
Economic Policy Debate

LaRouche's physical economy under scrutiny

The December 1994 issue of the Moscow journal *Rossiya 2010* features three articles by Russian scientist Pobisk Kuznetsov that deal with American economist Lyndon LaRouche's approach to the science of physical economy. Kuznetsov is the veteran space science organizer who last April hosted LaRouche for a dialogue with Russian scientists at the Academy of Sciences in Moscow (see *EIR*, June 10, 1994).

In the first essay, titled "On Idols and Ideals" and dated Oct. 2, 1994, Kuznetsov blasts the International Monetary Fund policies, which proceed against the backdrop of "the hunger, poverty, and tribulations of hundreds of millions of inhabitants of our planet."

"Where is the limit to stupidity to be found," he asks, "if apparently intelligent people cannot take a single step without advice from the IMF?" He quotes LaRouche on the IMF being a den of thieves. In contrast to the IMF, Kuznetsov invokes the economic successes of countries with an economic plan, such as Japan or even Saudi Arabia. "Not to mention planning in the armies of all countries of the world! Are not General Staffs the precursors of all types of planning? . . . What army goes into war, without a plan of action? What country, especially what civilized country, has no mobilization plan?"

Rossiya 2010 is published by the Independent Methodological University, together with several educational institutions from Moscow and from the Khanty-Mansy Autonomous Okrug, in Siberia, and the Russian Financial-Industrial Group. The editors of the journal write that, during 1995, they intend to devote a special issue of the journal to "physical economy—the methodological science and practice of Lyndon LaRouche, Jr. and Pobisk Georgiyevich Kuznetsov."

A new unit of measure: 'the larouche'

In an article in the same journal on the world food crisis, Kuznetsov introduces "the larouche," a unit of measurement for the study of physical economy.

"Let us introduce the physical magnitude of 'a larouche,' designated by La," he writes, "which gives the number of persons who can be fed from 1 square kilometer, or 100 hectares, during one year."

Thinking in terms of this new unit might look like this, Kuznetsov writes: "Our base magnitude of area is 1 square kilometer or 100 hectares. This base value of area is necessary, in order to bring all existing world food statistics to a single basis. The figures cited above for Belgium . . .

correspond to 'potential relative population density,' introduced by LaRouche. We have introduced the new unit of measurement, the larouche, which is the quantity of persons able to be fed from a certain magnitude of area, taken as the unit value in this system. Our unit is equal to 100 hectares. . . . The example of Belgium gives an agricultural productivity for Belgium equal to 500 larouches, or 500 persons per 100 hectares. We share LaRouche's view that the magnitude of potential relative population density can serve as an indicator of 'intellectual culture,' but taking into account the quite diverse values for farv (photochemically active radiation per vegetative period), we shall compare not simply 100 hectares, but 100 hectares for a given local farv value. . . .

"In 1980 I was able to estimate the possibility of creating a system for feeding 300 million people, by means of hydroponics set up in the deserts of Central Asia, in the U.S.S.R. I calculated that it would be necessary to have an area of land measuring 100 by 150 kilometers, or 15,000 square kilometers. Since this anticipated a complete system for feeding 300 million people, it corresponds to 20,000 larouches, or 40 times greater than the known productivity of Belgium."

Glazyev calls for industrialization strategy

The December issue of the French monthly *Le Monde Diplomatique* characterizes the policy fight inside Russia as one between the supporters of a hard-line course of "monetarism" and "speculation," and those who "oppose the monetarist model" and support a "revival of production, particularly in industry." According to the paper, a leading spokesman of the latter group is Sergei Glazyev, president of the Economic Commission of the State Duma and formerly minister for foreign economic relations, until October 1993.

Glazyev says that a kind of "upside-down Bolshevism" dominates Russia today, in which the state is regarded as an evil, and private property takes precedence over all. It is in this spirit, that the "monetarist instruments" are applied: In the name of "ideological principles," the powers-that-be impose "neo-liberal recipes, without measuring their effects." Thus, in Glazyev's view, it was true that the inflation rate was lowered early in 1994 by raising interest rates, but this had the consequence (in the French journal's paraphrase of Glazyev's views) of "strangling enterprises, encouraging inter-company debt, and creating the conditions for a new inflationary spiral." The credits at reduced interest rates "were utilized by the banks to finance currency speculation, not to help industry."

In an article in *Rossiya 2010* earlier this year, Glazyev criticized the government for wanting an austere budget, since "to elaborate a federal budget without a concept of

economic and social development, without an indicative plan, and without a long-term perspective, means spending public funds for nothing.”

The opponents of monetarism advocate a policy for Russia of “reindustrialization, the basis of development,” *Le Monde Diplomatique* writes. This is especially important given that Russian industry is functioning at only 30-35% of capacity; if the bankruptcy laws were applied, it would affect two-thirds of enterprises, and unemployment would rise from the current official rate of 6% of the working population, to 12%, and, in some regions, to 25%. “Sergei Glazyev suggests creating an institute for development, which would select projects, and, with public monies, purchase equipment and lease this equipment to enterprises that present the best projects in sectors that are to be encouraged.”

EIR published an interview with Glazyev on Nov. 18, 1994.

Arbatov: Shock therapy is creating a backlash

Georgi Arbatov, the director of the U.S.A. and Canada Institute, was interviewed by the Russian paper *Rabochaya Tribuna* of Dec. 14, and discussed what Russia’s foreign policy should be.

“Anti-Americanism has become pretty much widespread,” he said, partly blaming Russia for not having a clear idea of its foreign policy or national interests. He identified shock therapy, “the reform proposed by [Yegor] Gaidar and adopted as a guide,” as the principal reason for “the slight cooling in our relations with the U.S.”

“Three years of ‘shock therapy’ have done far more damage to the country’s economy and its foreign policy status than 45 years of the arms race,” he said. “The social and spiritual state of society . . . has been hit as well. Whereas at the beginning of the reform, the President was asking people to wait just four to six months, the next year we were not even being promised any improvement. Now, apparently, we have to wait another three years, and only then will we begin to see an improvement in our well-being, industrial growth, and so on.”

Arbatov identified the institutions that are responsible: “This reform was recommended to us by the West and the ‘Big Seven,’ the IMF, and the World Bank. Our leadership readily accepted the advice of western consultants like Jeffrey Sachs.

“In America, of course, there are people who would like to reduce Russia to the status of a third-rate power. . . . But I know many more Americans who are afraid of economic chaos in our country, which would be bound to lead to political instability.”

Pigs can only oink: Who attacked Yeltsin, and why

by Roman Bessonov

“Only Independent Physicians May Evaluate the Degree of the President’s Dementia.” This headline was striking for a peculiar reason: It was in *Izvestia*, a paper hitherto so loyal to Boris Yeltsin that it used to be called “the President’s paper.” You read the text and realize that it deals not with the Russian President, but with retired U.S. President Ronald Reagan, who was retroactively diagnosed as having Alzheimer’s disease.

Reagan’s disease is a separate question. Every physician, at least every psychiatrist, knows that Alzheimer’s disease, leading to complete dementia, usually starts at age 55-60, not at 83, and a diagnosis of “slight symptoms” at such an age is an obvious falsification. It seems probable that Reagan had done something that required considering him insane. Maybe the pretext for it was his talks with Aleksandr Rutskoy and Gennadi Zyuganov? Certainly, if an American politician dares to talk, in friendly terms, with the “red-brown” opposition, he is surely “a little bit” crazy—from a certain point of view.

The same point of view has determined the attitude toward President Yeltsin by a significant part of the so-called “democratic intelligentsia.” In previous articles, I have told about how Yeltsin was denounced as “anti-Semitic.” This label, stuck on him after his visit to painter Ilya Glazunov’s exhibition (but not on Moscow Mayor Yuri Luzhkov, who patronizes this painter and was standing beside the President when he went there!), seemed to be a “signal.”

Do you know what a “signal” means in old communist transcription? It means that a loyal journalist, having gotten a certain instruction from the KGB or the Central Committee of the Communist Party of the Soviet Union, publishes an attack casting a shadow on a certain significant person (a politician, musician, physician, etc.). This meant that very soon this person would be singled out for special attention (exiled, imprisoned, shot).

The second “signal” about Yeltsin came from the Luzhkov-manipulated *Moskovsky Komsomolets* paper, which published an article with the title “Boris Was Drunk” (September 1994). Though it dealt, again, with a hunt in Moscow’s suburbs, and Boris was a wild boar, not a human being, one could easily guess the determination of the article: It was to provoke the President, for it struck at his Achilles’ heel.