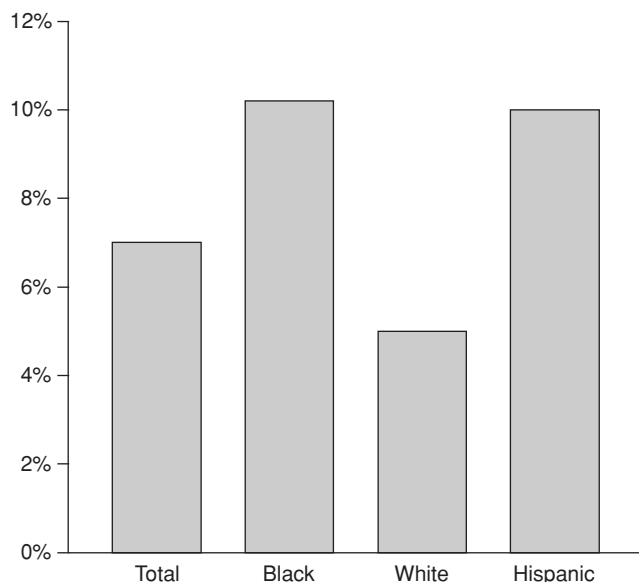


FIGURE 9

**Proportion of teens in grades 9-12 who report bringing a gun to school in the last 30 days, 1995**



Source: U.S. Dept. of Health and Human Resources, *Trends in the Well-Being of America's Children and Youth, 1997* (as reported in *Health and the American Child, Part 1: A Focus on Mortality Among Children*, Public Health Policy Advisory Board, Inc., May 1999).

In fact, as *EIR* has shown in the past several years of special reports documenting the collapse of the economy, the solution, in order to decrease the toll of death and misery among people of all ages, is to start taking emergency measures to restore the economic base of the nation, and provide grounds for hope and a future.

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**Commentary: Stanislav Menshikov**

**Yeltsin halts Russian economic upswing**

*Prof. Stanislav Menshikov, based at the Erasmus University in Rotterdam and also associated with the Central Mathematical Economics Institute of the Russian Academy of Sciences, wrote this analysis on May 13, the day after the dismissal of Yevgeni Primakov as Prime Minister of Russia. Originally directed to a Russian audience, the article has been translated by Rachel Douglas.*



Yeltsin's removal of Primakov was greeted in the business world abroad with some consternation. Experts here were particularly surprised by Yeltsin's explanation, that nothing had been done for the economy under Primakov and that total stagnation had set in. Experts are saying, "Your President is clearly not well briefed. He is cutting off an upswing that has just begun."

After Primakov's first months in office, when the business world abroad, taking our "reformers," at their word, had viewed him with some skepticism, recently opinions in the West had abruptly improved. The undeniable achievements of the government, now dismissed, were making an impact. Among them:

- Stabilization of the exchange rate of the ruble, which during April and early May rose against the dollar, instead of continuing to fall. This is important, insofar as our domestic prices largely depend on the ruble's exchange rate.
- As of this spring, the Primakov government had managed to stabilize inflation, which fell to the level of 3% in March and April.
- The government was able to improve tax collection, contrary to expectations, and sharply reduced the federal budget deficit. After Kiriyenko and Chubais, when our financial system virtually disintegrated, this is viewed as nothing short of miraculous.
- Contrary to panicky predictions that Yuri Maslyukov and Viktor Gerashchenko would crank up the printing press and unleash hyperinflation, the government and the Central

Bank were able to handle the financial crisis and even began to repay debts to some foreign creditors.

- Contrary to the allegation that the International Monetary Fund and the World Bank would not even want to sit down for talks with Primakov and the communist Maslyukov, these institutions agreed to grant Russia new, major loans. True, Yeltsin found nothing better to say about this, than to reproach Primakov for the latter's efforts allegedly being in vain, because Russia would not really need these loans. But, only two months earlier, the same Yeltsin had threatened to make a personal intervention into negotiations with the Fund, in order to make sure they were successful. The President obviously no longer remembers what he has said, and assumes that other people will forget it, too.

- Finally, and most importantly, industrial production began to rise again under Primakov, having declined steeply under Chernomyrdin and Kiriyenko. By May, nationwide production had surpassed last year's level, and if Primakov had been free from interference, it was forecast that by the end of the year, production would have increased 5-6%. None of the previous Prime Ministers under Yeltsin could boast of such brilliant results. Was it from envy, that they decided to incite Yeltsin to cast Russia back into crisis?

People in the West are surprised at the modesty of Primakov, who did not boast of his achievements, waiting rather for them to be manifested in a more noticeable rise of the standard of living. Primakov had not, after all, succeeded in eliminating the wage payment backlog, while the population's real incomes, through the fault of the previous government, had remained lower than they were last year. The Primakov government understood that, without a significant increase in wages, there could be no sustained economic growth. In all the industrially developed countries, the wage fund comprises two-thirds of the Gross National Product, but in Russia it is less than half. Low wages and general poverty are the main reason for the stagnation of our economy, not some imagined sins of the Primakov government.

Even in this inauspicious situation, however, Maslyukov and the other members of that government found ways to animate production, without advertising their efforts. They understood that the steep increase in the price of imported goods created a possibility to stimulate the growth of domestic production. The government helped domestic producers to obtain the credits they needed to replenish their working capital, which had been reduced to zero under Gaidar and Chubais. There is demand for many domestic products, but the producing enterprises often lack the working capital to organize their production. Likewise, this spring the government for the first time provided monetary credits to the agriculture sector, which made it possible for industry to steeply increase the production of tractors for the spring planting. The financial markets also were coming to life, for the first time since August 1998. Share prices were rising

again. Both domestic and foreign businessmen had begun to grow accustomed to stability. And Yeltsin destroyed all that in a single moment, clearly not out of economic policy considerations.

It should be understood, what awaits the economy in the coming time of political crisis and the latest disorganization of central power. The Western press is unanimous on this account. It forecasts a new collapse of the ruble against the dollar, a burst of inflation, decline of production, and the latest budget crisis. The World Bank has already suspended implementation of its program of credits for Russia. The IMF will almost certainly take a corresponding decision. Another theme, taken up in the *American Journal of Commerce*, is that the new instability, now engulfing Russia, will halt the process of rooting out corruption, which was beginning under Primakov. The relatively dormant oligarchy, which has thoroughly bought off the President's family, will be able fearlessly to return from its voluntary exile abroad, and take up its customary amusements.

Is that not the whole purpose of this operation to change the government, which the London *Financial Times* termed a "swan song"?

## Moscow paper covers EIR Bonn seminar

The Moscow newspaper *Slovo* on May 12 published a report on EIR's April 21 policy seminar in Bad Godesberg, Germany, headlined "Stop the Slide into a Dark Age; the Opinions of Russian and American Scholars." The report consisted of excerpts from the presentations by Lyndon LaRouche and Prof. Stanislav Menshikov (see "EIR Bonn Forum: A Dialogue on Solving the World Crisis," *EIR*, May 7, 1999 for a full transcript), supplemented by new material.

The feature in *Slovo* appeared on the newspaper's regular page from EKAAR-Rossiya (ECAAR-Russia: Economists Allied for Arms Reduction), which Professor Menshikov co-chairs. The excerpted speeches were introduced with a note, saying that the seminar was on the theme, "How to Exit from the Crisis: Europe, the World Financial Crisis, and the New Cold War," and that the participants were scientists from the United States, Russia, Germany, India, and China. Lyndon LaRouche is identified as "the American political figure and economist, founder of the school of 'physical economy,'" and as "leader of the left wing of the Democratic Party in the United States, who has run for the Presidency several times."

LaRouche's presentation was given in Russian in the form of excerpts from his article, "The LaRouche Doctrine," and