

ticipation by the state in creating incentives for economic growth, based on knowledge of how production and society are developing in the contemporary period. The key engines of economic growth are technological and scientific progress, and the human intellect; these factors must be activated, which will enable us to establish a modern economy of the 21st Century.”

When another questioner asked Glazyev whether he were a Keynesian, criticizing monetarists, he replied that he was neither: “My program is one of social justice and economic growth. . . . It cannot be described as Keynesian or monetarist, although it combines the achievements of both tendencies in economics, together with an understanding of the structure of the modern economy. That economy is more complex than what existed a hundred years ago.

“Today’s economy is a knowledge-based economy, first and foremost. It is dependent on scientific and technological progress. That is why creating conditions for the dissemination of knowledge and for introduction of the most advanced technologies, is the most important thing the state can do for economic growth.

“From this follows a rather different attitude to the social sphere. It should not be commercialized, as the government wants to do, but rather every person should have the opportunity to obtain a higher education. This means an active state policy of incentives for science and innovation. It means providing access to credit for companies that want to expand production on the basis of modernization. It also means creating institutions and mechanisms for development, such as development banks and so forth.

“This means that the state should foster economic development. Development is not limited to the usual methods for stimulating demand, as is the case with the Keynesian doctrine. . . . Economic growth is advanced not merely by stimulating demand, but only by incentives for the introduction of new technologies. . . .

“This is called ‘evolutionary economics.’ It is a new school of thought, in which I have been working for over 15 years. It has been analyzed in many research papers, including my book on the regularities of long-term technical and economic development. A policy based on a scientific understanding of the patterns of modern economic growth combines an active role for the state, as a major agent of development, with development banks and task-oriented programs and an array of other measures to stimulate innovation—combining the mechanisms of bona fide market competition, including relief from excessive state interference for those market segments where the state is not needed for economic development; with, conversely, an enhanced state role where necessary for the promotion of scientific research.

“In science-intensive industry, for example, there can be no development without an active policy of the state in the area of science and technology.”

Trickster Brown Rising To Prominence In U.K.

by Mark Burdman

Over the past months, British Prime Minister Tony Blair’s political fortunes have been sinking, in great part because of the backlash against his deceptions and manipulations to rig Britain’s involvement in the Iraq war. A significant part of the British population and a sizable faction in the British policy establishment want Blair out of office. Another Labour Party figure’s political star, meanwhile, has been rising: Chancellor of the Exchequer Gordon Brown. During the week of Feb. 23, reports even surfaced in British and other European newspapers that Blair had worse heart problems than publicly admitted, and that arrangements were being made, behind the scenes, for him to hand over power to Brown. Whether this similar condition of Blair, to that of American Vice-President Dick Cheney, is true or not, the reports are indicative of Brown’s growing power.

In Britain, Brown has become something of a standard-bearer for the “Old Labour” components of the governing party, rooted in working-class constituencies, and opposed to Blair’s “New Labour” recipes for “Thatcherism under a Labour cover,” centered on privatization of more and more economic sectors. Globally, Brown has gained some reputation as a champion of the fight against poverty and despair in the developing world. Both his domestic and international reputations are mysteries, and testimonies to how tricky and delphic Brown is, when seen against his record as Chancellor. Since he took that office in May 1997, his economic policies have favored speculation and an astronomical growth of the British housing bubble and of personal household debt. What was left of British manufacturing in 1997 has been gutted, and infrastructure, in transport and other sectors, is in ruins.

Notable also, is that Brown has stayed on board during the entire Iraq war fiasco, without a peep of protest, while Cabinet ministers Clare Short and Robin Cook resigned. Yet he has managed to maintain the image of an alternative to the discredited Blair.

The Kerry-Kennedy Connection

Brown’s rising star has implications for the U.S. Presidential race, while, in turn, developments in the Democratic Party have a big impact in Britain. One crucial factor propelling Gordon Brown forward, is the recent surge of Massachusetts Democratic Sen. John Kerry. The second half of February has seen a barrage of reports in the British media that Brown has close links both to Kerry, and to a key Kerry patron, the other

Massachusetts Democratic Senator, Edward Kennedy. This reportedly makes Tony Blair most uncomfortable, because of the amount of political capital he has expended, in building a close relationship to his Iraq war partner, George W. Bush.

The close relationship of Brown and Kerry goes back to 1992, when Brown, then Shadow Chancellor, wrote a report on the scandal engulfing the murky Bank for Commerce and Credit International (BCCI). The two men have held a number of private meetings since then; on at least one occasion, Kennedy joined them for dinner, in London. Brown is also close to Kerry aide Bob Shrum. A London insider told *EIR* that “Brown spends his summers in Massachusetts. He is very much tied into the Harvard University crowd, and to the Kennedy family.” Interesting in this light, is that Brown’s economic adviser, Ed Miliband, recently returned to London after a year’s sabbatical at Harvard, authoring articles on the Democratic primaries and expressing admiration for Kerry’s campaign. Brown supporters have been quietly offering help and advice to Kerry’s campaign team.

At a time when Lyndon LaRouche and his movement are fighting to wrest control of the Democratic Party out of the hands of Wall Street and bankers of the Felix Rohatyn/Lazard Frères variety, this Brown input can only be a cause for concern.

‘Against a New Bretton Woods’

On Feb. 16, at a London conference on “Making Globalization Work for All,” Brown made a highly-publicized speech billed—in a Feb. 16 London *Guardian* article he co-signed with World Bank president James Wolfensohn—as promoting a “Global New Deal.” On that day, a London insider commented: “What they mean by ‘New Deal’ is the opposite of what LaRouche means with reference back to Franklin D. Roosevelt. They mean more free trade, opposition to protectionism, and certainly hostility to a ‘New Bretton Woods’ based on fixed exchange rates, as LaRouche advocates.”

This conference was held at the Treasury, on behalf of churches and faith groups, with the co-patron being former Archbishop of Canterbury Lord Carey. Among the speakers, was President Lula da Silva of Brazil and the rock star Bono. In his keynote, Brown stressed four themes: combatting global poverty; defeat of agricultural protectionism; transparency; and an end to corruption. He also stressed that, in 2005, when Britain occupies the presidency of the Group of Eight, it is committed to a “development presidency.”

EIR has traced the origins of this “Global New Deal” to a speech by Brown to the New York Federal Reserve in November 2001. It was later codified in a February 2002 British Treasury document, entitled, “Tackling Poverty: A Global New Deal,” and subtitled, “A Modern Marshall Plan for the Developing World.” Boiled down to basics, this New Deal/Marshall Plan advocacy is based on an axiomatic rejection of the fundamental current reality: that the international financial system is bankrupt. This, in and of itself, aborts parallels

with the original Marshall Plan, carried out in the post-World War II era when the American economy was strong, thanks to the war-mobilization industrial policies of FDR.

The British document promotes adherence to the “rules of the game,” as one section is titled. This “rules-based system” means “wisely-managed globalization” and “sustainable development,” based on “enhancing the IMF’s role in surveillance of the world economy,” and recipient countries subjecting themselves to rigorous surveillance. It also insists on “the pivotal role” of the private “international capital markets,” growing “transparency” of developing sector countries, upgraded “free trade” measures through the World Trade Organization, and opposition to “outdated protectionism.” This is, indeed, precisely the opposite of what LaRouche identified as necessary to bring the developing sector and world economy out of the morass, in his recent “On the Subject of Tariffs and Trade” (*EIR*, Feb. 13, 2004).

During the week of Feb. 23, Blair took a step down Brown’s path, announcing he was forming “a new global commission into the problems of the world’s poorest continent,” Africa, with Brown sharing the position as chief economic adviser with South African Finance Minister Trevor Manuel. This initiative may be part of shifting the focus of power in Britain on to Brown’s shoulders. The word from Blair’s 10 Downing Street, is that Britain intends to make Africa a central issue in 2005, when it holds the presidencies of both the G-8 and, during the second half of the year, the European Union.

The Feb. 24 London *Guardian* called this new commission central to a Blair effort to deflect from the issue of Iraq, which has damaged him so badly. The paper noted that the commission is “modelled on a similar undertaking” launched by the late Willy Brandt, former West German Chancellor, in the early 1980s.

The Brandt Commission was, through the years, often exposed by *EIR* as a fraud, set up to counterpose a delphic appeal about “helping the poorest,” to LaRouche’s “Lagos Conference” proposals to develop Africa and other developing sector regions through great projects, ending International Monetary Fund (IMF) “conditionalities.” The “Blair Commission” today is a transparent effort to keep desperate African leaders playing by the “rules of the game” of a bankrupt IMF system, with the chimerical hope that aid will be forthcoming to reverse the continuing plunge of their countries into hell. The *Guardian* reported that increased aid to Africa will be linked, by the new commission, to measures by the recipient states to better “govern themselves and resolve conflicts.” Such demands show real nerve, on the part of the British government, after Blair lied so crassly to get Britain into the Iraq war. And British, American, and Israeli “security” networks—not to mention Prince Philip’s World Wide Fund for Nature and related organizations—are busily fueling genocidal wars on the African continent. Will these be shut down? Such questions are taboo in Gordon Brown’s “New Deal”/“Marshall Plan” advocacy.