

In questions and statements made afterwards, the Ukrainians present exclaimed that these projects were exactly what Ukraine needed so that it could physically become what it desires to become, namely, an integral part of Europe, not on the basis of paper documents, but physically as much "European" as Paris and Berlin are today.

The political context

The concluding presentation, by this author, identified the external (both western and Muscovite) and internal forces responsible for having destroyed the economic and social fabric of Ukraine during the past two and a half years. These forces have brought Ukraine to the brink of partition, in which the bulk of the nation would again, in one form or another, become part of a Russian Empire. The acute threat to Ukraine is but one example of the same crisis of national existence faced by nation-states across the globe. I described the unique role of the Schiller Institute internationally in fighting to ensure economic reconstruction after the death of the present financial system, and to ensure the survival and development of a global economy based on sovereign nation-states.

I underscored that the direction that Ukraine takes will be decisive concerning Europe as a whole. A crumbling, decomposing Ukraine would provide the leaders in Moscow, who already operate from "Third Rome," neo-imperial policy axioms, with a temptation to plunge forward to recreate an empire. On the other hand, an economically strong and stable Ukraine would not only serve as a brake on the worst tendencies of Moscow, but would force Russia itself to focus on the real needs of its own physical economy, and begin to think of economic growth not as some boost to imperial expansion, but rather for the development of Russia as a nation state, for the well-being of its people.

Finally, the question was addressed that to implement the LaRouche economic reconstruction policies, a national elite committed to these ideas and policies is indispensable.

Discussions were intense throughout the day, and continued till very late in the evening. A unifying thread in the responses of the participants was that they had come to the conclusion that the radical free market doctrine is no alternative, but an abomination, and were very receptive to the dirigist-capitalist, LaRouche-Hamiltonian banking alternative put forward by the Schiller Institute. Most striking was the receptivity to the method and analysis of LaRouche and the Schiller Institute, as the tools for creating a national elite committed to fighting politically for the implementation of these ideas.

For Ukraine, as for so many other parts of the globe, there is no time to lose. But even under worst case conditions of a near future partition of Ukraine, the experience of the Schiller Institute team in Lviv suggests that the Lviv-centered Ukrainian "Piedmont" will not succumb, but will remain the "motor" for the nation as a whole, not resting until the rebirth of the entire Ukrainian nation has been secured.

Interview: Petro Talanchuk

Europe has a vital interest in ensuring a stable Ukraine

On May 17, the Schiller Institute delegation in Ukraine had the occasion to meet in Kiev with Ukrainian Minister of Education Petro Talanchuk, who is considering becoming a candidate for President in the election which is now set for June 26. Schiller Institute members Michael Liebig, Lothar Komp, and Luba George talked for nearly 90 minutes with Mr. Talanchuk about the horrendous economic crisis sweeping Ukraine, and the economic reconstruction and banking policies based on the ideas of Alexander Hamilton that have been put forward by Lyndon LaRouche.

The extended discussion on the magnitude of the global financial-monetary crisis was useful not least because there is an absence of any reliable information on this matter in Ukraine. Because of this, the normal tendency, as expressed by Talanchuk, is to see Ukraine's woes only in the context of what has happened in the former Soviet Union during the past two or three years, and earlier during the period of Soviet rule.

"It's no secret that Ukraine is in deep decay and economic crisis," he said. "I and others understand that we are undergoing the transformation from one economic system to another and in Ukraine's struggle for independence we are seeing the difficulties that are coming out in response to the different processes. You must understand that Ukraine was a part of the Soviet Union structure in respect to its education, development of technology, and production of parts connected to vital sectors of its industry. Of course, now for us it's not a good situation. The former U.S.S.R. does not need to produce as much steel as before. Its interest in Ukraine's production was from the standpoint of an empire which was not in the interest of Ukraine, so we are in the process of transforming our economy based on Ukraine's interest."

When asked about the singular importance for Ukraine of its military-industrial complex, much of which is high technology and which comprises about one-third of Ukraine's industry, he replied:

"Our military-industrial complex is also large, and it's not hard to imagine the difficulties we have in connection with this. Our main tasks: to convert things in this sector

to orient first to the needs of Ukraine, and on the other hand to begin to utilize the high technologies of this sector immediately." He admitted that till now, Ukraine had no real concrete concept or plan on how to proceed, stressing: "We need an analysis for economic reconstruction" employing the capacities and capabilities of the military-industrial complex.

Talanchuk responded to the question of the negative and destructive policies of the International Monetary Fund and western financial interests, emphasizing that they have forced Ukraine to have close economic ties with Russia at a political price it would not otherwise wish to pay, rather than "normal" close economic ties, which he readily endorsed: "Isolation from Russia is not possible. Our field of relations is interconnected with all former states of the U.S.S.R. We must form a two-sided relationship for the mutual advantage and benefit of all." He added, "We will renew full economic ties when both sides recognize" a relationship based on equality, and not on Russia's acting as "Big Brother."

At the same time, he pointed out that Ukraine must look westward, above all to Europe. Only from the West can Ukraine receive the technological benefits required to raise Ukraine to the level and standards of a European nation. Talanchuk does not see this as meaning an exclusion of Russia. On the contrary: "At the same time we must take advantage of the materials and trade benefits Russia can offer." With the necessary technology input from the West, Ukraine, for example, "can once again become the breadbasket for Europe and the world."

Political problems with Russia

The problem with Russia is not any objective economic one, it is a political one, caused by Russia's political exploitation of Ukrainian economic dependency to limit Ukrainian sovereignty. "Objectively, trading with Russia is no problem. It's the political aspect, which has involved cut-offs and slowdowns of natural gas deliveries, and this has badly affected our industries, especially the industries in the east [of Ukraine]. It is in the east where the dependency on Russia is the greatest, our industrial products from there have traditionally gone to Russia. Through the disruption of this, we have the eastern part of Ukraine being pulled toward Russia, seeking a return to earlier times, Russian gas for our steel, but on Russian conditions. That's why we have to build our own competitive industry."

Talanchuk, summarizing why he has decided to run for President, replied, "Our government is not putting priority on this problem of the real economy and that's why I'm running for President." He added his hope that the campaign can help awaken Europe to recognize its own vital interest in stabilizing and developing Ukraine. "Europe must recognize that Ukraine is part of Europe. They must also understand

that Ukraine is very unstable. It's as if Ukraine were on a precipice where it can go either way. It can become a stable, European-oriented country, or it can slide into chaos followed by another new dictatorship. We need Europe's help to make this leap into Europe, and Europe must see that it is in its interest to have a stable Ukraine," he said.

The Schiller Institute members informed the minister on the coming crash of the world financial-monetary system, with its bubble measured in fictitious capital transactions of \$1,100 billion per day. This was followed by a short presentation on successful postwar reconstruction policies in western Europe, including the policies and actions of Charles de Gaulle in saving France from disaster.

After some reflection, the minister said: "The situation we have here is more complicated than what you're outlining. De Gaulle had only one task, which was economic and not political; whereas Ukraine is still in the process of creating its independence. Ukraine is waking up the consciousness of the Ukrainian people, half of whom have been heavily Russified, and freeing them from a socialist economic system to get to a free market concept. For over 70 years they have been bombarded with Marxism. These 72 years have destroyed the intellectual property of Ukraine, and, even physically, people were being destroyed. Some of our most talented people, such as the scientific-technological elite of our country, the elite in culture, and so on, were destroyed by the 1930s famine in Ukraine. The tragic history of the past 70 years is a very complicated situation and is not easy to compare with France and other nations."

Given the bitter experience of the lack of western assistance to date, Talanchuk also underlined that Ukraine could not simply wait for something to happen, but would have to employ to the best of its ability its own resources: "Our most important task, given the present circumstances, is to develop and depend on our own forces. We have areas of scientific work where high technologies exist. We have to determine an order of priority in this regard and investigate what advantages there would be for us and the world in developing them. Our economy was mostly based on the military-industrial sphere and heavy industry, while it neglected other spheres, like important services, for example. Two-thirds of our skilled workers were connected with either military or civilian heavy industry, and only one-third in service areas."

The challenge in agriculture

One of the main problems Ukraine faces is that, while it produces large quantities of agricultural machinery, its technological level is below western standards, and the products are, as a rule, huge monsters, suitable for collective and state farms, but totally inappropriate for an agriculture based on private farms. Talanchuk wants Ukraine to either import or re-orient its own production to manufacture western ag-

ricultural machinery, to effect a revolution in agricultural yields in the country.

"In the agricultural sector we need a new breed of equipment, which would be involved in the entire process and production of special agri-machines. For example, we had conducted an experiment in the region of Kherson. We used two combines—one from Finland and one from Ukraine. The work that was accomplished with the Finnish machine yielded 30% more grain. This gives you an idea of how much grain we lose when we use, as we do, the machinery now available to us." This story was followed by a detailed listing in his estimation of the types of agricultural machinery needed to modernize ploughing, sowing, harvesting, etc., which after a few years could double per hectare yields, bringing them up to a level corresponding to yields in Holland.

"We need new technology to solve these problems because we have to utilize our land more efficiently. Eighty-six percent of all Ukrainian land is cultivated, whereas in the United States, it's 26%. We do not have the luxury of being able to expand horizontally, so to speak, so you see agricultural modernization is of first priority." Increased yields, in order to mean anything for society, must be accompanied by a modernization of the food-processing and packaging industry, so that what is harvested actually reaches the consumer.

Urgent need for energy

In the absence of a European program to modernize Ukraine's nuclear power industry, Talanchuk saw no way out of Ukraine's energy dilemma except being stuck with reactors like the one at Chernobyl. "You know that our nuclear plants are of poor construction, obsolete, and dangerous, as we saw at Chernobyl," he said. "But we have no choice now. Ukraine gets about 40% of its energy requirements from these nuclear plants. We need to shut down our totally inefficient nuclear plants over the course of time, but we cannot dispense with the electricity, and, as long as that's the case, they will be running."

We asked his views on the idea of replacing Chernobyl model "time bombs" with modern, intrinsically safe, high-temperature reactor (HTR) plants, such as those used in Germany.

"In the Soviet Union, the Kurchatov Institute was the base for such a type of plant, but HTR has been and remains the monopoly of Moscow," Talanchuk replied. "Of course, HTR is familiar to us, as many of our Ukrainian scientists were sent to work there. We need a solution like the HTR, because—I agree with you—the present situation is very serious. These stations we now have are dangerous. Our plants can explode, and if that ever happens again, then it's a problem not only for Ukraine alone. But, please remember, it was not Ukraine's decision to produce such plants. It was Moscow's. In Kurchatov, work was done there to develop

safe nuclear plants of the HTR type, but this work was the monopoly of Russia, and it never allowed this technology to be spread.

"So that's another reason why work with European countries on producing safer plants is extremely important for us, i.e., eliminating the old unsafe plants and replacing them by new, safe ones. Remember, 40% of our energy needs are met by nuclear plants. At the same time we are also interested in developing other types of energy stations. This includes hydroelectric, wind, and for certain specific small operations, solar energy."

Talanchuk rounded out his assessment of infrastructure priorities: "Housing and related infrastructure should also be included in this list of priorities, because we have a huge housing shortage, and as you know we need to build good structures but at low costs." He then addressed the question of creating a functioning health system: "This is totally lacking in our country. We have to develop a new approach to preventive measures and health care, but also the development of the pharmaceutical industry is very important."

We described to him Lyndon LaRouche's program for constructing magnetic levitation high-speed rail systems connecting western Europe with the nations of eastern Europe, to which Talanchuk responded: "As minister of education, I can't give you a full answer as to what policy decisions should be taken. However, as an engineer and citizen of Ukraine, I would immediately put first priority in this direction. Concerning high-speed rail systems, there's the well-known American version, the German one, the Japanese, the French. . . . We also have our own superior maglev technology which our scientists have developed. The problem is that we have no funds for such investment. In Ukraine we have in this regard, as I mentioned, very high technology that is on a world-class basis. But, for some reason, which I don't know why, the West is not interested in our technology. You find this problem also in the sphere of aircraft technology. The Antonov model super-cargo carrier, for example, was designed and produced in Ukraine. But there is no interest in the West. Judge for yourself why. When I think about these things, I can only say to myself: What can Ukraine do?"

We concluded with a discussion on state credit creation, and the role of a national bank, as Hamilton foresaw, in a dirigist capitalist economy. The minister commented: "This is a very interesting concept, which I would agree with. In my opinion, the bank should carry out the role of an 'engine' or 'motor' for the physical economy, and not act as a braking mechanism, curtailing or blocking credits needed for production and innovation. The bank should be the motor for achieving the aims that have been outlined. The President has to call for this. If the Parliament does not support this, then he should go over their heads directly to the people on a question of such importance."