

Soviet economy restructured for Marshal Ogarkov's war build-up

by Rachel Douglas

Contrary to almost every other publication in the West, *EIR* has insisted, since the inception of Mikhail Gorbachov's *perestroika*, that this top-down reorganization of the Soviet economy was no "liberalizing" reform, but rather the implementation of Marshal Nikolai Ogarkov's plan for a war-economy build-up. Recent developments in the Soviet space program, including the laser tracking of an ICBM from the MIR space station, underline the rapid pace of military technology advance under the new regime.

The case is so compelling, that one Europe-based observer of Soviet affairs, exasperated at his colleagues' fawning over the wonders of so-called liberalization under Gorbachov, exclaimed, "It's not Gorbachov's *perestroika*, it's Ogarkov's *perestroika*! The entire restructuring program was engineered by Ogarkov. His first priority is not the arms arsenal and military power *per se*; the scientific-technological base takes precedence. . . . Those in the West relying on 'Soviet technological backwardness' will be disappointed, sooner rather than later. Ogarkov is a technological chauvinist. According to him, no technological dependence can be tolerated."

Marshal Kulikov, the commander of Warsaw Pact forces, offered his reading of the matter, in an interview to *Izvestia* on May 9, 1987: "*Perestroika* . . . has actually touched all areas of our life. It is going on in the Armed Forces, too. *For military people, perestroika is above all brought to life in new approaches to solving the tasks of strengthening the armed forces and raising their combat readiness.*" (Emphasis added.)

Directly confronted, even Soviet spokesmen abroad will not deny the essential nature of *perestroika*. At a forum in Mexico in June 1987, *EIR* submitted a written question to the speaker, Vladimir Davydov of the Soviet Academy of Sciences: "Marshal Ogarkov defines *perestroika* as a process to subject the civilian economy to a pace of technical advance, which gives it the capability for a lightning attack against the West. Are the *perestroikas* of Ogarkov and Gorbachov the same?" The audience of academics and government bureaucrats tittered when the question was read out, but Davydov

didn't smile. "I want to be a realist with you," he replied, "To a certain degree, *perestroika* is a defense measure. . . . We have external enemies."

A general staff for the economy

During a June 8-9, 1987 Central Committee conference on economic *perestroika*, Academician Oleg Bogomolov averred, that "there is one crucial question which I think we are avoiding somewhat coyly. This is the matter of the market under socialism, the regulated market of course. We talk about commodity-money relations and wholesale trade, but the word market is used mostly in a pejorative sense."

Seeing the reaction in the West three weeks later, when the June 25-26 plenary session of the Central Committee adopted "Basic Provisions for Radical Restructuring of Economic Management," we have to conclude, that Bogomolov was playing to the crowd abroad. Scores of pundits and policymakers agreed with the *New York Times*, that in Gorbachov's Russia, "The momentum is with the values of freedom, and against all forms of tyranny."

At that, the duty officer at General Lobov's putative directorate for strategic sneakiness no doubt chalked up another plus on the blackboard, chuckling the Russian equivalent of, "There's a sucker born every minute."

In reality, the increased freedom for private enterprise in agriculture and the service sector and the enhanced prerogatives for local management in industry, instituted by the 1986 Law on Individual Enterprise and the Law on State Enterprise that goes into effect on Jan. 1, 1988, have been designed to increase performance and efficiency throughout the economy, in the context of an upgrade of centrally directed crash programs in science and industry.

What this will mean, is the creation of a kind of general staff function in the economy, with greater flexibility for local units, but with such initiatives subject to the requirements of Ogarkov's top-down mobilization.

Back in 1985, *Izvestia*'s economics commentator Otto Latsis wrote on how the delegation of authority to plant managers, under *perestroika*, would affect central planning:

Is this system compatible with centralized, planned management? Yes, it is. And it is even more compatible than the present system. If we render unto the factory what is the factory's and render unto Gosplan what belongs to Gosplan, then centralized planning will not weaken, but grow more strong. . . . In our huge economy, much has to be decided right at the center. The BAM [Baikal-Amur Mainline, the second Transiberian Railway—ed.]

cooperative. To master the oil and gas deposits of West Siberia without national decisions and resources is unthinkable. But it is in precisely those areas, that the deficit of coherent planning will be particularly felt. And the problems that have arisen here are from pseudo-centralism of the institutional sort and from a lack of centralism in planning. Nor can we do without centralized decisions in the allocation of expenditures for basic science and the determination of the strategy of scientific and technical progress.

The Central Committee resolution of June 26, 1987, "Basic Provisions for Radical Restructuring of Economic Management," mandated "a fundamental reorganization of the centralized management of the economy and raising of its qualitative level, concentration on the main processes determining the strategy, rates and ratios of development of the national economy as a whole. . . ." At the Central Committee conference of June 8-9, 1987, Central Committee Secretary Nikolai Slyunkov, the former chief of the State Planning Commission (Gosplan) who was subsequently elevated to full membership in the Politburo, spelled this concept out in more detail:

The main thing is to find an optimal correlation between centralized planning and the independence of enterprises. . . . From being a simple executor of plan targets handed down from above, which regulate its every step, the enterprise is transformed into an active player in planning. It is not the ministry that will determine and prescribe the entire production program as an injunction, but the enterprise itself. It will be guided by stable economic normatives, by state orders, and by control figures. . . . But there are no rights without obligations. An enterprise must not sponge off the state. It must also, from the earnings of its own activity, maintain not only itself, but the state. . . .

Above all, what is necessary is the radical restructuring of the activity of the ministries. So far, they are coping unsatisfactorily with the tasks of management, they carry out long-term planning badly, state budget resources are utilized inefficiently, as are the centralized funds for the creation of new capacities. . . . For the radical improvement of the activity of the ministries, it is proposed that they be relieved

of the function of operational management of enterprises, and that the erroneous practice of redistributing assets from highly efficient enterprises to inefficient and loss-making ones be terminated. *Ministries must in fact become the scientific-technical and planning and economic headquarters of sectors. . . .*

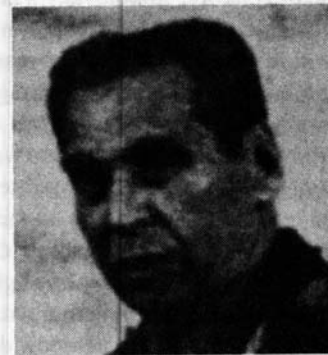
The sharp rise of the role and responsibility of enterprises in planning, creates real conditions for the U.S.S.R. Gosplan to really become the country's economic headquarters. [Emphasis added.]

This definition of a general staff function in the national economy, tells us how to investigate the Soviets' *perestroika*. We must start not with the interminable debates over the enterprise manager's balance of independence and accountability, but with Soviet military doctrine.

Soviet doctrine on the war-economy

In our 1985 report, *Global Showdown*, we reported that Soviet military strategy, extending back to Marshal V.D. Sokolovsky's 1962 book *Military Strategy*, prescribes that there can be no strategy for war without a strategy for a war economy. The emphasis on the economy and economic mo-

"The beginning and the course of World War II introduced further changes in the concept of mobilization, and to an even greater extent revealed the direct link which connected the mobilization and deployment of the armed forces with the transition of the entire economy to a war



footing and the reorganization of the political, social, scientific, and other institutions of the state. . . . The element of surprise played a definite role already in the Second World War. But today it has become a factor of utmost strategic significance. The question of the early and rapid transition of the armed forces and the entire national economy onto a war footing, as well as that of their mobilization on short notice, has become a considerably more urgent matter."

—Marshal Nikolai Ogarkov, in *Always Ready to Defend the Fatherland*, 1982

bilization capability was one of the foundations not only of Sokolovsky's work, but of Soviet strategy today, as expounded by Marshal Ogarkov.

In Ogarkov's most extensive public version of his war strategy, the 1982 pamphlet entitled *Vsegda v gotovnosti k zashchite Otechestva (Always Ready to Defend the Fatherland)*, he identified the following dilemma for the Soviet planners of offensive war in the modern period. In World War II, only a tiny fraction—as little as 10%—of all the economic resources expended in combat had been produced before the war started. The other 90% was produced by the monumental economic mobilization carried out *during the course of the war*.

But that was World War II. Today, argued Ogarkov, there will be no time to make up for what is lacking, for what is not already in place and deployable *before* the war ever breaks out. It is obvious, therefore, that the side which is capable of the maximum pre-war economic mobilization will have enormous advantages over its adversary. Yet, a maximum war mobilization—when “the entire country has been transformed into a single camp of war, where everything and everybody goes for victory”—is a state that cannot be maintained indefinitely. The dilemma is how to mobilize as much and as far as possible in peacetime, without over-extending the mobilization so as to undermine the very basis of the economy and society.

Ogarkov's approach to this problem, we showed, is based on the work of the founder of the modern Soviet doctrine of the war economy, Sokolovsky's collaborator A.N. Lagovsky. Then-General Major Ogarkov and then-Col. Semyon Kurkotkin, the future chief of rear services for the Soviet armed forces, were in the first two graduating classes to take Lagovsky's course at the General Staff Academy, in 1958 and 1959. The textbook they used was *Strategiya i ekonomika (Strategy and the Economy)*, written by Lagovsky and published in 1957, when he was appointed to the General Staff economy planning. The economic development of Siberia is planned for autonomy, just as High Command Far East is supposed to be able to function with a high degree of independence, if cut off from Moscow during a war.

Gorbachov met with scientists in Vladivostok, for discussion of mineral resource development.

In a televised TV address from Khabarovsk, an inland Far East city, Gorbachov warned party officials, that the drive for *perestroika* amounted to a revolution, in which interference would not be tolerated. He invoked the support of *perestroika* by ordinary citizens, against officials who give lip service to the new measures, but keep behaving as before. “They have dug themselves down in the trenches. We will leave them there and go forward,” he said, adding that factory managers who turn out shoddy products year after year should lose their jobs.

In June, Zaikov visited Irkutsk, the main town in the area

of Lake Baikal and a center of nonferrous metals production, power engineering, heavy machine-building, radio technology, and the paper industry, which is “assigned a big role in the present five year plan.” On a tour of scientific institutes Academy's new Department of War Economy.

Lagovsky's book discussed: 1) how the military high command (“strategy”) has to take control of the economy and economic planning, 2) what must be done in peacetime to prepare for war, 3) an array of measures to protect the Soviets' own economy, such as building strategic reserves, duplication of industries, construction of underground plants, etc., and 4) how the high command must thoroughly *map out the U.S. economy*, its weak and strong points, to determine which industries can be influenced (destroyed) in peacetime, which ones will be prime nuclear targets, and which ones should be saved for later use by victorious Soviet forces.

In the 1980s, Ogarkov was following these basic principles. In *Always Ready to Defend the Fatherland*:

As we know, it is inefficient to maintain armed forces in peacetime in the same fully deployed conditions as will be required in the event of war. Economically, no state can afford to do this, nor is there any particular need to do so. For this reason, in our country under conditions of peaceful construction . . . a certain portion of the armed forces are kept in a constant state of readiness, i.e., they have a full complement of personnel and military hardware, while the rest are ready for rapid mobilization. Hence, a high degree of combat-readiness of the troops is inconceivable without well-organized mobilization training, aimed at ensuring that they can be quickly converted from a peacetime to a war footing. . . . The task of constant readiness for immediate mobilization of the troops, and early transition of the armed forces and the entire national economy from a peacetime to a war footing, are of special and urgent importance to the state.

This passage continued, with the words quoted above, about how the ability to put the entire economy on a wartime footing on short notice “has become a considerably more urgent matter.” This, concluded Ogarkov, “dictate[s] the necessity of carrying out clear-cut, well-planned measures already in peacetime. . . . The full and qualitative fulfillment of all these measures will to a great extent determine the success of the organized entry of the armed forces into the war and the utter defeat of the aggressor.”

The science and technology conferences

We shall now see, how closely Gorbachov's economic measures fit the prescriptions of Ogarkov.

On Dec. 11, 1984, then-Central Committee Secretary Gorbachov—rather than General Secretary Konstantin Cher-

nenko—delivered the main speech at an “All-Union Scientific-Technical Conference on Implementing the Resolutions of the June 1983 Central Committee Plenum.” There, Gorbachov announced that the new Soviet goal was to “lead the world” in science, technology, and advanced industry, so as “to enter the next millennium fittingly, as a great and prosperous power.”

Six months later, already in power as general secretary, Gorbachov convened another such conference, on the theme of introducing scientific and technical progress into the Soviet economy. He announced that the draft Five Year Plan for 1986-90, just submitted by Gosplan, was inadequate and would be returned for improvement. In his keynote speech, Gorbachov put the urgency of modernizing and restructuring the economy in the context of the military-strategic situation:

What is at issue, is a new quality of our development, rapid progress in the strategically important directions, a restructuring of production, a transition to intensive methods and effective forms of management, and a more comprehensive solution to social problems. . . . The need to accelerate socioeconomic development is determined by our internal requirements. . . . At the same time, *the need to accelerate socioeconomic development stems from external circumstances*. We are forced to invest the necessary funds for the country's defense. [Emphasis added.]

Looking ahead to the next year's 27th Congress of the Communist Party of the Soviet Union, Gorbachov said that in the preparation of its programmatic documents, “it is important to realize that we cannot do without accelerating scientific and technological progress. Therefore, all of these documents . . . must contain new approaches to ensure a sharp turn toward the intensification of the economy.”

Also addressing this conference was L.A. Voronin, a Gosplan official with a background in the defense industry, whom Gorbachov would soon promote to be a deputy prime minister of the Soviet Union. He reported that the new Gosplan draft would devote “special attention . . . to the selection of those directions of scientific and technical progress, which give the greatest effect in the framework of the entire national economy. . . . In the long term, the increase in efficiency of production is connected with the creation and widespread utilization of fundamentally new technologies—laser, plasma, radiation, membrane, biotechnical and others.”

Another speaker was Abel Aganbegyan, director of the Institute of the Economics and Organization of Industrial Production—the institute at the Novosibirsk-based Siberian Division of the Academy, where in 1983, economists had circulated a controversial call for the overhaul of planning and the elimination of the middle layer of the bureaucracy. The significance of the prominence of the Siberian econo-

mists and scientists in the design of *perestroika*, is that Novosibirsk has been a command center for Soviet scientific programs, central to the defense build-up. State Committee for Science and Technology chairman G.A. Marchuk, former head of the Novosibirsk complex, took the floor to advocate “through-and-through planning, from the scientific research work to the broad-scale assimilation of advanced technology and serial production of new technology.” Vitali Vorotnikov, prime minister of the Russian Republic, hailed “the fruitful activity of the Siberian Division of the U.S.S.R. Academy of Sciences.” In order that the Soviet Union may occupy “the most forward scientific and technical positions in the world,” declared Vorotnikov, “fundamental shifts in the economy, on the basis of the modern achievements of science and technology, are an objective necessity.”

In the wake of these deliberations, the party and government on Aug. 5, 1985 promulgated a major resolution on economic *perestroika*. It gave the green light for the managers of enterprises in machine-building, consumer goods production, and services to assume broader decision-making powers. They acquired the right to allocate profits for the refurbishment and updating of equipment; by the end of the next five-year plan (1990), they would also be allowed to use their own funds to build workers' housing and ancillary buildings, at which time it would become more difficult to obtain money from the state for such projects. On the model of a pilot program run in five ministries, the heightened autonomy of the companies was linked to a demand that they show results in labor productivity and the level of technology. On this, financial rewards would now depend: a 5% bonus on the price of a product if it met certain standards, but a 5% cut if not.

In a related decision on July 17, the regime decreed pay bonuses of up to 50% for scientists, technicians, or engineers who make a significant contribution toward the modernization of industry. But this decree also empowered local enterprises, within limits, to raise or cut the salaries of the technical experts they employ, according to their productivity. From these measures, it was plain that *perestroika* was giving the managers the freedom to deliver—or else.

When Gorbachov returned from vacation in August 1985, he hurried to a meeting on the economy with government ministers and communist party Central Committee functionaries. For the second time in less than three months, Gorbachov threw the draft 12th Five Year Plan back onto the Gosplan drawing board for further work.

A new government

From the summer, into the fall of 1985, Gorbachov shook the Soviet bureaucracy to its roots. His shake-up of the managerial layers on top of the civilian economy assumed mammoth proportions, like nothing the Soviet Union had seen since the fall of Nikita Khrushchov. An old Soviet joke iden-

tified the hordes of functionaries of the economic bureaucracy as the most "awesome destructive force" ever produced by the U.S.S.R.;

that it is the only one that Moscow is genuinely intending to disarm!

A Russian commentator described the process as "a replacement of ranking personnel in all components of the national economy." Central Committee Secretary and Politburo member Yegor Ligachov told a July 26 session of party officials that the "report and election campaign" in the party, until the 27th Party Congress, would have to "center on the fundamental problems of national economic management, scientific and technical progress, and the quality of output. . . . Urgent cadre questions must be resolved, when necessary."

Throughout most of 1985, the Gorbachov team sacked government ministers at the rate of two per month, and provincial party bosses at about four per month.

In the September-November period, he put together the new core of the Council of Ministers, the Soviet government.

On Sept. 27, 80-year-old Prime Minister Nikolai Tikhonov, an old crony of Leonid Brezhnev, was encouraged to retire, and did. He was replaced by Nikolai Ryzhkov, an engineer from the heavy-industry center of Sverdlovsk, who was formerly first deputy minister of Heavy and Transport Machine-building. Then, on Oct. 15, a Central Committee plenum dumped Nikolai Baibakov, the head of Gosplan for 20 years, in favor of a Gorbachov man. Nikolai Talyzin, 56, was also promoted to first deputy prime minister and made a candidate member of the Politburo. In November, there came three more new deputy prime ministers—Silayev, Voronin and Maslyukov, all of them with a background in the defense industries.

In the meantime, Gosplan had finally produced a draft for the five year plan, that Gorbachov would accept. In his speech at the October plenum, the general secretary underlined the need for "accelerating economic growth and fulfilling such strategic tasks as maintaining the country's defense might at a proper level." After this plenum, more industrial ministers were replaced and five agriculture-related ministries were merged into a single new unit (*Gosagroprom*, short for State Agro-industrial Administration, in Russian). Also, Moscow set up a main directorate for the development and use of space technology in the national economy and scientific research—*Glavkosmos*.

The 27th Congress of the CPSU

How to force breakthroughs, made in science and technology, into the economy at large dominated the lead-up to the February-March 1987 27th Congress of the Communist Party of the Soviet Union.

In *Izvestia* of Dec. 17, 1985, science commentator B. Konovalov interviewed the ex-Siberian scientist Marchuk, now chairman of the U.S.S.R. State Committee on Science and Technology, on a new form of scientific research orga-

nization, the Inter-branch Scientific-Technical Complex (Russian acronym—MNTK). By that time, there were 16 of these programs, organized around industrial technologies or areas of scientific research, which are of importance for more than one industry. They included the laser program, fiber optics, robotics, and biological engineering. On Nov. 11, Konovalov had reported on how scientists from the Academy's Institute of High Temperatures and from Novosibirsk had finally gotten permission to set up an Inter-agency Scientific-Technical Center with the Ministry of the Power Industry and Electrification, to develop the Soviets' unique magnetohydrodynamics (MHD) generator program for wider application in industry.

Marchuk attacked the "inert" attitude of ministries to this innovation. The support from the military, however, was clear: The March 1986 issue of the monthly *Voyenny Vestnik* (*Military Herald*) featured an article by MNTK advocate K.V. Frolov, a vice president of the Academy of Sciences and director of the Institute of Machine Science (not to be confused with Academician Ivan Frolov, a Soviet member of the Club of Rome). In the context of a general discussion, about how much importance "the party attributes to science" for the solution of problems in machine-building, Frolov predicted that "a new, powerful impulse" would come from the ability of the MNTKs to "unite efforts and eliminate disassociation among the branches."

At a Feb. 17 press conference, on the eve of the party congress, the physicist Academician Yevgeni Velikhov briefed Soviet and foreign journalists that Soviet science work related to the solution of "fundamental questions which determine progress in electronics, automatization, biotechnology and other areas," would be stepped up. The same week, *Izvestia* reported, "On the eve of the 27th Party Congress, the Laser Center of the U.S.S.R. Academy of Sciences has opened a new scientific-experimental and experimental-industrial base" in the city of Shatur. It would become the country's first "model industry in the production of technical lasers" on a mass scale.

For anybody who had followed Gorbachov's main policy statements during his first year in power, without being blinded by the pyrotechnics around *perestroika* as a great liberalization of socialist strictures, his keynote at the 27th Congress contained no real surprises. He placed top priority on the modernization of the Soviet economy, emphasizing the military considerations behind this. He announced that during the current Five Year Plan (1986-90), investments earmarked for the modernization of industrial plant and equipment would double the amount invested in the past 10 years.

The way out, as we see it, lies in the thorough reconstruction of the economy, on the basis of the latest achievements of science and technology, breakthroughs in vanguard areas of scientific and technological progress, and the restructuring of the economic mechanism and the system of management. . . . A

big step forward is to be made . . . in the current five-year plan. It is intended to allocate upwards of 200 billion rubles of capital investments—more than during the past 10 years—for modernizing and technically re-equipping production. . . .

Large-scale introduction of computers and overall automation of production will have a tremendous influence on the rate of technical modernization. . . .

The only person added to the Politburo at the 27th Congress was Lev Zaikov, the former party chief in Leningrad, which is an important center for science and technology and a bastion of the military-industrial complex in the Soviet Union. Zaikov, who began his rise to the top after having worked as director of a major defense-linked electronics firm in Leningrad, is the Central Committee secretary responsible for military-industrial production in the whole country. By adding membership in the Politburo to his portfolio, Zaikov became the number-three man in the party hierarchy, after Gorbachov and Yegor Ligachov.

Into 1987: lift-off for 'perestroika'

After the party congress, 1986 was a year of more assaults by Gorbachov and his team, on the party and economic bureaucracy. At a Central Committee plenum on June 16, where Gorbachov used his keynote as an opportunity to make another big splash with arms reduction proposals, the main matter under review was the obstacles thrown up by the bureaucracy, against *perestroika*. The party boss was clearly dissatisfied with the sluggishness of the party, government, and economic management apparatus, to act on the demands set forth by the Politburo since early 1985.

"Everything standing in the way of reorganizing the economy must be swept aside," Gorbachov proclaimed, "*Perestroika* of the economy is proceeding only slowly so far." Denouncing what he termed "braking factors," Gorbachov concluded, "A reorganization is not possible, without changing the work style of the party. . . . At all levels, the party must free itself of bureaucratic elements. That holds true . . . from the base up to the Central Committee apparatus."

Even the Chernobyl disaster played into the Gorbachov purge. Here, it could be demonstrated, that not even the privileged military-industrial complex was exempt from the wartime mobilization pace of *perestroika*. "Removed from their posts for major mistakes and shortcomings in their work, which led to this accident with serious consequences," were several strong-men of the power industry, all of them appointed *after* the end of the Brezhnev era.

In the spring and summer, Gorbachov and his henchmen visited outlying parts of the country, as he had the West Siberian oil region and Kazakhstan's grain belt in September 1985. A few weeks after the 27th Party Congress, he was in the major industrial town of Kuibyshev, where the stress was all on science, technology are discipline: "Today, discipline and order should be better and technology must be improved and modernized. What was good enough for us yesterday is

not good enough for today."

At the end of July, the party chief was in Transbaikalia and the Soviet Far East. He enunciated a new Soviet foreign policy doctrine for Asia and met with commanders of High Command Far East, then toured industrial facilities in the region. Already in June 1985, Gorbachov had declared, "The state will stint no money on the development of Siberia." The huge area's role as a bulwark of "fortress Russia" was inherited from the strategic program of Dostoevsky and the Slavophiles, and is fully incorporated into Soviet war in Irkutsk, Zaikov demanded that they catch up with other scientific centers in Siberia (like Novosibirsk) in the development of pilot projects for utilizing scientific discoveries in industrial production.

The Academy of Sciences launched an expansion program in Siberia and the Far East during 1986. A working session of the Academy presidium was held "on the road" in Vladivostok, on Nov. 26. In attendance were the key scientists working on the economic mobilization: Velikhov, K. V. Frolov and Marchuk—who by now had become President of the Academy of Sciences. Marchuk announced preparation to set up a Far East Scientific Center of the Academy of Sciences, on the model of the Siberia Section in Novosibirsk. The Academy also founded an Ural Section. The three new divisions, taken together, Marchuk promised, would be "serving the most dynamic *oblasti* [provinces] and regions of the Russian Federation in the east of our country."

The Baikonur model

Sandwiched between another Central Committee plenum in January 1987, at which Gorbachov acknowledged that "the renewal process has been slower than expected," and the June 1987 plenum on the economy, there transpired the next, most important foray by Gorbachov into the hinterland. This was his mid-May 1987 visit to the Soviet space center at Baikonur, in Kazakhstan.

Accompanied by Zaikov, Defense Minister Sokolov and KGB chief Viktor Chebrikov, Gorbachov met with the space scientists and inspected the just-completed giant new booster rocket *Energiya*, which was launched at the conclusion of his visit. At Baikonur, Gorbachov left no doubt about his conception of *perestroika*, that it works best, when the methods of the military are employed. Omitting practically any ritual phrases about "the peaceful exploitation of space," Gorbachov hailed Baikonur as a showcase of Soviet military-industrial prowess.

All of us Soviet people have always pronounced the word Baikonur, with special emotion. It has become a symbol of our Motherland's greatest exploit—a triumph of Soviet science and the great potential of the socialist social system. . . . It was from here, that mankind first stepped into outer space, opening a new page in the history of civilization. It was from here, that the first artificial earth satellite—a symbol of rev-

olutionary science and technology—was put into orbit. . . . There are great landmarks in the development of Soviet science and technology.

Created by the labor and talent of Soviet scientists, workers, engineers and military specialists, the unique scientific research experimental complex is the true embodiment of Lenin's dream of turning our state into a great industrial power. In essence, what is concentrated here, is the intellectual capacity and the final results of the work of many dozens of our country's scientific research and design organizations and major machine-building enterprise. It is a real proving ground for advanced thinking in engineering. I would say that in all the main areas, it is equipped with the most up-to-date science and technology.

. . . Everything here at the space center . . . has been produced by us in the U.S.S.R. It is all high-quality and state-of-the-art technology. . . .

Once again, a simple but very important question comes to mind: Why do we at times try to acquire even simple items from abroad, if we are today capable of solving such vast, large-scale and complex tasks. . . . There is no reason for us to go abroad, hat in hand, in this way. No embargoes, no ban . . . on selling us technology and equipment will slow down the development of our country or the implementation of the great social and economic plans connected with *perestroika* and the acceleration of our economy. . . .

If we discuss *perestroika*, I will draw the following comparison: the *perestroika* begun in the country is like the bursting of a powerful rocket into space. *Perestroika* must be promoted with the same persistence, conscientiousness and thoroughness we employ, when preparing and ensuring the reliability of space flights.

Certain other singular occurrences at the beginning of 1987 made the military face of *perestroika* more and more visible.

The December 1986 release of Academician Andrei Sakharov and his wife, Yelena Bonner, from their seven years of exile in the city of Gorky, was no victory for "human rights" lobbying on his behalf. The Soviet regime readmitted Sakharov to society at the most opportune moment for itself. Gorbachov's phone call to Sakharov, when the party chief invited the scientist to return to "patriotic work" at the Academy, was not window-dressing. Nor was the two-hour visit paid Sakharov by Marchuk. Sakharov was slated to take a leading role in Soviet physics, which is vital to the military-dictated mobilization of the Soviet economy.

Also in the realm of tapping every already-available resource, comes the Soviets' renewed economic offensive among the satellite countries in Eastern Europe. In early 1987, Moscow presented Eastern Europe with an array of offers—offers they couldn't refuse—for the increased integration of their economies into the Soviet war machine.

Delivering the April 22, 1987 Lenin Day speech, Prime Minister Ryzhkov defined "the deepening of Council for Economic Mutual Assistance (Comecon) integration" as a priority for economic policy, since "no one country, big or small, can master the heights of the scientific-technological revolution, without an intensive exchange of scientific developments." When Gorbachov traveled to Czechoslovakia that month, he informed Prague, that the Comecon would greatly step up the creation of supra-national "joint enterprises"—practically speaking, a replica of the "joint-stock companies" by means of which Stalin's U.S.S.R. looted the economics of Eastern Europe after World War II. These arrangements are for the purpose of harnessing East German and Czechoslovak, in particular, industrial and technological achievements for Soviet purposes.

Finally, Gorbachov scheduled his major Central Committee plenum on the economy, for June. On June 8-9, with the plenum still not convened and speculation running rife that Gorbachov was running into serious political opposition, he held a pre-meeting at the Central Committee, with Zai-kov, Ligachov, Ryzhkov, Slyunkov, Talyzin, and his appointee to the Moscow party organization, Boris Yeltsin, on the dais. A large number of the participants at this session, which previewed the topics of the plenum, were from key defense-related industries: B. I. Fomin, director of the power machinery factory *Elektrosila*, in Leningrad; V. P. Mosakalenko of the Sumy machine-building scientific-production association; A. I. Buzhinsky, deputy director of the famous ZIL auto plant in Moscow; Minister of Chemical and Petroleum Machine-building V. M. Lukyanenko; V. P. Kabaidze, director of the Ivanovo machine-tool plant; Minister of Ferrous Metallurgy S. V. Kolpakov; Minister of Instrument-making, Automation Equipment and Control Systems M. S. Shkabardnya; among others.

At the June 25-26 plenum, Gorbachov reported that the 4.4% industrial growth rate in 1985-86 represented no laurels to rest upon. "We are now essentially only on the first wave of *perestroika*," he said, "This wave has stirred up the stagnant water." He faulted Talyzin and Voronin for allowing the unusually cold weather and storms at the beginning of the year to paralyze transportation and many industries. He proceeded to take more than a dozen ministers and other top officials to task, including more of his own appointees:

We have, for example, a program for modernizing Soviet machine-building. This is a major task. . . . But it must be said bluntly, that we are worried by the situation in machine-tool manufacture and in the ministries of Heavy and Transport Machine Building, the Electrical Equipment Industry. . . . We are still far from achieving a breakthrough in instrument-making.

With reference to the West German plane that landed in Red Square, Gorbachov complained of "the periodic recurrence of major emergencies" resulting from "lax disci-

pline and lack of proper order," in the military as in other parts of Soviet society. In a very rare public formulation for a general secretary, Gorbachov stressed he was speaking "on behalf of the Politburo and of the Defense Council"—the supreme political-military body.

The plenum elevated three of Gorbachov's close associates: Slyunkov, Agriculture Secretary Nikonov, and foreign policy adviser Aleksandr Yakovlev to full membership on the Politburo.

Having presented in detail the new package of rights and obligations for enterprises, Gorbachov announced that the 19th All-Union Conference of the CPSU—just short of an out-of-turn party congress—would be held on June 28, 1988.

The investment debate

If the Soviet industrial ministries and Gosplan are assuming a general staff function in the Soviet war economy, one of their central concerns is investment policy. This focus has been apparent, from the very beginning of *perestroika*, and developments of the past year show how the policy is moving in the direction of the scientific and technological breakthroughs which the Soviet elite is demanding.

On May 12, 1987, for example, Academician M. Markov presented on the pages of *Izvestia*, a case for launching crash projects for the development of new technologies, including those based on new physical principles—as the General Staff would put it. The writer is secretary of the Nuclear Physics Section of the U.S.S.R. Academy of Sciences.

At the present time, the Soviet national program for high-energy physics, cosmic ray physics, particularly neutrino astrophysics, up to the year 2000, is under review. In several of these areas, it is necessary to liquidate the lag that has arisen, behind the level of world science, and in others, it will be extremely difficult to maintain the existing lead. All of this demands investments into these scientific areas, of a volume to which Gosplan and the financial and construction organs, and other echelons of management, are unaccustomed. Naturally, there will be attempts to narrow the financing and stretch out the construction over time. From an administrative point of view, these are natural, but in reality, they can mean the planned, long-term lagging behind of leading directions of science, and a dangerous retardation of the emergence of new technologies. . . .

The examples show, that financial investments in the development of basic research, really are the most profitable investment of capital. After all, the benefit from production of [one of them] alone could more than cover the expenditures for the entire national program of high-energy physics.

Markov's recommendations were formalized by the Soviet Politburo, which, according to *Izvestia* on July 18, decided upon a national commitment to strengthen research in high-energy physics, and to allocate the resources for that on a priority basis.

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