

# East bloc economic woes bear out EIR's 1985 predictions

by Konstantin George and Luba George

In the summer of 1985, *EIR* produced the landmark special report, commissioned by the American statesman and *EIR* founder, Lyndon LaRouche, titled: "Global Showdown: The Russian Imperial War Plan for 1988." In that report, LaRouche issued several predictions concerning what crucial developments and processes within the Russian Empire would come to a head during 1988. LaRouche had identified the awesome Soviet pre-war military buildup, naming it the "Andropov-Ogarkov War Plan," and told how the crash tempo of that war buildup was being maintained by an ever accelerating looting of the Russian satellites in Eastern Europe and the Soviet civilian economy—and in particular the agricultural and light industry sectors. From that documented analysis flowed the following unique predictions—three years in advance—for 1988.

1) That the accelerated tempo of Soviet and Western banks' (International Monetary Fund-IMF) looting of Eastern Europe by 1988 would force a process of physical breakdown among the economies of the hapless East European satellites. That this process, combined with the Ogarkov War Plan, dictated disinvestment in the Soviet civilian economy, which would create a similar economic crisis wracking the civilian and agricultural economy of the Soviet Union itself.

2) That this process of economic breakdown would unleash into open rebellion the restive populations of both Eastern Europe and the Captive Nations within the Soviet Union, confronting Moscow with a mammoth crisis of national unrest on top of the economic crisis.

3) That the main *vector* of personnel changes in the Soviet leadership would be the consolidation of power by the grouping consisting of the closest protégés and associates of the late Yuri Andropov and Marshal Nikolai Ogarkov. LaRouche has used the term, "Andropov's Kindergarten," to describe the new Soviet leadership team.

4) That the crash military buildup and pre-war reorganization of the Soviet Armed Forces would give Moscow by 1988 a dangerous margin of strategic superiority over the West, and combined with the continued dominance of the appeasement lobby in the West, and Moscow's gigantic internal crisis, create the most dangerous international strategic situation imaginable.

Now that 1988 is behind us, the unique analytical capabilities which produced predictions 1-4 have been vindicated. That Points 1-2 have, during 1988, become fully documented facts, and the subject of endless front page news stories in all Western publications, is a matter of record. The Point 3 prediction became history, as certified by the crucial personnel changes taken at Soviet Central Committee Plenums during 1988, especially the Sept. 30 CC Plenum. The same belated, and perhaps bitterly accepted, agreement by some quarters at least, that again, LaRouche was right, will also occur concerning Point 4, some time during 1989.

What has not yet dawned on Western policy-makers is the unprecedented depth of the economic crisis engulfing the Soviet Empire, and the alarming period of strategic crises it is about to usher in.

## Moscow at a crossroads

During 1988, a qualitatively new international strategic threat has emerged as a result of the food crisis in the West intersecting the East bloc economic crisis, featuring the most severe food shortages in decades in the Soviet Union and its satellites in Eastern Europe.

Moscow has traditionally relied on annual mass food imports from the West to bridge the gap created by the low Soviet harvest, and, after 1988's expected record Soviet grain imports, Western food sources can no longer be relied on. This perspective, seen against what has already transpired during this past year, defines a tinderbox of coming strategic crises. Let us review briefly what happened inside the Russian Empire during 1988.

1) The combined effects of Soviet looting to meet Ogarkov War Plan requirements, and Western bank-IMF looting of Eastern Europe brought these economies close to the point of physical breakdown, with Romania, Poland, Hungary, and Bulgaria the hardest hit. With investment for years on end mostly confined to those sectors of the economy exporting, whether to Russia, or to meet debt payments to Western creditors, the sectors of the economy handling the population's needs for basic goods and services, as well as infrastructure, collapsed. The result has been the worst postwar shortages of food, fuel, and non-food basic necessities. The

Polish eruptions of 1988 will worsen in 1989, and a Hungarian volcano is set to erupt sometime during 1989, to name two certain cases of mass national unrest, if not actual revolt, brewing.

2) Inside the Soviet Union itself, the worst food shortages in decades, and a collapse of average living standards to a point not seen since the last years of Stalin. For months on end in many parts of the U.S.S.R., meat, dairy products, and sugar totally disappeared from the stores. Then, this autumn came the grain harvest failure, with less than 200 million tons having been produced, i.e., over 11 million tons below the 1987 level. The collapse of living standards has been the unpublicized, "other" motor behind the national eruptions that have swept the Soviet Union, in the Transcaucasus, the Baltic, and the Ukraine.

For now, Moscow's needs for record grain imports are being met by the Western grain cartel. The tribute in the form of huge supplies of grain and meat is flowing to the Russian empire now as never before. However, both the extreme dependency on the West for food this has caused, plus the assumption that merely the objective circumstances of the West's own food crisis could turn off the flow at any time, has effected cataclysmic changes in the policies of the Soviet leadership. A companion set of far-reaching changes has also begun in response to the rebellions under way in the Captive Nations.

These changes crystallized around the Sept. 30 CC Plenum, which in a police-state-style response to the crisis engulfing the empire, produced a vast increase in the powers of the KGB and the forces assigned to maintain "internal security." The head of the KGB, Viktor Chebrikov, was promoted to Central Committee Secretary in charge of all internal security organs. The KGB Foreign Intelligence head, Vladimir Kryuchkov, was promoted to chairman of the KGB, and has emerged, since his delivery of a major foreign policy speech at a July meeting on foreign policy, as a significant shaper of Soviet foreign policy as well. The former head of the KGB in Latvia, Boris Pugo, was named new head of the Party Control Commission, the purge-executing organ of the CPSU. This group and all others promoted at that Plenum were, without exception, very close associates of the late Andropov; hence LaRouche's appellation: "Andropov's Kindergarten."

Beyond the KGB-internal security consolidation, the Plenum marked another policy watershed. Since the Sept. 30 Plenum, the expansion of the Soviet food sector, by any and all means, has become priority number one, and, indeed, *military* priority number one.

It didn't take long for this priority to be spelled out. On Nov. 1, 1988, Politburo member Yegor Ligachov, assigned at the Sept. 30 CC Plenum to oversee agriculture, spoke at a Moscow meat industry enterprise: "The quickest way to resolve the food supply problem is the large-scale development of food processing industries, the creation of a modern trans-

portation system, and the improvement of facilities for storing agricultural produce."

This is what the recent mass flow of Western credits to Russia to modernize the Soviet food industry is all about. They are the means to finance a Soviet crash program to modernize and expand this sector over the next two years, and by doing so, eliminate enough harvest and post-harvest waste to yield an automatic 20% increase in available food.

4) The dimensions of the investment priority for the food sector were underscored Nov. 4, in a domestic Radio Moscow statement by Fikryat Tabayev, First Deputy Prime Minister of the Russian Republic. Tabayev disclosed that in the 1989 State Economic Plan, *one third* of all investments in the Russian Republic will be in the *food sector*.

In addition to these few of many such statements one could cite, the reader should note that from July 1988 to February 1989, two of the four Soviet CC Plenums held, or to be held, will have had the Food Supply Crisis as their *sole* agenda item.

The food supply question has been accorded not simply priority number one, but *military-security* priority number one. This decision was institutionalized at the February 1988 CC Plenum with the following key personnel changes.

1) Yuri Maslyukov, till then the man in charge of the military industry component of the State Planning Agency, Gosplan, was made the boss for Gosplan itself, i.e., put in charge of *all* state economic planning.

2) The single most stunning illustration of Moscow's wartime priority assigned to food, was the appointment of Oleg Baklanov as Central Committee Secretary. Baklanov had been the boss for all Soviet missile and space-based military equipment production, in short the person entrusted by Ogarkov to successfully implement the Soviet offensive missile and SDI pre-war build up programs.

As became clear from November articles in *Pravda* and *Izvestia*, where Baklanov repeatedly turned up conducting tours of Soviet food processing industry plants, Baklanov is now in charge of expanding and modernizing Soviet food storage, transport, and food processing, and along with it, in charge of the military-strategic stockpiling program. Thus Moscow transferred the man who successfully oversaw missile and military space production, and placed him in charge of militarizing the entire Soviet food sector. Such moves ought to open the West's eyes to the much more drastic and dangerous steps Moscow is prepared to take soon to "solve" its nest of internal crises.

Moscow is already preparing military conquest options to secure food supplies and advanced industrial plant, equipment, and technology, which LaRouche has emphatically warned about recently. Unless the West wakes up, on the agenda lurks a chain of ever bigger Soviet military conquests over the next year or two as the global food crisis, coupled with continued Western weakness, plunges us into one strategic crisis after another.