



# On the Subject of Policy Governing the Projected Clinton-Yeltsin Summitry

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*A memorandum dictated on March 23, 1993, from Rochester, Minnesota, where Mr. LaRouche is held as a political prisoner at the Federal Medical Facility.*

This is former presidential candidate Lyndon LaRouche speaking on the twenty-third of March, on the tenth anniversary of President Reagan's public televised announcement of the Strategic Defense Initiative.

I reference the current crisis in Russia and other states in the context of the scheduled meeting between Russian President Boris Yeltsin and U.S. President William Clinton.

## ***The Worst Crisis Facing the World***

First of all, the thing that must be generally recognized, as I am happy to note that Secretary of State Warren Christopher has underscored, publicly at least, is that the current crisis in Russia, is, by its rather immediate near-term to medium-term implications, the worst crisis facing the world in general and the United States—United States foreign policy in particular; and secondly, that no mere band aids within the present policy structures of the United States or International Monetary Fund can possibly succeed in ameliorating, let alone contributing to solving, the crisis in Russia.

The root of the problem is the absolute disastrous, catastrophic failure of the Bush and Thatcher administrations in Britain and the United States to respond intelligently to the opportunity for building long-term peace represented by the collapse of what Mr. Winston Churchill once called the Iron Curtain.

Following the events of November 1989, had the United States and Britain fostered economic cooperation for infrastructure and industrial and agricultural development of the former states of the Warsaw Pact alliance in Eurasia, and had the United States cooperated, together with France and with Germany, in this effort, we could have no doubt have had the foundations of long-term peace throughout much of this planet. But the greatest folly in

modern history perhaps was created under the leadership of Mrs. Thatcher and President George Bush, in imposing upon the Russian and eastern European economies, monetary and economic policies which must be judged in terms of their effect to be clinically insane—economic and related policies which have brought on this crisis in Russia, this potential strategic crisis, this potential seed of a future general war.

I believe that Secretary Christopher's statement captures some aspects of this, and helps by making the situation known to a broader circle—sounds the alarm, I think, is the appropriate term.

### ***Attack on Central Europe's Southern Flank***

In addition, rather than use the potentials of Central Europe—particularly the French-German axis of economic cooperation—as a springboard for solving the problems of reorganization of the economic potential of eastern Europe and the former Soviet Union, under the leadership of Mrs. Thatcher's government, forces throughout Europe and elsewhere, attacked unified Germany as a potential Fourth Reich, as the major geopolitical danger to the interests of the Anglo-Americans, and sought to lure Gorbachev, the partner of the Anglo-Americans, into collaboration with the launching of British and American assets among the Serbs of Milosevic in Serbia and in other parts of former Yugoslavia, into a murderous onslaught upon the member populations of former Yugoslavia.

This attack by the Serbian forces under Milosevic of the southern flank of Central Europe *precludes* any intelligent, effective assistance to Russia, as long as this ulcerating condition is tolerated. This condition must be removed, the Serbs must be checked, and the states of the region must return to the borders established under the former government of Yugoslavia—*with no forcible change* in those borders allowed; negotiated changes, yes; forcible changes, no. But first, there must be a return to those borders as the starting point for any negotiation.

Secondly, not only are the IMF conditionalities and proposals of shock therapy, of radical monetarism, radical free trade, and radical global deregulation an assurance, as long as they are tolerated, of an explosion of rage within Russia, the inevitable doom of any regime in Russia which is seen as too friendly to the Anglo-American chief perpetrators of these economic policies by Russians, but it must be faced that *the present international monetary structure is doomed in any case*; and to sacrifice the prospects of peace with Russia, to sacrifice peaceful stability in Russia, for the sake of this IMF-dominated structure, is pure insanity.

The essence of the problem at the moment is characterized by the worst bubble in all history, a bubble dominated by the explosion of trillions of dollars, tens of trillions, scores of trillions of dollars, of accumulation of trade in so-called derivatives.

If this is tolerated, and if the present forms of deregulation and free trade upon which this bubble is based continue to be tolerated, then the entire world will collapse into the worst depression in modern history, since at least the fourteenth century in Central Europe.

***The Issues on the Table at the Summit***

Therefore, we must be prepared to sacrifice *immediately* the entire structure of these present IMF-dominated relationships. Respecting Russia, what is needed is not simply economic aid.

First, we must remove the threat from the southern flank of Central Europe, in order to make Europe once again the potential springboard for material aid to the process of reconstruction of Eastern European states and the former Soviet Union.

Secondly, respecting Russia: The debt of Russia must not simply be reorganized, but reorganized in a manner analogous to the way in which U.S. Treasury Secretary Alexander Hamilton, under our President George Washington, reorganized the debt of the United States during the period 1789 through 1794.

The debt must be restructured to be used as the basis for issuance of credit throughout the former Soviet Union for the rapid reconstruction of the agriculture, industry, and infrastructure of Russia and adjoining/cooperating states. Only in that way can this cancer be tamed and the pyramided debt turned into an instrument of fostering stability and general economic recovery.

In addition to solving this problem in Yugoslavia, the United States must be prepared to sacrifice its own commitment to so-called radical free trade, to radical deregulation, to de-industrialization at home, in order to put on the table, with the Russians and others, the proposal as follows.

First of all, we must accept the principle of *sovereign* nation-states as the basis in national political economy for internal development of states and for economic cooperation among sovereign states. The idea of denationalization of the world, is a piece of unworkable lunacy which can only lead to the worst result. We must restore the principle of *sovereign* nation-states with *sovereign* national political economies. That is the basis for all workable monetary-economic agreement; and on that basis, the current external debt of Russia can be reorganized in a Hamiltonian fashion.

Secondly, we must recognize that the world is in fact in the throes of a depression now dominated by the largest, most cancerously expanding financial bubble in all history. This bubble must be brought under control, and the source of this disease, the present IMF and related radical monetarist proposals, such as those associated with former Prime Minister Margaret Thatcher of Britain, must be extirpated from the policies of western nations and

the world institutions, as an abomination, whose horror and implications are now understood as one of the greatest errors of the 20th century.

We must return to the kinds of axioms of policymaking in these matters, which existed prior to the 1970s launching of this bubble of deregulation, deindustrialization, and radical free trade.

Those are the primary issues which must be put on the table at any meeting between President Boris Yeltsin and President Clinton if real *progress* is to be made.