

Washington gets first-hand briefing about the crisis in the East

by Jeffrey Steinberg

Three prominent Russian and Ukrainian economists and political figures brought the reality of the crisis in the East to Washington, D.C. on Feb. 19, at a policy forum sponsored by FDR-PAC, the Democratic Party political action committee established last year by Lyndon LaRouche. Before a stunned audience of diplomats and Washington policy-shapers, Academician Dr. Tatyana Koryagina, of the Russian Academy of Natural Sciences, and Natalya Vitrenko and Volodymyr Marchenko, Ukrainian members of parliament and founders of the Progressive Socialist Party, delivered a devastating account of the decimation of the physical economy and social fabric of their countries, as the result of the past five years' imposition of International Monetary Fund-directed "reforms." The forum was titled "Why IMF Policy for Eastern Europe and the Former Soviet Union Must Be Scrapped."

LaRouche sets strategic parameters

Before the Russian and Ukrainian experts spoke, the forum was first briefly addressed by *EIR* Contributing Editor Lyndon LaRouche. LaRouche named Britain's Margaret Thatcher, and the man she described in a recent autobiography as her "pet poodle," George Bush, as the two Western politicians most responsible for devising the "clinically insane strategic policies" of imposing brutal IMF austerity conditions on Russia and the other nations of the former Soviet Union, while simultaneously pushing for the extension of the North Atlantic Treaty Organization (NATO) into eastern Europe—a policy he characterized as "an irrelevancy with dangerous implications." After detailing the series of looming systemic collapses of the global monetary and financial superstructure, LaRouche said that the great challenge of the day is to "change from these lunatic policies to the safe ground of a new policy."

He cited the nineteenth-century American System political economist Henry Carey as the author of the present concept of the Eurasian Land-Bridge, which LaRouche has revived and has been actively pushing since 1989. Carey, based on the successful construction of the U.S. transcontinental railroad, with its accompanying development corridors, urged his co-thinkers in Europe and Asia to embark on a similar project, stretching from the Atlantic to the

Pacific coasts of Eurasia. Today, as in the days of Carey and Abraham Lincoln, it is in the vital strategic interests of the United States for such a Eurasian Land-Bridge project to move forward, as the cornerstone of a "new conception of security," LaRouche concluded.

A picture of devastation

Dr. Tatyana Koryagina presented a graphic picture of the utter destruction of the Russian economy, since the collapse

Warnings on the IMF's destruction of Russia

The current signs of impending explosion in Russia, in response to the destruction of its economy by the International Monetary Fund, became increasingly visible over 1996, as leading figures warned about the consequences of IMF policies, and began an open debate on the policies needed to replace them, including the policies of Lyndon LaRouche. We note some highlights here:

April 1996: LaRouche participated in a roundtable discussion sponsored by the Institute for Socio-Political Research of the Russian Academy of Sciences, the Free Economic Society of Russia, and the Schiller Institute for Science and Culture. The event, held in Moscow, was chaired by Leonid Abalkin, head of the Institute of Economics of the Russian Academy of Sciences. LaRouche stressed the ongoing world financial disintegration, as well as the specific policy questions involved in reviving the economy.

April 1996: Sergei Glazyev, a graduate of the Central Economics and Mathematics Institute (CEMI) of the Russian Academy of Sciences, a leading opponent of IMF reforms, and a sometime member of the Parliament and government since 1991, issued a report to CEMI's Scien-

of the Soviet Union. Dr. Koryagina is currently a member of the Scientific Research Institute of the Ministry of Economics. During the 1980s, she was a leader in the movement for economic reform, and, as the result, was placed on the Commission on Economic Reform, established by the U.S.S.R. Council of Ministers, during 1987-88. The following year, she was elected to the Supreme Soviet of the Russian Republic, and was backed, in 1990, by Boris Yeltsin, for its deputy chairmanship. By 1993, however, she had broken with Yeltsin, and was inside the White House (i.e., parliament building in Moscow) when it was stormed. In 1996, after being elected to the Russian Duma (lower house of parliament), Dr. Koryagina was a lead author of the economic program of the opposition candidate for the Russian Presidency, Gennadi Zyuganov.

She began her description of Russia's economic plight by noting, ironically, that at least two of the most well-known Russian advocates of IMF programs—Yegor Gaidar and Gregori Yavlinsky—were former mental patients. She pointed out that, during the first five years of the so-called economic reforms, no leading figures in Russia were aware of the devastating consequences that the policies of Milton Friedman et

al. had inflicted on countries in Ibero-America and elsewhere. Nevertheless, she herself had publicly assailed the Harvard University-designed Yavlinsky "500 Day" reform plan, predicting, in 1990, that the word "democracy" would soon be turned into a curse word throughout the East, as the result of the murderous policies being put forward by some of Russia's leading self-proclaimed democrats.

Dr. Koryagina explained that, under the IMF-directed Gaidar reforms, the number-one goal was to reduce inflation from its 1992 level of 2,600% at the consumer level, and 3,300% at the wholesale level, down to 25-30%. Indeed, by 1996, inflation had been driven down to 22%—but at the cost of a complete drying-out of credit, triggering a total collapse of production, a dramatic collapse in wages, and arrearages in wages and pensions, as of Dec. 20, 1996, of 47 trillion rubles. Today, the average employed full-time worker receives \$150 per month in wages. And this figure does not include unpaid back wages!

In the agricultural sector, farmers were forced to sell off their livestock when they ran out of money for feed. However, there were not sufficient refrigerated storage areas, so that in many instances, cattle were slaughtered and the meat just

tific Council, entitled "The Theory of Economic Growth in a Transitional Economy." The paper scathingly attacked the destruction of the Russian economy under "the ideology of radical liberalism."

October 1996: Prof. Lev Makarevich, a leading Russian expert on finance, made a presentation to a conference of CEMI, in which he exposed the looting created by the IMF's imposition of financial "liberalization" in Russia.

October 1996: Economic desperation in Russia began to lead to strikes, and dramatic suicides by scientists who are no longer being paid.

November 1996: George Soros, interviewed in France's daily *Le Monde* of Nov. 2, warned that Russia is in general bankruptcy, as a result of "savagely capitalism," and could soon explode.

November 1996: Russian Defense Minister Gen. Igor Rodionov warned on Nov. 12, according to the London *Independent*, that "if extreme measures are not taken to reform the Army in the near future, the consequences for the state could be catastrophic." He was referring to the desperate plight of soldiers who had not been paid for four months.

December 1996: Rodionov, in an interview with a Russian daily, said that funding shortfalls have left Russia's soldiery impoverished and humiliated. He warned that many military families were literally starving, and that some soldiers have been reduced to selling their blood in order to buy necessities. His assessment was backed up

by Gen. Igor Sergeyev, commander of Russia's strategic nuclear forces.

December 1996: The Institute for Social and Political Research of the Russian Academy of Sciences published the full proceedings of the seminar held with LaRouche in April 1966.

December 1996: CEMI published "The Path of Russian Reforms," a working paper by leading Russian economists, who documented the disaster of IMF reforms, and proposed measures to restart production (published in *EIR*, Feb. 21, 1997).

January 1997: Gen. Aleksandr Lebed, on a visit to Germany, predicted disaster if current policies for Russia are continued, and cited the early-twentieth-century Russian Prime Minister Pyotr Stolypin, and turn-of-the-century Finance Minister and Prime Minister Count Sergei Witte, as models for reform.

February 1997: Gen. Lebed, in an interview with the Spanish newspaper *El País* on Feb. 3, warned that if serious political and economic steps are not taken by the spring, when the crisis will worsen and reserves will have been depleted, then the situation could become explosive.

February 1997: Economists from the Russian Academy of Sciences joined members of the Conference on Industrial Policy in Russia, in a roundtable on how to get Russia's industrial base back on its feet. Major presentations were made by Academicians Dmitri Lvov and Leonid Abalkin.