

circles around Chubais and Gaidar, and the IMF itself.

Gaidar now heads the Institute for Economic Problems of the Transitional Period, in Moscow, which collaborates closely with the Institute for Economic Affairs, a London center for the radical free market ideology of Friedrich von Hayek and the Mont Pelerin Society. Last December, his institute held a conference on the five years of reform in Russia. Present were Gaidar, Chubais, and other members of their original team, along with IMF and World Bank officials, and such leading British Mont Pelerinites as Lord Skidelsky.

The participants railed against the spectre of "economic populism" in Russia, namely the desires of military men, industrial managers, and working people, to save so-called "uncompetitive" (i.e., not export-oriented) industries. Most important, intoned the IMF's permanent representative in Russia, is for the Russian government "to fight inflation, and fight it again. There must be a very tight financial policy, in order to suppress inflation to as low a level as possible." Chubais, who ran the government's economic policy during 1995, patted himself on the back for the vaunted suppression of inflation, acknowledging that there was a slight down side: the 20% further decline in the Russian standard of living during 1995.

Yegor Gaidar argued at that conference, that the Russian "reforms" would have gone better, had there been an even more radical, sudden cessation of subsidies to industry and agriculture. The conference discussed this as a *political* problem: how to find a strong enough leadership, to enforce more such austerity. In the published proceedings, the Institute for Economic Problems of the Transitional Period prominently featured the intervention of a Moscow University professor, who said that the main block to full-scale implementation of such reforms in Russia, was their failure to accommodate the Russian cultural matrix. The "first dominant" in Russian culture, this individual said, is that "the state is the highest community, and at its head there always stood and stands a charismatic leader."

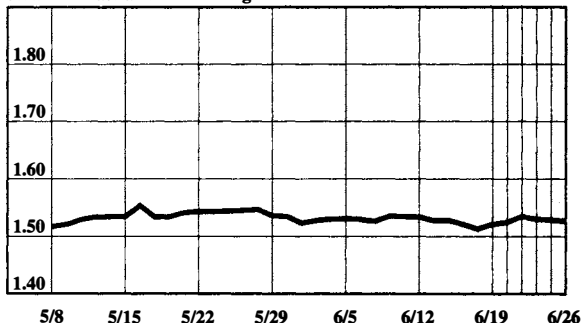
Also speaking was Vitali Naishul, a Gaidar-era economist who has praised von Hayek, but especially the so-called "Chilean model," and is reported, more recently, to have become an adviser to General Lebed. At the Heritage Foundation, the central Hayekian institution in Washington, there is currently much enthusiasm about "the new Lebed," who has emerged thanks to such advisers. A Russian, Heritage-linked activist observed that Naishul has been "looking for a Pinochet for himself," for some time. At the December conference, Naishul declared that "the fundamental question for the country" was creating the correct sort of state institutions, to implement any given economic policy.

Evidently, ideologues of the moribund British radical free trade system are making a dangerous miscalculation, that they can control individuals and institutions in Russia, in order for the looting to continue.

## Currency Rates

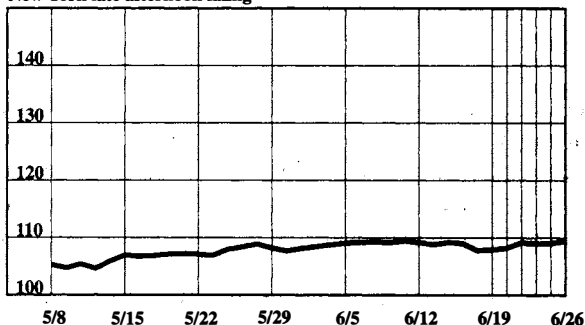
### The dollar in deutschemarks

New York late afternoon fixing



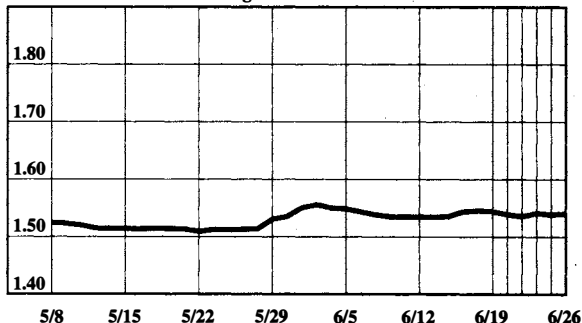
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

