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Left-Wing Economist to Draft Government Strategy

By Alexander Bratersky

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A left-wing economist who advocated firing Prime Minister Dmitry Medvedev will help draft the government crisis strategy in case of economic turmoil, according to a presidential order published in December, Vedomosti reported Friday.

Sergei Glazyev will be on a task force that will develop the strategy. It will also include Alexander Nikepelov, a deputy president of the Russian Academy of Sciences, and billionaire Gleb Fetisov, a Rosneft board member and a corresponding member of the academy.

Glazyev was appointed a presidential adviser in July. He was foreign trade minister in the Cabinet of center-right Prime Minister Yegor Gaidar in 1992 and 1993, but he switched to the left and took part in the drafting of the Communist Party's economic program.

His functions at the Kremlin include overseeing the Russia-led customs union and economic relations with Kazakhstan and Belarus.

Glazyev, who advocates stepped-up state interference in the economy, stated in a report to President Vladimir Putin that leading foreign economies are increasingly issuing currency and spending billions of dollars to buy assets around the world.

As a result, Russian assets might be acquired by foreigners, he argued.

The economist called such a tactic "aggressive" and said it could lead to a "financial war" Russia could lose unless the government's economic policy is changed.

He said he expects a sharp drop in energy prices within two years and, as a result, an economic decline.

Glazyev said Russia can avoid such a scenario by promoting innovation and spending 4 percent of gross domestic product on research and development.

Glazyev said that due to the measures he proposed, annual GDP growth would speed up to 8 percent. He also suggested using Russia's G20 presidency to change the global financial system.

Russia spends the lowest amount on scientific innovation among developed countries, and the number is steadily decreasing, experts estimate.

Russia spent 1 percent of GDP on it in 2011, according to a study by the U.S.-based Battle Memorial Institute, which tracks research and development spending around the world.

A government source said Glazyev's economic proposals had surprised him. He said the government is working on its own strategy but it is not as "extreme" as Glazyev's.

A Kremlin source said Glazyev's work at the Kremlin is theoretical rather than practical. Glazyev remains a strong opponent of Medvedev and recently proposed that Medvedev be replaced and that a new Cabinet be appointed.

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