

The Crisis Of The Soviet Five-Year Plan

The following critical analysis was issued Nov. 30 by Lyndon H. LaRouche, Jr., chairman of the U.S. Labor Party.

At this moment, the balance of visible current Soviet leadership efforts towards implementing the new Five-Year Plan adds up to a display of appalling incompetence. Despite some evidence of sharp criticism and counterpressure from Soviet and Eastern European "traditionalists", for the moment the Soviet leadership majority is plunging down a road leading toward potential economic disaster, incidentally violating every hard lesson learned during 60 years of preceding Soviet history.

Although the blunders being committed are best appraised in economic terms of reference, the origin of the mess is political, and the most immediate consequence of the deteriorating Soviet economic policy seems outside of the Council for Mutual Economic Assistance (CMEA) sector itself is a pattern of increasing the panicky flip-flops in Soviet foreign policy posture. It should be emphasized, the misconceived present Soviet economic policy will not last. The disastrous effects of the current Five-Year Plan effort on both Soviet and CMEA domestic and foreign relations will become a major and growing issue within the CMEA sector very soon. At some future point, relatively soon on the historical scale of development, "heads will roll" because of the mess now being created. The sort of crisis this portends is not the sort of development which should make the Soviet Union's neighbors particularly comfortable in their beds.

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There are four basic points to be understood. In part, the present Soviet disorientation is rooted in traditional errors of Leninist analysis concerning both economic theory and the interconnection between Soviet internal economy and economic pulsations in the capitalist sector. Secondly, overlapping the effects of that cited shortcoming, excepting the special case of Poland, all of the chief economic problems of the CMEA sector today are variously direct and indirect consequences of the ongoing, now approximately ten year-old crisis of the Bretton Woods system. Thirdly, these two problems are monstrously aggravated by a massive, British-oriented internal subversion within the Soviet leadership, influencing a Soviet regression toward the worst methodological features of the old Bukharinist policy of the mid-1920s. Finally, under the heading of British and

related subversive influences in the Kremlin, a section of the Soviet leadership has, in effect, rejected Karl Marx for Böhm-Bawerk and related products of the Vienna positivist school, all in the name of "systems analysis."

We shall now treat those four points seriatim, thus laying the basis for the concluding characterization in which all four points are brought into conjunction for assessing their combined import.

First, The Significance Of Marx's Errors

As we have developed the case elsewhere, the case of Karl Marx as a political economist is a contradictory one. His essential and essentially correct method is that summarized in his 1845 "Theses on Feuerbach," and the first section, "Feuerbach," of *The German Ideology*. Insofar as Marx's analysis of political economy represents an application of that method, his analysis of the real (*non-monetary*) side of capitalist production, distribution and accumulation are both an advance of knowledge within the European Neoplatonic scientific tradition, and essentially correct. However, because Marx falsified history to the purpose of justifying the "English model" of capitalist development, his analysis of the monetary side of capitalist political economy is incompetent, and the political conclusions derived from that falsified historical picture are largely in error.

In consequence of that contradictoriness of Marx's theoretical outline, we have the following result of direct bearing on problems of "orthodox Leninist analysis."

Marx's historical appreciation of the importance of industrial capitalist development is broadly correct. He locates the industrial capitalist policy of technological progress as both a material and moral necessity for human existence. Without the technological progress achieved through capitalism, the material preconditions for continued existence of the human species could not have been realized. The interconnection between capitalist progress, urban-centered development and the fostering of scientific knowledge was *morally essential to lift man out of the bestialized conditions of "the idiocy of rural life."* On this basis, *Marx was procapitalist on all issues of current political issues up through 1871.*

Marx is also correct in locating formally the inner boundaries of capitalist development in the private property form of ownership of the basic means of production and distribution. The *heteronomic* (or, "anarchist") impulses intrinsic to the private ownership of the socialized means of production and distribution is, in fact, the limit of capitalism's self-development and the constant source of its vulnerability to various political, economic, and related disorders.

However, Marx grossly misjudged the lawful historical viability of 19th century *industrial* capitalism, and, for related reasons, defined the transition from

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capitalism to socialism generally in terms which apply in fact only to exceptional cases. As we have developed this point in *The Case of Walter Lippmann*, the 1917 Russian October Revolution is almost an ideal example of the sort of exceptional case to which Marx's version of the transition properly applies.

The vicious error involved in Marx's misjudgment of the future potential viability of capitalist development is exemplified by Marx's dispute with the American economist Henry E. Carey during the 1850s and 1860s. Although Carey's 1873 text is philosophically unfortunate, his earlier economic writings are correct vis a vis Marx, on all those issues which Marx identifies as lying between them. Marx refused to accept the fact that the English model of early 19th century capitalism was a savagely deformed version of capitalist development. Since Marx refused to face the fact of the 3,000 year-old reality of the struggle between monetarism and humanism, he refused to consider the potential viability of industrial capitalism modeled on what Carey and others called "the American System."

With Lenin, the problem becomes worse. Although Lenin was a Chernyshevskiiian, dedicated to Russian technological progress, his systematic understanding of political-economic theory was profoundly flawed. In particular, his understanding fell way below that of Karl Marx — as a comparison of Rosa Luxembourg's *Industrial Development of Poland* with Lenin's bureaucratically turgid *The Capitalist Development of Russia* illustrates. The founding congresses of the Communist International adopted the doctrine of the "epoch of imperialist decay," ruling out of consideration the possibility of durable Soviet strategic alliances with viable forms of advanced industrial capitalism. To official Leninist doctrine, the distinction between historically progressive and regressive forms of advanced capitalist states no longer existed in the post-1917 20th century.

Despite the Leninist doctrine, in life, the Soviet Union did move sometimes in the direction of a better strategic policy. Notable was the Rapallo agreement, and also the impulses imbedded in Stalin's negotiations with von Seeckt, and Stalin's thrust toward detente with the United States vis a vis the enemy, Britain. These exceptions have been more thrusts and gestures, rather than a conscious correction of a mistaken doctrine. To the present day, the Soviet "orthodox Leninists" conceive of the self-doom of the decayed capitalist system as the essential strategic commitment of Soviet policy.

The corresponding points of Soviet doctrine are well-known, but inadequately understood.

On the condition that the OECD nations brush aside the heritage of British monetarism in favor of the kind of industrial capitalism exemplified by the "American System" in matters of global strategy, the CMEA nations and the OECD nations have a fundamental common political-economic interest. Under the circumstance that the so-called developing sector is undergoing general, technologically vectored expansion of its industrial and agricultural production, for the visible future the relatively advanced nations can more or less perpetually sustain a net, longterm balance of trade surplus without economic contradictions or conflicts in vital interests among any of the nations involved in that trade and investment. Large export surpluses of the advanced capitalist nations are the most desirable economic circumstance for the CMEA nations and China. This is so, since expansion within the OECD nations and joint CMEA-OECD development contributions to the "developing nations" means growing trade levels between the CMEA and OECD nations, trade levels to the greatest mutual advantage.

Nonetheless, Lenin's *Imperialism* says erroneously, this is not possible. The Soviet doctrine concerning "imperialist development" says this is impossible.

For related reasons, even the best Soviet leaders failed to grasp the crucial strategic implications of the 1967-1977 breakdown of the Bretton Woods system. For this reason the Soviets have made only short-term, abortive contributions toward the establishment of a new world monetary system, of the type represented by the International Development Bank (IDB) proposal. Although some Soviet and other CMEA countries' representatives have grasped the importance of the IDB, at least in crucial aspects, not enough of them have understood that well enough to tilt the balance of Soviet policy into fruitful directions.

Fluctuations in Soviet policy concerning a convertible CMEA transfer-ruble are a centerpiece for this point. There are two Soviet T-ruble proposals. The first dovetails with the IDB proposal. This is the proposal for convertible T-ruble balances to be used in three-way trade among the CMEA, OECD and developing nations on a gold-reserve basis. The gold-reserve feature of this first approach is realized when the OECD nations adopt a gold-reserve monetary system (with gold probably valued in the order of between \$250 and \$300 an ounce, once production reaches the level corresponding to monetary requirements). The second T-ruble proposal is properly termed the "British formula", under whose terms CMEA foreign debts prop up the inflated balances held through the City of London market.

The Soviets have not grasped the point that during the post-1972 period, especially from 1975 to date, it was essential that the Soviets put the ruble in the balance of world affairs to facilitate a drastic reorganization of the foreign indebtedness of developing nations along lines specified in the IDB proposal. Clearly, the Soviet leadership did not think the strategic implications through.

We are in no way exaggerating in stating that Soviet leaders did not think the strategic realities of the current monetary crisis through. Although this problem is by no means peculiar to the CMEA countries' leaders, Soviet representatives have a damnable propensity for the worst sort of what is otherwise known as German

Gründlichkeit, sometimes to the point of shaming a Basel shopkeeper. They fall prey to dividing the world into unrelated bits and pieces, and then intensively examining each piece "thoroughly" in total isolation from the strategic reality as a whole.

Another example of the same sort of defect is the worst sort of German academics whose lectures are based on written-out flashcards and whose scholarship often focuses with obsessive narrowness on a fragment of a mere sentence. (I was appalled on one occasion to witness such a German academic displaying his flashcards on a screen, with aid of a balopticon, and simply reading from his own flashcards!)

The Soviets should have posed the strategic problem as follows:

(a) The capitalist monetary crisis spiral is plunging toward a depression, a depression which is being postponed by means which transform an ordinary depression into a hyperinflationary explosion of a Weimar type on a global scale;

(b) Only a romantic fool imagines that this will lead to socialist transformations in a significant number of OECD nations;

(c) Therefore, the depression will produce some sort of capitalist transformation in the OECD nations;

(d) Without Soviet intervention, what sort of transformation is most probable and what are the implications of those tendencies for the Soviets' strategic security situation? If the British proposals win out — e.g., the Witteveen, MacNamara, and other "zero growth" models — the entire OECD sector and most of the developing nations will go fascist with a vengeance.

(e) What alternatives to zero-growth, Schachtian policies exists for the capitalist sector?

(f) Which are viable?

(g) How does Soviet policy enhance the selection?

In 1975 and 1976 it should have been clear to the Soviets that Henry Kissinger's policies represented a commitment to the neo-Schachtian, fascist alternative. It should also have been clear that drastic, IDB-oriented reorganization of the capitalist monetary system was indispensable as the only model of an alternative to a fascist world order. Unfortunately, in order to placate "realist" Henry Kissinger, the Soviets — on balance — chose the course that fostered fascist development in the OECD countries, and a hideous configuration in the "developing sector."

The Soviets were not ignorant of these strategic realities. Yet, on balance they wilfully adopted a course which they were informed was absolute folly, the course promoting a war danger. The course leading fatally toward general war they called the "path of detenté." What monstrous folly!

What stuck in the gullet of the best of them was the ideological bogeyman to which we have referred. *The Soviet leadership could not bring itself to adopt a policy whose characteristic feature was tilting the balance in world affairs to bring about a general capitalist economic recovery.* The idea of "saving the capitalist system" is the relevant ideological block among some of the best of them.

The "Arbatovians" are most keenly conscious of this. Their attacks on the Labor Committees as such were complemented by attacks on Henry Carey, on Academician V. I. Vernadsky, and on other topics whose

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only significance was their prominence in Labor Committee literature then being studied by Soviet and other CMEA countries' officialdom. The Arbatovians and their London and London-allied foreign masters were in serious fear that the Labor Committees would win the Soviets to the policy of "saving the capitalist system."

How The Depression Affects The Soviet Economy

From the beginning of its existence, the internal Soviet economy has been inevitably most significantly affected for the worse by ebbs in the economy of the capitalist sector. Although there were several important considerations behind the Soviet "scissors crisis" in the middle 1920s, the breaking point was typified by the mid-1920s' agricultural crisis in the U.S. which meant a softening of the world markets' demand for — and prices for — Soviet grain exports. During the 1928-1934 period, the collapse of the capitalist sector had savage consequences for those aspects of the Soviet economy which depended directly and indirectly on conditions of world trade.

Since the slowing of the industrial growth of the internal USA economy in the 1957-61 recession and the development of the present monetary crisis during the middle 1960s, Soviet and CMEA countries' internal economic growth rates have been inevitably adversely affected by a softening of the world market.

The case of Poland should be put to one side for this purpose. Especially following the 1956 crisis, Poland has pursued a disastrous social and economic policy in agriculture. As noted in other reports on this subject, Poland's agriculture is virtually precapitalist, chaotic, and miserably low in productivity. This is a source of perpetual and worsening difficulties in national consumption levels, overall productivity of the Polish economy, and in the political and social byproducts of these wretched arrangements. This Polish problem, and the Polish foreign debt, represent the worst internal ulcer of the CMEA as a whole.

Putting this Polish problem to one side, the kind of discussion of the CMEA nations' foreign debt seen from the *pen of Brainard* is essentially nonsensical. The limitations of the CMEA countries' ability to pay for high-technology capital goods imports is the limitation on the demand for CMEA countries' exports through which exports those nations may earn the foreign currency balances to meet debt payments. The principal utility of Soviet full export potential is for Third World development. If the CMEA countries' export potential is used in partnership with the OECD countries' export potential for Third World agricultural and industrial development, this combination produces substantial CMEA export earnings *apart from Soviet primary commodity exports.*

In short, looking at the bottom line, the problem of the CMEA foreign debt balances is entirely the inability of the creditor nations to accept payment. This problem is complicated by the success of Soviet technological programs. That success involves a much-expanded division of labor with respect to the number and kind of industries the CMEA economies now require. This capital cannot be sliced like sausage — since each kind of capital investment requires finite total minimal investment, without respect to the fact that only a portion of the created capacity is immediately required.

A rational, balanced development of the CMEA economies requires economic cooperation with OECD nations in developing the world division of high-technology labor. Without this cooperation, the capital formulas produce proliferating “bottlenecks” in the CMEA economy as a whole — too much of this capacity against a lack of another essential element of the overall process-sheet of finished production. The correlating result of such existing and potential bottlenecks is a slackening of the overall economic growth rate in the CMEA economies. This slackening does not occur because the Soviets are not generating sufficient capital for a higher rate of growth, but because growth cannot be managed as one slices sausage.

In its less contemptible features, the current Soviet Five-Year Plan is an adaptation to the problems caused by the current depression in the capitalist sector. The current Five-Year Plan projects current such trends forward, and proposes to adapt to those conditions rather than attempting to change them.

What must be changed? The developing sector must be opened up for massive, high-technology export from the OECD nations — thus creating a favorable economic circumstance for CMEA world trade, and substantially higher CMEA growth rates. Fifty percent growth in Soviet output in the five-year period would be quite reasonable under those circumstances.

This requires a drastic reorganization of Third World external debt, and the establishment of the new, gold-based international monetary system modeled on the IDB proposals. That course of remedial action means a general capitalist economic recovery, a solution to the problems of the Soviet Five-Year Plan, a conversion of CMEA external debts into a premium monetary holding and not unimportantly, an elimination of the otherwise certain emergence of the thrust toward general thermonuclear war.

But, this is not perceived by the current Soviet majority, which is cuddling and cozying with its British advisors, and generally making an unwholesome mess of Soviet foreign policy in most parts of the world.

‘The Kim Philby Syndrome’

The late J. Edgar Hoover was obviously right as far as he went in his 1950 judgement of “Kim” Philby as the “third man” in the Burgess-McClean affair. Hoover was also on sound ground in distrusting Oxford University’s MI-6 as an unwholesome lot. However, Hoover’s assessment was inadequate. Philby is to the present day no “bolshevik,” but still an MI-6 top agent. The case of agents McClean and Philby is not merely exemplary of

the problem under consideration. McClean, still a British MI-6 agent, performed a vital role in developing the nest of British intelligence-influenced networks in Soviet political intelligence, and Philby is at the present time a key British Secret Intelligence Service operative in an important position within the KGB. Beginning with the death of Stalin, British intelligence built up a major penetration of the Soviet leadership, a penetration which was qualitatively augmented beginning in approximately 1963.

How do we know this to be true? Our strongest case, of the two immediately under consideration, is that of Philby. McClean’s role in Moscow provides conclusive proof of his character. In the case of the miserable Burgess, we have no evidence which could not have an alternative explanation, so we leave that particular case open.

On Philby we have three sets of evidence. The first is of the sort that enables one to recognize a skunk without securing his birth certificate. Second is a profile of Philby and his father’s history, together with their interconnections. The third is the role Philby performs within the KGB at this time.

On both McClean and Philby, it is clear that J. Edgar Hoover was convinced by evidence in part that was intended to convince the Soviet KGB. One does not “launder” a British MI-6 operative into the highly suspicious Soviet KGB and related intelligence circles without developing a convincing dossier of the sort required to peddle a double agent to such circles at that level. The British SIS investment in Philby was obviously enormous, but no lesser investment would have succeeded. Putting oneself for a moment into the shoes of Lord Mountbatten and similar sorts, one would have to concede to those British gentleman that their investment has been, altogether, a most prudent expenditure.

The investment British SIS made in Philby is an interesting subject in itself. Philby’s history begins with an SIS lift penetration project—in which the late Huge Gaitskell was prominently involved back during the period immediately following Hitler’s accession to the Chancellorship. This was the SIS’s “Vienna left cover” caper, an operation which recruited a substantial number of persons who are key British operatives to the present day. Hence, Philby’s Soviet-published autobiographical account of his conversion to communism during that period is most interesting.

Also relevant is the fact that Philby’s father was an active SIS agent, and that “Kim” was raised under the “Umpah” old-boy household circumstances of the sort which British SIS considers the most valuable for developing a double-agent from adolescence or young manhood. We have studied British intelligence modus operandi on this point in some depth, involving scores of case histories of key operatives who have come into important positions under cover. “Breeding” is very important for SIS, a proclivity for sodomy not withstanding.

Having established his “Vienna conversion” to communism, Philby soon after began his triple-agent role as an associate of the Cliveden set, and undoubtedly passed increasingly high-grade intelligence to the Soviets at an early point. Meanwhile, his communist-to-quasi-communist credentials developed in England all involved

prominent British communists and "fellow travelers" who were all British intelligence community agents — although the Soviets, to this day, are apparently duped by many of these cases.

These pre-Cliveden credentials, well known to British counter-intelligence, did not prevent Philby from being assigned to the supersensitive Iberian post at a crucial point, or from enjoying a position during and immediately following the war which no Counter Intelligence Corps (CIC) staff would permit without relevant instructions from the highest quarter.

There is nothing in Philby's known background at any point which suggests a humanist conviction: in fact, all his known features are typically bestialist-Oxonian. Such types do produce the odd-communist out of psychopathological reaction formations — a profile which the known features of the Burgess case would tend to fit. Such types sometimes join communist circles the way a college freshmen visits a whorehouse. However, even prior to 1963, Philby's case fits a contrary picture, the picture of the double-agent being carefully prepared.

It is the events from 1963 onward that are conclusive for the cases of Mclean and Philby. One merely has to ask what the effect of the work of Philby's protégé, Mclean, has been. One merely has to meet Mclean's protégé, Georgii Arbatov, and view the work of Institute of the World Economy and International Relations (IMEMO) and of the USA-Canada Institute in Moscow. One knows immediately and conclusively that Mclean is still a British SIS agent. One does not need a birth certificate to identify a skunk at a Sunday School picnic. Receipt of vital information concerning Philby's current role in the KGB was the final bit of conclusive proof needed.

The methods we employ to track the Philby-Mclean case is the same we employ to solve the case of one Robert Swann, British Foreign Secretary David Owen's special representative to the Euro-Arab Dialogue. Mr. Swann has attracted our special attention through certain peculiar actions against us in Luxembourg and Paris. We began a dossier on that gentleman as a matter of routine interest. We found his pedigree as given in public account and we added the fruits of inquiry and surveillance.

We found he belonged in earlier times to the old "India Hands" specializing in nasty operations among Islamic peoples, and also spoke Thai competently. We traced him to SIS Malaysian operations, and set ourselves the task of making a crucial test, determining whether or not he had relevant activities in Southeast Asia. From most authoritative sources, we discovered he was involved in the 1973 Thai coup in collaboration with British intelligence networks deployed under the cover of the Socialist International. We then immediately knew the nature of Mr. Swann's assignment to the Euro-Arab Dialogue.

In all such cases, one compiles a background profile, and then, as in all such scientific work, defines a crucial bit of experimental or observational information which proves or disproves a hypothesis. Given the background information, the post-1963 career of Mclean and Philby proves the case conclusively. When the skunk squirts his stink, one knows that the subject of interest is no "cat" painted up as a practical joke.

In the problem under consideration here, the use of the term "British intelligence" to identify the influence on the current Five-Year Plan is both exact and generic. Although U.S. and French intelligence made serious efforts, beginning during World War II, to establish independent positions in the Middle East, the sub-continent, China, Africa and Europe, these were predominantly British intelligence playgrounds, and U.S. efforts, particularly, have had limited success.

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Now, since Schlesinger's reign at CIA and Defense, the independent U.S. intelligence capabilities in many parts of the world have been savagely reduced to the relative advantage of British intelligence and British-allied factions in the U.S.'s own intelligence communities. Much of this "watergating" of the CIA, FBI, and attempted watergating of the Defense Intelligence Agency have been nothing but antics of the British intelligence networks and their U.S. allies to weaken those sections of the U.S. intelligence establishment which were either anti-British or simply too independent for British liking. The bulk of the U.S.-based penetration of the Soviet leadership has been either the work of neo-Fabian "left-CIA" networks politically allied with the British SIS network, or by elements of the U.S. intelligence and political establishment working in cooperation with the SIS neo-Fabian networks. (Nelson Rockefeller, if he sensed it useful and prudent to do so, could cast valuable light on this problem.)

The aspect of this which is of the greatest practical significance is that the gang in Moscow which is identifiable with the circles of the patrons of Arbatov, Mclean, and Philby consistently move in tandem with each turn of the British SIS "party line." Although U.S. vital interests do influence elements of the Fabian faction inside the U.S., otherwise the U.S. neo-Fabians, the British SIS and allied types, and Arbatov et. al. have moved almost consistently in tandem on every turn in policy during recent years. Unfortunately, that gang in Moscow appears to have a stranglehold on key parts of Soviet policy-making, including significant input into the Five-Year Plan policies.

The Disease Of Systems Analysis

The most prominent single element of British ideology imported into leading Soviet circles during recent time is the radical positivist doctrine known as "systems analysis." This product of radical positivism was developed around Vienna and retailed throughout much of the world through such British pimps as the late Bertrand Russell. Not surprisingly, the Vienna International Institute for Systems Analysis is presently one of the world's most significant intelligence conduits into the Soviet leadership.

This writer is quite familiar with systems analysis, and also informed concerning certain of the important collateral ways through which this doctrine was insinuated into leading Soviet circles.

Systems analysis became widespread through extended use of digital computer systems for administering tasks of management. A digital computer is, however sophisticated, an "idiot" which is intrinsically incapable of "conceptualizing" on any higher level than that represented by "systems analysis." Hence, the extended use of computers, particularly the use of extensive systems of computer and peripheral units, naturally fostered the wider use of methodology adapted to the sub-animal intelligence level of which computers are capable.

This is not to suggest that scientific computer users are themselves therefore idiots — but, we shall come to that point shortly.

A digital computer is intrinsically capable only of handling linear functions. Immediately, some specialist, not thinking things through clearly, will object: there are procedures for "putting nonlinear functions onto computers." Granted. This is accomplished by virtue of the feasibility of approximating nonlinear functions through linear "curve-fitting." The computer programmer's director designs the nonlinear function to be programmed. By these methods, the computer can perform any underlying prespecified function. Granted, in this way, because of the scale and speed of computation and related "logical" operations of which modern computer systems are capable, a computer can reach results which are ostensibly qualitative in character because no mass of human beings without computers could extend the formulations to that degree.

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The point to be made is that the kind of operation which can be put onto a digital computer system, or certain types of combined digital analog systems are "nonlinear" by specification, but involve only one, lower aspect of the entire domain of nonlinearity.

Anyone who understands computer technology knows that it is the creative mental powers of those human beings who design the applications that is the sole origin of the *qualitative* power of advancement of the computer applications. Again, the ingenuous admirer of computer technologists mistakes the quality of complexity of operations for qualities of what the computer is intrinsically incapable.

This distinction is the crucial aspect of economic analysis. As long as one assumes that the technologies of production and consumption are fixed in range, such that systems of either linear equations or simulated nonlinear functions can account for the causal chains of events, methods like those employed in systems analysis can

apparently succeed. However, once one attempts to analyze entire economies for effects of successive qualitative advances in technologies, the applicability of systems analysis is limited to "explosions" of each specific new sets of expressions derived as appropriate to the new technologies. In other words, the most advanced teachers of the work of Reimann and Cantor come directly into play.

Therefore, computer systems are indispensable for modern production scheduling, but can not "handle" conceptually the specific problems of "economic planning" in connection with technological progress.

Conversely, there is nothing but advantage in use of related computer technologies, including software technologies, as long as that and related distinctions are kept in view. It is the crossing over from "production scheduling" to more advanced topics which represent the transition from useful computer technology to lurid metaphysical gibbering. Unfortunately, a significant number of Soviet representatives have crossed the line to such Viennese lunacy.

Exemplary is the case of the otherwise amiable and well-disposed Soviet speaker at a recent Leibniz conference in Hanover, who committed the obscenity in public of tracing "systems analysis" from Leibniz. Clearly, that Soviet spokesman has not understood the most elementary features of Leibniz's *Monadology*, *Theodosy*, or the Leibniz-Clarke correspondence. The Soviet spokesman was attributing to Leibniz precisely what Leibniz absolutely denounced! There are, on a broader scale, Soviet spokesmen who identify the promulgation of "systems analysis" as the road for realization of Marxist-Leninist methodology! Lenin himself would box their ears! The most rabid Viennese positivism being attributed to him!

The shameless Arbatovian recognizes the epistemological implications of this lunacy. Just as systems analysis applied to society reduces the human individual to a bestial unit of Hobbesian man, the Arbatovians shamelessly embrace that implication, and advance the neo-Malthusian refuse which the same outlook evokes in London, Oxford, Cambridge, England, or Cambridge, Massachusetts.

The proposal to extend "systems analysis" to the purposes of determining social policy and related matters is directly a moral self-degeneration on the part of the advocacy of such "systems analysis" philosophy. Arbatov and his ilk are precisely such degenerates on all counts.

Brezhnev's Address

Despite the Arbatovians and "systems analysis" freaks, President Leonid Brezhnev's 60th Anniversary address devoted a major portion of its content to stressing humanist principles of technological progress. In fact, the British agents and their cronies in the Soviet leadership are a minority. The bulk of Soviet citizens have a deep felt organically humanist commitment to technological progress. Some leading strata are more sufficiently conscious of the implications of that commitment. Other leading strata are simply being muddleheaded realpolitickers on the issues at hand —

“sly peasants”. Once the effects of the current Five-Year Plan becomes visible there will be a “typically Russian” reaction against it — a period of sour, inner grumbling, followed by an outburst.

Despite Moscow’s present contentment to have the United States settle the Middle East problem (despite the outer display of ritual objections to this or that aspect of the proceedings), the Soviets will lose most of their interest in the Middle East and much in other parts of the Third World and elsewhere — unless the Sadat-Begin entente fails to provide Palestinian Arab state, in which case the Soviets will be back into the Middle East bigger than ever in short order. Presuming that Israel ends up recognizing the PLO (in one way or another) and cooperating to establish a Palestinian Arab state, the Soviets will have lost their Middle East political position as a result. This, and some intersecting developments, will trigger interesting reactions in Moscow leading circles.

Contrary to widely held illusions on this subject, Soviet influence in the Middle East was never based on either a significant Arab socialist movement — none really existed — nor on a given number of Arab client states. Rather, in the circumstances dictated by Anglo-American maneuvers in that region, the Arabs’ only alternative was to bring the Soviets into the region to offset the Anglo-Americans, and thus gain a bargaining position for perceived Arab interests. Once a Middle East settlement occurs which provides the Arab sector with genuine, sustained economic development, and under the condition this is aided by the United States and Western Europe, major Soviet influence in the Middle East will almost vanish.

This consequence will bring home to some circles in Moscow the fact that Moscow ought to have moved for such an economic development-focused solution. Then, Moscow would have had the favored position in the Middle East. Moscow had the opportunity, at the point that the Third World was moving toward adoption of the IDB-type new world economic order. However, Moscow, under the influence of the Arbatovians and similar types, acted in effect to sabotage the IDB effort through 1975 and early 1976. In short, if Moscow senses a loss of its Middle East influence, Moscow has no one but itself to blame.

The Middle East is not the end of the matter. Granted, the Soviets have in the past given much development aid to Third World nations. The case of India is notable among the best Soviet efforts. Egypt is also notable. However, Moscow has refused to tackle the fundamental issue of economic development in general. The policy of the forces behind the current Five-Year Plan direction have, on balance, abandoned the Third World to Robert McNamara and similar types.

Now with the de-emphasis on development in the Soviets’ own Five-Year Plan, the process of Soviet self-isolation will tend to grow steadily worse, and accelerate to that effect — until the cumulative consequences of recent years’ Arbatov-tainted policies brings political counteractions in Moscow. The counteraction will, we anticipate with regret, occur in a characteristically Russian way. Then the Soviets will decide, in their own way, that they have been made once too often the prize dupes of British intelligence. Then, Arbatov, if he is fortunate, will probably be found teaching “systems analysis” at Trinity College.

Key Parameters Of The Soviet Tenth Five-Year Plan (1976-80)

The Tenth Five-Year Plan (FYP) of the USSR, passed into law in 1976 to determine Soviet economic policy for the period of 1976 to 1980, represents a precipitous decline in the rate of growth of the USSR’s economy (Chart 1). Never in the history of the Soviet Union, excepting during war, has an increase of industrial output of only 36 percent been plotted for a five-year period.

A close look at the Tenth FYP reveals that if this plan reflects some difficulties, it contains the seeds of much worse trouble. The steepest decline in growth rate is going to occur in capital investments; that is, at the point where the future backbone of the economy is being built. This undermining of a future productive base is confirmed when the Tenth FYP is broken down by branches of industry (Chart 2): the sharpest growth rate declines are registered for machine tools — the wherewithal to produce the means of production — and cement — representing the prospects of the construction industry. In the Ninth FYP, the Soviets had succeeded in holding the line in these vital industries, which achieved a stable or only slightly declining growth. For 1976-1980, this is not even being attempted.

The sector most notably scheduled to grow at a faster rate in the Tenth FYP than the Ninth is agriculture. But its 17 percent expansion is merely a recovery from the 13 percent growth achieved in the Ninth FYP, a result which fell far short of the targeted 21.7 percent growth planned for agriculture in that period. During the years of the Ninth FYP, 1971-1975, the USSR suffered one harvest failure (1972) and one harvest catastrophe (1975). As part of its priority position, the agriculture sector is receiving *increasing* portions of national electro-energy production and capital investment. But agriculture, the least efficient sector of the economy, is a notorious sinkhole down which such investments drain with a low rate of return.

Soviet energy production, whose slowed growth is partially indicated in Chart 2, is characterized by what Soviet planners call “the shift of the country’s energy base to the North and East.” Energy development, in other words, depends on the development of Siberia. (We are not ignoring the production of nuclear fission energy, which is also an increasingly important component of the Soviet energy program.) This involves not only tapping