Making waves

A revival of the Kondratieff theory is being promoted by Club of Rome circles. It's a fraud used to justify the depression.

In 1921, Russian Kerenskyite socialist Nicolai Dmitriyevich Kondratieff revived the theory of inevitable 50-year economic "long waves" first promulgated in 1901 by that resourceful British intelligence agent Alexander Helphand-Parvus. Surfacing in the West in 1936, the theory enjoyed a brief period of interest, until it was definitively shown, except for price indices, to be without empirical basis, and also without rational explanation. Not even Kondratieff could explain why an economy should exhibit a 50-year "fertility cycle" progressing like a crop of wheat from spring planting to death in the winter. The theory seemed to have found its own winter, following the footsteps of Kondratieff, who disappeared into Siberia in 1930 and was never heard from again.

Since the mid-1970s, the theory has been dusted off in order to argue that the unfolding depression engineered by the Bank for International Settlements, the U.S. Federal Reserve Bank, the International Monetary Fund and the major U.S. banks, is somehow inevitable. The latest effort to bring Kondratieff's waves into public consciousness was a featured *New York Times* article on Oct. 17.

The article itself is sheer propaganda; it makes no effort to present empirical evidence that the waves exist at all. An accompanying chart merely shows that U.S. wholesale prices more or less followed Kondratieff's wave pattern. But falling prices are often a sign of economic growth, and do not reveal anything in themselves about the health or sickness of an economy—and the post-World War II inflation breaks the pattern, as the *Times*' graph shows.

The *Times* article counsels against doing anything to forestall the present depression, but rather to "try to get inflation and debt under control," a policy whose "effect is to reinforce the fourth Kondratieff downturn—not to resist it." I.e., policy should reinforce, not resist, the slide into the greatest depression in modern history.

The fascist implications of this policy have been spelled out in recent years by the Club of Rome-linked hoaxster Jay Forrester and his colleagues at the MIT Sloan School of Management.

Forrester first received public attention for a fraud he published for the fascist Club of Rome in 1972 entitled *Limits to Growth*, in which he employed a computer to show that if there are no new technologies developed, the world will run out of resources within 150 years, a conclusion about as profound as saying that if a person fails to eat for several months, he will undoubtedly die. However, Forrester and the Club of Rome have tried to use the results of the study ever since to argue that only zero growth can preserve mankind from disaster—while they have bent every effort to prevent the technological breakthroughs that would save the world.

But the Third World rejected the Forrester-Club of Rome conclusions out of hand as precluding economic development and condemning them to genocide, and the hoax was ridiculed even in the industrial countries outside of hardcore environmentalist circles.

To resell the same conclusions in more effective disguise, Forrester decided to bury them under literally millions of statistics and thousands of equations in a "new, improved" version of the model, called the System Dynamic National Model. Based on a purported "simulation" of an "ideal" economy, Forrester and colleagues concocted a model that, low and behold, displayed "long waves" that matched Kondratieff's! Eager to establish that he had "corrected" the earlier model's omission of technological progress, Forrester claimed that the explanation for the cycles was that applied technologies led to "overbuilding" of the capital goods industries, such that only stagnation and depression can eliminate the overcapacity.

This is a remarkable assertion, one certainly not dictated by his model, which *excludes* technological change of any kind.

Indeed, Forrester's model economy is analogous to considering a catatonic an "ideal" human being. Total stagnation in population, consumption, income, and production are assumed, and "random fluctuations" of ±2.5 percent in consumer demand are the "engine" which makes the model do anything at all.

Thus, Forrester's model has no connection to any known economy on earth. Perhaps this explains why it generates Kondratieff curves.

According to Forrester, the Kondratieff curve entails fostering "a new political culture" consistent with a "post-industrial" society, and consistent with the depression conditions: a "strength through joy" culture, and "new forms of government," that is to say, sufficiently authoritarian to impose such policies.