growth in agriculture and in industry, you can't carry the debt. What we must do, is what was agreed upon at Bretton Woods in 1944-1945: Peg all currencies to a fixed exchange rate, pegged on something like a gold-reserve system.

End free trade and end globalization. You can not have production, unless you can provide to the people who are producing, an income which enables them to stay in business. If you can not provide reasonable conditions of family life and health care for families, they can not continue to be a family, to function.

What you need is, a long-term system of agreements, usually extending up to 25 years, as for infrastructure, to start rebuilding the economy from the present mess it's in. That's what the United States, Western Europe, and Japan did between 1945 and 1964. Under those conditions, those parts of the world increased their prosperity and productivity, continuously. Since 1971, we have been living by cannibalizing ourselves. And, with the collapse of Comecon and the collapse of the Soviet Union, the world went insane, and they began to cannibalize everybody.

If we can get into a partnership around a key number of nation-states, on such an agreement, to reorganize the world system, we can come out of this mess—slowly, but we can come out of it.

The second point: Contrary to the usual free-trade economists, progress does not simply occur. Every period and every part of the world's economy has had a directive behind it, a purpose, a mission. When President de Gaulle was President of France, he called it "indicative planning." In the United States' between 1861 and 1876, one of the highest rates of growth of any nation in the world, it was the planning by Henry C. Carey and Abraham Lincoln that resulted in that achievement. This is not just an example. This is a part of

Russian history, as well as much of the rest of world history. The United States had a convention, a Centennial Convention, in 1876 in Philadelphia. As a result of this conference, attending it were the great Russian Mendeleev; attending also, were people from Germany, people from Japan. As a result of this conference, 1877, Bismarck changed the policies of Germany to the American System. At the same time, Mendeleev was able to convince the Tsarist government of that period, to imitate the United States transcontinental railway system. And, under the influence of Mendeleev, and later Witte, there was an industrial development of Russia, centered on these concepts. At that time, Japan accepted the same American System, and changed its economy and its national government.

It was the great, sometimes wartime projects of mobilization, which gave us all of the technology-drivers from which every great economic recovery came. And no new monetary system can function without a corresponding economic-policy driver—long-term goals. All great movements of economic development have taken at least a quarter-century to realize. Now, the greatest opportunity in the world, today, for economic recovery of the world, lies in Eurasia. For example: South and Central Asia, or South and North Asia, are essentially deserts, today. They are inhabited, but they are not developed. For Russia and for Central Asia, a Central Asian development—and even the tundra region of North Asia—is crucial for Russia’s future. To develop those resources, we must have, first, the basic economic infrastructure to be able to exploit them efficiently. We have Western Europe, which has economic potential, but which is presently bankrupt; it can not survive for its present purpose. The greatest concentration of world population, is in Central and East and South Asia. They have some technology in those areas, as China’s made progress, India’s made progress; but there’s not enough technology to meet the needs of the entire population of this region. The continued survival of the economies of Western Europe depends upon being able to utilize these markets for high-technology in Asia.

For the next 25 years ahead, Eurasia, as a continent, represents the greatest frontier of potential growth, for the world as a whole. What’s the reason? Russia, as the only truly Eurasian nation, is the necessary and essential link, between globally extended European civilization as a whole, and East and South and Southeast Asia. Without this coordinating role by Russia, the kind of realization which I indicate is needed, would not be possible.

To maintain security in Eurasia, so that insecurity doesn’t blow up the possibility of economic development, we also must have a dialogue of cultures, as President Khatami from Iran, proposed in a recent address he gave in Berlin. Because, you look at Asia, and Russia’s, in part, European culture, even though it’s a Eurasian nation. You have most of the world, such as the Americas, are dominated by a globally extended European culture. Then you go to China, you go to India, you



Dr. Sergei Glazyev hosts the webcast.

go to Southeast Asia, and the cultural paradigms are different than they are for Europe and European cultures. The point is, therefore, we have to think of the danger, the threat of religious and similar kinds of ethnic warfare, as disrupting the potential future peace and economic security in Eurasia. And, therefore, we must accept the proposal, which was outlined by Iran’s President Khatami, in that recent visit in Berlin: We must understand, that to achieve economic security, we must achieve security through a dialogue of cultures, which prevents things like religious wars from destroying the opportunities before us.

Now, finally, in the final point: What is the likelihood we might succeed, in this fine reconstruction of the world economy? President Putin’s recent agreement in Shanghai, in the formation of a new consulting group, is an important step in the direction I’ve indicated. It is not the final step, but it is an important step, which echoes what Primakov, as Prime Minister, launched when he was Prime Minister: the idea of a three, triangular, Russia-China-India pivot for bringing relations in Eurasia together. That’s a first step. The discussions between the President of Russia and the German government and German circles, is another aspect of the same Eurasia potential.

Now, comes the final catch: What’s the role of the United States, in all of this? Well, we have a disaster in the new Presidency. But, we have some improvements, since he became President: We have Democrats who have taken over the Senate; significant numbers of Republicans are in revolt; every policy the President has put forward, has failed already. The gulf between the United States and Europe is deepening. Many of us in the United States of political influence, are very concerned about this situation. And, we are gaining some ground. So, we may get to our objective, but it will only be through a series of crises.

All I can say is, from my standpoint, the situation is clear; the alternative is clear; and, what we must do is clear. We must be clear in our own minds, about what we need to do: Then, I think we might succeed. Thank you.