

Top Russians Demand: Reverse Free Trade

by Rachel Douglas

The inaugural Moscow Economic Forum (MEF), held March 20-21, was the scene of dramatic statements by leading Russian figures on the need for a complete change of economic policy. It took place as shockwaves spread through Russian financial and economic policy circles, from the EU's attempted docking of deposits in the banks of Cyprus, where Russian firms hold billions of euros and dollars.

Vladimir Yakunin, president of Russian Railways, declared at the MEF: "This is the end of neo-liberalism, if Europe is going to solve the European Union's problems at the expense of bank deposits and using resources of Russian companies and Russian citizens."

Academician Sergei Glazyev, an advisor to President Vladimir Putin, told the meeting that all Russia

must now get behind the "de-offshorization" of the country's economy, which Putin called for, starting last December. "Cyprus is the first offshore to go; the rest will follow," Glazyev said on a state TV interview during the MEF. (On other TV channels, even liberal Deputy Prime Minister Igor Shuvalov was broadcast calling for Russian firms to now bring their money back "onshore" into Russian banks.)

Glazyev said that Cyprus would have been better off asking for a loan from the Eurasian Economic Community.

The MEF, co-sponsored by Moscow State University, and nominally chaired by Ruslan Grinberg, director of the Academy of Sciences Institute of Economics, is an initiative of Konstantin Babkin, leader of an association of agriculture-related industries. A fierce opponent of Russia's having joined the WTO, Babkin also leads a small political party, the Party of Deeds (Partiya Dela). He announced the MEF as an alternative to the annual St. Petersburg World Economic Forum and the Valdai Discussion Club, which have become dominated by global financiers and their hangers-on. Thus, while some liberal government ministers like Arkadi Dvorkovich showed up at the MEF, it featured many pro-industry voices. Academician Alexander Nekipelov, who heads an Academy of Sciences committee to draft policy alternatives for Putin, called on the MEF participants to "reject dogmas."

Maxim Kalashnikov of the Izborsk Club chaired a round table on the club's recently published "Mobilization Project—Major Breakthrough Strategy" economic program. The Izborsk paper contains a major section on replacing the "currency board" system, under which the Russian Central Bank has drastically restricted the money supply and credit availability in the country, with a state-run investment and credit policy, under which the Central Bank would "organize money circulation and emission to ensure favorable conditions for economic development," achieving "a substantial increase in the level of monetization, an expansion of credit and banking system capacity for the benefit of engineering, manufacturing, and infrastructure, most of all.

To avoid a repeat of the 2008-09 crisis bailouts, during which Russian banks "invested" their bailout money in currency speculation, the Izborsk Club report says that "Russia ought to introduce legislation similar to the Glass-Steagall law, adopted in the USA in 1933, in the heat of the Great Depression, restricting the banks' opportunities for speculation."

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