

## Will Russia's military solve her economic mess?

by Criton Zoakos

The reports from Moscow are growing curiouser and curiouser for professional "Kremlin watchers" in the West. The substance beneath them, however, remains unchanged.

Politburo member Aleksandr Yakovlev, Gorbachov's closest associate in the "glasnost" venture, an intimate of Armand Hammer and an alumnus of Columbia University, has disappeared from public view since Dec. 15, 1987; the powerful, ultranationalist Pamyat Society, purveyors of Russian-chauvinist sentiments in the ranks of the Soviet armed forces' officers corps, has been circulating with immunity signed calls for the removal of Yakovlev from the Politburo; a Central Committee Plenum scheduled for mid-January is postponed without explanation, while a Central Committee conference on the subject of the state of the Soviet economy is held without General Secretary Mikhail Gorbachov's attendance.

Following that, the Soviet government announces the dismissal of Nikolai Talyzin, the chairman of Gosplan, the State Economic Planning Commission, and his replacement by First Deputy Premier Yuri Maslyukov, formerly the chairman of the Soviet Military Industrial Commission.

The important question behind these very interesting developments, is: What is happening with perestroika? How is the "restructuring" of the Soviet economy doing?

This question was supposed to be the subject of the postponed Central Committee Plenum, which was slated to examine the country's economic performance during the second half of 1987. Soviet economic performance during the first half of that year was universally judged to have been a

disaster. This was the conclusion of a series of Western intelligence service reports presented before Senator Proxmire's hearings on the subject at the Joint Economic Committee; its findings were virtually identical to those of the Soviet Central Committee's Plenum of July 1987, where Mikhail Gorbachov himself reported on the disastrous results, warned that "things would get worse before they get better," and made a rather melodramatic plea to push forward with his perestroika. "Perestroika is the last chance we have for modernization," Gorbachov said with unusual candor, and his speech was published in the Soviet press with equally unusual candor. "If we fail in implementing perestroika, our society will revert to stagnation and will not dare try to modernize again for many decades." During that remarkable speech, Gorbachov pledged that he would resign at the end of three years if his perestroika fails.

We are now eight months into those three years.

The fact that the chairman of Russia's "military industrial complex," Yuri Maslyukov, has replaced the civilian Talyzin at the Gosplan, is significant in its symbolism, but will not tell us which way the Soviet economy is going. With the Maslyukov appointment, the Kremlin made the obvious managerial decision: Since the only efficient and productive sector of the Soviet economy is the military-industrial sector, the obvious thing to do with the disastrous civilian sector, was to put it under the management of the best proven managers, those who run military production.

Some would falsely argue that the Maslyukov appointment proves that the Soviet civilian economy is doing badly.

In fact, the Soviet civilian economy has always done badly. The right conclusion to be drawn from the Maslyukov appointment, is that the Soviet military economy is doing very well indeed; so well, that it is now taking over every aspect of the Soviet "civilian" economy that will be left to the jurisdiction of the "public sector," after the privatization reforms of perestroika go through.

### **There is no civilian economy**

When Western analysts attempt to answer the question, as they are currently doing, "How is the Soviet economy performing?" they perennially commit the same methodological error, namely, they apply the same criteria as they would to any other country's economy. The entire history of the Soviet state, from Lenin onward, if viewed properly, demonstrates that there exists no such thing as an ordinary economy. What to the naive appears as a Soviet civilian economy, is merely the infrastructure necessary to service the military apparatus of the state. The case of the recently rehabilitated Nikolai Bukharin serves well to demonstrate the point, as is the case of Stalin's notorious First Five-Year Plan, which succeeded Bukharin's own "New Economic Policy," the perestroika of the 1920s.

The central criterion that must be employed in studying the Soviet, or any other, economy, is investment policy: Who controls it, how is it controlled; and what specific decisions does it produce. Few, if any, persons, in U.S. intelligence establishments, are focusing on these particular questions adequately. Instead, a great deal of secondary information is being produced on consumer horror stories, especially about the Eastern European satellites, but also about the Soviet Union proper: Romania has prohibited the driving of all private cars; outlawed by decree the use of light bulbs brighter than 45 watts; prohibited home heating temperatures over 57 degrees. Bulgaria has virtually no meat consumption and rations apply to one per person per week; Poland's economic reform principally consists of a 200% price increase in food staples.

From Eastern Europe as a whole, there has been a catastrophic collapse of exports to the world markets which began in 1984 and continues today. Last year's total exports from Eastern Europe combined were less than the exports of Singapore—a city of about two million population. The OECD, which attributes this collapse to the labor-quality content of East bloc manufactured products, recommended that the East bloc economies be placed in the category of "newly underdeveloped nations." The Soviet Union's exports to the world are almost exclusively unprocessed raw materials—with the telling exception of one exported manufacture: weapons and munitions, in which they lead the entire world.

Once an intelligence analyst makes the decision to treat the Soviet economy not as any ordinary economy but explicitly as a war economy, most analytical problems disappear,

and the focus is placed on the important question: Who controls decisions on military-industrial investment, how is the control exerted, and what decisions are the Russians making now respecting the future course of their military industrial investments?

Behind these questions lies the secret of perestroika. It is not a new phenomenon. When Czarist Russia lost the Crimean War, Russia embarked on a perestroika project which history books recall under the rubric of the "Emancipation of the Serfs," and later, Count Sergei Witte's reforms—all with the blessings of Fyodor Dostoevsky. Earlier, Empress Catherine the Great attempted a perestroika project of her own under Prince Orloff, in order to build her naval power; both the February and October 1917 "revolutions" were emergency, wartime measures to enforce perestroika, on the basis of blueprints prepared by the formidable Procurator Pobedonostsev and the Okhrana; in each and every instance, Russia was seeking to develop an industrial/technological base for military power and nothing else.

The much touted Bukharin-Stalin debate over collectivization was simply over the one question of how to accumulate capital goods to invest into a military industrial base in a country unable to accumulate anything for investment. Bukharin proposed a certain variant of perestroika: let the middle classes (the kulak) accumulate, and then let the government take their foreign exchange earnings and purchase capital goods from the West: the New Economic Policy. The Bukharin policy succeeded in forming a rudimentary industrial infrastructure upon which Stalin, later, based his ambitious military-industrial drive known as the First Five-Year Plan.

Both during NEP and the follow-up Five-Year Plan, the sole source of investment goods, was Western industrial corporations. The first five year plan merits close scrutiny today. Such a scrutiny will demonstrate beyond doubt two conclusions: First, everything that was undertaken and completed with that plan, without any exception, was military-industrial infrastructure; second, nothing would have been accomplished during the Five-Year Plan, without the rudimentary earlier infrastructure put in place by Bukharin's NEP. None of this is accidental: The blueprints of the First Five-Year Plan were prepared not by the Communist Party per se, but by the generals of the General Staff. Nor is it accidental that Bukharin's earlier NEP had been aggressively promoted by Russia's leading military lights of the period, Marshal Tukhachevsky, the Czar's most brilliant general, who saw Lenin as his instrument, and the scion of old Russia's most proudly military clan, the "economist" Preobrazhensky.

As for the current reincarnation of perestroika under Gorbachov. Its origin is in the 23rd Communist Party Congress of 1966 and the unique role played there by Marshal Sokolovsky personally. The keynote speech read by Leonid Brezhnev had been written and handed to him by Marshal Sokolovsky. The Brezhnev speech was a paraphrase of an

article in the magazine *Communist of the Armed Forces*, titled, "On Contemporary Military Strategy," which launched the project Soviet publications call the Scientific Technological Revolution (STR). It stated, *inter alia*: "The range of problems of military strategy includes the determination of the economic basis of the building of the armed forces, its structure, its equipping . . . the determination of the composition of the armed forces for peacetime and for time of war, the making of a reserve of arms, equipment, primarily nuclear weapons, as well as material reserves. . . ."

Following that congress, a cautiously growing alliance between the General Staff and the KGB under the just-appointed Yuri Andropov, methodically strangled the Brezhnevite party-hacks, until, eventually, it brought about the present combination in Gorbachov's perestroika. They intend to have the best of both Bukharin's NEP and Stalin's relentless industrial drive.

### The Western role

As to how they proceed to make investment decisions, it is not really up to them. Much more depends on what a certain group of leading Western industrialists intend to give Russia. For this, the prudent intelligence analyst must watch closely two groups: in the United States, the interests that promoted William Verity to the post of secretary of commerce; in Europe, the industrial-financial interests which, in the first week of February, propelled Lothar Spaeth, the Minister President of West Germany's Baden-Württemberg, on a two-day visit with Gorbachov in Moscow. That group, which includes Olivetti, Siemens, Phillips, FIAT, Daimler-Benz, et al., represents the front line of European high technology—the only thing that counts in Soviet military technological-investment decisions.

Only one constraint limits Russian military decision makers at this time: what technological resources are available to them for investment? As was the case in previous applications of perestroika in Russian history, they are dependent on what the West will make available to them for investment.

In all previous instances, going even as far back as the reforms of Peter the Great and of Catherine, the Russian military establishment's options to invest were always constrained by what Western industrial-financial interests were willing to give them. In all previous instances, prior to the present case of Gorbachov's perestroika, the Russians received enough to modernize, but not enough to get ahead of their main competition. This time, they are entering this venture from a much stronger position, and they appear to be giving themselves some three-to-five years to establish preeminence.

Much of their success or failure will depend on the outcome of the present ongoing reorganization of Western Europe's technological and financial giants, such as those promoted by De Benedetti, Agnelli, and the financial coalition of Lazard Frères, Morgan Guaranty, and Brussels Lambert.

## Lit Gaz unloads bile on LaRouche

*The Soviet weekly Literaturnaya Gazeta on Feb. 3 published an extraordinary, full-page attack on Lyndon LaRouche, Jr. and his wife, Helga Zepp-LaRouche, headlined "Yankees and Teutons: The united neo-fascist party of Europe and the U.S.A. can't wait to get power." Penned by Aleksandr Sabov, the article includes a picture of a Teutonic warrior statue, and an American gun-toting Rambo.*

*The piece appears to have been rushed to press, to judge by the large number of simple factual errors and misspellings (e.g., "Marco Cuomo" and "Sam Nunni"). Many of the "quotes" attributed to Mr. or Mrs. LaRouche are outright fabrications.*

*The article is being closely scrutinized by Western intelligence specialists, as a signal piece of Soviet character assassination. Particularly noteworthy is the new Soviet assessment of LaRouche's popular support. A Moscow TV slander just over a year ago had an actor portraying LaRouche say, "Not a single voter supported us." But Sabov now gives LaRouche 10% of the vote.*

*Ellipses in brackets indicate EIR's abridgement. Others are in the original. Boldface is in the original.*

"There is a new breed of people—they were born and live in Europe, but in their spirit and their way of thinking, it's as if they were from the other side of the Atlantic—100% Yankees," the French political scientist Philippe Deviller told me once. "In my books, I call them accordingly, 'Atlantic Europeans' or 'European Americans.' " . . .

Let this definition serve us as the key to the portrait gallery, which follows below. From its wall, reflecting one another as in a mirror, the "European Yankees" and "American Teutons" are looking. They are related not only by their spirit and their way of thinking. They also have a jointly developed plan already prepared, for worldwide restructuring [*pereustroistvo*]. [ . . . ]

I saw these people for the first time in November 1983, in Rome. The "Club of Life"—that very "Anti-Club of Rome"—together with the American journal *Executive Intelligence Review* and the "European Committee for Nuclear Energy," announced a conference here with open doors. The doors indeed were open, but on a table at the entrance, there was a list for the registration of guests. Having signed in, I headed into the room, but suddenly some young man shouted at me:

"You are from *Literaturnaya Gazeta*? Ay-yi-yi! Such a