

Duma Election: A Phase Change In Russian and World History

by Rachel Douglas

A sweeping victory for forces supporting President Vladimir Putin, and the strong emergence of the Rodina (Homeland) electoral bloc led by economist Sergei Glazyev, made the Dec. 7 elections to the Russian State Duma a milestone in the strategic landscape, not only in Russia. A patriotic reflex was felt in these election results, after Putin's recent steps to drop key officials held over from the destructive Boris Yeltsin regime, and to support a law enforcement crackdown on Russia's foreign-tied raw materials magnates (known as "the oligarchs"). Those domestic developments defined part of the context of the vote; the rest was formed by continuing dismay in the world at the behavior of the war party in Washington, in the face of which Russia is moving to assert itself in a new, independent way.

The process of political change in Russia will accelerate in coming months. There is a new constellation of forces in the Duma, the lower house of Parliament. Presidential elections have been announced for March 14. Before or after that date, there is the prospect of Putin's forming a new government, with a new Prime Minister, and new faces in other key positions, in accord with possible changes in economic policy.

Neo-Liberals Creamed

With 97.87% of the vote counted, the results for the four parties that surpassed the 5% threshold to enter the Duma were as follows, compared with their showings in 1999 (see **Table 1**).

Below the 5% threshold was the Union of Right Forces (SPS), the party of radical economic liberalizers, whose leaders oversaw the disastrous deregulation and privatization policies of the 1990s. SPS made the blunder of running the detested Anatoli Chubais, architect of privatization and now

CEO of the national electricity utility, as a top candidate—on a platform of "liberal imperialism," no less. It got 3.8% of the vote. Grigori Yavlinsky's Yabloko party, also known as liberal, though without the free-marketeer dogmatism of SPS, got 4.3% and failed to enter the Duma for the first time in a decade.

"The liberal reformers are finished," well-known economist Tatyana Koryagina commented to *EIR*. "The Russian population has had enough of liberalism." As a primary target of voters' anger, Chubais may soon find himself out of a job. The entire liberal "fifth column" in Russian politics is being thrown out, she said.

What that means, Koryagina elaborated, is that "the moment is ripe for a change of national policy." The Russian oligarchs are weakened, at a moment that begs for fundamental changes in economic policy. While the raw-materials-producing sectors of the Russian economy have generally remained afloat, crucial strategic sectors of manufacturing, such

TABLE 1
Duma elections, 1999 and 2003

	2003	1999
United Russia	37.1%	36.6%*
Communist Party	12.7%	24.3%
LDPR (Zhirinovsky)	11.6%	6.0%
Rodina	9.1%	—

*In 1999: 23.3% for Putin's supporters in Unity and 13.3% for the Fatherland/All Russia bloc of Moscow Mayor Yuri Luzhkov and former Prime Minister Yevgeni Primakov; they later merged.



Sergei Glazyev (left) and Dmitri Rogozin of the Rodina electoral bloc, whose strong showing in the State Duma elections represents a revolt in Russian society against the ideology of free-market liberalism.

as aerospace, are now collapsing from chronic lack of investment. A moment of truth is coming for Putin, Koryagina remarked. Can he understand the crucial economic issues facing the country?

The ‘Rodina’ Element

It was on an economic policy platform that Glazyev’s Rodina bloc, created only this past July, surged to a 9.1% showing. “Our victory is the victory of our program for social justice and economic growth, based on scientific and technological progress,” Glazyev declared in a radio interview on Dec. 8 (see *Documentation*). “This is a national program, not a party program, and was developed on a scientific basis at the Russian Academy of Sciences.”

The RAS/Rodina program is familiar to *EIR* readers, as it has emerged from the work of Glazyev, his mentor Academician Dmitri Lvov, and other senior Academy economists. “Russia Needs Productive Investment, Not the Stupid Approach of the IMF,” was the headline on our first interview with Sergei Glazyev, in November 1994. A doctor of economics and a corresponding member of the Russian Academy of Sciences, Glazyev has a decade-long record of opposition to the destructive policies of the existing international financial institutions.

In 1993, the 32-year-old Glazyev resigned as Minister of Foreign Economic Relations, the only member of the Russian government to quit in protest of President Yeltsin’s abolition of the Constitution and the Parliament of that time, the Supreme Soviet. He was elected to the Duma in 1993 as leader of the Democratic Party of Russia, and again in 1999 on the

slate of the Communist Party of the Russian Federation (CPRF). In 1996-99, Glazyev was absent from the Duma, after running with Gen. Alexander Lebed on the unsuccessful Congress of Russian Communities (KRO) ticket. In that period, he worked on national economic policy at the Security Council and at the Federation Council’s research institution. His 1998 book on the implementation of liberal economics in Russia is titled *Genocide*.

During both stints in the Duma, Glazyev chaired its Committee on Economic Policy. In June 2001, he convened special parliamentary hearings on the protection of national economies under conditions of global economic breakdown, inviting Lyndon LaRouche as keynote witness.

In the Spring of 2002, the CPRF was maneuvered out of its committee chairmanships, in a parliamentary coup against opponents of the government’s free-trade policies. Glazyev was a special target, as was the potential for him and the Academy of Sciences grouping to influence President Putin’s decisions—a process that was already under way. Through the newly founded State Council, Putin in 2001 had commissioned a draft alternative economic program, called the Ishayev Report (after Khabarovsk Gov. Victor Ishayev); Glazyev was its co-author. Then, shortly before the Duma reversal, Glazyev was summoned, together with Academician Lvov and other senior Academy economists, to brief Putin on ways in which Russian economic policy could be changed in the national interest.

Glazyev began to explore avenues toward creation of a political opposition movement that would be “prepared to run the country,” as he said, rather than engaging in mere impotent

protest. This would mean reaching out beyond the CPRF's traditional constituency, to those scientists and intellectuals, military men, businessmen, regional leaders, and Russian Orthodox Church activists, who want to restore Russia's dignity and security, but not to march under the Communist flag. In September 2002, Glazyev's vigorous campaign, on a platform of restoring economic sovereignty and industrial growth, resulted in his unexpectedly strong third-place showing as the CPRF candidate to succeed Lebed (who was killed in a helicopter crash) as governor of the sprawling Siberian region of Krasnoyarsk.

In early 2003, Glazyev issued a call to form a broad electoral coalition, a "national patriotic alliance," on this basis. When the CPRF, under Gennadi Zyuganov, declined to join it as an equal partner with other forces, Glazyev and his allies created Rodina.

Rodina's lead candidates were Glazyev; co-chairman Dmitri Rogozin, long-time chairman of the KRO, which is oriented to Russians living outside the Russian Federation, and chairman of the Duma Foreign Affairs Committee, who has also served as President Putin's envoy for Kaliningrad-related diplomacy; Gen. V.I. Varennikov, 79, former Soviet commander of Ground Forces and Hero of the Soviet Union, who was acquitted for his role in the 1991 State Emergency Committee "coup;" Gen. Georgi Shpak, former commander of Russian Airborne Forces; former Central Bank Chairman Victor Gerashchenko; nationalist politician Sergei Baburin; and noted political scientist Natalia Narochitskaya. They campaigned throughout Russia, Glazyev himself spending weeks on the road in the Far East, Siberia, and other regions.

After their electoral success, Glazyev stressed that Rodina is prepared to work with United Russia, especially on economic questions. His website highlighted his answer to a correspondent, who demanded to know why he did not take a more "oppositionist" stance toward President Putin. Glazyev replied that he is not opposed to the economic policy goals, proclaimed by the President: to end poverty, boost the economy, and ensure national security, but that the current government has worked at cross-purposes with those goals. "Two years ago," Glazyev pointed out in his Dec. 8 radio interview, "our program [in the form of the Ishayev report] was supported by the national State Council, but it was not implemented."

Said Koryagina, "Putin could adopt economic ideas from Glazyev. As long as those ideas were associated with the Communist Party, it was difficult for Putin to support them. But since Glazyev has taken a more universal, independent position, there is no longer that political barrier to Putin's adopting the Glazyev program."

The financial news service RBC lamented that "increased state regulation of the economy is the most likely consequence of the elections." RBC noted the convergence between the desire of many Putin and United Russia supporters for



Former Central Bank Chairman Victor Gerashchenko, one of the victorious Rodina candidates, has endorsed the Italian Parliament's call for a New Bretton Woods conference to create a new international financial architecture, as proposed by Lyndon LaRouche.

stronger state control over strategic sectors such as petroleum, and Rodina's more elaborated proposals for collecting "natural rent" from companies that profit from raw materials extraction. The RAS/Rodina package goes far beyond that most publicized of its provisions, calling for large-scale, state-directed investment in the productive base of the economy, with an emphasis on infrastructure and science-intensive industry, as well as credit and trade measures to defend and mobilize the national economy.

Dirty Tricks

Before the vote, published polls were giving Rodina only 2% or 3% of the vote. Political insiders knew it might be much more, though, as evidenced by a rash of dirty tricks and violently-worded attacks against Glazyev's bloc, including on election day. Liberal Democratic Party of Russia (LDPR) head Vladimir Zhirinovskiy and the SPS took the lead.

Sergei Glazyev will file suit for against Zhirinovskiy for slander, according to a Dec. 6 announcement from Rodina. Zhirinovskiy had instigated fist-fights with Rodina members on the set of two televised campaign debates, one of which ensued when he accused Rodina candidate General Shpak, the former Airborne Forces commander, of having caused his own son's death in Chechnya; Zhirinovskiy's bodyguards then physically assaulted economist Mikhail Delyagin, when the latter spoke up to say the insults against Shpak were unacceptable. On Dec. 5, during a campaign debate, Zhirinovskiy accused Glazyev of taking bribes when Glazyev was Minister of Foreign Economic Relations in the early 1990s. Glazyev formally requested that the Prosecutor General open a criminal case against Zhirinovskiy for slander, which carries a possible penalty of three years in jail; and he is seeking damages equivalent to the entire campaign fund of Rodina, or 250

million rubles (approximately \$83 million), to be donated to the families of soldiers killed in Chechnya, if the suit succeeds.

As for SPS, its leaders Chubais and Boris Nemtsov went berserk against Rodina, during their final pre-election press conference. They called Rodina “national socialists” (i.e., Nazis). Glazyev rejoined, “It is difficult to imagine greater raving nonsense, than to accuse me, Rogozin, Varennikov, and Rodina of national-socialism.” Rogozin added, “The fascists are the people who have carried out genocide against the Russian people, discredited market relations and private property, and undermined confidence in the government, which they force to wipe the boots of the oligarchs.” He voiced hope that soon “there will be no oligarches in Russia; at best, they will be in London.”

New Monetary System

One of the most promising dimensions of Rodina’s presence in the State Duma will be the enhancement of Russia’s potential contribution to meeting the urgent need for a new world monetary system. Economists Glazyev and Gerashchenko have thought long and hard about the need for such a change.

In 2002, speaking at a Moscow economics conference, Gerashchenko endorsed the Italian Parliament’s call for a New Bretton Woods conference to create a new international financial architecture, which had just been presented to the conference by LaRouche’s associate Jonathan Tennenbaum. Gerashchenko said he hoped the Russian State Duma would take a cue from the Italians. Now, Gerashchenko hopes to work on the Banking Committee of that Duma.

Introducing LaRouche at the June 2001 Duma hearings “On Measures To Ensure the Development of the Russian Economy Under Conditions of a Destabilization of the World Financial System,” Glazyev located Russia’s economic crisis, within the creation of a worldwide “bubble economy” after the elimination of a fixed-rate currency system in 1971. Since “financial pyramids always crash,” he said, it was essential “to discuss possible ways of increasing the stability of our financial system; guaranteeing economic security in a situation of deepening financial crisis. . . . It is necessary to think about measures which would allow us to maintain economic cooperation with nations abroad, in a situation, when the system of international payments may have been destroyed to a significant extent.”

After the U.S. invasion of Iraq, Glazyev reiterated the importance of shifting away from the bankrupt floating-rates system. In an April 2003 paper called “Economic Consequences of the U.S. Aggression,” he said that countries using the dollar today were, in effect, financing the war against Iraq. “Therefore, if we want to stop the war, we should simply call on the countries that oppose this aggression, to agree to have their central banks jointly pose the question of shifting to a

new world monetary system.” This would not mean “burying the dollar,” Glazyev elaborated, but rather undoing the U.S. actions of August 1971, which “terminated the dollar’s convertibility into gold and began to impose [it] on the entire world by force.”

Rodina’s advocacy of such ideas situates the widely divergent, passionate reactions to its electoral success. A former Russian military intelligence officer, now in the United States, told *EIR* he has already gotten reports of U.S. warnings to Putin, not to appoint Sergei Glazyev as Prime Minister. But in Moscow, one of Russia’s senior economists happily told us that Rodina’s showing meant a revolt in Russian society against the neo-liberal ideology. The next few months will be crucial for deciding the future direction of Russian policy, he said, but the Russian elections reflect a universe that is ripe for a LaRouche Presidency in the United States.

Documentation

Glazyev in Russia’s Press

Sergei Glazyev keynoted a press conference by the Rodina electoral alliance, at Interfax headquarters on Dec. 9, speaking side by side with Rodina co-chairman Dmitri Rogozin:

As we promised our voters, we shall seek unconditional fulfillment of all the state’s obligations to society, a radical increase in wages, expanded rights for labor collectives in managing companies, including private companies, and the implementation of effective procedures to ensure the government’s responsibility before society. Our premise is that social justice and economic effectiveness are interconnected. Among our top priorities are amendments to the Law on the 2004 Federal Budget, amendments to the Law on Currency Regulation and Control, and a new Bill on a Supplementary Tax on Raw Materials Exploitation.

It will not be an easy matter to work in the new Duma. The balance of forces has shifted in favor of the party of power. I hope, however, that we shall find convincing arguments to make other blocs in the Duma fulfill the promises they made to Russians during the election campaign. . . . Everybody who is capable and desires to rise above personal and narrow party interests and promote our program of social justice and economic growth, will be our ally in the Duma. Except for the oddball, Zhirinovskiy. We do not yet know what our “heavy” partner will look like—whether United Russia will remain monolithic, or splinter into three groups, as many people are saying it will. In any event, the profession-

Sergei Glazyev in EIR

Nov. 18, 1994: “Russia Needs Productive Investment, Not the Stupid Approach of the IMF,” interview with Sergei Glazyev.

July 7, 1995: “Sovereignty Is the Crux of Russia’s Political Crisis,” speech by Glazyev during parliamentary debate.

Nov. 17, 1995: “Russia and the U.S. Could Be Real Strategic Partners,” interview.

May 31, 1996: “Growth in a Transitional Economy,” Glazyev’s report to the Scientific Council of the Central Mathematical-Economics Institute, Russian Academy of Sciences.

March 27, 1998: “Key Measures for a Transition to Economic Growth in Russia,” paper by Glazyev, then head of the Information and Analysis Department for the Federation Council of the Russian Federation.

Sept. 18, 1998: “The Price of Incompetence,” Glazyev on the Russian default of August 1998.

Oct. 23, 1998: “‘Serious Changes’ Needed in Russia and the World Economy,” interview.

June 11, 1999: “Primakov Government in Retrospect,” excerpts from an article by Glazyev.

July 23, 1999: “The Russian Economy Can Become a Miracle,” interview.

Dec. 10, 1999: “EIR Publishes Book by Russia’s Glazyev”: announcement of the English edition of *Genocide*, by Sergei Glazyev.

March 2, 2001: “The Ishayev Report: An Economic Mobilization Plan for Russia” by the governor of Khabarovsk; with Documentation: “Strategy for the Develop-

ment of the State to the Year 2010” (excerpts), co-authored by Glazyev.

May 18, 2001: “Reconstruction After the Financial Crash,” speech by Glazyev at the Schiller Institute conference, “The Ecumenical Battle for the Common Good,” Bad Schwalbach, Germany.

May 25, 2001: “How Can the World Get Out of This Crisis?,” interview.

July 20, 2001: “Russia Is Facing Financial Shocks,” opening remarks at Parliamentary hearings “On Measures To Ensure the Development of the Russian Economy Under Conditions of a Destabilization of the World Financial System.”

April 25, 2003: “Russia’s Glazyev: To Stop War, Create New Monetary System,” with Documentation: “Economic Significance of the U.S. Aggression,” by Glazyev.

EIR articles about Glazyev

Nov. 3, 1995: “Privatization: The Looting of Russia.”

Aug. 30, 1996: “Glazyev Named To Post in Russia’s Security Council.”

July 18, 1997: “Russian Academicians, Glazyev Blast Reforms, Call for Growth Policy.”

Jan. 1, 1999: “Russia’s Glazyev Briefs Indian Press.”

June 16, 2000: “Time Is Running Out for the Russian Economy.”

April 19, 2002: “Shakeup In Russian Duma Intersects National Economic Policy Crisis.”

Oct. 4, 2002: “Glazyev’s Success Draws National Attention.”

Dec. 6, 2002: “Will Glazyev Lead Russia Out of Crisis?”

Sept. 19, 2003: “Glazyev at Center of Duma Election Campaign.”

als who have been elected to the Duma with Rodina are well situated to assume positions of responsibility.

Glazyev in Radio Echo of Moscow Round Table, Dec. 8:

I am not inclined to overdramatize the situation. I don’t think so much has changed: Putin already had a Constitutional majority, and this [outgoing] Duma repeatedly demonstrated that the Kremlin could always muster a Constitutional majority when it wanted to, and push through the laws it needed. Therefore, the relationship between the Duma and the Kremlin has not essentially changed, from that standpoint. United Russia won the same level that it has had.

Our electoral bloc, Rodina, does indeed bring something new to the political landscape of the Duma. We are coming in with a concrete program of social justice and economic growth, a national program. This is not a party program, it

is a program developed on a scientific basis at the Russian Academy of Sciences. It is a program oriented toward economic growth in the country, on the basis of scientific and technological progress, premised upon the possibility of building a socially responsible state. Two years ago, this program [in the form of the Ishayev report—ed.] was supported by the national State Council, but it was not implemented. That is because the government and the Duma majority were working in the interest of the people who paid big money for political services—to put it plainly, the oligarchs. Every time we would run up against the interests of the oligarchs, the Duma majority would block our bills, even ones that had been coordinated with the President. I hope that in this Duma, the Duma majority will not be manipulable by government or oligarchical agencies. Then we shall have an opportunity to consolidate the Duma on the basis of a

concrete program of action. The purpose of our Rodina bloc is to do precisely that.

Glazyev to Gazeta, Dec. 9:

Q: The Rodina bloc built up steam suspiciously fast. Wasn't some "administrative backing" activated on your behalf?

Glazyev: What administrative backing? What are you talking about?! I don't see anything surprising in our results! We ran for the Duma with well-known candidates, people of undoubted authority. There is no need to whip up hysteria about "the danger of a national-socialist offensive," as the SPS [Union of Right Forces] is doing. At the end of the campaign, it became clear that [Zhirinovskiy's] LDPR and the SPS are two sides of the same coin, two parties servicing the interests of the oligarchs. That is why they jointly waged a slander and black-PR campaign against Rodina.

Q: SPS leader Boris Nemtsov said that a tectonic shift has occurred in the country. . . .

Glazyev: It may be that a tectonic shift has occurred in the life of Nemtsov, whereas what happened in the country is simply that SPS has ceased to have any influence on policy. The programs that the "rightists" offered the government were programs to service the interests of the oligarchs. . . . At the end of the election campaign, the SPS resorted to outright slanders against us, because they perceived Rodina as the only force capable of opposing the oligarchs. We had excellent candidates. We could not be bought, we could not be intimidated, we could not be bribed.

Q: Who will go along with Rodina? Will you make friends with United Russia?

Glazyev: We can unite all the patriotic forces in the country, although ambitions have hindered that at times. United Russia will act however the President says. In principle, the President supports the idea of a special tax on superprofits [from raw materials exploitation]. Earlier, adoption of such a law was impeded by corruption in the State Duma; the fact that certain government ministers had an interest in the matter was an obstacle. I hope that now, with the crash of the ideology of liberal fascism, which the SPS personified, we shall achieve mutual understanding in the Duma.

From Glazyev's polemical article "How Liberalissimus Shot Himself in the Foot," in Novyye Izvestia, Nov. 4, 2003:

Things must be going badly for United Energy Systems of Russia head Anatoli Chubais, if one of the destroyers of "the Soviet Empire" is talking on the eve of elections not about electricity rates, but about none other than the ideology of imperialism. And not just talking about it; he has urgently called on Russians to adopt a new ideology—the ideology of liberal imperialism. Never mind the population! He has posed this goal to the Russian state itself, saying that it's high time to roll up our sleeves and get to work building a liberal empire.

Enflaming imaginations with such wild fantasies, it would

not be a bad idea to take into account even just the most recent lessons of history. Argentina, for example. Without any verbal bells and whistles, that country has been building a "liberal empire" since 1991; building it together with other Latin American countries, which strictly followed the advice and prescriptions of the United States and the International Monetary Fund. But Argentina was the "star pupil." And the results of neoliberal policy there have been miserable: Since 2000, the country has been shaken by one economic crisis after another. The system of linkage between the local currency and the dollar broke down. Unemployment soared to 18%. According even to official statistics, 36.1% of the population lives below the poverty level, while almost 9% are destitute. Parties and politicians, who yesterday supported the economic reforms, today in a chorus call them "barbaric" and demand a return to the destroyed system of social responsibility on the part of the state.

Is that not like the current situation in Russia?! With the sole difference, that we had a rather larger "stability reserve," so we are still afloat. All that was missing was for us to undertake to build a "liberal empire," then everything would have been destroyed for good, and we would have turned, like Argentina, into a country with the highest conceivable level of banditry, thievery, and street robberies.

LaRouche Interviewed In Russian Magazine

The December 2003 issue of Valyutny Spekulyant (Currency Dealer), the Russian financial monthly, carries interviews with regular authors—including EIR Founder and Contributing Editor Lyndon LaRouche, whom VS asked to answer their questionnaire on behalf of the many EIR authors published in Valyutny Spekulyant.

In the one-page interview, LaRouche zeroes in on the unique role of the U.S. Presidency at a moment of world economic breakdown, and of his own candidacy, given that the Baby-Boomer generation, holding power in most countries, suffers from the debilitating effects of the same 1960s cultural paradigm shift that caused the economic crisis. A return to the policymaking principles of Franklin Delano Roosevelt means "a virtual revolution," LaRouche tells the Russian readers, but it is "the only visible option" for the United States and the world.

Dennis Small's Oct. 10, 2003 EIR article on the vulture funds picking over Argentina appears in the same issue, under the headline, "What Do Vulture Funds Eat?" An editorial note of introduction reminds readers that the (now soundly defeated) Russian neo-liberals attempted to impose the "Argentine model" on Russia in 1998.

The December issue of VS, which went to the printer on