

and quantitative evaluations, both with respect to time, and with respect to certain other kinds of parameters.

I shall not go in detail into the basis for our forecast, which I shall now present to you. Just take my word for it, as some colleagues in the Ministry of Internal Affairs audience did back then.

My forecast is that major events will unfold, once again, in August. In a strange way, it seems to me that the date may even be known. It will be on Aug. 19. I have provisionally called this scenario, "Tidal Wave XXI," where XXI denotes the new century, in Roman numerals.

## The Main Blow Will Hit the United States

The main blow will be inflicted on the United States of America. My colleague [Andrei] Kobayakov said here, that his analysis shows that the eye of the cyclone will be in America. I would only add, that it will emerge there, but this will be done on purpose.

Many of the preceding speakers mentioned financial figures, on the magnitude of financial assets, which had reached around \$400 trillion in 2000, as against \$30 trillion world GDP, and on capital flows. But it is consistently treated as unnecessary to analyze *who* is transferring that money. Who is the non-resident, with respect to the American economy? Where do these investments come from? If here we bring in our supplementary analysis and methodology, the picture becomes fairly clear, and can be observed, including with respect to the persons involved.

Thus, I make this determination. It will be the United States this time, and it will be a crisis developing at a different rate than the one in 1997-98. At that time, the action was drawn out. Here, it will be more of a precision strike. It will be like the explosion of the Universe. And it will spread throughout all continents. Many governments will be swept away. The monetary and financial system of the world will change.

In Russia, beyond a doubt, the free exchange of currency will be shut down. And the approximately \$100 billion, now circulating in cash inside our country, will suddenly cause an enormous shock to Russian citizens. (It should be mentioned that the quantity of foreign currency, functioning in economic exchange to transact deals, is 1.5 times the ruble money supply, servicing economic activity.) It will be impossible to change money. Those who have a lot of money (and I told this to our policemen not long ago, at a follow-up conference held in May 2001) will use their greenbacks to wallpaper the bathroom, where they'll be able to admire the portrait of a past President of the U.S.A.

There will be a change of leadership in the U.S.A., and early elections in Russia. By this Fall, there will be a new Parliament, a different government, but the President will remain the same. Insofar as I nevertheless fear to say too much—and I could say very much—thank you for your attention. God grant that my forecast turn out to be wrong. May God grant that!

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## Concluding Remarks

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**Sergei Glazyev:** Dear colleagues, we must conclude our parliamentary hearings. There were very many interesting ideas expressed here, as well as proposals, often contradictory ones. I should like for our guest, Mr. LaRouche, to comment, perhaps, on what seemed the most interesting to him.

**Lyndon LaRouche:** I would like to emphasize, as most important, what was said by Academician Lvov, with which I concur, and I can add something I consider important, to his remarks.

In 1971, the United States and many Western European countries reached a turning point, with the adoption of the floating exchange-rate system, which meant the looting of the whole world, including the United States. There was no economic growth in the United States in the 1970s. There was monetary gain, but only because those important matters, which Academician Lvov talked about, were ignored. It did not count the cost to the economy, of that monetary growth, the unpaid costs of maintaining economic infrastructure and natural resources.

In that decade—a total of \$3 trillion in losses to the U.S. economy. At that time President Carter was in power, and he was the biggest disaster for the U.S. economy, until what we have now. He did more than any other U.S. President to ruin the U.S. economy. He destroyed the system of regulation, the system of protectionism, resource security, and infrastructure. He destroyed the economy.

After Carter, Bush proposed reforms, which continued the looting of the U.S. economy. And with the collapse of the Comecon sector, the British and others started to loot the whole world, just as the U.S. economy was looting itself.

The question here, associated with this trend, is Russia's natural resources. The income from these resources, somehow, does not come back into Russia, and that's a big problem. The natural resources of Russia, and the infrastructure to maintain them, cost money. In any healthy economy, government spending—direct, or through government programs, which support private organizations—for maintaining the basic economic infrastructure, is 50-60% of state spending. If you spend less than 50-60% of your revenues on infrastructure and improving it, if this is not done, the economy is destroyed. This is the responsibility of the state. The state can sometimes give this to private firms, but the state has to take responsibility for paying the costs of maintaining or replacing resources that have been used.

This should be a universal policy; this is a problem, which comes up in developing sector countries. We can create modern industry in Africa, but we can't maintain that industry, because there's no infrastructure. In Siberia, in that part of the former Soviet Union, in the Central Asian Republics, there are very wealthy regions for the development of Russia's

economy. And if we have special programs in the framework of regulating the economy, and we say that we should put aside a certain portion of our spending, and impose a special tax, which guarantees us that 50-60% of the national product will be spent to maintain this infrastructure—then, we can make an economic miracle.

But this is the most neglected element of economy, in the past 30 years. The importance is that we used to understand the necessity of maintaining basic economic infrastructure, maintaining it, replacing and restoring the natural resources, which we use.

**Glazyev:** . . . I think that within a week, some recommendations will be discussed in the Committee on Economic Policy, they will be adopted and sent to the agencies of state power of our nation. And I hope that the leading agencies of our country, the Central Bank, the government, and, of course, the State Duma, will find a use for the concern, and the conclusions made at our parliamentary hearings. And we shall continue to work on these problems.

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## Press Coverage

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# LaRouche Forecasts Are Big News in Russia

by Rachel Douglas

“LaRouche has no equal in the area of financial and economic forecasting.” This statement by an editorial writer for the Russian nationalist weekly *Zavtra*, introducing an interview with the American economist and Presidential candidate, typifies the media coverage inside Russia, of Lyndon LaRouche’s June 28-29 visit to Moscow.

The June 28 press conference on “The Russian Economy under Conditions of World Financial Destabilization,” given at the Central House of Journalists by Sergei Glazyev, Lyndon LaRouche, Helga Zepp-LaRouche, Jonathan Tennenbaum, and Dmitri Mityayev, drew five TV channels, two radio programs, the three biggest Russian wire services and two others, the dailies *Izvestia*, *Vremya MN*, and the *Moscow Times*, and another score of weekly and periodical publications. Those in attendance spanned the political spectrum. There was TV coverage in Moscow and St. Petersburg that evening.

An *Izvestia* wire story, web-posted on June 28, located the press conference and hearings in the context of the growing recognition inside Russia, that the latest phase of the global financial crisis is centered in the United States. It said that Russian people usually chuckle at the notion that there’s an

economic crisis in the West, but since the end of last year, “evidence has come out on the slowing of economic growth in America.” A “soft landing” failed to materialize, and “the negative trend has continued, despite the periodic pep administered to the stock market by the Federal Reserve System’s interest-rate lowerings.”

*Izvestia* recalled that the participants in a March conference near Moscow on prospects for a crisis of the world reserve currency, the dollar (reported on by Jonathan Tennenbaum in *EIR*, March 23, 2001, p. 11), took note of warnings by George Soros and others about a crash, and recommended the diversification of state currency reserves. “At the [June 28] press conference, the need for such measures was motivated more dramatically,” with reference to the impact on Russia of a collapse of the price of oil, *Izvestia* wrote, citing Sergei Glazyev’s proposals to denominate foreign trade transactions in rubles, and diversify currency reserves. The *Izvestia* author expressed shock at LaRouche’s call to “end free trade” as part of the solution, and reported that “the American economist Lyndon LaRouche is convinced that ‘the crisis is reaching its end-phase.’ ”

The *Izvestia* story also cited Helga Zepp-LaRouche’s warning that hyperinflation is on the way, and her observation that even the current level of 3.6% annual inflation in Germany could make it illegal to shift to the euro at year’s end, according to a German Constitutional Court ruling.

Amid other print and Internet media attention to the Duma hearings, the nationalist weekly *Zavtra* chose to publish its interview with LaRouche in the July 3 issue, under the headline, “The Sparkle and the Poverty of the New Roman Empire.” The excellent, lengthy interview, made by prominent demographer and anti-zero-growth activist Tatyana Shishova at the end of last year and translated into Russian with obvious care, dealt with the flaws of “free trade,” “globalization,” and the International Monetary Fund; the Greek Classical vs. the Roman imperial lines in European civilization; the “new utopia” of H.G. Wells and Bertrand Russell; post-World War II geopolitics; the International Monetary Fund and “world government” policy of eliminating “superfluous people”; what the world can expect from George W. Bush; Russia as the keystone nation for Eurasian development; transportation and development corridors; sovereign nations vs. globalist “world government”; and the potential of national governments against oligarchies and their foreign masters. (See box, for *Zavtra*’s editorial introduction.)

## Fracas over Forecasts

The content of the State Duma hearings drew even more attention, when the Russian Internet site Strana.ru, also on July 3, carried a short item quoting Dr. Tatyana Koryagina of the Institute for Macroeconomic Research at the Ministry of Economic Development and Trade, on her forecast for an explosion of the world economy this August, with the United States at the epicenter. Without mentioning the hearings, where Koryagina had testified (see her speech, in this *Fea-*