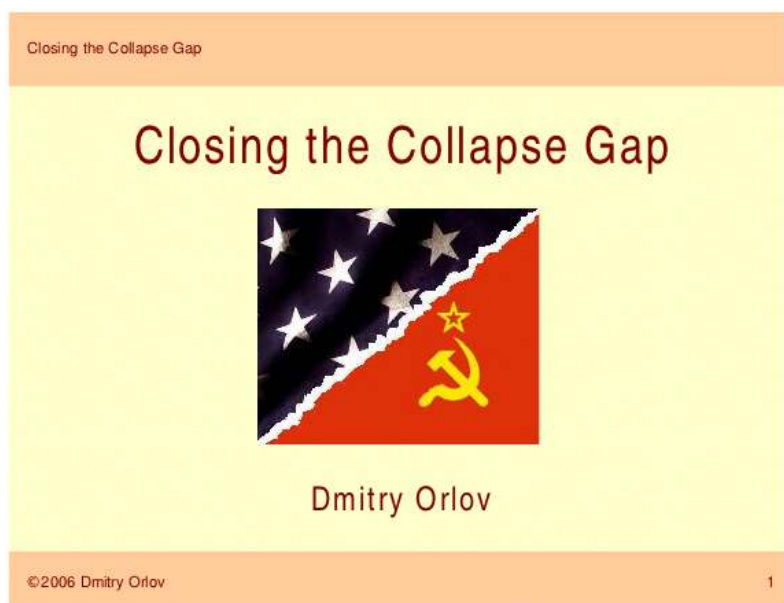


Energy Bulletin

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Closing the 'Collapse Gap': the USSR was better prepared for collapse than the US

By Dmitry Orlov



Good evening, ladies and gentlemen. I am not an expert or a scholar or an activist. I am more of an eye-witness. I watched the Soviet Union collapse, and I have tried to put my observations into a concise message. I will leave it up to you to decide just how urgent a message it is.

My talk tonight is about the lack of collapse-preparedness here in the United States. I will compare it with the situation in the Soviet Union, prior to its collapse. The rhetorical device I am going to use is the "Collapse Gap" – to go along with the Nuclear Gap, and the Space Gap, and various other superpower gaps that were fashionable during the Cold War.

Closing the Collapse Gap

My premise

- The Soviet Union (SU) collapsed about 17 years ago. The United States (US) will collapse (economically and politically) at some point.
- Exact dates of collapses are impossible to predict. But one of the best-known facts about empires is that they do collapse. No exceptions.
- Soviet collapse was harder to predict because of secrecy. Many signs of trouble for the US indicate that it could collapse at any time.
- The Soviet collapse has a lot to teach US. The differences are just as interesting as the similarities.

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Slide [2] The subject of economic collapse is generally a sad one. But I am an optimistic, cheerful sort of person, and I believe that, with a bit of preparation, such events can be taken in stride. As you can probably surmise, I am actually rather keen on observing economic collapses. Perhaps when I am really old, all collapses will start looking the same to me, but I am not at that point yet.

And this next one certainly has me intrigued. From what I've seen and read, it seems that there is a fair chance that the U.S. economy will collapse sometime within the foreseeable future. It also would seem that we won't be particularly well-prepared for it. As things stand, the U.S. economy is poised to perform something like a disappearing act. And so I am eager to put my observations of the Soviet collapse to good use.

Closing the Collapse Gap

Symmetries between SU and US

- Two post-WWII military-industrial empires
- Predicated on technological progress and economic growth
- Tried to spread their ideology over the entire planet
- Exercised political and economic control over many countries
- Remained evenly matched for several decades
- Eventually went bankrupt

(These similarities justify reasoning by analogy.)

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Slide [3] I anticipate that some people will react rather badly to having their country compared to the USSR. I would like to assure you that the Soviet people would have reacted similarly, had the United States collapsed first. Feelings aside, here are two 20th century superpowers, who wanted more or less the same things – things like technological progress, economic growth, full employment, and world domination – but they disagreed about the methods. And they obtained similar results – each had a good run, intimidated the whole planet, and kept the other scared. Each eventually went bankrupt.

Closing the Collapse Gap

Winner or Runner-up



Space Race
Arms Race
Jails Race
Hated Evil Empire Race

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Slide [4] The USA and the USSR were evenly matched in many categories, but let me just mention four.

The Soviet manned space program is alive and well under Russian management, and now offers first-ever space charters. The Americans have been hitching rides on the Soyuz while their remaining spaceships sit in the shop.

The arms race has not produced a clear winner, and that is excellent news, because Mutual Assured Destruction remains in effect. Russia still has more nuclear warheads than the US, and has supersonic cruise missile technology that can penetrate any missile shield, especially a nonexistent one.

The Jails Race once showed the Soviets with a decisive lead, thanks to their innovative GULAG program. But they gradually fell behind, and in the end the Jails Race has been won by the Americans, with the highest percentage of people in jail ever.

The Hated Evil Empire Race is also finally being won by the Americans. It's easy now that they don't have anyone to compete against.

Closing the Collapse Gap

US faces many of the same problems that contributed to the Soviet collapse

- Unwinnable wars (Afghanistan, Iraq... Iran?)
- Declining oil production (Soviet oil production peaked a couple of years before collapse)
- Out of control military budgets
- Unsustainable deficits and foreign debt
- Balky, unresponsive, corrupt political system, incapable of reform
- Delusions of grandeur prevent honest discussion of problems

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Slide [5] Continuing with our list of superpower similarities, many of the problems that sunk the Soviet Union are now endangering the United States as well. Such as a huge, well-equipped, very expensive military, with no clear mission, bogged down in fighting Muslim insurgents. Such as energy shortfalls linked to peaking oil production. Such as a persistently unfavorable trade balance, resulting in runaway foreign debt. Add to that a delusional self-image, an inflexible ideology, and an unresponsive political system.

Closing the Collapse Gap

Economies are susceptible to “cascaded failure”

- Unsolvable problems accumulate over time.
- Compensation mechanisms are only useful to a point.
- Any number of events can put the economy into a state of shock.
- Multiple knock-on effects prevent return to business as usual.
- Downward slide takes on a momentum of its own.
- Political system remains intact but suffers paralysis.

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Slide [6] An economic collapse is amazing to observe, and very interesting if described accurately and in detail. A general description tends to fall short of the mark, but let me try. An economic arrangement can continue for quite some time after it becomes untenable, through sheer inertia. But at some point a tide of broken promises and invalidated assumptions sweeps it all out to sea. One such untenable arrangement rests on the notion that it is possible to perpetually borrow more and more money from abroad, to pay for more and more energy imports, while the price of these imports continues to double every few years. Free money with which to buy energy equals free energy, and free energy does not occur in nature. This must therefore be a transient condition. When the flow of energy snaps back toward equilibrium, much of the US economy will be forced to shut down.

Closing the Collapse Gap

Post-collapse environment – the immediate consequences

- Social dislocation, joblessness, homelessness, despair.
- Authorities no longer command respect. Law enforcement is overwhelmed, replaced by local self-defense and private security. Many laws universally ignored.
- Widespread shortages of many basic commodities, especially food, fuel, and medicine.
- Basic maintenance foregone or rationed. Infrastructure decays and fails. Many disasters, big and small.
- No long-term planning possible. Large new projects not even considered. All successful adaptations rely on existing infrastructure and inventory.

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Slide [7] I've described what happened to Russia in some detail in one of my articles, which is available on SurvivingPeakOil.com. I don't see why what happens to the United States should be entirely dissimilar, at least in general terms. The specifics will be different, and we will get to them in a moment. We should certainly expect shortages of fuel, food, medicine, and countless consumer items, outages of electricity, gas, and water, breakdowns in transportation systems and other infrastructure, hyperinflation, widespread shutdowns and mass layoffs, along with a lot of despair, confusion, violence, and lawlessness. We definitely should not expect any grand rescue plans, innovative technology programs, or miracles of social cohesion.

Closing the Collapse Gap

Post-collapse environment – what comes next?

- New subsistence/barter economy emerges almost immediately.
- Old capital – stocks, bonds, capital equipment, cash – all worthless. Connections, favors, access to supplies – prove to be of abiding value.
- Asset stripping: assets dismantled and reused, stockpiled, or sold as scrap. Many items of value exported (especially art objects, antiques, scientific and industrial equipment)
- Elements of organized crime, former military, and former law enforcement meld into new power structures (very messy).

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Slide [8] When faced with such developments, some people are quick to realize what it is they have to do to survive, and start doing these things, generally without anyone's permission. A sort of economy emerges, completely informal, and often semi-criminal. It revolves around liquidating, and recycling, the remains of the old economy. It is based on direct access to resources, and the threat of force, rather than ownership or legal authority. People who have a problem with this way of doing things, quickly find themselves out of the game.

These are the generalities. Now let's look at some specifics.

Closing the Collapse Gap

Housing

	
Owned by state	Owned by banks/corporations
Free rent	Foreclosures/evictions
Accessible by public transportation	Largely inaccessible except by car

Everyone stays put	Flood of refugees from suburbia
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Slide [9] One important element of collapse-preparedness is making sure that you don't need a functioning economy to keep a roof over your head. In the Soviet Union, all housing belonged to the government, which made it available directly to the people. Since all housing was also built by the government, it was only built in places that the government could service using public transportation. After the collapse, almost everyone managed to keep their place.

In the United States, very few people own their place of residence free and clear, and even they need an income to pay real estate taxes. People without an income face homelessness. When the economy collapses, very few people will continue to have an income, so homelessness will become rampant. Add to that the car-dependent nature of most suburbs, and what you will get is mass migrations of homeless people toward city centers.

Closing the Collapse Gap

Transportation

	
Public	Private, mostly cars and trucks
Continues to run	Breaks down due to fuel shortages
Compact cities along railways	Sprawl, dead downtowns
Maintainable infrastructure	More potholes than road
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All aboard	On foot, peddling bicycles, pushing shopping carts

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Slide [10] Soviet public transportation was more or less all there was, but there was plenty of it. There were also a few private cars, but so few that gasoline rationing and shortages were mostly inconsequential. All of this public infrastructure was designed to be almost infinitely maintainable, and continued to run even as the rest of the economy collapsed.

The population of the United States is almost entirely car-dependent, and relies on markets that control oil import, refining, and distribution. They also rely on continuous public investment in road construction and repair. The cars themselves require a steady stream of imported parts, and are not designed to last very long. When these intricately interconnected systems stop functioning, much of the population will find itself stranded.

Closing the Collapse Gap

Employment

	
Predominantly public	Predominantly private
Slowdowns	Shutdowns
Salaries delayed	Mass layoffs
Massive levels of inventory	Just-in-time inventory
Continued access/barter	Liquidation
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Gradual transition	Instant retirement

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Slide [11] Economic collapse affects public sector employment almost as much as private sector employment, eventually. Because government bureaucracies tend to be slow to act, they collapse more slowly. Also, because state-owned enterprises tend to be inefficient, and stockpile inventory, there is plenty of it left over, for the employees to take home, and use in barter. Most Soviet employment was in the public sector, and this gave people some time to think of what to do next.

Private enterprises tend to be much more efficient at many things. Such laying off their people, shutting their doors, and liquidating their assets. Since most employment in the United States is in the private sector, we should expect the transition to permanent unemployment to be quite abrupt for most people.

Closing the Collapse Gap

Families

	
3 generations under 1 roof	Singles, nuclear families
Close-knit (but unhappy?)	Alienated (and unhappy?)
Clustered geographically	Spread out geographically
Accustomed to hardship	Feelings of entitlement

Life goes ever on	Stranded among strangers
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Slide [12] When confronting hardship, people usually fall back on their families for support. The Soviet Union experienced chronic housing shortages, which often resulted in three generations living together under one roof. This didn't make them happy, but at least they were used to each other. The usual expectation was that they would stick it out together, come what may.

In the United States, families tend to be atomized, spread out over several states. They sometimes have trouble tolerating each other when they come together for Thanksgiving, or Christmas, even during the best of times. They might find it difficult to get along, in bad times. There is already too much loneliness in this country, and I doubt that economic collapse will cure it.

Closing the Collapse Gap

Money

Of token value	"Wherewithal"
Shared among friends	Hardly ever shared
Income not essential	Income essential for survival
Friends more important	Money more important

Broke, but no matter	Broke and helpless
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Slide [13] To keep evil at bay, Americans require money. In an economic collapse, there is usually hyperinflation, which wipes out savings. There is also rampant unemployment, which wipes out incomes. The result is a population that is largely penniless.

In the Soviet Union, very little could be obtained for money. It was treated as tokens rather than as wealth, and was shared among friends. Many things – housing and transportation among them – were either free or almost free.

Closing the Collapse Gap

Consumer Products




A cost to the government	Profits for the Chinese
Product-based economy	Service-based economy
Shortage of products	Shortage of money
Up to you to make it work	Planned obsolescence
Technological heirlooms	Disposable everything

Fix it yourself	Recycling the trash
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Slide [14] Soviet consumer products were always an object of derision – refrigerators that kept the house warm – and the food, and so on. You'd be lucky if you got one at all, and it would be up to you to make it work once you got it home. But once you got it to work, it would become a priceless family heirloom, handed down from generation to generation, sturdy, and almost infinitely maintainable.

In the United States, you often hear that something "is not worth fixing." This is enough to make a Russian see red. I once heard of an elderly Russian who became irate when a hardware store in Boston wouldn't sell him replacement bedsprings: "People are throwing away perfectly good mattresses, how am I supposed to fix them?"

Economic collapse tends to shut down both local production and imports, and so it is vitally important that anything you own wears out slowly, and that you can fix it yourself if it breaks. Soviet-made stuff generally wore incredibly hard. The Chinese-made stuff you can get around here – much less so.

Closing the Collapse Gap

Food

	
Kitchen gardens	Supermarkets
Local food stockpiles	Food shipped in diesel trucks
Home cooking culture	Fast food culture
Physically active	Obesity epidemic
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Foraging and scrounging	Waiting to be fed

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Slide [15] The Soviet agricultural sector was notoriously inefficient. Many people grew and gathered their own food even in relatively prosperous times. There were food warehouses in every city, stocked according to a government allocation scheme. There were very few restaurants, and most families cooked and ate at home. Shopping was rather labor-intensive, and involved carrying heavy loads. Sometimes it resembled hunting – stalking that elusive piece of meat lurking behind some store counter. So the people were well-prepared for what came next.

In the United States, most people get their food from a supermarket, which is supplied from far away using refrigerated diesel trucks. Many people don't even bother to shop and just eat fast food. When people do cook, they rarely cook from scratch. This is all very unhealthy, and the effect on the nation's girth, is visible, clear across the parking lot. A lot of the people, who just waddle to and from their cars, seem unprepared for what comes next. If they suddenly had to start living like the Russians, they would blow out their knees.

Closing the Collapse Gap

Medicine

 Public Free basic care Focused on basic care and prevention	 Private Medicine for profit Focused on geriatrics, chronic cases, oncology, emergency medicine, psychopharmacology, plastic surgery
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Basic care	Folk remedies
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Slide [16] The Soviet government threw resources at immunization programs, infectious disease control, and basic care. It directly operated a system of state-owned clinics, hospitals, and sanatoriums. People with fatal ailments or chronic conditions often had reason to complain, and had to pay for private care – if they had the money.

In the United States, medicine is for profit. People seems to think nothing of this fact. There are really very few fields of endeavor to which Americans would deny the profit motive. The problem is, once the economy is removed, so is the profit, along with the services it once helped to motivate.

Closing the Collapse Gap

Education

	
Public and free	Crippling student loans
8 grades generally enough	12+4 years produces many semi-literates
Children walk to school	Children bussed or chauffeured to school
Small neighborhood schools	Huge city-wide schools
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"The Lost Generation"	Illiteracy and ignorance



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Slide [17] The Soviet education system was generally quite excellent. It produced an overwhelmingly literate population and many great specialists. The education was free at all levels, but higher education sometimes paid a stipend, and often provided room and board. The educational system held together quite well after the economy collapsed. The problem was that the graduates had no jobs to look forward to upon graduation. Many of them lost their way.

The higher education system in the United States is good at many things – government and industrial research, team sports, vocational training... Primary and secondary education fails to achieve in 12 years what Soviet schools generally achieved in 8. The massive scale and expense of maintaining these institutions is likely to prove too much for the post-collapse environment. Illiteracy is already a problem in the United States, and we should expect it to get a lot worse.

Closing the Collapse Gap

Energy

<p>Self-sufficient</p> <p>Surplus, exports</p> <p>Government-owned</p> <p>Price controls</p>	<p>Imports 65% of oil and a lot of natural gas</p> <p>Dwindling domestic production</p> <p>Privately supplied</p> <p>Profiteering</p>
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Shortages, rationing

"Market failure"

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Slide [18] The Soviet Union did not need to import energy. The production and distribution system faltered, but never collapsed. Price controls kept the lights on even as hyperinflation raged.

The term "market failure" seems to fit the energy situation in the United States. Free markets develop some pernicious characteristics when there are shortages of key commodities. During World War II, the United States government understood this, and successfully rationed many things, from gasoline to bicycle parts. But that was a long time ago. Since then, the inviolability of free markets has become an article of faith.

Closing the Collapse Gap

Conclusion:

the Soviet Union
was much better-prepared
for economic collapse
than the United States is

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Slide [19] My conclusion is that the Soviet Union was much better-prepared for economic collapse than the United States is.

I have left out two important superpower asymmetries, because they don't have anything to do with collapse-preparedness. Some countries are simply luckier than others. But I will mention them, for the sake of completeness.

In terms of racial and ethnic composition, the United States resembles Yugoslavia more than it resembles Russia, so we shouldn't expect it to be as peaceful as Russia was, following the collapse. Ethnically mixed societies are fragile and have a tendency to explode.

In terms of religion, the Soviet Union was relatively free of apocalyptic doomsday cults. Very few people there wished for a planet-sized atomic fireball to herald the second coming of their savior. This was indeed a blessing.

Closing the Collapse Gap

Politics	
	
Ideologically hamstrung	Ideologically hamstrung
The Communist Party	The Capitalist Party, and...
	The <u>Other</u> Capitalist Party
Able to crush protest	Able to ignore protest
Hid the books	Cooked the books
<hr style="border: 1px solid black; margin: 10px 0;"/> <div style="display: flex; justify-content: space-between; align-items: center;"> ☆☆☆☆ Total Collapse Preparedness ☆☆☆☆ </div>	

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Slide [20] One area in which I cannot discern any Collapse Gap is national politics. The ideologies may be different, but the blind adherence to them couldn't be more similar.

It is certainly more fun to watch two Capitalist parties go at each other than just having the one Communist party to vote for. The things they fight over in public are generally symbolic little tokens of social policy, chosen for ease of public posturing. The Communist party offered just one bitter pill. The two Capitalist parties offer a choice of two placebos. The latest innovation is the photo finish election, where each party buys 50% of the vote, and the result is pulled out of statistical noise, like a rabbit out of a hat.

The American way of dealing with dissent and with protest is certainly more advanced: why imprison dissidents when you can just let them shout into the wind to their heart's content?

The American approach to bookkeeping is more subtle and nuanced than the Soviet. Why make a state secret of some statistic, when you can just distort it, in obscure ways? Here's a simple example: inflation is "controlled" by substituting hamburger for steak, in order to minimize increases to Social Security payments.

Closing the Collapse Gap



**A time-tested, time-saving approach to national politics,
guaranteed to work for any collapsing superpower**

- ① Don't pay any attention to national politicians – it only encourages them. They are a colossal distraction. Stay focused.
- ② Don't even make fun of them (tempting as that is). If you completely ignore them, they will fade from view faster.

③ Alexander Solzhenitsyn (who won the 1970 Nobel Prize in Literature) developed a handy saying which helped him survive the GULAG. It may help you too.

"Don't believe them, don't fear them, don't ask anything of them."

(He's the one who took on the Soviet government single-handedly, and won!)

Slide [21] Many people expend a lot of energy protesting against their irresponsible, unresponsive government. It seems like a terrible waste of time, considering how ineffectual their protests are. Is it enough of a consolation for them to be able to read about their efforts in the foreign press? I think that they would feel better if they tuned out the politicians, the way the politicians tune them out. It's as easy as turning off the television set. If they try it, they will probably observe that nothing about their lives has changed, nothing at all, except maybe their mood has improved. They might also find that they have more time and energy to devote to more important things.

Closing the Collapse Gap

Closing the Collapse Gap

What are the alternatives?

- A big government effort
- A private sector solution
- Boondoggles to the rescue!
- Do It Yourself

(Not all problems have solutions.)

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Slide [22] I will now sketch out some approaches, realistic and otherwise, to closing the Collapse Gap. My little list of approaches might seem a bit glib, but keep in mind that this is a very difficult problem. In fact, it's important to keep in mind that not all problems have solutions. I can promise you that we will not solve this problem tonight. What I will try to do is to shed some light on it from several angles.

Closing the Collapse Gap

Closing the Collapse Gap

Big government effort?

- Not a particularly capable or competent government (9-11, Iraq, Katrina, etc.)
- People don't seem to like or trust their government (wonder why)
- Concerted effort is unlikely (little understanding of the scope of the problem)
- Would try to avert or delay collapse rather than prepare for it (waste of time)
- Might actually accelerate it (remember Gorbachev's *Perestroika*)

(Not a realistic plan.)

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Slide [23] Many people rail against the unresponsiveness and irresponsibility of the government. They often say things like "What is needed is..." plus the name of some big, successful government project from the glorious past – the Marshall Plan, the Manhattan Project, the Apollo program. But there is nothing in the history books about a government preparing for collapse. Gorbachev's "Perestroika" is an example of a government trying to avert or delay collapse. It probably helped speed it along.

Closing the Collapse Gap

“The Collapse Party Platform”

(A few things the US Government might do if it suddenly decided to make itself useful.)

- Mothball all nuclear reactors (the best we can do, since nobody knows how to dismantle them).
- Move spent nuclear fuel from storage pools at reactor sites to some place safer.
- Dismantle and destroy nuclear weapons systems before they fall into the wrong hands.
- Dismantle and clean up military bases around the world. Repatriate the troops instead of leaving them stranded in hostile lands. Disband the military, reorganize it as local self-defense units.
- Speed up the clean-up of toxic waste sites, abandoned mines, and nuclear reservations to prevent the environmental catastrophes that are still preventable.
- Put together a comprehensive prisoner amnesty program before prisons have to be shut down due to lack of funds. Provide released prisoners with free room and board to prevent a crime wave.
- Announce a jubilee – forgiveness of all debts, since they will not be repayable in any case.

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Slide [24] There are some things that I would like the government to take care of in preparation for collapse. I am particularly concerned about all the radioactive and toxic installations, stockpiles, and dumps. Future generations are unlikely to be able to control them, especially if global warming puts them underwater. There is enough of this muck sitting around to kill off most of us. I am also worried about soldiers getting stranded overseas – abandoning one's soldiers is among the most shameful things a country can do. Overseas military bases should be dismantled, and the troops repatriated. I'd like to see the huge prison population whittled away in a controlled manner, ahead of time, instead of in a chaotic general amnesty. Lastly, I think that this farce with debts that will never be repaid, has gone on long enough. Wiping the slate clean will give society time to readjust. So, you see, I am not asking for any miracles. Although, if any of these things do get done, I would consider it a miracle.

Closing the Collapse Gap

Closing the Collapse Gap

A Private Sector Solution?

1. Eliminate need for suppliers
2. Eliminate need for profits
3. Eliminate need for cash flow
4. Eliminate need for customers

(Not a realistic plan.)

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Slide [25] A private sector solution is not impossible; just very, very unlikely. Certain Soviet state enterprises were basically states within states. They controlled what amounted to an entire economic system, and could go on even without the larger economy. They kept to this arrangement even after they were privatized. They drove Western management consultants mad, with their endless kindergartens, retirement homes, laundries, and free clinics. These weren't part of their core competency, you see. They needed to divest and to streamline their operations. The Western management gurus overlooked the most important thing: the core competency of these enterprises lay in their ability to survive economic collapse. Maybe the young geniuses at Google can wrap their heads around this one, but I doubt that their stockholders will.

Closing the Collapse Gap

Closing the Collapse Gap

Boondoggles to the rescue!

The Soviet Union achieved a higher level of collapse-preparedness through sheer negligence and poor economic performance. So can we, if (don't) try.

<ul style="list-style-type: none"> • Housing shortages • Food shortages • Bureaucratic foot-dragging 	<ul style="list-style-type: none"> • Massive waste and inefficiency • Rampant corruption • Misuse of government property
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All of these helped the people prepare for collapse mentally and physically, and gave them something to work with once it occurred.

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Slide [26] It's important to understand that the Soviet Union achieved collapse-preparedness inadvertently, and not because of the success of some crash program. Economic collapse has a way of turning economic negatives into positives. The last thing we want is a perfectly functioning, growing, prosperous economy that suddenly collapses one day, and leaves everybody in the lurch. It is not necessary for us to embrace the tenets of command economy and central planning to match the Soviet lackluster performance in this area. We have our own methods, that are working almost as well. I call them "boondoggles." They are solutions to problems that cause more problems than they solve.

Just look around you, and you will see boondoggles sprouting up everywhere, in every field of endeavor: we have military boondoggles like Iraq, financial boondoggles like the doomed retirement system, medical boondoggles like private health insurance, legal boondoggles like the intellectual property system. The combined weight of all these boondoggles is slowly but surely pushing us all down. If it pushes us down far enough, then economic collapse, when it arrives, will be like falling out of a ground floor window. We just have to help this process along, or at least not interfere with it. So if somebody comes to you and says "I want to make a boondoggle that runs on hydrogen" – by all means encourage him! It's not as good as a boondoggle that burns money directly, but it's a step in the right direction.

Closing the Collapse Gap

Closing the gap

Do It Yourself – The Don'ts

- Don't stoke the fires of economic progress and prosperity. Pull your money out of the financial markets. Put your savings into durable objects of lasting value. Pull wealth out of circulation. Eliminate debt and reduce your dependence on steady income.
- Don't strive for economic achievement. Optimize for maximum free time, independence, and limited responsibility. Don't work too hard or too many hours.
- Don't participate in the economy unnecessarily. Buy as little as you can. Reuse as much as you can. Reduce your physical needs. Make plans to reduce them further.

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Slide [27] Certain types of mainstream economic behavior are not prudent on a personal level, and are also counterproductive to bridging the Collapse Gap. Any behavior that might result in continued economic growth and prosperity is counterproductive: the higher you jump, the harder you land. It is traumatic to go from having a big retirement fund to having no retirement fund because of a market crash. It is also traumatic to go from a high income to little or no income. If, on top of that, you have kept yourself incredibly busy, and suddenly have nothing to do, then you will really be in rough shape.

Economic collapse is about the worst possible time for someone to suffer a nervous breakdown, yet this is what often happens. The people who are most at risk psychologically are successful middle-aged men. When their career is suddenly over, their savings are gone, and their property worthless, much of their sense of self-worth is gone as well. They tend to drink themselves to death and commit suicide in disproportionate numbers. Since they tend to be the most experienced and capable people, this is a staggering loss to society.

If the economy, and your place within it, is really important to you, you will be really hurt when it goes away. You can cultivate an attitude of studied indifference, but it has to be more than just a conceit. You have to develop the lifestyle and the habits and the physical stamina to back it up. It takes a lot of creativity and effort to put together a fulfilling existence on the margins of society. After the collapse, these margins may turn out to be some of the best places to live.

Closing the Collapse Gap

Closing the gap – it's up to you!

- Soviet collapse was absolutely horrible for most people. Many of them died. When the US economy collapses, it will be much worse.
- It took 10 years for Russia to recover. The US will not have the resources that allowed Russia to recover (energy for export, economically intact neighbors).
- Further economic growth is neither possible nor desirable. Modern industrial economy is not required for cultural or spiritual growth, and poses a threat to human survival.
- Reliance on doomed institutions is harmful. Government is already useless. Commercial sector will become useless quickly. Since they will be useless to you, you can start being useless to them ahead of time.

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Slide [28] I hope that I didn't make it sound as if the Soviet collapse was a walk in the park, because it was really quite awful in many ways. The point that I do want to stress is that when this economy collapses, it is bound to be much worse. Another point I would like to stress is that collapse here is likely to be permanent. The factors that allowed Russia and the other former Soviet republics to recover are not present here.

In spite of all this, I believe that in every age and circumstance, people can sometimes find not just a means and a reason to survive, but enlightenment, fulfillment, and freedom. If we can find them even after the economy collapses, then why not start looking for them now?

Thank you.

~~~~~ Editorial Notes ~~~~~

*Energy Bulletin published an excerpt from this talk yesterday (Dec 3), and Dmitry reported that his small webserver was overwhelmed with requests. Although it's good news that his writing has such a following, PLEASE don't access the document on his web server (Club Orlov). The same content is here, on Energy Bulletin's heavier duty webserver.*

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*Orlov has many penetrating insights, couched in his dark humor. Particularly striking is the strong case he makes that the peoples of the USSR were actually better prepared for a collapse because*

- *they had learned to be more self-reliant*
- *many crucial functions (like housing and transportation) were taken care of by the state sector which was more stable than a private sector would have been.*

*Orlov's cynicism about the possibility of intelligent government action was probably justified in the case of the Soviet Union, but I think it would be a tragic mistake to abandon efforts to change the direction of the U.S. The Soviets had little chance to make democratic institutions work. We do have that chance.*

-BA

*UPDATE: Dmitri Orlov writes on March 4, 2007:*

*You wrote that "The Soviets had little chance to make democratic institutions work." That's not entirely true. Perestroika and Glasnost were all about democracy, and in my opinion it had the same chance of success as the hopelessly gerrymandered system that passes for democracy in the US, (although much less than any proper, modern democracy, in which the Bush regime would have been put out of power quite a while ago, after a simple parliamentary vote of no confidence and early elections). The problem is that, in a collapse scenario, democracy is the least effective system of government one can possibly think of (think Weimar, or the Russian Interim Government) - a topic I cover in Post-Soviet Lessons.*

*Lastly, I don't think calling me a cynic is exactly accurate: I've been in the US a long time, watching the system become progressively more dysfunctional with each passing political season. It seems to me that it is not necessarily cynical to be able to spot a solid trend, but that it could be simply observant.*

*UPDATE (October 30, 2007):*

*We've noticed an influx of visitors to Dmitry Orlov's article, since its mention on several websites. Dmitry writes that his new book, "Reinventing Collapse," is due from New Society Publishers in the springtime.*

**Article found at :**

<http://www.energybulletin.net/newswire.php?id=23259>

**Original article :**