Russia shapes new industrial policy

By government decree issued Jan. 22, Russian Prime Minister Yevgeni Primakov named First Deputy Prime Minister Yuri Maslyukov as chairman of a new body, the "Council for Problems of the Restructuring and Development of Industry." Maslyukov was already in charge of a group of experts, including Academician Leonid Abalkin and Dr. Sergei Glazyev, working on medium-term economic policy; both are familiar with the economic policy ideas of Lyndon LaRouche.

The new Council may be connected with the project to launch a new state-sponsored Russian Development Bank, which is planned to be set up this year. Primakov's appointment of Maslyukov to head the Council contradicts a recent barrage of press reports, including a nasty article inthe Feb. 18 London *Financial Times,* which wishfully claimed that Maslyukov was about to be fired from the government.

The new council is assigned to "elaborate proposals for restructuring domestic industry and forming priority directions in its development," including in such specific areas as "the formation of a state industrial policy and a strategy of industrial development." The body is to define state support measures "for the creation and production of high-tech and competitive machine building products, as well as for the development of new equipment and technology; application in the civilian sector of the economy of the results of scientific-technical and technological activity of defense industry organizations; . . . preservation and development of the scientific-technical and production potential of industry; . . . retention and retraining of personnel and their social protection; . . . stimulation of demand for industrial . . . products by ensuring the financing of earmarked purchases, including on the basis of leasing contracts and investment tax credits; [and] granting of state guarantees for borrowed funds (in the form of credits and funded loans) attracted for investment in industry."

fore, the United States imported an additional 10% of physical goods, that is, instead of importing $913.8 billion worth of goods, the United States imported, effectively, an additional $91.38 billion worth of physical goods.

America's physical goods trade deficit in 1998 was officially $247.98 billion, but if one adds on the $91.38 billion arising from the effect of the devaluation of other currencies, then the U.S. trade deficit on physical goods was $340 billion. This is represented in **Figure 1.** What this means in physical terms, is that the United States is sucking added quantities of goods from the world each year. This is transferred to the U.S. economy, increasing a margin which the U.S. economy is then able to process through its consumer and capital goods market-baskets. Aside from the increased effect of capital gains from the stock market, which is, after all, only a monetary effect, this import flow is one of the principal *physical* ways that the U.S. economy, and the standard of living of its increasingly impoverished population, is nonetheless propped up, to an extent. Due to currency manipulations, the Third World nations must suffer the effect of shipping out goods below the cost of production.

This $340 billion is rarely spoken of, but it one of the major props of the vitiating globalization operation. When the United States becomes no longer able to carry out this operation, because the dollar is no longer acceptable as an IOU, then one of the darkest secrets of globalization will come to the fore. What would then ensue, is that the contraction of the economy would be unstoppable.