
Russian Presidency

Glazyev Runs To Solve World Economic Crisis

by Rachel Douglas

In a Russian Presidential campaign that has become farcical—if not worse, for those candidates cut out of media coverage and threatened with violence—economist Sergei Glazyev continues, at every opportunity, to put forward the need for a fundamental policy shift to deal with world financial breakdown. His latest such statement, made at a meeting with foreign journalists, received prominent coverage in Germany's *Frankfurter Allgemeine Zeitung* on Feb. 23. Among his priorities for Russian foreign policy, Glazyev stressed creation of "a new international financial system, independent of the dollar's hegemony." The European Union would support such an initiative, he said, "because all of us have been turned into a tool of the megaspeculators, by the uncontrolled emission of dollars." (See *EIR* of Feb. 20 for Glazyev's detailed argument for a "new financial architecture.")

According to Glazyev's campaign headquarters, his national TV coverage has dropped sharply during the month of official campaigning, ahead of the March 14 Presidential vote. In a five-day period in late February, for example, Glazyev received 2% of the combined total news-coverage and advertising airtime for Presidential candidates on four national TV channels combined—as against 73.5% for President Vladimir Putin and between 4% and 8.5% for the four other candidates.

Glazyev is campaigning in Siberia and the Urals, relatively impoverished outlying areas where he has a proven ability to garner votes far above pollsters' projections. But in Yekaterinburg on Feb. 26, he was forced to terminate a press conference when police burst into the hall and ordered the evacuation of the building due to a bomb threat. No bomb was found.

Candidates Threaten To Quit in Protest

On Feb. 24, the same day as Putin dismissed the government of Prime Minister Mikhail Kasyanov, four out of the six non-incumbent candidates for the Russian Presidency directly or indirectly threatened to withdraw from the race. While Putin is the overwhelming favorite no matter what, the potential boycott is significant because it would lower voter turnout. If the turnout drops below 50%, the election will be invalid and none of the current candidates—including Putin—could run again in a new election.

Independent candidate Irina Khakamada (former co-

chairman of the neo-liberal Union of Right forces) and the Communist Party's Nikolai Kharitonov had complained to the Central Elections Commission (CEC) about Putin's disproportionate air time. Rebuffed by the CEC, Khakamada threatened to withdraw from the election, if Glazyev and Kharitonov would also quit. Glazyev's campaign coordinator Yana Dubeykovskaya publicly announced that she and other members of his staff intended to advise Glazyev to withdraw, because the regime's actions are "discrediting the institution of elections and killing people's desire to have any part in this show, organized by the authorities."

On Feb. 25, Glazyev announced he would not drop out, but called Dubeykovskaya's impulse "a human reaction" to unfairness and lies in the campaign.

As for Putin's dismissal of the government less than three weeks before the election, giving him time to name his new preference for Prime Minister ahead of the vote, Glazyev said that it should be welcomed because of "the total incompetence of the government and its inability to think ahead"; but that it smacked of a PR move.

"It is not clear who will be in the new government," Glazyev warned, "And in my view, there is a serious danger that it will be somebody from the Chubais tribe. Certain facts in my possession point precisely to the possibility of a third coming of Chubais and Gaidar." The remark refers to the right-wing "young reformers" who savaged Russia's economy while running government departments under President Boris Yeltsin during the 1990s.

A Knowledge-Based Economy

In combination with his proposed Russian initiative to organize a new world financial architecture, Glazyev enunciates his perspective for "social justice" in economic policy, and a science-centered revival of industry. The state, he told the *FAZ* correspondent, must be given a prominent role in the Russian economy: "We need a real anti-monopoly policy and a state credit organization, a development bank, for agriculture and small businesses. We need more social justice. Taxes on labor and productivity must be reduced, taxes on raw materials must be increased."

At a press conference on Feb. 16 as well, Glazyev had focussed on the role of the state in stimulating innovation and scientific progress: "As for the economic potential for the growth of production and of people's well-being, its main source is the labor and knowledge of the population. Therefore the core of my program is fair pay for work; wages are currently half of what they should be, given the contribution of labor to national revenues. I advocate a transition to a knowledge-based economy, with greater use of our intellectual and production potential, creating conditions where the economy can be modernized on the basis of advanced technologies and achieve higher efficiency through incentives for innovation and investment.

"My program," the candidate added, "includes active par-

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