

This past week, the *Wall Street Journal* indulged itself in a manic fit respecting a Wharton Econometrics study and supplementary remarks by the certifiably mad Z. Nagorski. The *Wall Street Journal's* editors curiously overlooked the evidence that Wharton econometrics have consistently proven their total incompetence over the period since October 1979. The *Journal* absorbed itself in serving as a conduit for economic incompetence and matching strategic hogwash on the nature of the East-Bloc debt-problem and problems and vulnerabilities of the Soviet economy.

Apart from the problems arising from the social organization of policy and much of Soviet agriculture, the East-Bloc economies are not so badly managed

relative to Western performance. Indeed, as we have emphasized in summary, the chief source of East-Bloc economic problems has been East-Bloc exposure through indebtedness to a depression in the Bretton Woods System.

The great crisis within the Soviet economy itself is the fact that while Soviet science is presently advancing at a high rate, this science is bottled-up, because of bottlenecks in the process of translating new technologies into large-scale productive practice. Since 1966, there has been a qualitative improvement in the technological potential of the new entries into the Soviet labor-force. The overlapping of bottlenecks with the increased technological potential of the labor-force

From the New York Times editorial

From the Sunday, Jan. 10 New York Times editorial titled "The Kennan Doctrine":

George Kennan has the courage of Helmut Schmidt's convictions and makes what case there is for acquiescing in Poland's suppression. He says the Soviet Union will always risk more to keep Poland supine than the West should risk to make it freer. So why impose sanctions that can only damage the peace of Europe? . . .

Even Mr. Kennan and Chancellor Schmidt are uncomfortable arguing that might deserves to prevail. So their acquiescence leads them to contend that might should at least define right in world affairs.

Thus they argue that Soviet security is a higher imperative than Polish or Western sensibility. They even struggle to deny the Soviet hand in the Polish crackdown: asking that Moscow order Warsaw to reverse course is, in Mr. Kennan's logic, granting the Kremlin the very authority over Poland which "we profess to deplore." And they rush to blame the victims for their oppression, berating Solidarity for misjudging the limits of Communist tolerance. . . .

When people in the Soviet sphere see what their system produces compared with the West's and then rise in rebellion, the threat to Soviet security can be said to lie in every prosperous democracy. As the Helsinki accords declare, there is no safe way to divide Europe without maintaining an active concern for the quality of life in both halves.

The West can be faulted for mismanaging its interests in East Europe. It lent \$70 billion to help make the Soviet system work, but got no political or commercial collateral. The allies are torn even now by the lure of selling grain or buying gas. . . .

It is simply not true that Solidarity's extremists provoked the terror. What strength they gained came from the Government's refusal to honor even its modest concessions to the union. Solidarity did not overthrow the Communist Party; the Party collapsed of its own dead weight. The union never challenged Poland's pro-Soviet foreign policy.

What was threatened in Poland was not geography, not the security of Soviet borders, but ideology, the Soviet system of concentrating power in a Communist oligarchy. That system destroys initiative everywhere and thus produced Solidarity in the first place. It will never succeed in a modern economy until it makes peace with the people it governs.

Left to their own devices, Polish Stalinists will now maintain the terror until they find new opportunists willing to reconstitute the Party and form a bogus Solidarity. Western "realists" will then be asked to pretend that Poland has recovered its productive powers and to extend and enlarge its loans.

What President Reagan is struggling to assert is that the Polish economy and the Stalinist system are equally bankrupt. The idea behind sanctions is to stop throwing good money after bad until Moscow faces that fact.

If the suppression persists, a formal default will become inevitable anyway, damaging the Soviet bloc more than the West. But if Poland's junta is still free to seek a genuine accommodation with the genuine leaders of Solidarity, there are powerful reasons of state and humanity for the West to underwrite a Polish evolution. There will be time later for defeatism.