

Russian Economist Sought Dialogue With USA, Even in Perilous Times

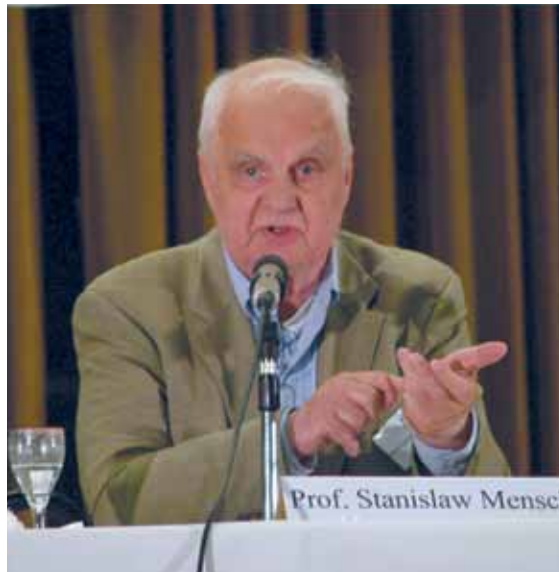
by Rachel Douglas

Professor Stanislav Menshikov (1927-2014), the distinguished Russian economist and expert on the United States, died Nov. 13, 2014 in Amsterdam, where he lived. He was 87.

Stanislav Menshikov was one of the most energetic, colorful, and knowledgeable participants in Soviet-American relations during the height of the Cold War, and in Russian-American relations thereafter. He was friends with such advisors to President John F. Kennedy as Michael Forrestal and John Kenneth Galbraith, and interacted with a range of U.S. establishment figures, including David Rockefeller, Henry Kissinger, and Zbigniew Brzezinski.

Known by insiders in both countries as uncompromising on matters of principle, Menshikov was always keenly interested in an open and substantial dialogue with Americans. In the 1980s, he became familiar to a wider U.S. public, as a frequent guest, representing Soviet viewpoints, on TV programs hosted by David Brinkley, Ted Koppel, and others. His role in disputes over economic policy within the Soviet Union at that time is less well-known, but of lasting importance.

We at *EIR* are privileged to have known Professor Menshikov as a personal friend of Lyndon LaRouche and Helga Zepp-LaRouche for 15 years, and a participant in many *EIR* seminars and Schiller Institute confer-



EIRNS/Julien Lemaître

Stanislav Menshikov (shown here at a Schiller Institute conference in Germany, 2007) "was one of the most energetic, colorful, and knowledgeable participants in Soviet-American relations during the height of the Cold War, and in Russian-American relations thereafter."

ences in Europe. In this activity, he not only spoke for himself, but served as Europe-based liaison for a Russian Academy of Sciences grouping around the late Academician Dmitri S. Lvov. Menshikov and Lvov co-chaired the NGO Economists against the Arms Race (ECAAR), founded in 1989.

The English edition of Menshikov's book, *The Anatomy of Russian Capitalism*, was translated by this author and brought out by *EIR* in 2007. In May of that year, Menshikov hosted LaRouche as a guest of honor at his 80th birthday celebration, held at the Academy of Sciences in Moscow; in September 2007, he and his wife, the economist

Larisa Klimenko-Menshikova, in turn, were honored guests at LaRouche's 85th birthday celebration, held in conjunction with that month's Kiedrich, Germany conference of the Schiller Institute, "The Eurasian Land-Bridge Becomes Reality!" (See *Documentation*, below.)

A 20th-Century Soviet Diplomat's Education

Menshikov was fluent in English since his childhood in London, where his father, Mikhail A. Menshikov, headed the Anglo-Russian Cooperative Society (ARCOS) trade office, 1930-36. In Stanislav Menshikov's memoirs, he recalled that the first time he got into trouble, out of many such times during his long life,

was as a schoolboy, when he refused to sing “Rule, Britannia!” in class.¹

The senior Menshikov went on to serve as Soviet deputy minister, and later minister, of foreign trade; Washington-based deputy head of the United Nations Relief and Rehabilitation Administration (UNRRA) (1943-46); Soviet Ambassador to India (1953-57), and to the United States (1958-January 1962). Stanislav Menshikov reported that he learned from his father always to speak with foreigners, including Americans, as an equal.

Menshikov recalled digging defense works around the city of Moscow in his early teens, at the outbreak of World War II. At 16 years of age, he entered what was soon to be the Foreign Ministry’s university, the Moscow State Institute of International Relations (MGIMO), finishing as a member of its first graduating class in 1948. Two of the projects that he undertook there convey the depth of historical study that would inform his future work.

As a second-year student, he was recruited by a Soviet Foreign Ministry economics official to an English-to-Russian translation team, working to translate a book on the economic relations between international cartels, including leading Wall Street firms, and Nazi Germany. Even more striking, is Menshikov’s report of his fourth-year thesis at MGIMO, a study of “The British Crown Prerogatives.” Though it was never published and is evidently not extant, Menshikov recalled about this paper, “Usually the role of the British monarch is viewed as negligible in determining the country’s policy.... In reality, the British Crown is a carefully preserved institution of supreme state power, something like a collective head of state.... The British Monarch, to this day, remains one of the main political figures of the Western world.”

Despite his top-notch training and his father’s status, no swift career rise was in store for Menshikov. From 1953 until 1957, he had the black mark of a formal “severe reprimand” on his record, because of a teenage friendship with the son of a Georgian Communist who had been declared an “enemy of the people.” Menshikov had been interrogated on the matter at secret police headquarters in 1944.

Menshikov worked first as an instructor at MGIMO,

then as an international journalist and economics analyst at the Soviet weekly *New Times*, which was published in a dozen languages and distributed worldwide. In that capacity, he traveled to Asia in 1960 in the entourage of Soviet leader Nikita Khrushchov; Menshikov interviewed Prime Minister Jawaharlal Nehru of India and President Sukarno of Indonesia, two nation-building giants who were then in the process of forming the Non-Aligned Movement.

Millionaires and Managers

As he increasingly concentrated on economics, Menshikov’s doctoral dissertation was an in-depth study of who ran the American economy. Research for his first post-graduate degree had focused on U.S. agriculture and the grain trade, while his first visit to the United States came in 1958, as a personal guest of his father, the Ambassador. Now Menshikov combined scrupulous gridding of the U.S. corporate sector, with a 1962 stint under an IREX (International Research & Exchanges Board) exchange program. He interviewed many of the subjects of his research and developed personal contacts with a wide array of other Americans.

The resulting book, *Millionaires and Managers: The Structure of the Financial Oligarchy in the USA* (1966), was one of the many instances in which Menshikov brought fresh approaches to understanding the U.S.A., into discussions inside the Soviet Union. At his May 2007 birthday celebration, one speaker after another mentioned *Millionaires and Managers* as an eye-opener that had changed their view of the world.

Later, Menshikov again shook the community of Communist Party economists and strategists, with his publication in Russian of works by J.K. Galbraith, the former New Deal economist and JFK advisor. In 1988, Galbraith and Menshikov would co-author a remarkable volume, about which Antony Papert wrote in *EIR*:²

“Immediately before the Great Crash of October 1987, the late, venerable John Kenneth Galbraith of Harvard sought out Menshikov, whom he called ‘a remarkably informed scholar,’ for ten days of discussion in Vermont. The transcript was published simultaneously in the Soviet Union and the U.S., under the title, *Capitalism, Communism and Coexistence*. Galbraith, quondam economic advisor to Franklin Roosevelt and John Kennedy, spoke for both Menshikov and himself when he wrote

1. Stanislav Menshikov, *O vremeni i o sebe (About Our Time and About Myself)*, (Moscow: Mezhdunarodnyye Otnosheniya, 2007), in Russian only.

2. Antony Papert, “Russia’s 1991-2001 Descent into Hell,” *EIR*, Dec. 21, 2007.

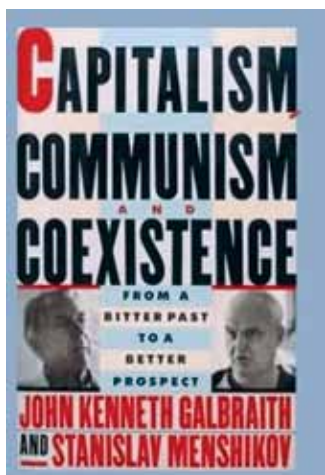
there, ‘But it was not our purpose, ... to score points in our conversations. We did not see them as a debate which either of us won or lost. We saw them rather as a contribution to the larger victory which equally we hope to share.’

“Vast and sudden world-political changes which few then foresaw (LaRouche one of those few), have cleanly split the past 20-year period into two parts. And so, on one level, the terms of Galbraith’s and Menshikov’s 1987 exchange might appear to be obsolete. What a surprise how very current and relevant much of it is! Galbraith, for example, noted there that the U.S. economy had had 25 good years from 1945 to 1970, but ‘the good fortune didn’t continue.’ He at first blamed this on the replacement of his generation of economists by ‘a younger and less able generation,’ but then immediately turned around to try to claim that this explanation had only been a joke.

“Galbraith indicted monetarism and the shift to a services economy, for weakening our real wealth-producing industries, such as steel and automobiles. As for trade unions, ‘instead of winning wage increases, they have to negotiate give-backs.’ Menshikov, for his part, stressed the need to find new sources of natural resources to maintain a growing world population. He countered ignorant popular prejudices on modern U.S.-Russian relations by noting that Russia was consuming fully 40% of all U.S. machinery exports during some periods of the 1930s.

“The reason for the excellence of their discussions was that each man was at once an able patriot of his own nation and ‘system,’ while simultaneously dedicated to what Galbraith, in his dedication to *The Affluent Society*, called ‘the ultimate aims of man.’

“For Menshikov, what this means to me is that he is one of the best exemplars of the best of the Russian intelligentsia. Since at least some time in the 18th Century, the best of the Russian intellectuals have combined an unyielding compassion and a powerful



Menshikov co-authored this book with Galbraith, the former New Deal and JFK advisor. Galbraith thought Menshikov “a remarkably informed scholar.”

underlying optimism, on the one hand, with that readiness to look without blinking and without consoling illusions, into the very face of the most unimaginable horrors,—the same readiness as one finds in a competent military commander. All this in a peculiarly Russian manner.

“I have tried to explain to myself these qualities of the Russian intelligentsia, by trying to conceive of that awful sense of responsibility, before God and man, of each one of a mere tiny handful of educated persons, amidst the sea of illiteracy and ignorance which was Russia before the effects of the 1918 revolution.

“In any case, this is Stanislav Menshikov.”

Perestroika: Crossing Swords with Andropov and Gorbachov

Menshikov continued to get into trouble, being yanked from an official position on more than one occasion. In 1986, he was booted from the Communist Party Central Committee staff, as he relates in his memoirs, for crossing the interests of other officials. He worked at the Institute of the World Economy and International Relations (IMEMO), rising to the post of deputy director; at the Academy’s Novosibirsk outpost; and on the United Nations economics staff, overseeing Wassily Leontief’s project to model development processes worldwide, in the 1970s. He wrote for *New Times*, *Pravda*, and the Prague-based *Problems of Peace and Socialism*, and contributed guest commentaries to *The New York Times* and other Western press. In the post-Soviet period, Menshikov taught at universities in Europe, notably the Erasmus Rotterdam University and its Tinbergen Institute.

The well-known former *Pravda* journalist and Middle East expert Georgi Mirsky, in 2007, described Menshikov as a “flying creature,” who worked all over the world, and always shared his talent. “You could never catch up with Menshikov,” he said.

Professor Menshikov was blocked from election to the Russian Academy of Sciences, at least partly, as his memoirs convey the matter, for failing to be anybody’s toady. Behind the scenes, principled issues of great moment were at the heart of two political fights, one at IMEMO, and one within the Communist Party, involving his opposition to what would soon be the clique around Andropov and then Gorbachov, described by LaRouche as London’s “agents of influence,” who took over the Soviet leadership after the death of L.I. Brezhnev in 1982.

That year, 1982, Menshikov was in the running to head up IMEMO. Alexander N. Yakovlev, later known as the architect of Gorbachov's perestroika policy, beat him out for the post. In 1983, Yakovlev formed a group that included Academician Georgi Arbatov and the journalist Alexander Bovin, to draft a new Communist Party program for incoming General Secretary Yuri Andropov. Menshikov published a scathing critique of their document, warning that the economic liberalization measures they proposed would make the Soviet Union "capitalist" in a way fraught with great danger, because they ignored the scope and growth potential of the criminal sector of the economy, already then.



The late Russian Academician Alexander Granberg toasted Menshikov on his 80th birthday: "In science, Menshikov is already immortal."

Raising a toast to Menshikov on his 80th birthday, the late Academician Alexander Granberg alluded to the historic nature of these incidents: "In science, Menshikov is already immortal. Actually, Stanislav could have contributed even more to science and society, had there been demand for it. After Menshikov was recalled from the United Nations, the system of long-range forecasting there went into decline. . . . As for Russia, . . . we lost out, because Stanislav Mikhailovich's recommendations were not heeded 20 or 30 years ago, or 10 years ago."

Academician Sergei Glazyev said, on the same occasion, that Menshikov had always "gotten people to think." He congratulated his accomplishments, which he said Menshikov had done "with love of his country, and the confidence to live according to his own mind." Unlike some younger people, who get stuck in virtual reality, Glazyev said, Menshikov had always been reality-oriented, and, together with his willingness to look reality in the eye, he had provided in Russia and elsewhere a tremendous charge of optimism.

Stanislav Menshikov is survived by his wife, Larisa Klimenko-Menshikova, his son Ivan, and daughters Yekaterina and Tatyana. He was predeceased by his first wife, the economist Marina A. Menshikova, in 1979. His obituary in the Russian weekly *Rossiyskiye Vesti* was signed by four Academicians of the Russian Academy of

Sciences, including former Prime Minister Yevgeni Primakov and current Presidential advisor Glazyev; the famous diplomat Valentin Falin; and other prominent economists and journalists of several generations.

Menshikov and LaRouche: Two Minds; One Mission

The following excerpts document Stanislav Menshikov's special relationship with Lyndon LaRouche and his movement. The full text of all the components dating from his 2007 Jubilee were published in the June 1, 2007 [EIR](#).

Menshikov: 'Russia and the World in 2027'

At the celebration in honor of his 80th birthday, held May 15, 2007 at the Presidium of the Russian Academy of Sciences in Moscow, Prof. Menshikov zeroed in on the positive potential of the "Eurasian strategic triangle" of China, India, and Russia—the core of what would soon become known as the BRICS, and he situated the LaRouches' Land-Bridge program as the key to such cooperation, in which he hoped the West would also join:

I would like to take a look ahead, as if I were to be present at my own 100th birthday celebration, at how I see that the Russian economy is going to have developed, along with the world economy, by 2027. I have certain experience in long-range forecasting. At the UN, Wassily Leontief and I worked on a forecast for the world economy up to the year 2000. This was published in the well-known book, *The Future of the World Economy*, which was co-authored and edited by Leontief. It came out in the late 1970s in a number of languages, including Russian, so you can take a look and see that our forecast was vindicated, to some extent. . . .

I am . . . inclined to look at the question of how Russia's *productive* capacities [have] developed. If we apply . . . the method of disaggregation according to basic production factors, i.e., labor, capital, and the total productivity of such factors, or a summary productivity factor, it turns out that most of the growth, more than half, is accounted for by the utilization of reserve labor and power, and excess capital, created during the crisis of the '90s; the utilization of capacities that al-

ready existed in the Soviet period, and were idled or underutilized during the period of economic crisis.

And only 10% of the total growth is accounted for by new capital investment. It is absolutely clear that these two basic factors are one-time factors, which cannot be the basis for further growth in Russia, since they are already exhausted. The only real source of growth has to be capital investment in new technology and the growth of fixed capital and, of course, improvements in the quality of labor.

This is the direction that essentially was indicated by what Vladimir Vladimirovich

Putin stated in his most recent Message [to the Federal Assembly], where for the first time he presented something like an *industrial policy* for Russia. He didn't directly mention that term, which has been banned for a long time here. It was believed that only the market can properly structure the economy and, of course, create the forces that will bring about economic growth.

But the structure of Russian oligarchical capitalism is such, that it is not very eager to invest capital in sectors that it considers less profitable, and which involve long-term investment without a quick return. It prefers to invest its capital primarily in sectors producing for export, such as oil, aluminum, other non-ferrous metals, and steel. And there is no response to the President's appeals to invest in our own manufacturing industries.

From this follows the need for more active intervention by the state, which some people call state capitalism. And some people think that this means practically a return, or is a total return, or a planned total return to Soviet times, and that it would be a step backwards. Personally, I see it as simply the only possibility, with all its shortcomings, to channel capital investment in the direction it needs to go, into the more dynamic manufacturing industries and, of course, into economic infrastructure....

With whom should we ally, and to whom should we orient? This, of course, depends on your viewpoint. Mine is that Russia ought to be cautious. Russia will



EIRNS/Rachel Douglas

Lyndon LaRouche joined Menshikov in Moscow for his 80th birthday jubilee, May 2007. Taking note of the LaRouches' Eurasian Land-Bridge and New Bretton Woods proposals, Menshikov said, "Russia should take part in those programs that will lead to conflict-free development that brings about a steady upswing of the world economy."

never, of course, break with the current industrial countries, but at the same time, we should also orient towards the Eurasian triangle, by which I mean China-India-Russia. Why? Because, while the EU and the U.S.A. already now express some concern over what will happen if Russia makes a comeback, and whether this won't become a new threat, such as they consider the Soviet Union to have been, China, India, and other Asian countries do not perceive such a threat. In general, they are not afraid of Russia's development, especially insofar as, realistically speaking, it cannot present

any threat to them. Thus, we should orient to them, while not pushing away, but rather continuing to cooperate also with the industrialized countries.

But, of course, there is another possibility. And here I shall again mention Lyndon LaRouche, who is present today. He has put forward the conception of building the Eurasian Bridge. The Eurasian Bridge is a program of cooperation, with the participation of the U.S.A., Western Europe, Russia, with its scientific potential and enormous mineral resources, China, India—cooperation, for the purpose of building and reorganizing the economic infrastructure over the next 50 years. This will stimulate the progressive growth of the entire world economy.

But this plan can only be implemented, if there is cooperation among all of those countries; if their development proceeds in a conflict-free way. Lyndon LaRouche believes that one of the areas of such cooperation needs to be a monetary and financial reform, which he calls a New Bretton Woods. This means to establish a fundamentally new monetary system, which in some of its features will recall the old Bretton Woods, the system established at the end of the Second World War, which was subsequently destroyed.

Such a new world monetary and financial system, once more, will have to be based on cooperation among all the countries I mentioned. Just think about the exchange implications of China's and Japan's reserves,

and those of Russia. It is enough to think about the U.S.A. being the biggest borrower, and the biggest debtor of China and Japan, to understand that simply going ahead into financial conflicts and trade conflicts, is a path that leads, of course, to a serious destabilization of the entire world economy.

Thus, 2027 may be a year by which the planet has been turned upside down, in terms of its economy. At the peak on top will be countries that were formerly considered the Third World, while the traditionally industrialized countries will find that their place in the international division of labor will be determined by certain highly developed, specialized sectors producing goods and services....

My last pronouncement will be this: that Russia's path will be a path that upholds these projects for world cooperation. That is, while orienting toward the [Russia-China-India] triangle, but without forgetting the industrialized countries, Russia should take part in those programs that will lead to conflict-free development that brings about a steady upswing of the world economy.

LaRouche: The USA and Russia Can Change History

Immediately after Menshikov spoke at the May 2007 celebrations, Lyndon LaRouche made his remarks, including the following.

We have, presently, the greatest crisis in all modern history is now occurring. There's an attempt to cover up and deny it, but it's happening. I see, most of Western Europe, from the border of Russia and Belarus westward, is a group of failed states, that are no longer capable of governing themselves, in even their domestic affairs, from the inside. The world has been taken over to a large degree by supranational financial interests, which similar interests are doing that, to shape policy.

When you look at the politicians—and I deal with politicians, particularly in the United States—and look at them in other countries, we have not only failed states, including most of those of Western Europe; the United States is also in the process of becoming a failed state. I have many friends and sometime collaborators among members of the Congress of the United States, and other people; but I find that today, the clear thinking is not coming from the politicians. The clear thinking required for political policy is coming from a different layer, usually senior representatives of the professionals, military, intelligence, diplomatic and so forth, who step outside the small-time controversies that fascinate

politicians, and do look at the future of mankind—especially senior people.

And sticking to the topic of Professor Menshikov's delivery right now, I think some things that he forecast, can be changed. The question is, who is going to change them? In practice, President Putin of Russia has spoken much, with others, in these recent events, about World War II, the conclusion, and Franklin Roosevelt, and praised the Roosevelt tradition....

The United States must change its behavior, by approaching Russia, China, and India, in order to create a new order of relations in the world, bringing all the smaller nations in to cooperate with them. I think we can do it: We can change history.... Russia's role, its culture more than its economy, especially the culture of science, in dealing with the potential of the large area of Northern Asia, and Northern Eurasia, in the vast mineral resources that would be required to be developed, if the needs of China, India and other countries are to be met. This is not something that could be exported, because in Russia itself, there is a repository of knowledge of *how to do this*, on which the rest of the world depends.

So therefore, what I think is urgent at this time, is a program for action. First of all, intellectual action. There must be more discussion particularly between leading layers of senior people in Russia and in the United States.... We have to establish a sense of the *reality* of this possibility. In that case, we can probably win over the political process, under the heat of crisis, to recognize that this is the only alternative to what is presently the most dangerous situation in all modern history.

Academician Granberg: A Long Wave Across the Bering Strait

Academician Alexander Granberg was Russia's leading expert on regional development. Prof. Menshikov had worked closely with him in Novosibirsk in the early 1970s, at the then fairly new Siberian Division of the Academy of Sciences. Just three weeks before Menshikov's May 2007 celebration, Granberg had chaired the Moscow conference "Megaprojects of Russia's East: A Eurasian-American Multimodal Transport Link Across the Bering Strait," sponsored by the Council for the Study of the Productive Forces (SOPS), which he headed. LaRouche had delivered a paper to that conference. Granberg's toast to Menshikov, in May 2007, concluded with this passage.

It is well known, that Stanislav Menshikov is a major expert on long waves, and he has worked on this

together with Larisa [Klimenko-Menshikova]. And one of those long waves has reached me, today. Here's the story:

Three weeks ago, there was a conference in Moscow on one of the megaprojects, namely, the construction of an intercontinental route, from Eurasia to America across the Bering Strait. This is a very old idea, to link the continents, and the entire rail network of the world. Sooner or later, this project is going to be built! Many generations have dreamed about implementing this project, and this conference took place three weeks ago with the active participation of our government, and of [regional] governors, and the idea gained support. . . .

Three weeks passed, and here is Mr. LaRouche. And there has been an opportunity to discuss what actually needs to be done, to push this project ahead. These are very encouraging views! This road will be built! Thus, you have already taken part in this project. By the year 2027, according to the schedule, it will have been completed. Maybe just a bit of the tunnel will remain to be built, across the Bering Strait. It's only 100 km.

I hope to be able to have some influence on the design of this crossing. And we'll try to name the sta-

tion closest to the Bering Strait tunnel on the Russian side, either "Stanislav" or "Menshikov"! Yesterday, with your forecasts, we were talking about a lot of numbers, but I'm talking about a living, breathing station, of national importance, and named for you.

Larisa Klimenko Menshikova: And on the American side, there will be a station named after LaRouche!

Menshikov's Greeting to LaRouche

On an earlier occasion, during the 2001 Bad Schwalbach conference of the Schiller Institute, Prof. Menshikov had said to LaRouche, "You are the most un-American American that I have seen. That is, you are very American, of course, because you are traditionally American. You are from the best part of America, and the best roots of America. But you are a singular person." He contributed this letter to a Festschrift for LaRouche's 90th birthday, Sept. 8, 2012 (dated Aug. 28, 2012).

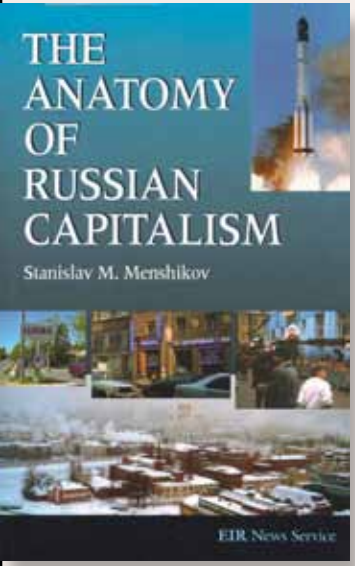
I am happy to be able to congratulate Lyndon LaRouche on his 90th birthday. His is a rare case of human activity—his being so active. Lyndon is an example of a creative mind that never stops emanating original ideas. And, quite frankly, I am full of envy that at 90 years he can do all that he is doing.

This is, of course, a result of God's good will. I cannot put it differently, because usually such brilliant minds are not blessed with the kind of stamina and health that have helped Lyndon to continue his activity at this age. I believe this shows that God not only gives him this possibility, but that God also approves of the way Lyndon has been acting all these years. Otherwise it would not happen.

So my first thought was that I envy Lyndon in a good way. My health is not as good, and he gives me an example that I try to follow.

I hope that he will go on in this way for years to come, contributing to human, scientific knowledge. LaRouche is the author of theoretical discoveries in the area I work in, which is the world economy. It doesn't mean that we share the same view of everything, and we have been arguing as many times as we have met, over the years. But that also does not mean that we are adversaries, for we both know that we are thinking in the same way and in the same direction.

I wish Lyndon good health for many years, and a happy family life with Helga, his wonderful companion.



This English translation of the work of Russia's authoritative economist, Stanislav Menshikov presents a critical analysis of the complex economic processes in Russia following the collapse of the Soviet Union.

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