

# **MATERIALS**

**MOSCOW ECONOMIC FORUM 2013** 



### On March 20-21, 2013,

Moscow Economic Forum (MEF-2013) took place in Shuvalovsky building of Lomonosov MSU, in Moscow. The event was a venue for elaborating an alternative strategy of development for Russia and other countries under the world economic crisis.

The Forum was organized by: Victor Sadovnichy, rector of Lomonosov Moscow State University, Ruslan Grinberg, director of Institute of Economics (Russian Academy of Sciences), and Konstantin Babkin, president of the Industrial union "New Commonwealth".

The co-chairmen of the Forum have united efforts of science, business and education in elaborating the ways for intensive development of the economy of Russia.



Co-chairmen of MEF: Konstantin Babkin, Victor Sadovnichy, Ruslan Grinberg

One of the largest economic events of the year brought together on its venue 1321 participants, over 200 representatives of mass media and experts from 30 countries.

2 days of busy agenda 118,5 hours of fruitful work covered

#### 42 business events:

4 plenary discussion panels, 8 plenary conferences, 30 round tables and initiative workshops.



# The Forum was opened by co-chairmen of MEF with their commencement addresses.

Victor Sadovnichy, rector of Lomonosov Moscow State University, told the audience about interconnection of the world economy and education. He underlined that education and fundamental science are areas to be invested into by the state for the future. As the rector believes, the task of the Forum is to unite efforts and ideas of sciences and experts around the concept of what the economy of the future should be like.

Rusian Grinberg, director of Institute of Economics of the Russian Academy of Sciences, spoke about the global world outlook dead-end and the urgency of choice. The scientist believes there is nothing stronger than an idea for which it is time. Meanwhile, Mr. Grinberg emphasized in his talk that all politicians are always guided by ideas, be it deliberately or not. As the scientist summed it up, so, if ideas rule the world, it is time to shape the new way of development of the world economy within the balance of economic freedom and social justice.

Konstantin Babkin, president of the Industrial union «New Commonwealth», said that there was a huge potential for development of industry and agriculture in Russia. The businessman thinks Russia has got everything it needs for dynamic development, but for sensible economic policy. As Konstantin Babkin highlighted, with the Forum, a community of people will be formed who are able to take steps as required for leading Russia forwards.

Experts from 30 countries of the world who spoke at the Forum touched on a wide range of problems. What the economy of the future must be like - this was the main question to be answered by the participants of Moscow economic forum. The experts are certain that the economic dogmata of the recent years have to be rejected in order to make the economic leap forward. (picture caption: Immanuel Wallerstein)

As Immanuel Wallerstein, professor of Yale University, stated in his speech, the world is currently in a full-fledged depression. Today's economic crisis can drag on for decades. It is mainly characterized by high level of unemployment, fall of demand and general uncertainty. Alexander Buzgalin, professor of MSU, is sure that the problems cannot be solved by economic measures solely. He believes that the humanity needs a new social consensus that will constitute an alternative to what has been shaped in the world so far. Buzgalin emphasized that it is the actual alternative working for human qualities that is necessary, one that would oppose health care, recreation of society, education and culture to financial bubbles, luxury items and overconsumption.

The main challenges for Russia, according to Ruslan Grinberg, director of Institute of Economics (RAS), are high polarization of the personal income of population and «primitivisation» of the economy, i.e. its dependence on raw material resources. We have not yet overcome the consequences of deindustrialization of the 1990s, which entails a number of related issues: absence of demand for education, job cuts, and the social situation growing worse.

The Russian authorities are aware of this and intend to change the situation. Sergey Glazyev, academician, advisor to president of Russia, mentioned in his speech that going down to raw materials model would mean following the degradation of industry and social infrastructure, decline of welfare and all other unpleasant consequences. He also stressed it that the leaders of the country, both the president and the prime minister, had positively and repeatedly spoken

about Russia needing new industrialization and transition to an innovation way of development. «The option of raw materials model is not considered anywhere at the nation's leadership level at all,» the presidential advisor added.

As the scientist believes, serious investments into infrastructure are required in order to start getting out of the raw materials «bog», which is the task for the state to solve. Moreover, the country has to change its monetary policy and switch to the domestic sources of extension of credits for the economy, to broaden refinancing of commercial banks using long-term mechanisms, as well as to reform the system of taxation.

Another participant of the Forum, Andrey Klepach, deputy minister for economic development, confirmed it that reindustrialization is a priority of economic policy of the Russian authorities.



Immanuel Wallerstein, professor of Yale University (USA)





Alexis Dantas, professor of Rio de Janeiro University



Askar Akayev, The President of the Kyrgyz Republic (1990–2005) / Grzegorz Kolodko, professor of Kozminski University (Poland)



Alfred Gusenbauer, federal chancellor of Austria

Many speakers have addressed the ways out of the crisis. Grzegorz Kolodko, professor of Kozminski University (Poland) pointed out that the crisis has not finished yet but is going on in the USA and in the European Union. As the professor emphasized, this is the greatest crisis of our lifetime. Alfred Gusenbauer, federal chancellor of Austria in 2007-2008, thinks the best recipe for all countries is transformation

of capitalist style market economy into social economy of market. Alexander Nekipelov, vice president of the Russian Academy of Sciences, noted that consequences of the crisis can be coped with. However, in order to do this, we have to quit looking for a perfect model that would resolve all issues. It is down-to-earth actions that are needed while also refusing any claims for dogmatism.



Pang Yong San, deputy director of Institute for Economics and Cooperation at the International Department of the Central Committee of the Communist Party

Experts from various countries have shared experience of successful economic policy. The Chinese are sure that reforms are an only way of development, as Pang Yong San, deputy director of Institute for Economics and Cooperation at the International Department of the Central Committee of the Communist Party of China, stressed in his speech.

Cheng Enfu, president of the Chinese Academy of Social Sciences, said that the pledge of success was in the state ownership of all enterprises. It was the state that had to rule the economy and take the key position in it. «In the PLC, the majority of difficulties result from the Western ideas and thoughts. The problems emerge as soon as we deviate from the socialist way», he explained.

Combining the economic interests with resolving social issues by Brazilian government was the subject of talk given by Alexis Dantas, professor of Rio de Janeiro University. The result of their efforts is high growth of GDP based on

stimulation of the internal demand. It took Brazil some 10 years to reduce the level of unemployment to 5% (more than one third of population used to live below poverty line before that) and to raise the minimum wages by 72%.



Global world problems and trends were further discussed at the plenary conferences, round tables and initiative workshops of the Forum.

The plenary conference «New strategies for the world and for Russia: challenges and imperatives» saw experts from Brazil, China, the UK, the USA, Germany talk about ways of reindustrialization and transition to cutting edge technologies. It was found out within the discussion, that social justice fosters - and does not hinder - the growth of economic efficiency in countries like Brazil and Germany. The experts also spoke on the way macroeconomic policy of China with its programming of the economy and selective adjustment

within the market system gives opportunities for serious growth.

The participants have agreed that it is not just a talk about strong or weak state that is essential - it is the actual functions of the state that have to be addressed. The state must conduct active industrial policy, undertake the support of creation of public goods, develop the investment projects. The public sector has to play a radically greater part than it does today. This is what the quantitative measures of the state share in redistribution of GDP is required for, and one half - 50% - is the standard for present-day socially oriented mixed economies.



Jeffrey Sommers, Professor of the University of Wisconsin-Milwaukee (USA)



Jores Alferov, Nobel Prize in Physics in 2000, academician of the Russian



Robert Skidelsky, Professor of political economy at Warwick University

At the plenary conference «Economic development: social dimension», Mr Dauderstaedt (Friedrich Ebert Foundation, Germany) shared how curtailing of various social programs

yields not the positive results of economic growth but such negative social consequences as higher social inequality and lower wages level.

The report by Rudolf Zwiener (Institute of Economic Policy, Duesseldorf) demonstrated how much of an issue for the European zone countries is choosing the way of development. In fact, higher wages and increased domestic demand in one country results in lower competitiveness of its products in the external market, in a kind of rivalry for the common «piece of pie» in the European region.

Nevertheless, the participants bore in mind the financial market while discussing social problems. There was a highly interesting report by Professor Schulmeister (the Austrian Institute of Economics). He explained it very transparently how to play on the stock market, what the strategies of «bulls» and «bears» are and what success the professional market players and amateurs can reach. Then he went on to speak about taxation mechanisms for curbing the speculative transactions in the stock market.



Oksana Dmitrieva, first deputy chairman of the Committee on Budget and Taxes of the State Duma of the Russian Federation



Rudolf Zwiener (Institute of Economic Policy,



Rudolf Traub-Merz, Head of the Friedrich Ebert Foundation in Moscow



Sergey Glazyev, academician, advisor to president



Vladimir Yakunin, President of JSC «Russian



Oleg Smolin, the first deputy chairman of the Committee for education of the RF State Duma

The participants of the plenary conference with the original name «Education, science and culture in the historic retro(per)spective» discussed the problems of educational establishments as well as of the entire system of education of the Russian Federation.

«We keep hearing that education belongs to the sphere of services. I am absolutely convinced that this is wrong. Education is not a service, it is a part of the production sphere, and the most important one - of the sphere of reproduction of man himself,» Oleg Smolin, moderator of the conference, the first deputy chairman of the Committee for education of the RF State Duma, said on the problem. According to him, the official lack of funding for education in Russia is half the minimum needed.

At the plenary conference «Industrial policy under WTO. Difficulties are just starting», professor Jean-Louis Truel (France) voiced his opinion that it is not just the

development of industry (and not so much it) that impedes Russia's entering WTO - it is the presence of other problems. True challenges for Russian industry are high interest rates on credits, no support for innovations, negative business environment, inefficient taxation and budget policy.

The idea that Russia is able and has to become one of the centers of food products influence on the planet was put forward by the participants of the conference «Agriculture of Russia: road map of development». However, to ensure this, the steps to be taken have first to be analyzed deeply enough. The most important aspect is that we have to begin with recognizing the agroindustrial complex as a special sector of economy that requires a special funding regime. According to the results of Moscow Economic Forum, the Proposals for development of certain branches of economy addressed to the Government of the Russian Federation were drawn up. In them, ways out of the present economic situation are outlined.



Forum participants see the future of Russia in the development of non-oil sector of the economy / Plenary Panel Discussion II «The Future of Russia: a new industrialization or raw materials model?»



Vasily Melnichenko, Head of household «Galkinskoye», farmer

#### Interesting fact:

After the speech of the farmer from the Russian province on the Forum about how to reform the village, the interest of the Russian government and the public to the development of agriculture has increased dramatically. Video presentation by the Forum has gained more than 1 million hits on the Russian Internet.



Alexander Lebedev, Chairman of the Board of Directors of CJSC «National Reserve Corporation»



Nekipelov Alexander, Vice-president of the Russian Academy of Sciences, Chairman of the Board of Directors of «Rosneft»



Evgeny Korchevoy, Director of the Russian association of agricultural machinery manufacturers «Rosagromash»



Alexander Buzgalin, professor of MSU



Read records and materials of MEF-2013 on the website: www.me-forum.ru

## Welcome to the Moscow Economic Forum 2014 to be held on 26-27 March 2014!

For applications for participation: md@me-forum.ru For more details, visit: www.me-forum.ru

