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Preamble

Today, the integration of countries into a global economic system is happening in accordance with the so-called “Washington Consensus”.

In this context, consensus should be understood as an agreement on a decision or a contract at international conferences and in international organizations based on a common agreement of the participants. This procedure does not require a formal ballot, if the proposition has not been opposed by at least one participant of the forum.

Consensus is also applied as a means of providing unity of positions of countries before voting on discussed issues, which, in this case, is postponed until the end of negotiations.

The term “Washington Consensus” was introduced in 1989 by American economist John Williamson. No conventional wordings of the Washington Consensus exist, since even in works of Williamson himself, his followers and commentators, the wording has changed over time.

Nevertheless, regardless of variations in the precise wording, it is exactly the spirit of the Washington Consensus which was, long before J. Williamson had expressed it lexically, determining the principles of involvement in the process of globalization of economic systems of countries, regarded as “problematic” by the US and the West in general, with the “problematic” countries being mainly developing and post-socialistic.

These include post-Soviet Russia, other post-Soviet states, not only the countries of Latin America, in relation to which the Washington Consensus has been initially formulated.



The Washington Consensus

Briefly, the principles of the Washington Consensus may be expressed as follows:

Budget discipline. States have to if not eliminate, then at least reduce budget deficit to such minimum, which would be acceptable for private capital.

Special direction of state's expenditures. Subsidies to consumers and grants to producers should be reduced to a minimum. The government should spend money only on basic health care, primary education, and infrastructural development.

Tax policy. The tax base should be as broad as possible, but the tax rate — moderate. That is, the tax base should include both individuals and legal entities.

Interest rate. Interest rate for loans should be shaped in domestic financial markets and the state should not intervene into this process. The interest rate on deposits should stimulate their deposits into banks and curb capital flight. In order for banking to be profitable, which, among other factors, depends on investors, the interest rate should be higher than the inflation rate.

Exchange rate. Countries should introduce such exchange rates of their currencies, which would facilitate their export, making the export prices of their products more competitive.



Trade liberalism. Import quotas should be abolished and replaced by customs tariffs. Tariffs on imports should be minimal and should not be imposed on import goods essential to domestic production of export goods.

Direct foreign investments. Policy of encouragement and attraction of foreign capital and technologies should be adopted. Conditions of competition for foreign and domestic enterprises should be equal.

Privatization of enterprises. Privatization of state-owned enterprises should be encouraged in every way.

Deregulation. Excessive state regulation creates only corruption and discrimination in relation to market participants, who are unable to get through to the higher levels of bureaucracy. It should be sought in the long run to end state regulation of the economy and the public sector altogether.

Private property rights. These rights should be guaranteed with constant strengthening of their defense. Legislation and law enforcement should be governed by these rights.

The inadequacy of economic policy being implemented based on these principles has been shown by its practical realization in “third-world” countries and the reality of today’s world financial crisis in developed countries.

Lack of success when following these principles stems from the following circumstances:



BUDGET DISCIPLINE

Minimization of budget deficit leads to governments being unable to direct resources towards large, long-term projects. As a result, they become dependent on organizations, particularly international ones, which are able to direct resources toward such projects. States become constrained in choosing ways of their development in a long-term perspective. Thereby, the activity of separate states is enclosed into strategies of global integration that are being implemented at a supranational level.

SPECIAL DIRECTION OF STATE'S EXPENDITURES

There are economic sectors with low profit margin which are in principle unable to function normally in an uncontrolled financial climate of the market. Cost of certain goods is sufficiently high that it requires subsidization for normal development of the sector that produces these goods. Minimization of subsidies to consumers and grants to producers will tie the states following these principles to the producers in other states, which initially have a competitive advantage, and most importantly, will decrease stability of the production-consumption system of states that have followed this approach.

TAX POLICY

Inclusion of all physical entities into the tax base increases the required staffing of revenue agencies severalfold. What is easier: to service 50 thousand legal entities, which account internally for their employees, or 140 million physical entities separately? Propagandist myths are created about the equality of everyone before the law, both entrepreneurs and hired workers, and that the state is “nationwide-hired”, since everyone pays taxes to maintain it. In reality, a state may be of a clannish-oligarchy type and only cloaking itself with these myths.

INTEREST RATE

Bankers regard banking simply as another type of production or



entrepreneurship, but not as part of an integrated system of macro-level governance. Therefore they believe that in order for banking to be profitable (which, among other factors, depends on investors), interest rate must be higher than inflation rate. Interest rate absorbs an initially specified value of goods from society. This share has historically always been greater than the beneficial effects from taking a loan. Taxes return to society in one form or another, while interest rate transfers societal paying capacity into the banking sector, which, in turn, is tied practically everywhere to international financial institutions.

EXCHANGE RATE

Currency exchange rates and customs taxes should be analyzed along with global-scale exchange of goods between regional production-consumption systems. The reality of the governments following the Washington Consensus is that the exchange rate is not under their control. Moreover, it is worth noting that, as a consequence of accepting the Washington Consensus principles, the exchange rate of a state becomes susceptible to external control.

Today the international financial system, which facilitates international trade, is characterized by the following: a few countries have the right to issue currencies which may be considered as reserve. After the annulation of the Bretton Woods Agreements these currencies are not provisioned by anything, including gold. Other countries need to beforehand supply themselves with reserves of either gold or reserve currencies (i.e. US dollars, Euros, etc.) in order to issue their own currency. Control over the compliance with the rules and the balance of payments is conducted by the International Monetary Fund. Such a system allows countries-issuers of key currencies to control the money supply in other countries and, in addition, permits the countries-issuers and international credit-financial organizations to speculate.



TRADE LIBERALISM

Abolishment of import quotas and their replacement by minimal customs tax leads to the stimulation of component import for complex products, which are then exported in order to satisfy interests of foreign consumers at the expense of the productive capacity of the importing country. This leads to tearing of technological chains and could put strategic industries of countries following this principle in a strong dependence on market conditions.

DIRECT FOREIGN INVESTMENTS

Introduction of equal conditions for foreign and domestic businesses initially creates better competitive conditions for existing large corporations, which are able to dump prices of local producers. After the local producers are driven out of the market, prices are raised to a level acceptable for the corporations.

PRIVATIZATION OF ENTERPRISES AND DEREGULATION

Government regulation provides long-term projects that are in the interests of social development, which businesses, whose concerns are mostly private, do not aim at. Abolishment of governmental regulation of the economy and the public sector automatically makes the country's economy dependent on external macroeconomic regulation performed through international financial institutions and large corporations, which always have a strategy and development plans based on the redistribution of existing resources in administrative-directive ways.

The statement that a private entrepreneurship is more effective than government-run production is taken as an axiom, and is considered self-explanatory, without any direct proof.



PRIVATE PROPERTY RIGHTS

A guarantee of private property rights only is not enough for normal social development, since some resources, such as land, water, air, bowels of the earth, are not anyone's property, but are given to mankind initially. So it requires an adequate legal description of public property and the principles of distinguishing of both kinds of property ownership, basing on right of property management.

The consequence of the international economic system, which is constructed by the principles of the Washington Consensus, is the destruction of economies of various countries, as a result of which many dominating transnational firms and oligarchic clans enrich themselves. Such countries are characterised by rise of social tension and development of a potential social base for wars and revolutions, which in turn may spill over onto neighboring, fairly progressive states; and in the worst case, may destabilize the situation on the entire planet. In addition, the unrestrained consumption race in metropolis countries had caused a great amount of environmental problems and disasters, of which there were plenty throughout the 20th and 21st centuries.

As it can be seen from the current state of things, globalization based on the Washington Consensus principles is reaching a dead end. For this reason, it was decided to create an alternative consensus, which would satisfy the new conditions of globalization that exist in the world today.

What else may be said about the effect of the Washington Consensus on countries adhering to it?



SCIENTIFIC INNOVATION CYCLE

A “scientific innovation cycle” is a socio-economic process, which begins with the establishment of research tasks in the area of fundamental science and ends with the implementation of research results — inventions and innovations — into mass-produced goods. The reality is such that the processes of this category are controlled in an unstructured way (i.e. not by administrative-directive means) and thus there may occur (and be deliberately developed) such conditions when the beginning of the scientific innovation cycle is localized in one society/state, and its end — in another.

The rules of market-based price formation are such that the commercial benefit of realizing such a scientific innovation cycle will be received by the society where the end of the cycle is localized, which is usually a metropolis country. The closer to the beginning of the cycle, the higher the expenses, the lower the profit margins (potentially reaching negative values). The same applies to the non-commercial benefits related to the realization of scientific innovation cycles.

THE CONCENTRATION OF GOVERNANCE

In his book “Economics and the Public Purpose”, John Kenneth Galbraith, former advisor of two US presidents, outlines two interacting subsystems within the economic system of the USA, which he calls the “market system” and the “planning system”.

The “**market system**”. In it, companies truly function in conditions of competition, and for the most part this system is represented by small businesses (largely family business) which, due to their industrial characteristic and the specifics of the market, do not have any prospect of becoming large.

The “**planning system**”. It is represented by large corporations, which control prices within their products’ markets. Moreover, their distribution costs are based on the internal long-term



planning and inter-, intra-industry agreements (for the most part an agreement implicit, unpublished and thus judicially unpunishable) on prices, production volumes, etc. almost without any competition for the market or consumers. Their goal is an acceptable revenue over a long period of time but not the satisfaction of social needs and the resolution of social problems.

The “market system” serves the myth about the freedom of entrepreneurship and conceals the “planned system”. Galbraith calls the “planned system” a “socialism for General Motors and Lockheed”, because they are, even after a complete failure of their techno-scientific policy, almost entirely covered from bankruptcy. This warranty stems from their position on the market, their relations with the government, all of which makes them different from the firms Galbraith ascribed to the “market system”, which truly fight for their survival in a competitive environment and where the social security of the staff and the entrepreneurs-owners is on an incomparably lower level than of those in the “planned system”.

The life of the society under the declarations of a “free market”, when in reality it is not free, leads to the concentration of governance in a narrow circle of a few international clans and corporations.



The Saint-Petersburg consensus

In brief, the principles of the Saint-Petersburg Consensus, alternative to the Washington Consensus, could be expressed as follows:

The main aim of the economy is the guaranteed satisfaction of essential needs of people and social institutions in an environmentally-safe manner in the succession of generations. This goal is achieved via the control of a set of parameters, which in the Washington Consensus are by declaration left to the control of the “market”.

The conception of sustainable development based on the strategy of population dispersion on the principles of landscape-estate urbanization is the core of the methodology to reach the main aim of the economy. It is based on a rational and complex approach to territorial usage, alternative to the rampant consumption of resources based on the increase of city population (megapolis urbanization). The realization of this conception requires a shift from the monetarist approach to an alternative one.

An organizational-and-technological approach instead of the financial-accounting approach, when the record and planning of the economy are accounted based on natural (physical) units instead of financial units. This leads to the alignment of stable technological chains that are integrated into the biosphere, not an endless pursuit of higher profits.



The realization of this requires:

A practice balancing the use of planned and market economies.

A **plan** is an aggregation of the aims of the production system, the means and instruments of their achievement, while the **market** is only one of the means of achieving these aims. Governance of the aggregated system requires a correct combination of administrative-directive and unstructured methods of regulation and self-regulation of the economic system. Creation of a plan of national development and adjustment of the market mechanism to reach the aims in the plan requires:

Use of metrologically competent balance models of product and financial exchange in the national economy. In particular, use of interindustrial, intersector balance models (input-output models) to pull together the development plans of all sectors into a general development plan will guarantee the realization of the following:

A policy of planned price lowering instead of policy of planned price increase, and strict control of the prices of goods making up the basis of the pricelist, a set of goods on which prices of other goods directly depend; these include raw materials, energy resources, means of production, and others.

Determination of currency exchange rate via an energy pricelist invariant. A pricelist invariant is a product by the quantity of which prices may be expressed for absolutely all other products without any exception.

An energy standard of provisioning a currency's paying-capacity, determined as:

$$\frac{\text{annual production of electric energy}}{\text{the volume of money supply in circulation.}}$$



By agreement, there may be other ways of calculating the energy standard, but binding it with the volumes of the energy, in one way or the other, is obligatory.

International trade based on one of the following options:

First – the member states use one common currency. In this variant it is necessary to control the emission of the common currency, otherwise it will be the same story as with the US dollar. In addition, it is necessary to establish an international institution that will have the right to plan the development, set taxes and allocate subsidies to the member states of the common currency zone. In this case the member states will have to cede a portion of their economic and political sovereignty in favor of such an institution.

Second – the establishment of a fund or consortium where member states make a deposit of their currencies based on the energy standard. Other countries may purchase the currency of another country according to the set exchange rate, in order to enter foreign markets and buy what they need. The energy standard that will be used in transactions is determined by member states in a preliminary agreement.

Ban on interest rate. Interest-free lending instead of usury. A share of company profits for banks-investors who give interest-free loans.

A policy suppressing the generation of artificial demand for essential goods. In other words, the ban on irrational use of resources through stimulation of omnifarious “fashions”, marketing manipulations, and planned obsolescence.



Ban on the creation of markets of goods with fictitious value. Today, by different accounts, the so-called speculative sector of the economy has “value” of up to 500 trillion (!) dollars, and only 50 trillion dollars are covered by real goods. Stock markets, securities, shares, as instruments of speculation, should be left in the historic past, as they interfere with macroeconomic management based on input-output models. A ban on selling securities during 2-3 years after their purchase must be introduced, making speculation impossible or hard to accomplish.

Use of the taxation and subsidization mechanism as an instrument of unstructured configuration of a macroeconomic system toward the goals of state policy, which is expressed in a development plan. There should be a progressive scale of taxation, and tax base should be formed of legal entities only, which will simplify regulation, accounting, and will decrease the amount of people working in revenue agencies.

Grants and subsidies are necessary tools for development of strategically important industries, and a means of support for those industries, which have been affected by natural disasters or managerial unprofessionalism.

The distribution of grants is based on concrete indicators of input-output models, excluding the situations when there is too much or too little money.



Provisioning of massive implementation of scientific innovation cycles in their entirety in all sectors of economy and other sectors of social activity within a reasonable time frame.

A scientific innovation cycle is a socio-economic process, which begins with the establishment of research tasks in the area of fundamental science, and ends with the implementation of research results — inventions and innovations — into mass-produced goods and services.



Brief explanation of the abstracts

The main aim of the economy is the guaranteed satisfaction of essential human needs and social institutions in an environmentally-safe manner, in the succession of generations. This aim is realized by alternative approaches to the economy.

Today the economy is aimed primarily at meeting needs which are not vitally necessary, and the satisfaction of which harms an individual, the future generations and the biosphere of the planet (they may be called degradational-parasitic needs). This is done at the expense of vital and necessary, natural, otherwise called demographically defined needs, which can be predicted for decades and centuries to come since they depend on human genetics and demographic statistics. At the same time degradational-parasitic needs are unpredictable: it is impossible to predict how many expensive cars, villas, yachts, jewelry or dope an individual will covet.

Aiming national economies towards the satisfaction of essential human needs will, within a certain time frame, lead to the guaranteed sufficient supply of demographically defined needs in society, since they are predictable over long time periods.



The conception of sustainable development based on the strategy of population dispersion on the principles of landscape-estate urbanization, instead of the rampant consumption of resources based on the increase of city population (megapolis urbanization), is the core of the methodology to reach the main aim of the economy.

Modern Greek architect Constantinos Doxiadis has developed a conception of land use corresponding to the preservation of the biosphere and harmonious existence of human society within it (Fig. 1, top right). This conception is supplemented by the algorithm of state control in the course of sustainable development.

MODEL OF THE OBJECTIVELY NECESSARY ORGANIZATION CYCLE OF STATE GOVERNANCE

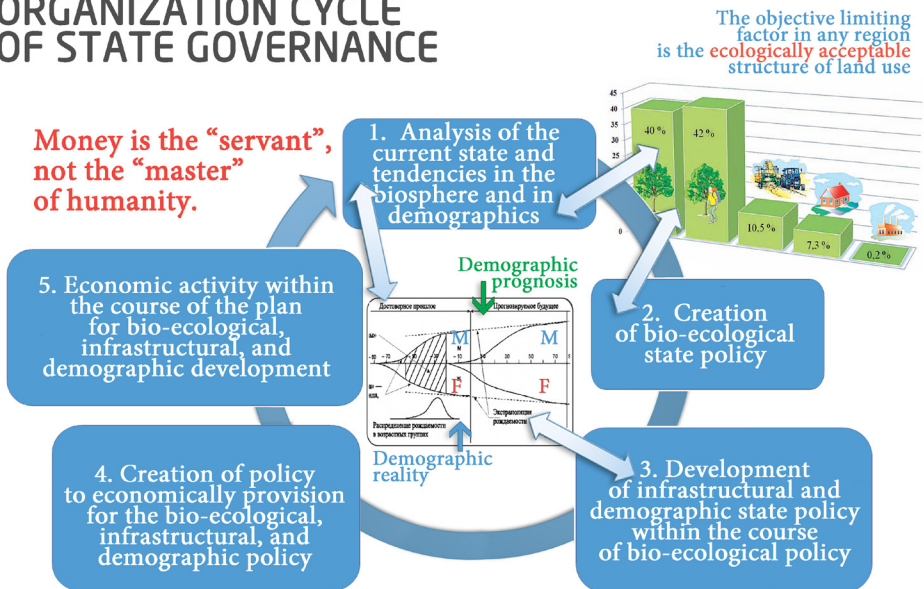


Figure 1 — Interdependence of individual control tasks in the realization of the conception of sustainable development



An organizational-and-technological approach instead of the financial-accounting approach, when the economy is accounted based on natural (physical) units instead of financial units. This leads to the alignment of stable technological chains that are integrated into the biosphere, not an endless pursuit of higher profits.

Unlike the financial-accounting approach, the organizational-and-technological approach requires knowledge of the following:

- How are needs generated in society, and what are the consequences of their satisfaction?
- What to produce in conditions of limited resources and production powers, i.e. what is the priority of various kinds of products and industry?
- What should production volumes be, based on what technologies?
- How should the products and natural resources be distributed?
- How to ensure the ecological safety of the production-consumption system?

Answers to these and many more questions are bound by policy (internal and foreign), realization of which the economic system serves in one way or another.

A practice balancing the use of planned and market economies.

A **plan** is an aggregation of the aims of the production system, the means and instruments of their achievement, while a **market** is only one of the means of achieving these aims. Governance of the aggregated system requires a correct combination of administrative-directive and unstructured methods of regulation and self-regulation of the economic system.



Therefore:

- The **plan** is the aggregation of the aims of socio-economic development and the governance conception leading to realization of set aims. The conception governs: 1) the production of goods; 2) their distribution among consumers; 3) consumption; 4) utilization and recycling after consumption.
- The **market** mechanism is one of the means of distributing among consumers (including the recycling industry) of natural resources and produced goods (both intermediate and finished products). The market is capable of carrying out this function, but it is unable to neither set aims, nor align itself to achieve the aims of socio-economic development proclaimed by politicians.

Professor Saburo Okita, one of the «founding fathers» of the Japanese «economic miracle», was quite right when he stated the following in an interview with professor A. Dinkevich:

“One often hears that the transition to market mechanism proclaimed [in the former USSR and Eastern Europe] is convincing proof of the market-oriented economy being superior to the centrally planned one. I think this is a mistake...

The problem lies in connecting, coordinating, combining into a single mechanism the principles of these two systems, finding a way of effectively combining market mechanisms and government planning and regulation”.





The plans in different sectors of the economy should be such that each sector would be able to definitely achieve it.

A question may arise: **why is a plan required if it is knowingly achievable?**

If plans in a sector is too aggressive, the sector will try to “jump over its head”, resulting in either fake accounting and reporting, or the sector will collapse working at the limit, as it could have been observed several times in the USSR.

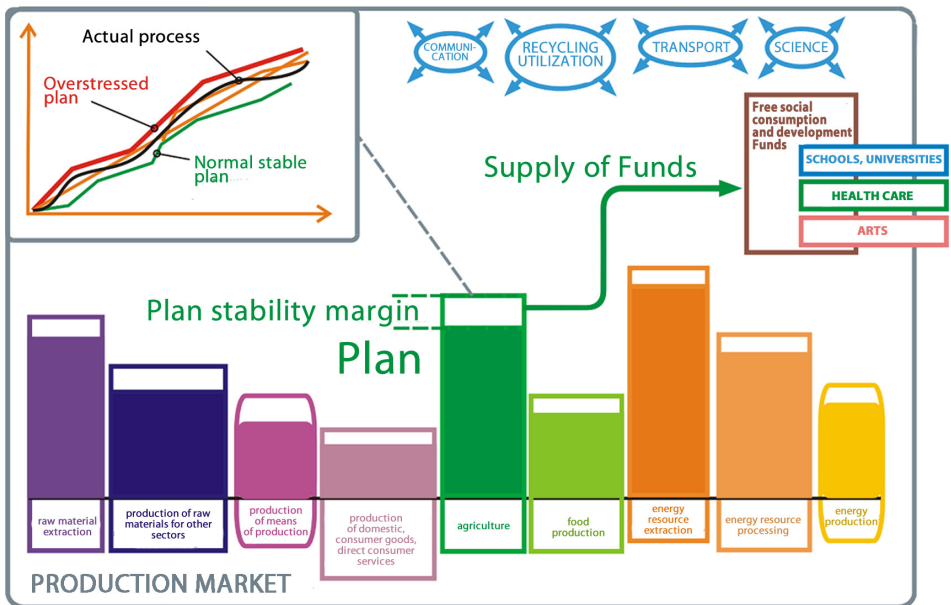


Figure 2 — Structure of resource allocation in macroeconomic system planning

The plan should establish a benchmark, below which production should not fall. All that the sector produces in excess of the benchmark will create a stability margin for the sector — goods that will be redistributed by the market.



The preparation of a plan and the configuration of the market mechanism require:

Use of metrologically competent balance models of product and financial exchange in the national economy. In particular, use of interindustrial, intersector balance models (input-output models) to pull together the development plans of all industries.

The basic concept that makes economic theories metrologically competent, is the pricelist invariant.

A pricelist invariant is a product that participates in product exchange alongside other products, and by the quantity of which prices of absolutely all other products, without any exception, may be expressed. At earlier times in history, the pricelist invariant also served as an intermediary exchange product in the two-step scheme “ $P1 \rightarrow M \rightarrow P2$ ”; i.e. the invariant function and the means of payment functions had been united. After the invention of “credit money”, which has no intrinsic value, the pricelist invariant can fulfill its primary role — to be a measure of prices for all products.

Any product may be chosen as the invariant, but in the circumstances when all industries and households depend on the consumption of electric power, the preferred price-list invariant is **kilowatt-hour of electricity**.

At different times throughout history the pricelist invariant was varied: gold, silver, grain. The most metrologically competent of the aforementioned was grain, since the basis of productive power was manual labor, and in order to produce more, it was obligatory to sustain a larger workforce, which in turn needs to be fed.

Later this pricelist invariant was replaced by gold and silver.



But with gold pricelist invariant things were not that smooth.

First of all, issue of money depended on mining, which caused problems in cases when the economy demanded for growth, but had no money due to mining power constraints.

Secondly, in cases when countries suddenly increased their gold supply, like it happened with Spain during its era of colonization, the currency devalued. Thus, gold, like silver, does not reflect the real state of affairs in the economy, and cannot be used as a sound pricelist invariant. As a result, monetary policy based on gold or silver invariants is destined to fail.

An energy standard of provisioning a currency's paying-capacity,
determined as:

$$\frac{\text{annual production of electric energy (kW}\times\text{h)}}{\text{volume of money supply.}}$$

The energy standard establishes the link between the energy pricelist invariant and the currency, thus ensuring metrological competence of all financial indicators. This is crucial to the comparability of analysis and prognosis results over historically long time periods, during which the fields of production and consumption of goods may change drastically.

The presence of a pricelist invariant is an objectively preordained characteristic of the contemporary civilization's credit-finance system.

Until the beginning of the 20th century, gold functioned as the pricelist invariant.



As already mentioned, its use had different effects: in some cases it accelerated economic development, and slowed it in others for reasons related to the energy basis of society (i.e. for reasons unrelated to the credit finance system itself). However, after the revocation of the “gold standard” in the 1970’s by the US, the gold lost its function as the pricelist invariant. Preconditions were created for electrical energy to replace gold as the pricelist invariant on a global scale.

The understanding of this fact, its legal establishment and acceptance on a global scale is impeded by the circumstance that the invariant function is being imitated for nearly half a century by the US dollar: precisely imitated, since the constant growth of the dollar mass is based on nothing except trust of all countries of the world. This trust is largely the result of successful PR campaigns.

If correlated with the real sector of economy, which ensures the well-being of producers and consumers, the US objectively do not live up to the responsibilities of a global currency issuer, because they systematically violate the energy provisioning standard of the dollar as a global currency by allowing the ratio “volume of the dollar mass in the global trade” / “quantity of energy produced globally” beyond boundaries of stable functioning of the world economy.

The dollar’s imitation of the pricelist invariant function has led to energy performing this function de-facto, while the US dollar preforms it de-jure. This situation was tolerable to the point when the violation of the energy provisioning standard was not exceeding certain boundaries.



By some accounts, by the beginning of 21st century this ratio had doubled, meaning that the quantity of the dollar mass provisioned and not provisioned for by energy had equalized (by different estimates these are values from 10 to 15 trillion dollars). This in itself is a threat to the stability of the whole world economy and credit-finance system.

For over 10 years it is known that a country (or an actor of global policy), having legalized energy as the pricelist invariant (i.e. having given it the status de-jure), after saying “A” has to say “B”: to define and support the jurisdiction (regulations) of a credit-finance system based on compliance with the energy standard.

However, to say “B” is much harder than to say “A”, since it is necessary not only to declare the danger of violating the global energy provisioning standard, but also ban all speculation on the global financial markets. This requires clear criteria, distinguishing between: 1) the control of investment flows on a global scale with the aim of solving social and ecological problems, instruments of which could be investment funds, share and commodities exchanges; and 2) “enrichment” without any connection to production returns.

Within this context,

International trade can be based on one of the following options:

First — the member states use one common currency. In this variant it is necessary to control the emission of the common currency, otherwise it will be the same story as with the US dollar. In addition, it is necessary to establish an international institution that will have the right to plan the development, set taxes and allocate subsidies to the member states of the common currency zone. In this case the member states will have to cede a portion of their economic and political sovereignty in favor of such an institution.



Second — the establishment of a fund or consortium where member states make a deposit of their currencies based on the energy standard. Other countries may purchase the currency of another country according to the set exchange rate, in order to enter foreign markets and buy what they need. The energy standard that will be used in transactions is determined by member states in a preliminary agreement.

The second option is preferred, since it maintains a state's sovereignty.

Planning of economic development with the goal of providing demographically-defined needs, based on energy provisioning of currencies, will be a warrant of:

Policy of planned price lowering instead of policy of planned price increase, and strict control of the prices of goods making up the basis of the pricelist.

The basis of the pricelist is a set of goods on which prices of other goods directly depend: energy resources, raw materials, means of production, and so on. Each of the goods in the pricelist basis has the following property: a noticeable increase of its price creates, within a short time, a noticeable increase in production costs of the vast majority of other goods.

The reason for this is the direct or indirect use of this product in the production process of the other goods (if not all, then their vast majority of them).



There are two ways to distribute the results of economic development in a society:

- **First** — when the disproportion between the mass of produced goods (grown due to increase of labor productivity and introduction of new technologies) and the money supply in the economy is equalized by emission of currency. Such an approach makes the rich — richer, and the poor — poorer, since those who possess financial tools will take most of the additional mass of goods.
- **Second** — when the disproportion is eliminated by a planned reduction of prices of mass-consumed products. This does not make rich less richer, but makes the poor a little wealthier, reducing the social gap.

To implement a planned price reduction policy in accordance with socio-economic development plans and to adjust the market mechanism it is required to:

Control the emission of currency based on the energy provisioning standard in a three-contour economy. Governments should be able to print as much currency as necessary for balanced performance of their economy.

Governments should organize several contours of money flows: 1) cash to be used by end-consumers (the general population); 2) non-cash transactions between firms within the state; 3) foreign funds transfer. This way, foreign trade may be conducted only through the state, which ensures the conversion from domestic currency to foreign payment means (emitted by an international bank-issuer based on the energy standard).



The control over emission of currency requires:

Ban on interest rate. Interest-free lending instead of usury. A share of company profits for banks-investors who give interest-free loans.

Every entrepreneur adds towards the cost of their product not only a portion of a loan, which they have taken to start the process of production, but more importantly a portion of interest. This way interest rate is one of the systemic causes of inflation. Additionally, interest-based lending makes representatives of the banking system irresponsible in relation to society: high risks are made up for by an increase of rates, which in turn increases the cost of the product for consumers, slows down and makes the process of integrating innovative technologies more difficult. But investment in such technologies is high-risk by definition.

The solution to the problem is a ban on interest-based lending with introduction of a fixed payment for loan service. In this case risks are reduced by the bank receiving a share of the credited enterprise's profits. This, in turn, requires the bank to have a forecast and analysis center capable of reliably predicting returns on capital investment from any firm.

In addition, the “bank-entrepreneur” relation would be a supplement for start-ups, since a bank's analysis center would be interested in providing methodical support to its potential clients.

Ban on generation of artificial demand for essential goods. In other words, a ban on irrational use of resources through stimulation of omnifarious “fashions”, marketing manipulations, and planned obsolescence.



Today, there exists a technical policy of producing minimal lifecycle goods initially unsuitable for maintenance based on repair and modernization. For example, disposable pens have practically displaced pens with replaceable stylus and refillable ink pens; disposable lighters have replaced refillable lighters; reusable packaging is long in the past; cars are engineered to last 5-6 years, after which it is more convenient for the consumer to give it up due to difficulties with repair and maintenance. For more information about planned obsolescence, see the documentary “Buy, throw away, buy” (2010; France, Italy).

Limited resources necessitate a responsible approach to using them, which requires a technological “long-lasting items” policy aimed at creating products with a greater exploitation time, simple recycling and utilization, modularity (i.e. replaceability of separate parts of an item) and a unified system of standards allowing the use of an item in many ways and an easy transfer from one technology generation to the next. Such policy also requires a ban on manipulative marketing technologies, when needs are artificially created, and people are motivated to satisfy them.

Ban on the creation of markets of goods with fictitious value. Today, by different accounts, the so-called speculative sector of the economy has “value” of up to 500 trillion (!) dollars, and only 50 trillion dollars are covered by real goods. Stock markets, securities, shares, as instruments of speculation, should be left in the historic past, as they interfere with macroeconomic management based on input-output models.



This refers to the whole speculative sector of the economy (including markets of gold, diamonds and other “valuables”), as well as markets of antiques and artworks (especially “abstract” art, value of which is created by arts experts and propaganda) and “securities” (including various kinds of debentures).

In other words, a ban on all that is often referred to as an economic “bubble”, which is in reality a “hernia” that should be “surgically removed”. Thus, sale of securities should be banned over a 2-3-year period after their purchase, making speculation impossible or hard to accomplish.

Use of the taxation and subsidization mechanism as an instrument of unstructured configuration of a macroeconomic system toward the goals of state policy, which is expressed in a development plan. There should be a progressive tax scale, and the tax base should be formed of legal entities only, which will simplify regulation as well as accounting and will decrease the amount of people working in revenue agencies.

Grants and subsidies are necessary tools to develop strategically important industries, and a means of support for those industries, which have been affected by natural disasters or managerial unprofessionalism. The distribution of grants is based on concrete indicators of input-output models, excluding the situations when there is too much or too little money.

Introduction of innovative technologies at the initial stages requires unconditional subsidies at least at the level of infrastructural support of such projects and at most throughout the implementation process and, even more, until reaching scheduled production volumes.



If education, healthcare and social services are left to self-suffice in an uncontrolled market, then their content will always be determined, on the one hand, by market conditions which do not always correspond to the plans of social development; and, on the other hand, by organizations paying for the educational service. This means giving away the sphere of nurture and protection of an individual to those who pay the highest price, i.e. putting people at the mercy of private businesses, which are mostly aimed at cultivating “consumers” instead of responsible citizens.

Provisioning of massive implementation of scientific innovation cycles in their entirety in all sectors of economy and other sectors of social activities within a reasonable time frame.

A scientific innovation cycle consists of the following:

fundamental
scientific → new technology → mass-production.
development engineering

The main factor ensuring normal operation of a scientific innovation cycle are people, i.e. qualified personnel.

This means that the cycle should start in grade school, establishing a holistic view of the economy as an integrated system, within which the student will work in the future.

Moreover, it is necessary to give the most complete possible picture of industry interactions, dependencies of normal workflow of industries on each other, strict dependencies of progressive social development on the correct balance of industrial chains.



Exactly that kind of familiarity with the possible future profession links science, technological development and manufacturing with preparation of personnel, who are capable of carrying out the whole scientific innovation cycle in its entirety.

SCHEME OF MACROECONOMIC SYSTEM SECTORS

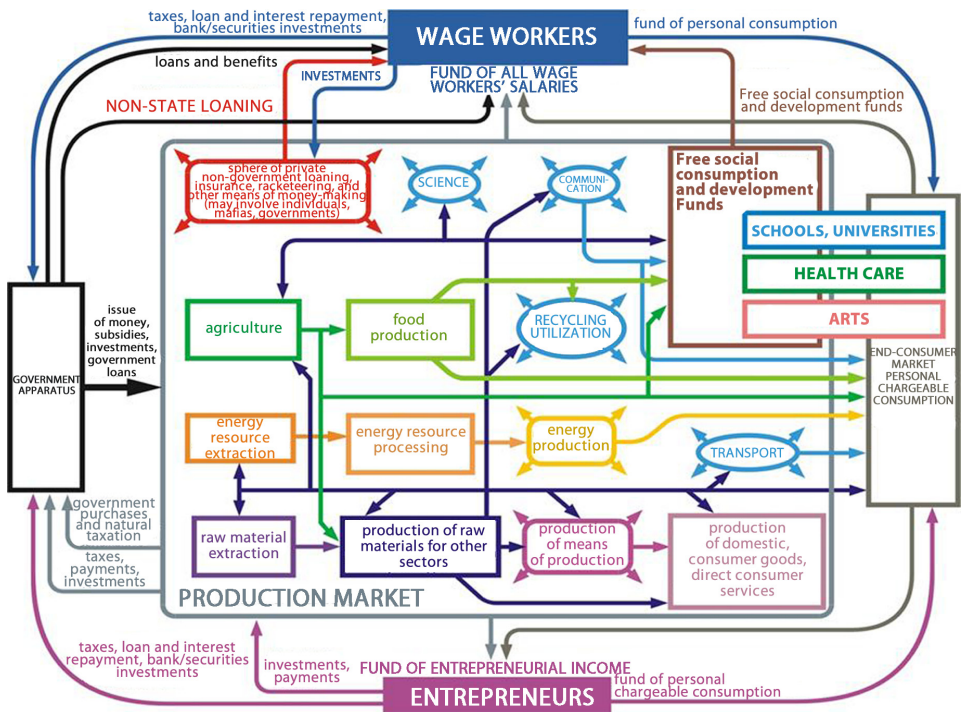


Figure 3 — Scheme of product exchange and financial flows in a macroeconomic system. Inside the block “Production market” arrows represent mostly the flow of goods, outside it arrows represent financial flows.



Conclusion

The aforementioned principles are the basis of the future economic system, which is already, slowly but surely, replacing the obsolete system based on the “Washington Consensus”.

New economic policy is based on the principles, that are laid out in the “Saint-Petersburg Consensus”.

“Saint-Petersburg Consensus” — Economy for the Human!

Join us!



International Non-Profit Organization

“New Youth Policy”

The key process of our movement's development is a conversation — a dialogue, which aims to reach a common opinion for all involved parties, in contrast to a dispute — where each side is trying to persuade others to accept their opinion. Conversation is in our profound conviction is the basis of democracy.

Our Goals:

1. To create the necessary conditions for training and retraining of management (training of future managerial staff, experience exchange, training of present managers):

- Self-study and ability to educate the others (educational activities and creation of new intellectual products).
- Teaching of scientific-cognitive activity methodology: effective management, netocracy, human net management, group self - management.
- Implementation of an interdisciplinary approach in education.
- Creation of new multi-purpose educational programs and practices.

2. Assistance in developing international cooperation across a spectrum of social activities(on the whole range activity with public meaning in common), namely:

- International and public Diplomacy: solution of European and world problems, integration and globalization (Topics: institutional principles of the new global entity, single visa-free space of Eurasia — myth or reality).
- Managing of social processes: statehood, business, society.



- Education and science: development of educational projects (help to the youth by means of «student» exchange, promotion of Russian language, new educational standards etc.), development of science projects in various areas.

3. Research of social problems and active assistance of institutions (promotion indevelopment of public institutions): statehood, education, family, ideological institutions.

Our Projects:

At the present time the collective (our team) of our organisation working on the project:

- Creation of International Eurasian University, which can create young cadre, who can complex solve problem on global regional and local levels, to allow interfaith, interethnic, interclass problem based on a unique methodology of knowledge and creativity.
- Creation of conception for sustainable development, which particular exhibition is the creation new type of Landscape-estate urbanization — project for development of complex low-rise settlement, which combining the comfort of a state and integration into the natural environment (the project name is in Russia — «Low-rise Russ»)

Our Experience:

2009-2010:

Events that representatives of our movement have participated in:

- **February 3, 2009**, Moscow, Russia, the State Duma — Round table “Low-rise Rus”, where representatives of the movement presented a project on sustainable development.
- **September 13-14, 2010**, Brussels, Belgium, European Parliament — International Conference “Energy Dialogue: Russia — EU”, participation in development of resolutions and proposals of youth.



- **May 12-13, 2010**, St. Petersburg, Russia — Interuniversity Practical Science Conference for students and graduate students “Current trends and prospects of development of water transport in Russia” in Saint-Petersburg State University of Water Communications, presented a report in the Economics and Finance section on “The role of hydrological forecasting information in organization and technological approach to construction of economic systems”.

2011:

Our representatives participated in two schools of Russian politics, which were organised by the Center of Social-Conservative Policy of the “United Russia” party :

- **January**, Schools of russian policy CSCP Nord-West, Saint-Petersburg
- **November**, Schools of russian policy CSCP, Moscow

Within the organization of international youth socio-political forum “Russia — EU: youth for modernization!” representatives of our organization took part in holding and creating resolutions of:

- October 7-9, 2011, in State Duma of Russia, Moscow — The first roundtable: “Health and quality of life: human ecology and biological environmental safety”, “Simplification of visa control between Russia and the EU”, on.
- December 7, 2011 in the European Parliament, Brussels — The second roundtable.

Other events that representatives of our movement have participated in:

- **February 9**, Moscow, Russia, House of journalists — The International Round Table: “The new youth policy for Russia and the EU.”
- **February 19**, Mons, Belgium — International Seminar “Parents and Children”, reports on education, secondary and higher education systems.



- **April 13-14**, Berlin, Germany — Participants of the movement made suggestions on the principles of education for the future of the dialogue “Into the future through education” together with the Minister of Education and Research Annette Schavan.
- **August 7-14**, South Ossetia, “IRYSTON-2011” — Representatives of our organization have taken part as the organizing team (heads of the press center) and conducted master classes and workshops for participants of the International Youth Forum “IRYSTON-2011.”
- **September 9-12**, Nalchik, Russia — International Youth Forum “For mutual understanding in the Caucasus.”
- **October 22**, Vaasa, Finland — Meeting of the Swedish People’s Congress Party of Finland.

2012:

Events that representatives of our movement have participated in:

- **February 2**, Haapsalu, Estonia — Meeting with representatives of the city council of the city of Haapsalu.
- **1-14 March**, Moscow, Russia — Presentation of the project “Low-rise Rus” (the concept of sustainable development) on the 12th fair of folk crafts of Russia “LADYA. Winter Fairy Tale-2012”.
- **March 22-23**, St. Petersburg, Russia — Drafting resolutions of the conference “Ecovillages as a new vector for sustainable development”
- **April 28**, Rettenbach, Germany — Meeting with young people from the German state of Baden-Wuerttemberg and a trip to the Rettenbach village.
- **July 11**, St. Petersburg, Russia, Smolny University — Conference by “New Youth Policy”: “Images of the future of Eurasia”.
- **August 8**, Moscow, Russia, the State Duma — hosted the first meeting of the working group to discuss the organizational issues of the creation of the Eurasian Youth Parliament.



- **October 18**, Moscow, The State Duma — Roundtable “Eurasian Youth Parliament as a model of inter-parliamentary cooperation within the Eurasian Union”
- **November 10**, Cologne, Germany — Seminar: “Media Literacy: Interaction of children and their parents in the information media environment”
- **November 16-18**, Eitorf, Siebengebirge, Germany — Educational seminar: “Methods of working with young people to involve them in the school and work environment”.
- **November 23-25**, Dusseldorf, Germany — 1st all-German Youth Conference of compatriot NGOs “Young compatriots — the leaders of modern Europe” held in Dusseldorf and also became part of the working group to create an all-German Coordinating Council of Youth.

2013:

Our organization hosted two international conferences in Brussels:

- **March 22**, Russian Centre for Science and Culture — The First international conference hosted by International non-profit organisation “New Youth Policy” titled “Approaches that promote intercultural dialogue in modern society”.
- **November 22**, Russian Centre for Science and Culture — The Second international conference hosted by International non-profit organisation “New Youth Policy” titled “Globalization — the new stage”.

Also our representatives have participated in schools of political research conducted with the support of the Council of Europe, Charles Stewart Mott Foundation, Ministry of Foreign Affairs of Norway, the Netherlands and the Russian Foreign Ministries:

- **February 12-15**, Zelenogorsk, Saint Petersburg, Russia, Moscow School of Political Studies (MSPS), — Seminar: “Law, Politics, Economy and Mass media”.



Events that representatives of our movement have participated in:

- **January 19**, St. Petersburg, Russia — representatives of our organization, as experts, made the presentation “What is Ecology?” on the first large-scale “Environmental Olympics” for senior grade students of Leningrad region high schools on the theme of recycling.
- **February 18**, Helsinki, Finland — Seminar of National Coalition Party «From conservations to actions. Part 2»
- **February 18**, Saint-Petersburg, Russia — G8 & G20 Youth Forum
- **May 23-26**, Kiev, Ukraine — Youth Forum “Eurasian Choice”
- **June 15**, Brussels, Belgium — 8th all-Belgian conference of compatriots
- **June 29**, Vitebsk, Belarus — Meeting of “New Youth Policy” members
- **July 11**, Seliger, Russia — “Civil Forum” of the International Youth Forum “Seliger 2013”, Round table: «Alternative principles of globalization. When will we see a Russian globalization version?»
- **July 30** — August 5, Lake Onega, Republic of Karelia, Russia, — The Fifth International Youth Forum «Hyperborea»
- **September 18**, Tiraspol, Pridnestrovian Moldavian Republic — 1st Session of scientific circle “Polis”.
- **September 19**, Petrozavodsk, Republic of Karelia, Russia, — Meeting of Youth of Karelia.
- **September 26-27**, Minsk, Belarus — Scientific-practical conference of young analysts from the project “Smart Networks”.
- **October 18**, Brussels, Belgium, Embassy of the Russian Federation in Belgium, — Meeting with Foreign Minister of Russia Sergey Lavrov.
- **October 31**, Bern, Switzerland — Scientific-practical pedagogical conference on the theme: “Peculiarities of Russian language teaching and the organization of the communicative environment in extra-curricular education centers for children of compatriots abroad”.



- **November 6**, Toronto, Canada — Round table for Youth at the Country Conference of Compatriots.
- **November 16**, Leeds, England, — Annual public festival of Slavic culture and the arts “Slavic Bazaar”.
- **December 14**, Helsinki, Finland, Russian Centre for Science and Culture — Conference “The 20th anniversary of the Russian Constitution”
- **December 25-26**, Tiraspol, Pridnestrovian Moldavian Republic — Conference “The global Policy of the XXI Century”, ROD report conference “Commonwealth Young”, talk show “Open Talk”, Meeting with the Council of young diplomats in the Foreign Ministry of Transnistria.

2014:

Our organization hosted one international conference in Brussels, Belgium:

- **April 12**, Russian Centre for Science and Culture — The Third international conference hosted by International non-profit organisation “New Youth Policy” titled “Development — alternative to the tunnel scenarios of social degradation”.
- **December 5-6**, Brussel, Belgium — “Saint-Petersburg consensus“ — a new ecobomic policy for the World”.

“New Youth Policy”, jointly with specialists from the autonomous non-profit organization “Informational-Analytic Center” and representatives of the Youth Parliament of Karelia, held the following events:

- **January 23**, Petrozavodsk, Republic of Karelia, Russia, — Conference “Problems of Monotowns and their resolutions”. Meeting with head the of Republic, Alexander Hudilainen.
- **March 15**, Petrozavodsk, Republic of Karelia, Russia — Youth Parliament of the Republic of Karelia — First of a series of educational seminars on governance and management “Social self-governance and the human being”.



- **March 27**, Petrozavodsk, Republic of Karelia, Russia — Presentation of the Project “International Eurasian Scientific and Educational Center” before members of Russian parliament and member of the federal council R. Nurgaliev.
- **March 29**, Petrozavodsk, Republic of Karelia, Russia — Youth Parliament of the Republic of Karelia — Educational seminar on governance and management «Generalized means of social governance».
- **April 5**, Petrozavodsk, Republic of Karelia, Russia — Youth Parliament of the Republic of Karelia — Educational seminar on governance and management «Genetic and economic means of governance in society».

Events that representatives of our movement have participated in:

- **January 11**, Tehran, Iran — Meeting with students and professors of Iranian University on issues of Eurasian cooperation.
- **March 11**, Tiraspol, Pridnestrovian Moldavian Republic, Taras Shevchenko Transnistria State University — Inauguration of ANO “Dniester-Pruth Information Center of RISS”.
- **March 14**, Edinburgh, Scotland, Great Britain — Roundtable “The Ukrainian Crisis”.
- **March 26**, Saint-Petersburg, Russia — Discussion on the topic “A global shift”.
- **April 2**, Minsk, Belarus — Statewide conference of young analysts from the project “Smart Networks”.
- **April 17**, Tiraspol, Pridnestrovian Moldavian Republic — Student conference and presentation on the topic “Secessional tendencies in Spain and Great Britain: what is common”.
- **April 20-23**, Kazan, Russia, International Youth Forum of Compatriots: “Youth, Science Innovation” “National Relations in Russian Culture”.
- **May 23**, Toronto, Canada — First Canada-wide youth conference of Russian Compatriots. Delivered presentation on the topic: “National Relations in Russian Culture”.



- **June 21**, Tiraspol, Pridnestrovian Moldavian Republic — Patriotic youth forum “The Transnistria Spring”.
- **June 25**, Vadul lui Vodă, Republic of Moldova — Educational course held by the European Council “Measures of strengthening cooperation between the two shores of Dniester”.
- **August 10**, Saint-Petersburg, Russia — 7th Saint-Petersburg Forum “Russians Abroad”.
- **September 25-27**, Tiraspol, Pridnestrovian Moldavian Republic — Educational forum “Academy of Government Staff: Economic Block”.
- **October 21-25**, Tiraspol, Pridnestrovian Moldavian Republic — Educational forum “Academy of Government Staff: Social Block”.
- **November 8**, Toronto, Canada — Methodological seminar on the topic “Intercultural communication and the basics of constructive dialogue”.
- **November 12-14**, Brussels, Belgium — European Youth Forum “Quality Education: a Youth right!”.
- **November 14**, Montreal, Canada — 7th Canada-wide conference of Russian compatriots.
- **November 21-25**, Sofia, Bulgaria — Forum “Youth constructs the Future”.



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Our partners:



Embassy of the Russian Federation in Brussels,
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Notes



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