

economic reconstruction. Here a great problem is posed by the low population densities and extremely long transport distances, especially in the Asia part of Russia. On the one hand, Russia urgently requires a thorough modernization of its basic infrastructure. On the other hand, the efficiency of basic infrastructure investments (including transport, energy, water, communications as well as health and educational infrastructure) increases rapidly with the increase in the density of population and economic activity. Thus, the use of large-scale, state-financed infrastructure projects to revive the Russian economy, should emphasize the Eurasian development corridors, which, at the same time, will play a great role in the growth of capital-goods exports to the Southern and East Asian countries.

5. "Infrastructure corridor" development of this type also provides optimum conditions for the conversion of military industries, on the basis of long-term contracts for supply of essential equipment and new technology.

6. Besides large projects for modernization of infrastructure (including housing), the second, most essential element which must be included, is an expansion of the manned space effort, beyond even the dimensions of the former Soviet period. The central focus of this must be a long-term program, in cooperation with the United States and other countries, to establish a permanent "science city" on the surface of Mars, within the next forty years. This is not an extravagant luxury, but a matter of survival for Russia and the human race as a whole. As a result of the combined effects of anti-science, environmentalist and "post-industrial" policies, and the collapse of real investment into high-quality education and research, we have created a situation in which most of the world's remaining scientists are either not working at all, or are spending most of their time doing computer simulations. If we continue this much longer, then we will soon find that we have lost our scientific capability, because our scientists have gone insane. To relaunch fundamental scientific and technological progress, and restore the vitality of human civilization, we must take people away from their computer screens and put them back into the laboratories and projects, to uncover the anomalies of the real universe. A large, manned space program is today actually the cheapest, most effective means to generate the high rate of breakthroughs in science and technology, upon which any healthy economy must be based.]

**Abalkin:** I give the floor to Valentin Pavlov, whose titles I mentioned earlier. Professor Muranivsky will be next.

---

## Valentin Pavlov

---

*Valentin Pavlov is the former finance minister of the U.S.S.R. (1989-91) and former prime minister (1991).*

I shall give my views of the question under discussion,

and I excuse myself in advance, if they do not coincide with everything that has been presented here today.

First of all, it seems to me unquestionably the case, that Mr. LaRouche is proceeding from the current situation in the development of the global economy as a single whole. I am very impressed by his approach, of viewing the problems of individual countries as parts of a general problem. I personally agree with him, that in the framework of the overall maturing of the crisis, the manifestations of that crisis can be artificially directed, if you will, along meridians or parallels, into individual countries, by specific means.



---

---

*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.—Valentin Pavlov*

---

---

In a given instance, what Mrs. Carrasco presented about Mexico, concerns Mexico; what is happening in Russia, concerns Russia. But these are, essentially, manifestations of a general crisis situation, in the framework of which—I would put it this way—the main orchestrators, who are upholding, so to speak, their own vision of the problem and their own outlook for the future, are able to derive proofs of the effectiveness of the system existing today, by pointing to the achievement of a high standard of living—while real productive forces are in decline—in the United States and some other countries. In this case, the crisis is like a chemical solution, the concentration of which is simply approaching the critical point. That is what happened in Mexico, and we are witnessing the development of this situation in Russia.

I would view this idea of Mr. LaRouche's, today, as an early warning system for global economic crisis; because it may be possible to shift the crisis in the direction of Mexico today, Russia tomorrow, China the day after tomorrow, but the lawful nature of the process, as such, still comes to its end.

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.

---

## Taras V. Muranivsky

---

*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