

'We must shift from a criminal to a civilized economy,' Russians say

Deputies of the State Duma of Russia, the lower house of parliament, Adrian Puzanovsky and Nikolai Chukanov, together with Gennadi Sklyar of the Obshchestvennaya Palata, a government advisory body, visited Washington the week of Feb. 27 on invitation from the Schiller Institute. Mr. Puzanovsky is the vice-chairman and Mr. Chukanov a member of the Duma's Economic Policy Committee. All are signers of a call for the exoneration of Lyndon LaRouche. On March 4, the Russian visitors had a roundtable discussion with the EIR staff, which we excerpt here.

Adrian Puzanovsky

My country is in a very difficult situation today. We are not looking for scapegoats; we understand that we ourselves are at fault for our tribulations and hardships today. We are guilty of having been too trusting and having delegated too many rights and too much responsibility to those we believed capable of taking the right decisions. This refers not only to [former Soviet President Mikhail] Gorbachov, but also to those who are at the center of power today, representatives of the elite which said it knows which way to go.

The first conclusion everybody is drawing in Russia today is like the Russian proverb: Trust, but verify. [Former President Ronald] Reagan, an American, knew that proverb and made better use of it than we did. We have decided in the future to do more checking on those in whom trust is placed. The electoral process makes this possible.

Today, people in Russia very much look forward to the elections to the State Duma next December, and hope that those elections will take place. We drew attention to this when we were visiting congressmen and senators this week. We hope that these elections bring forward political forces who better know the life of the people and will be prepared to adopt laws and decisions in the people's interest. They will also be pro-reform and pro-democracy, but in favor of reforms which do not reserve the fruits of reform for a select few—the new Russian oligarchy.

In Russia today, 7-8% of the population controls around 54% of the national wealth. This is an incredible percentage.

Meanwhile, over 28% of the population is below the poverty level. People counted as middle-income receive incomes barely covering a subsistence minimum. These are not the kind of reforms we were looking for.

We do not forget, however, that we are surrounded by the big world, which has its problems. It is one of those problems that brought us to Washington—the problem around [American economist] Mr. [Lyndon] LaRouche.

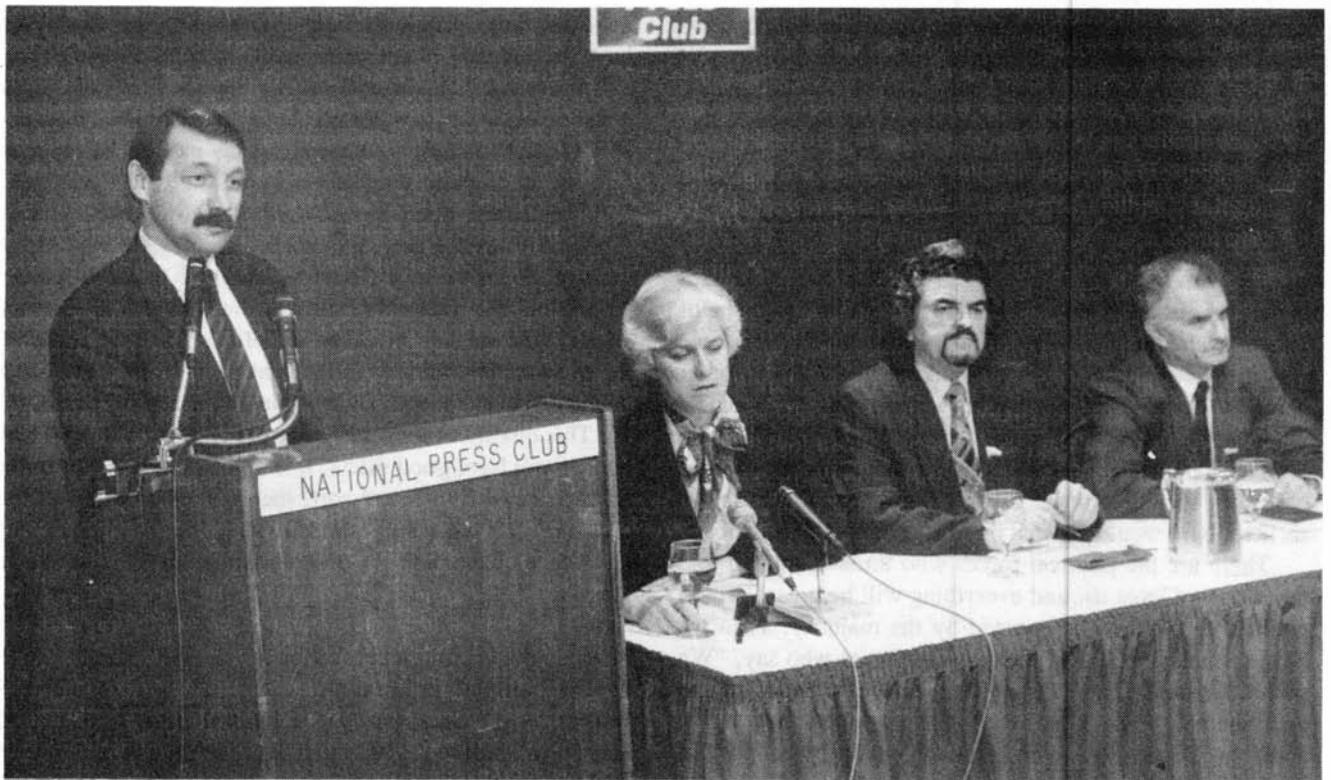
We view him as a prominent American scientist, a humanist, and a democrat, whose ideas are of great significance, including for my country. We are here to say that the LaRouche case should be reopened; that in a country calling itself the basis of world democracy—and that is how America is viewed in my country—the LaRouche case is not tolerable. I cannot tell you what actions will follow, but we discussed this frankly in Washington, in the belief that people like LaRouche would do honor to the citizenship of any country.

Nikolai Chukanov

I would like to touch on an important question, which also concerns you. I am convinced that there is a conflict of two ideologies in the world today. One holds that people should live in the kind of competition, where one person is the rival and enemy of another. But there is a different ideology, where people are a big family, and should help each other. If there be competition—for without competition it is impossible to adopt effective decisions in any area—it should be based on a principle that is expressed well in the Olympic Charter: From the victory of each, all should win.

Therefore, as an economist, I would like to say that the ideology chosen as the basis of our reforms was the former of these two. It was largely borrowed from the Chicago monetarist school; that was the dominant influence on all the reforms in Russia. At our press conference and in meetings with congressmen, I tried to bring to their attention the negative consequences of the Chicago monetarist school.

Let me give you a brief account of what happened in our country during these reforms. In little more than three years, the standard of living of most of the population has fallen



"The LaRouche case is not tolerable," three Russian officials told the National Press Club in Washington, D.C. on March 2. Left to right: Gennadi Sklyar of the Obshchestvennaya Palata, a government advisory body; Rachel Douglas of the Schiller Institute, who served as interpreter; Adrian Puzanovsky and Nikolai Chukanov, both deputies of the State Duma of Russia.

threefold. Our economic capacity has been over half-destroyed, a destruction which exceeds that during the war against fascism.

I fear that this type of economic approach will lead to the destruction of economic and intellectual potential all over the world.

Our scientists now have nothing to live on. Young teachers receive \$70 per month. They cannot make ends meet.

Now we face the obvious task of changing the course of the reforms. It has become clear to everybody in Russia that the team which relied on monetarist theory has proven to be incompetent. I want to tell you why our economy is still breathing, just barely: only because enterprises are willing to ship goods without payment and workers come to work without receiving wages. If enterprises were to stop shipping goods without payment and workers ceased working without pay, there would be total economic paralysis.

Essentially we broke up the old planned economy system, but we built no market economy. This is not an economic crisis, but economic chaos.

Why do I say that we have a shared task, in this sense? Because the influence of the Chicago monetarist school today will lead to the destruction of the world economy, as well, and is also capable of rapidly destroying the U.S. economy.

I believe that the LaRouche case is an instance of at-

tempted forcible elimination of one's opponent. Therefore I believe that we should join efforts in this respect and expose the flaws of that school of economics, so that the citizens of both Russia and America may see where this ideology leads. Without an understanding of its flaws, it will be impossible to avert the same catastrophe that has struck Russia.

Gennadi Sklyar

We came here to tell the truth about the situation in our country, because only the truth will be able to help you in your deliberations. And the truth is bitter, indeed.

A majority of the people in my country made a personal decision to try another way of life. Some abandoned their previous selves and way of life. And when we say that the younger generation has betrayed its fathers, this is the truth. But, unfortunately, the older people, as well, those who voted for [Russian President Boris] Yeltsin, also thought that one little betrayal in their lives would make it possible for them to live better. They thought that everything would be like it is in the United States or Sweden, and now they are bitterly disappointed. They are suffering most of all.

Nikolai Chukanov talked about people not receiving their wages. We can say a lot about what people are not receiving: They have stopped listening to music, they stopped going to the movies, they stopped reading, they ceased normal

recreation. This depression is the most horrible thing that has seized society. There is, of course, some hope, because the potential of the nation is very great and we think that new people and new ideas are still capable of taking society in a rational direction.

I remember five years ago, when we were arguing about the further development of Russia. There were various arguments. But only now have I come to understand that we were lacking something very important. We saw the West as a homogeneous, gray mass, where there was just one type of idea or evaluation. We were in no position to tell our people that there were other types of thinking in the West, other people. The acquaintance we have made with LaRouche's work has been a big help to us.

There are political forces in Russia today who are capable of leading society forward. I won't give a big political analysis here, but I would say that there are four basic tendencies.

There are the political forces who three years ago told the people, "Trust us, and everything will be great." These political forces will be rejected by the majority. Then we have a small segment of the political forces who say, "We should return to how things were ten years ago, and the good life will come back." But this viewpoint is not widely accepted. You cannot swim in the same river twice, nor can you return to your youth, even if it was really fine.

So the question arises of which ideas will prevail. We do have political forces who call themselves "patriotic," and there is a big nationalist element there. It is possible for them to receive the support of the insulted and the injured. This is a serious danger. That is why we are building support for the political forces of the center and left of center, who talk about national priorities, social guarantees, culture, education, and the development of the country and society. We do have such possibilities. We hope that these forces will prevail.

But I think that there may be some very harsh methods of action. You should be prepared for this. This is because our country, to a large extent, has become a country run by criminals and corrupt officials. You cannot defeat that kind of force by friendly persuasion and signing decrees. It will also be necessary to apply force.

This is very hard, but without such a cleansing we shall not be able to advance, because our people will never understand, if we tell them: Your neighbor stole a lot and became extremely wealthy. He stole from you, too. Let's forgive him and go on living. It would be very hard for people to agree with that and unlikely that they will. Any cleansing is a difficult thing, but it is necessary if we want to develop according to rational concepts and laws.

EIR: If people are working without pay, how do they eat?

Chukanov: It is amazing, how people can adapt to various conditions. Some people live on their parents' pensions. Some people have potatoes stored up from their garden patches. Some people find work here and there.

Sometimes people just can't take it any more, and we have the outbreak of strikes, as with the mines right now.

Puzanovsky: I would add another aspect. It is not only a question of human psychology, but also a national characteristic of the Russians, who are extremely patient. Sometimes they prefer to place themselves in an intolerable situation, than to resort to open opposition to those in power. This is inherited from our past, this special respect for the central authorities. I would not call it fear, although that also occurs. You know the work of Chekhov, the remarkable Russian writer, who was not involved in politics. He once said that the most terrible thing is to feel slavery within oneself, and he wanted to squeeze that slavishness out, drop by drop.

This quality of long-suffering patience is both good and bad. If you have good rulers, it is a good quality. But if the leaders are of a different sort, then it is just the opposite. Worst of all is when the authorities abuse their power, taking advantage of the patience of the population. This occurs in Russia.

EIR: Would you comment on the murder of Vladislav Listyev, the journalist, in Moscow?

Sklyar: I just discussed how organized crime has attained enormous influence in Russia. The redistribution of property which has taken place, and continues, in the country, and largely takes the form of thievery, has led to the flare-up of a type of struggle which is necessarily criminal.

Listyev was not the victim of a political contest, but of an internecine conflict among groups which were divvying up the proceeds of the virtually unregulated revenues from television advertising. Now his death is simply being exploited in the political struggle.

Furthermore, it is important for officials to cover up the fact that his murder had this criminal background to it, because otherwise they would have to admit the criminalization going on. And the authorities are not yet prepared to take on the mafia, because state officials at all levels have developed close links with organized crime.

We expect there will be other such deaths. This one happened to receive a lot of publicity. But when we open up any Moscow newspaper, every day we read about one, two, or three murders of entrepreneurs, directors of companies. This is how they settle conflicts among them.

Chukanov: I would add that this is a very serious question, because it has to do with the entire model of reform that was implemented. The model we adopted was that the government stops planning production or setting prices, and stops giving money to the enterprises. We have termed this a primitivist reform: Do nothing and give out no money. As a result of this reform, all the enterprises and banks in the country became ownerless and unsupervised. The management of these enterprises and banks enjoyed the position of favorites; without being proprietors, they were also not subordinate to anybody.

But I think that there may be some very harsh methods of action. You should be prepared for this. This is because our country, to a large extent, has become a country run by criminals and corrupt officials. You cannot defeat that kind of force by friendly persuasion and signing decrees. It will also be necessary to apply force.

These were ideal conditions for organized crime. The entire reform became the criminal redistribution of this ownerless state property. Both the murder of Listyev and the events in Chechnya are cut of the same cloth.

The events in Chechnya were not a conflict of the Chechen people with the Russian state, but a conflict between the biggest center of the criminal accumulation of capital and state power. This criminal center accumulated so much money, that they could maintain their own professional army, where soldiers of fortune were paid as much as \$1,000 a day.

These cases demonstrate that we have ended up in a criminal state with a criminal economy. Now we have the task of developing a program not for the transition from a planned to a market economy, but from a criminal economy to a civilized one. This needs to be solved by a special approach, not through conflicts as in Chechnya.

Sklyar: Let me give you two examples. The main opponents of [Gen. Dzhokhar] Dudayev are in Moscow. It is the central authorities versus organized crime in [the Chechen capital of] Grozny. But Dudayev's main friends are also in Moscow. Through Dudayev, arms were being sold, diamonds, drugs—all this was flowing out of the country as if through a hole in our pocket. People, including in high offices in Moscow, were raking it in from this.

Another example, which may seem wild to you: Every high-ranking official who has access to funds from the [state] budget finds some means of transferring these funds to private financial institutions for purposes of speculation. From there he puts them in an envelope or a suitcase.

This kind of truth makes us think seriously about how to accomplish what Nikolai Chukanov just talked about, how to make a normal society out of a criminal one. It is a very serious problem.

EIR: You are talking about a criminal economy. Milton Friedman, of the Chicago School, is an open proponent of the criminalization of the world economy. To what extent do policymakers in Russia appreciate that the British wanted this criminalization to occur and that Britain is the center of those forces in the West wanting to see this?

Chukanov: People have cooled toward these theories in Russia today, but they attribute the horrible results to the entire West, especially the United States, and Israel. For

some reason, they don't talk about London as much.

Sklyar: When the Gaidar reforms were being developed, our mass media often said, "Yes, there will be looting and criminal capital. But there is no other way! Because this has always happened in other countries." This philosophy was of great significance in suppressing the internal resistance that our people felt. People nurtured illusions in this respect. They did not envision this total criminalization.

As for the fact that this was being run from London, or how it works in general—nobody told them about that. Nobody talked about why there would be people who had such a philosophy as their fundamental value. But I promise you that during the coming electoral campaign, we will be talking about this.

EIR: What is the attitude of the average Russian citizen, of your constituents, to the United States as compared with three years ago?

Puzanovsky: This is a very good question—the attitude of Russians toward Americans. It is no exaggeration to say that we are very similar in our character and outlooks. Perhaps we began life in equally difficult circumstances: You developed a new continent, we Siberia. This continues to this day, although you have had more successes than we with respect to the standard of living, and so forth.

Long before Gorbachov, most of our population did not view America as an enemy. We remember the Second World War very well, and we remember that we met on the Elbe; that meeting on the Elbe plays a great role in the life of the Russian people. Believe it or not, I have in my closet at home underclothes sent from America during the war. My relatives received them and I inherited them. We have many films about these events.

But I must say that in the most recent period, especially during 1994, questions are entering into people's thinking: Why are things so bad for us? Where did these proposals come from, on how to carry out these reforms?

Why—let me speak frankly here—did we, having pulled out of eastern Europe, broken up the Soviet Union, and abandoned the Baltic states, not meet with understanding on questions of developing our economy? We dismantled the planned economy and centralized management of the economy. We carried out a colossal privatization. Even the Assyri-

ian kings did nothing like this when they conquered countries. Nothing like this has been done in China, but we are not given credits and China receives credits.

So the question arises: Who is to blame for this? Suspicions arise that there is an outside hand at work here, including that of the United States. Because Russians can see that there is just one superpower in the world today, the United States. This country bears a super-responsibility for the state of affairs in the world. Whatever might happen in the world today, does not happen without some American role. This idea of things occurs in the popular consciousness.

As a Deputy, I sometimes spend a lot of time explaining that we must first seek the causes at home and only then look to our surroundings. But you, as Americans, also know that we would like to have genuine partnership and friendship. It is a question of what must be done to achieve this.

EIR: You mentioned the grip of ideology. You arrived in Washington and have seen the grip of ideology on the U.S. government. Could you share your impressions or reactions to what you had to say, by people in the government, given how much of it is contrary to what they hear from the media and the experts?

Sklyar: There are several myths in the heads of congressmen, senators, and members of the administration. Many of them really do not know what is happening in Russia.

The problem is that during recent years, the same people from Russia have visited the United States again and again. People here got the notion that reform meant Gaidar, Chubais, and nobody else. But we tried to show them that there are other forces, and to treat them with some truth. We tried to show what needs to be done in Russia and what role America might play—both the administration, and the Congress.

EIR: There have been many warnings in recent months about a coming social explosion in Russia. Is it inevitable?

Chukanov: Nothing in the world is predetermined. The destiny of Russia and the entire world depends on the concrete actions of concrete people. If certain things are done, things will go well. But if not, yes, there will be a social explosion in Russia.

The people will reach a certain point at which their patience runs out and there will be a Russian rebellion. Therefore we have an enormous responsibility, to apply every effort to divert events from that path, including with the help of U.S. congressmen and the public. And so we are here.

EIR: Mr. LaRouche's proposals were recently presented before a committee of the State Duma in Russia. Could you say what possibilities there are for promoting the railroad development policies of the "Productive Triangle"?

Puzanovsky: The report was received with great interest, after it was summarized in Russian. The English text was

snapped up immediately and people were asking where they could get more copies.

On the prospects for the practical development of this program, in the first phase these ideas will be reflected in the reconstruction of railroads in the CIS [Community of Independent States] countries—Russia and her neighbors. In particular, the famous railroad stretching from Moscow to Vladivostok.

We are also trying to set up a commission with representatives from Russia, Ukraine, Moldova, Romania, and Bulgaria to study a plan for a railroad into the Balkans. This is an ancient Slavic route. We would like to have better infrastructure along this axis, as well.

Together with colleagues from Armenia, we are studying the possible construction of a highway from Rostov-on-Don through Georgia and Armenia into the Middle East. These projects are at the stage of coordinated design and discussion.

So, the impulse that was given will be developed, but don't think that this can be done rapidly under current conditions.

EIR: You mentioned the possibility of harsh actions being required to remove the criminal element. Where does the military itself stand on this fight against mafia control?

Sklyar: There are several levels of criminality: street crime, organized crime, and corruption which has struck the institutions of the state. The methods of struggle against these different species of crime are different. But for a start, the most important thing is to remove the conditions which breed more crime every day. If we continue to carve up property in the fashion Nikolai Chukanov described, this process will give rise to more crime.

This must be stopped, which means the adoption of appropriate laws. After that, it will be possible to begin to clean out the Executive branch institutions. We still have no law requiring officials to declare their sources of income. Nobody is held responsible for illegal income.

This all has to be introduced at once, as a package. We have to suppress the criminal groups. The relevant agencies know who they are. But they are heavily armed. It is my personal view, that this cannot be done without the participation of well-trained Army units.

Speaking as the son of an officer and twin brother of a colonel in the Russian Army, I can say that the Army hates what is being done to the country and hates the fact that in a poor, destroyed country, the Army is being humiliated. It will support these efforts and will take part. But it will pose the demand that this be done by properly trained units, and it will take part in these actions if it is visibly a national commitment.

EIR: Is not the recovery of Russia impossible without the Academy of Sciences, the scientific intelligentsia? The scientific institutions and the military industries that work with

them have been the best-functioning thing in Russia since the 18th century, but now it's being destroyed. The scientists are emigrating, or working as chauffeurs. These institutions would seem to be almost destroyed already, yet Russia has no future without them.

Chukanov: First, I would note that it is impossible to wipe out intellectual capacity overnight. Yes, people may go work as chauffeurs, but it is a more prolonged process involving the generational turnover. It is a more prolonged process than the destruction of an economy.

The situation can be changed with a relatively small team, which knows what conditions to establish upon coming to power, so that things start functioning. As soon as we might put into effect a package of legislation that would make useful activity profitable and criminal activity not, we could have a recovery very rapidly. Then we will need the labor of people who now have been forced to abandon the science-intensive sectors of industry.

This requires a special state program, which totally contradicts what the Chicago School stands for. Basic science, culture, education—these are requirements of society which only the state can provide. They are not valued on the market.

What is the market price of Mendeleev's periodic table of elements? In reality, its value is significantly higher than any given project. Those social requirements which the individual citizen or firm is not capable of valuing must be the responsibility of the state. This is why the state exists.

That is why I attribute great importance to the creation of powerful scientific centers to counter the Chicago School. The new, opposing school needs to train its own disciples, who will be capable of taking the reins of government in any country. I am sure that, being rather more attractive to the population, it will prevail.

Sklyar: We should be aware that there are various spheres of science. Economics is somewhat more dynamic in Russia at present.

I live in a city which was built up as a major science center. I see what is happening in the scientific collectives involved in physics, chemistry, metallurgy, medicine, and other disciplines. What's the problem here? Right now, scientists are selling what they created in previous years. They are looking for buyers. Those who have something to sell can still survive today.

But nobody is working on new ideas. Young people are not going into science. The equipment of the experimental scientific units is wearing out. Therefore your concern is well placed, and we share it, that the technical sciences, basic science today is on the verge of losing its potential to develop.

Anybody who has worked in a scientific laboratory knows that you cannot re-create a scientific team. All the scientists who used to work in military-linked laboratories are extremely pessimistic today. They cry to us, and it is my view that they must be saved immediately.

I may have a more acute evaluation than others do on this question. The problems of science are not readily apparent to someone looking from the sidelines, because this is intellectual labor.

Puzanovsky: I would emphasize one other aspect. During one of our discussions in Congress, an aide suddenly made an unexpected observation when we were discussing science and military capabilities in connection with Chechnya. He asserted that the Russian Army has proven to be weak and incapable of carrying out military missions.

As a Deputy of Russia, I am obliged to emphasize to U.S. citizens that this person in government is misguided in a way that could have far-reaching consequences. If somebody suddenly wants to test whether or not this is really the case, I dare to assure you that this is a highly incorrect conclusion for which one shouldn't go seeking some kind of experimental evidence.

The Chechnya fighting was an internal problem where special units were deployed, but it did not involve the strategic level, the strategic reserve, nor many other of our capabilities. It would be a good idea to enlighten congressmen on this fact.

EIR: At your press conference on March 2, I was impressed by your emphasis on the importance of the constitutional election process for the State Duma in December and the presidential elections next year.

Could you briefly give a sense of the new emerging political institutions you see as playing a prominent role if those elections go forward and what their alternative policy would be?

Sklyar: The shift of public opinion to the left will be a big factor in the elections, meaning a strengthening of the forces of the center and left-of-center. Secondly, I would note the growing role of the regions and the regional elites.

The defeat of the radical liberal forces, whose symbols are Gaidar and Chubais, has led them to try to change their stripes. There is no limit to their cynicism. They are afraid of being held responsible.

As for new names, I think that it is worth paying attention to Ivan Rybkin, the Speaker of the Duma, and Yuri Skokov, who expresses the interests of goods producers, of domestic production. Sergei Glazyev, who heads the Duma's Committee on Economic Policy, is very interesting; he is a young, well-educated technocrat. Ramazan Abdulatipov, the vice-speaker of the Federation Council, the upper house of parliament, enjoys great authority among our national republics. We also have strong regional leaders in Sverdlovsk Province, Orlov Province, Novosibirsk. Their influence will be increasing.

We hope that in the domain of the major new policy we are discussing, where all of us are in general agreement, we will be able to form a capable team. That is our hope for a rational development of events.