

Sooner or later, these crisis symptoms will appear on a mass scale, as we have already begun to see, for example, in today's presentation on Germany. They will affect the United States itself, as well—the main base of the International Monetary Fund.

I also believe that it is of great importance for Russia, how Mr. LaRouche looks at the entire problem; not only the coherence of the financial sector with the productive sector of the economy, but also, processes within the financial sector. Using the information we have available in our own country, I would say that it shows that the entire conduct of economic policy, which is also seen upon examining specific problems, is an approach that, I would say, has come to a breaking point, above all with respect to the financial sector of the economy. This is most apparent in the fact that the government of the Russian Federation, with the tacit approval of the IMF, proposes to consider the restraint of inflation as its major achievement, forgetting that inflation can be measured with various instruments. Today, it is proposed that we measure the suppression of inflation, by the fact that the rate of the ruble has ceased to fall.

### One way to measure inflation

If it is permissible before this audience, I shall allow myself to depart somewhat from an academic approach. At least the Russian part of the audience recalls very well, that under Soviet power, the rate of inflation was measured by the queues, the length of the queues. Today, I would propose just as successfully to measure inflation by the level of wages not paid. This is not to mention the other side of the problem, namely that today, we are all confronted with a system, under which real value—from the standpoint of the real sector of the economy, the basic enterprises of the Russian Federation—has been redefined to an unbelievably low level. If we are willing to assess one of our oil companies at \$150 million, that right there, expresses the level of inflation that really exists, at least in the productive sector.

We have our numerous candidates for various posts and positions, but these days they all begin by boasting about what big capital they have. But they keep quiet, in shame, about the fact that this capital was created by buying up vouchers. This is, at the State level, a classic form of inflation: the real devaluation of real facilities. Therefore, when we discuss these problems today, for me personally, this question of the coherence of the financial and the real sectors of the economy, and the coherence of instruments acting *within* the financial sector, is extremely fundamental.

In this sense, when such a global problem is under consideration, I think that the historical experience both of the United States and of the Soviet Union, and now Russia, demonstrates, above all, that it is impossible to solve this problem without State intervention. Today, the mechanism for development of the relationship between the financial sector and the real economy is neglected. This means, that the patient

has fallen ill. If there is not some external intervention by a doctor, the disease will end as is its wont—a fatal outcome. Here again, world experience demonstrates this, including the experience of the Soviet Union, the United States, and Germany. And it seems to me, that we should not separate the prescriptions that are appropriate for curing individual parts of the organism—if only because today, we view the economy of any single country, as a part of the world economy. One cannot seek a medicine for just the local ailment. To undergo treatment in isolation would mean to fall out of the common international division of labor. Something like that, generally speaking, happened with the Soviet Union.

If we turn to the international aspect of this problem, it was always propagandized in the framework of the UN, as “development with reliance on national resources.” The IMF, in turn, always liked to go hunting for “internal financial sources for development.” I think they have retained these habits.

But I think that approaching the financial sector as a single whole is of fundamental and practical importance for Russia today. The elimination of the government from the drafting of real reform decisions is, in my view, quite irresponsible.

I would like to express my viewpoint on one other aspect of this problem. Mr. LaRouche devoted, in my view, *very scant* attention to the question of the television set. The entire system existing today, has been, to a significant extent, *imposed* on Russia—and it was imposed with the aid of television. I think that posing such questions for discussion at this round table on economic policy, is one of the ways of breaking through that black box. Unfortunately, this TV mania not only influences the masses of ordinary voters, which the politicians have to take into account, like it or not, but also the politicians themselves. I hope that, among our candidates for President, there will also be people, who find in themselves the knowledge and strength to tear themselves away from assigned schemes and create their own. I personally wish Mr. LaRouche success in this fight.

Thank you for your attention.

**Abalkin:** I give the floor to Taras Vasilyevich Muranivsky, and I implore him to be very concise.

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## Taras V. Muranivsky

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*Professor Muranivsky is the president of the Schiller Institute for Science and Culture in Moscow.*

I shall be very brief, and I shall dwell on another aspect of this issue—an academic one. We are discussing the problem of Russian reforms, but we are trying to view it through the scientific prism, developed by Mr. LaRouche and some other foreign researchers. It seems to me, that the strength of LaRouche's conception and of physical economy as a theory, is that it is highly scientific. It is not by chance, that he calls

it *the science* of physical economy, and that the books and articles we have translated are based on the achievements of philosophy, mathematics, geometry, physics, and other sciences; because, in his view, economics is just as much one of the natural sciences as these others are.

I think that Academician Landau's joke was very true, when he divided the sciences not into natural science and the humanities, but into natural and unnatural sciences. Recently I received a call from a member of the Academy of Sciences,



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—Taras Muranivsky

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a doctor of physical and mathematical sciences whose name I don't wish to mention, who asked me, after having read LaRouche's works: “Maybe there's something here I don't understand. Perhaps there is some eclecticism here.” I answered that, in order to understand what eclecticism is today, one must take a look at recent issues of *Voprosy Filosofii*, as well as—forgive me, Leonid Ivanovich—*Voprosy Ekonomiki*. When we began to be allowed to use theories other than Marxism, we began to use all of them, indiscriminately.

LaRouche's physical economy, meanwhile, traces a very precise, clear line from Plato, through Nicolaus of Cusa, then Leonardo da Vinci, Leibniz, Alexander Hamilton, Mathew and Henry Carey, Friedrich List, which encompasses our scientists such as Mendeleev, Witte, and Vernadsky. Throughout, this theory is counterposed to empiricism, nominalism, and so forth.

In my limited time, I would like to state literally three or four theses, which provide the conceptual basis for overcoming the crisis, by which we are more and more surrounded.

First: A continued policy of individualistic liberalism will lead to a deepening of the crisis and to the further spiritual and moral disintegration of society.

Second: The extreme exaggeration of the role of moneta-

rist methods, in attempts to overcome the crisis, will lead to a prolonged collapse of production and the dysfunction of the financial and credit system itself. The disease is the same, as identified by Mr. LaRouche and Dr. Tennenbaum for the world economy, and by Dr. Senchagov for the Russian economy. It is what the French economist Maurice Allais called tumors, financial bubbles, on the living body of the economy.

Third: The “post-industrial society” utopianism, promoted by Russian economists, distracts attention from the productive forces of society, and wrongly overemphasizes the importance of the service sector. Taking the example of the United States, I could cite not only the evaluations of scientists and politicians such as LaRouche or [Senator] Edward Kennedy, but also the *proponents* of that pseudo-conception—“post-industrial society”—when they talk about the transformation of American into one big casino, living at the expense of other countries of the world. And we try to portray this as a good development!

Fourth: Continuation of the previous privatization policy will yield nothing but disaster. Marivilia Carrasco told us a lot about Mexico, but she omitted one very important thing: that in Mexico, there are forums taking place, which have become a regular institution, with participation from throughout Latin America, under the title, “There Is Life after the Death of the International Monetary Fund.” And when Leonid Ivanovich [Abalkin], in one of his articles once, wrote that Presidents and governments should wash their hands of the question of forms of property ownership—whether private, or state—and should not get involved in that, I completely agree with him.

The last point, is that we are served very poorly by pseudoscientific ecologism, or environmentalism. This activity is aimed straight at the destruction of the country's electric power system.

We should think about these problems and, armed with truly scientific methods, we can do something to solve them in our country. If I have gone over my time limit, it is only because of the time required for translation.

**Abalkin:** Esteemed colleagues, I have notes from four more participants in the round table. I think that each of them should get the floor. I repeat that the materials will be available in the record. I give the floor to Yelena Nikolayevna Viduta.

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## Yelena N. Viduta

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*Yelena Viduta is with the Plekhanov Russian Economic Academy.*

Mr. LaRouche, I would like to thank you again for being so attentive, not only to the fate of the world community, but specifically to the fate of our country. I am very pleased, today, to see you not only in the company of those who welcomed you at the State Duma last year, but to see here Leonid