

Russia's Glazyev briefs Indian press

by EIR's New Delhi Bureau

Russian economist Sergei Glazyev, director of the Russian Federation Council Research Office, gave a press conference in New Delhi on Dec. 15, in which he criticized the free-market ideology that is the cause of the economic disaster in Russia. Prof. Igor Bratishchev, a member of the Russian State Duma (lower house of Parliament) and chairman of the Parliamentary Sub-Committee for Regional Socio-Economic Development, also spoke. The two said that the International Monetary Fund (IMF) had played a critical role in forming Russian macro-economic and financial policy, and "the strategic mistakes in this policy finally led to the failure of the whole market reform in Russia."

Dr. Glazyev is well known to *EIR* readers. For example, his paper on "Key Measures for a Transition to Economic Growth in Russia" was published in our issue of March 27, 1998, with an accompanying commentary by Lyndon H. LaRouche, Jr. Glazyev was interviewed in *EIR*, Oct. 23, 1998.

The two speakers were on their way back to Russia after attending a two-day conference in Calcutta on Indo-Russian relations, organized by the Indian Center for Social and Scientific Research.

Dr. Glazyev opened the press conference, attended by at least 12 Indian journalists and six Russians, by spelling out the importance of how India began to open up its economy. He said that India did well in the earlier part of its reform policy, unlike Russia's reform, which failed, because of blunders by the government.

Dr. Bratishchev, who is an agriculturist, said that the most important thing for him to understand was how India, during the reform, continued to pay attention to the agricultural sector, consistently enhancing agricultural production without causing any hardship to the farmers. In Russia, he said, this is one problem that we have not been able to deal with at all.

Glazyev described what happened to the Russian economy following the collapse of the Soviet Union and how the "Washington consensus" forced Russia to do what Moscow should never have done. The shock therapy people came in, destroying Russia's basic capabilities overnight, he said.

He said that Russia now has to do three things:

1. Compensation of losses to the people caused by inflation, depreciation of the ruble, and destruction of the economy;
2. Restructuring of the banking sector. This means improvement of the banks' efficiency, weeding out inefficient



Russian economist Dr. Sergei Glazyev emphasizes the need for investment in the physical economy, destroyed by the shock therapists.

banks and ensuring public deposits;

3. Investment in the real economy, destroyed by shock therapy. He said the financial sector suffered huge losses, more than 50% of production centers have stopped producing, and capacity utilization is now negative. He said the investment in real economy has to be made through Russian development institutions and such other institutions under the guidance of the Central Bank.

Former Indian Finance Minister K.R. Ganesh, also attending the conference, asked whether the "Washington consensus" will allow these policies to be shaped to their proper form. Glazyev replied that that is the key issue. The IMF is opposed to the Primakov government, he pointed out.

Ganesh then showed the October *EIR*, containing the interview with Glazyev, and said that he has read Glazyev's work extensively, and stated his appreciation for *EIR* correspondent Ramtanu Maitra's "keeping him abreast of Dr. Glazyev's good efforts." Glazyev responded that he gets the *EIR* in Moscow, and Lyndon LaRouche's views have wide support there.

Glazyev's press conference was covered in *The Hindu* newspaper, in an article titled "Capital Markets Have Bankrupted Russia." "Instead of providing capital to the real sector, the financial sector is extracting capital from it. Of course, this leads to economic disaster," Glazyev said, according to the report.