



## Dmitry Orlov: Social Collapse Best Practices

Posted by [Gail the Actuary](#) on April 26, 2009 - 2:09pm

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This is a [link](#) to a televised speech by Dmitry Orlov, called Social Collapse Best Practices. A transcript of the first part of the speech can be found below the fold. (The speech is a little long for a post.) This is the description of the speech:

With vintage Russian black humor, Dmitry Orlov describes the social collapse he witnessed in Russia in the 1990s and spells out its practical lessons for the American social collapse he sees as inevitable.

The American economy in the 1990s described itself as "Goldilocks" - just the right size - when in fact it was "Tinkerbell," and one day the clapping stops.

As in Russia, the US made itself vulnerable to the decline of crude oil, a trade deficit, military over-reach, and financial over-reach.

Good evening, ladies and gentlemen. Thank you for showing up. It's certainly nice to travel all the way across the North American continent and have a few people come to see you, even if the occasion isn't a happy one. You are here to listen to me talk about social collapse and the various ways we can avoid screwing that up along with everything else that's gone wrong. I know it's a lot to ask of you, because why wouldn't you instead want to go and eat, drink, and be merry? Well, perhaps there will still be time left for that after my talk.

I would like to thank the Long Now Foundation for inviting me, and I feel very honored to appear in the same venue as many serious, professional people, such as Michael Pollan, who will be here in May, or some of the previous speakers, such as Nassim Taleb, or Brian Eno -- some of my favorite people, really.

I am just a tourist. I flew over here to give this talk and to take in the sights, and then I'll fly back to Boston and go back to my day job. Well, I am also a blogger. And I also wrote a book. But then everyone has a book, or so it would seem. You might ask yourself, then, Why on earth did he get invited to speak here tonight? It seems that I am enjoying my moment in the limelight, because I am one of the very few people who several years ago unequivocally predicted the demise of the United States as a global superpower. The idea that the USA will go the way of the USSR seemed preposterous at the time. It doesn't seem so preposterous any more.

I take it some of you are still hedging your bets. How is that hedge fund doing, by the way? I think I prefer remaining just a tourist, because I have learned from experience--luckily, from

other people's experience--that being a superpower collapse predictor is not a good career choice. I learned that by observing what happened to the people who successfully predicted the collapse of the USSR. Do you know who Andrei Amalrik is? See, my point exactly. He successfully predicted the collapse of the USSR. He was off by just half a decade.

That was another valuable lesson for me, which is why I will not give you an exact date when USA will turn into FUSA ("F" is for "Former"). But even if someone could choreograph the whole event, it still wouldn't make for much of a career, because once it all starts falling apart, people have far more important things to attend to than marveling at the wonderful predictive abilities of some Cassandra-like person. I hope that I have made it clear that I am not here in any sort of professional capacity. I consider what I am doing a kind of community service. So, if you don't like my talk, don't worry about me. There are plenty of other things I can do.

But I would like my insights to be of help during these difficult and confusing times, for altruistic reasons, mostly, although not entirely. This is because when times get really bad, as they did when the Soviet Union collapsed, lots of people just completely lose it. Men, especially successful, middle-aged men, breadwinners, bastions of society, turn out to be especially vulnerable. And when they just completely lose it, they become very tedious company. My hope is that some amount of preparation, psychological and otherwise, can make them a lot less fragile, and a bit more useful, and generally less of a burden.

Women seem much more able to cope. Perhaps it is because they have less of their ego invested in the whole dubious enterprise, or perhaps their sense of personal responsibility is tied to those around them and not some nebulous grand enterprise. In any case, the women always seem far more able to just put on their gardening gloves and go do something useful, while the men tend to sit around groaning about the Empire, or the Republic, or whatever it is that they lost. And when they do that, they become very tedious company. And so, without a bit of mental preparation, the men are all liable to end up very lonely and very drunk. So that's my little intervention.

If there is one thing that I would like to claim as my own, it is the comparative theory of superpower collapse. For now, it remains just a theory, although it is currently being quite thoroughly tested. The theory states that the United States and the Soviet Union will have collapsed for the same reasons, namely: a severe and chronic shortfall in the production of crude oil (that magic addictive elixir of industrial economies), a severe and worsening foreign trade deficit, a runaway military budget, and ballooning foreign debt. I call this particular list of ingredients "The Superpower Collapse Soup."

Other factors, such as the inability to provide an acceptable quality of life for its citizens, or a systemically corrupt political system incapable of reform, are certainly not helpful, but they do not automatically lead to collapse, because they do not put the country on a collision course with reality. Please don't be too concerned, though, because, as I mentioned, this is just a theory. My theory. I've been working on this theory since about 1995, when it occurred to me that the US is retracing the same trajectory as the USSR.

As so often is the case, having this realization was largely a matter of being in the right place at the right time. The two most important methods of solving problems are: 1. By knowing the solution ahead of time, and 2. By guessing it correctly. I learned this in engineering school--from a certain professor. I am not that good at guesswork, but I do sometimes know the answer ahead of time. I was very well positioned to have this realization because I grew up straddling the two worlds--the USSR and the US.

I grew up in Russia, and moved to the US when I was twelve, and so I am fluent in Russian, and I

understand Russian history and Russian culture the way only a native Russian can. But I went through high school and university in the US .I had careers in several industries here, I traveled widely around the country, and so I also have a very good understanding of the US with all of its quirks and idiosyncrasies. I traveled back to Russia in 1989, when things there still seemed more or less in line with the Soviet norm, and again in 1990, when the economy was at a standstill, and big changes were clearly on the way. I went back there 3 more times in the 1990s, and observed the various stages of Soviet collapse first-hand.

By the mid-1990s I started to see Soviet/American Superpowerdom as a sort of disease that strives for world dominance but in effect eviscerates its host country, eventually leaving behind an empty shell: an impoverished population, an economy in ruins, a legacy of social problems, and a tremendous burden of debt. The symmetries between the two global superpowers were then already too numerous to mention, and they have been growing more obvious ever since. The superpower symmetries may be of interest to policy wonks and history buffs and various skeptics, but they tell us nothing that would be useful in our daily lives.

It is the asymmetries, the differences between the two superpowers, that I believe to be most instructive. When the Soviet system went away, many people lost their jobs, everyone lost their savings, wages and pensions were held back for months, their value was wiped out by hyperinflation, there shortages of food, gasoline, medicine, consumer goods, there was a large increase in crime and violence, and yet Russian society did not collapse. Somehow, the Russians found ways to muddle through.

How was that possible? It turns out that many aspects of the Soviet system were paradoxically resilient in the face of system-wide collapse, many institutions continued to function, and the living arrangement was such that people did not lose access to food, shelter or transportation, and could survive even without an income. The Soviet economic system failed to thrive, and the Communist experiment at constructing a worker's paradise on earth was, in the end, a failure. But as a side effect it inadvertently achieved a high level of collapse-preparedness.

In comparison, the American system could produce significantly better results, for time, but at the cost of creating and perpetuating a living arrangement that is very fragile, and not at all capable of holding together through the inevitable crash. Even after the Soviet economy evaporated and the government largely shut down, Russians still had plenty left for them to work with. And so there is a wealth of useful information and insight that we can extract from the Russian experience, which we can then turn around and put to good use in helping us improvise a new living arrangement here in the United States--one that is more likely to be survivable.

The mid-1990s did not seem to me as the right time to voice such ideas. The United States was celebrating its so-called Cold War victory, getting over its Vietnam syndrome by bombing Iraq back to the Stone Age, and the foreign policy wonks coined the term "hyperpower" and were jabbering on about full-spectrum dominance. All sorts of silly things were happening. Professor Fukuyama told us that history had ended, and so we were building a brave new world where the Chinese made things out of plastic for us, the Indians provided customer support when these Chinese-made things broke, and we paid for it all just by flipping houses, pretending that they were worth a lot of money whereas they are really just useless bits of ticky-tacky.

Alan Greenspan chided us about "irrational exuberance" while consistently low-balling interest rates. It was the "Goldilocks economy"--not too hot, not too cold. Remember that? And now it turns out that it was actually more of a "Tinker-bell" economy, because the last five or so years of economic growth was more or less a hallucination, based on various debt pyramids, the "whole house of cards" as President Bush once referred to it during one of his lucid moments. And now

we can look back on all of that with a funny, queasy feeling, or we can look forward and feel nothing but vertigo.

While all of these silly things were going on, I thought it best to keep my comparative theory of superpower collapse to myself. During that time, I was watching the action in the oil industry, because I understood that oil imports are the Achilles' heel of the US economy. In the mid-1990s the all-time peak in global oil production was scheduled for the turn of the century. But then a lot of things happened that delayed it by at least half a decade.

Perhaps you've noticed this too, there is a sort of refrain here: people who try to predict big historical shifts always turn to be off by about half a decade. Unsuccessful predictions, on the other hand are always spot on as far as timing: the world as we know it failed to end precisely at midnight on January 1, 2000. Perhaps there is a physical principal involved: information spreads at the speed of light, while ignorance is instantaneous at all points in the known universe.

So please make a mental note: whenever it seems to you that I am making a specific prediction as to when I think something is likely to happen, just silently add "plus or minus half a decade." In any case, about half a decade ago, I finally thought that the time was ripe, and, as it has turned out, I wasn't too far off. In June of 2005 I published an article on the subject, titled "Post-Soviet Lessons for a Post- American Century," which was quite popular, even to the extent that I got paid for it. It is available at various places on the Internet.

A little while later I formalized my thinking somewhat into the "Collapse Gap" concept, which I presented at a conference in Manhattan in April of 2006. The slide show from that presentation, titled "Closing the Collapse Gap," was posted on the Internet and has been downloaded a few million times since then. Then, in January of 2008, when it became apparent to me that financial collapse was well underway, and that other stages of collapse were to follow, I published a short article titled "The Five Stages of Collapse," which I later expanded into a talk I gave at a conference in Michigan in October of 2008.

Finally, at the end of 2008, I announced on my blog that I am getting out of the prognosticating business. I have made enough predictions, they all seem very well on track (give or take half a decade, please remember that), collapse is well underway, and now I am just an observer.

But this talk is about something else, something other than making dire predictions and then acting all smug when they come true. You see, there is nothing more useless than predictions, once they have come true. It's like looking at last year's amazingly successful stock picks: what are you going to do about them this year? What we need are examples of things that have been shown to work in the strange, unfamiliar, post-collapse environment that we are all likely to have to confront.

Stuart Brand proposed the title for the talk--"Social Collapse Best Practices"--and I thought that it was an excellent idea. Although the term "best practices" has been diluted over time to sometimes mean little more than "good ideas," initially it stood for the process of abstracting useful techniques from examples of what has worked in the past and applying them to new situations, in order to control risk and to increase the chances of securing a positive outcome. It's a way of skipping a lot of trial and error and deliberation and experimentation, and to just go with what works.

In organizations, especially large organizations, "best practices" also offer a good way to avoid painful episodes of watching colleagues trying to "think outside the box" whenever they are confronted with a new problem. If your colleagues were any good at thinking outside the box,

they probably wouldn't feel so compelled to spend their whole working lives sitting in a box keeping an office chair warm. If they were any good at thinking outside the box, they would have by now thought of a way to escape from that box. So perhaps what would make them feel happy and productive again is if someone came along and gave them a different box inside of which to think--a box better suited to the post-collapse environment.

Here is the key insight: you might think that when collapse happens, nothing works. That's just not the case. The old ways of doing things don't work any more, the old assumptions are all invalidated, conventional goals and measures of success become irrelevant. But a different set of goals, techniques, and measures of success can be brought to bear immediately, and the sooner the better. But enough generalities, let's go through some specifics. We'll start with some generalities, and, as you will see, it will all become very, very specific rather quickly.

Here is another key insight: there are very few things that are positives or negatives per se. Just about everything is a matter of context. Now, it just so happens that most things that are positives prior to collapse turn out to be negatives once collapse occurs, and vice versa. For instance, prior to collapse having high inventory in a business is bad, because the businesses have to store it and finance it, so they try to have just-in-time inventory. After collapse, high inventory turns out to be very useful, because they can barter it for the things they need, and they can't easily get more because they don't have any credit.

Prior to collapse, it's good for a business to have the right level of staffing and an efficient organization. After collapse, what you want is a gigantic, sluggish bureaucracy that can't unwind operations or lay people off fast enough through sheer bureaucratic foot-dragging. Prior to collapse, what you want is an effective retail segment and good customer service. After collapse, you regret not having an unreliable retail segment, with shortages and long bread lines, because then people would have been forced to learn to shift for themselves instead of standing around waiting for somebody to come and feed them.

If you notice, none of these things that I mentioned have any bearing on what is commonly understood as "economic health." Prior to collapse, the overall macroeconomic positive is an expanding economy. After collapse, economic contraction is a given, and the overall macroeconomic positive becomes something of an imponderable, so we are forced to listen to a lot of nonsense. The situation is either slightly better than expected or slightly worse than expected. We are always either months or years away from economic recovery. Business as usual will resume sooner or later, because some television bobble-head said so.

But let's take it apart. Starting from the very general, what are the current macroeconomic objectives, if you listen to the hot air coming out of Washington at the moment?

First: growth, of course! Getting the economy going. We learned nothing from the last huge spike in commodity prices, so let's just try it again. That calls for economic stimulus, a.k.a. printing money. Let's see how high the prices go up this time. Maybe this time around we will achieve hyperinflation.

Second: Stabilizing financial institutions: getting banks lending--that's important too. You see, we are just not in enough debt yet, that's our problem. We need more debt, and quickly!

Third: jobs! We need to create jobs. Low-wage jobs, of course, to replace all the high-wage manufacturing jobs we've been shedding for decades now, and replacing them with low-wage service sector jobs, mainly ones without any job security or benefits.

Right now, a lot of people could slow down the rate at which they are sinking further into debt if they quit their jobs. That is, their job is a net loss for them as individuals as well as for the economy as a whole. But, of course, we need much more of that, and quickly! So that's what we have now.

The ship is on the rocks, water is rising, and the captain is shouting "Full steam ahead! We are sailing to Afghanistan!" Do you listen to Ahab up on the bridge, or do you desert your post in the engine room and go help deploy the lifeboats? If you thought that the previous episode of uncontrolled debt expansion, globalized Ponzi schemes, and economic hollowing-out was silly, then I predict that you will find this next episode of feckless grasping at macroeconomic straws even sillier.

Except that it won't be funny: what is crashing now is our life support system: all the systems and institutions that are keeping us alive. And so I don't recommend passively standing around and watching the show--unless you happen to have a death wish. Right now the Washington economic stimulus team is putting on their Scuba gear and diving down to the engine room to try to invent a way to get a diesel engine to run on seawater. They spoke of change, but in reality they are terrified of change and want to cling with all their might to the status quo.

But this game will soon be over, and they don't have any idea what to do next. So, what is there for them to do? Forget "growth," forget "jobs," forget "financial stability." What should their realistic new objectives be?

Well, here they are: food, shelter, transportation, and security. Their task is to find a way to provide all of these necessities on an emergency basis, in absence of a functioning economy, with commerce at a standstill, with little or no access to imports, and to make them available to a population that is largely penniless. If successful, society will remain largely intact, and will be able to begin a slow and painful process of cultural transition, and eventually develop a new economy, a gradually de-industrializing economy, at a much lower level of resource expenditure, characterized by a quite a lot of austerity and even poverty, but in conditions that are safe, decent, and dignified.

If unsuccessful, society will be gradually destroyed in a series of convulsions that will leave a defunct nation composed of many wretched little fiefdoms. Given its largely depleted resource base, a dysfunctional, collapsing infrastructure, and its history of unresolved social conflicts, the territory of the Former United States will undergo a process of steady degeneration punctuated by natural and man-made cataclysms.

Food. Shelter. Transportation. Security. When it comes to supplying these survival necessities, the Soviet example offers many valuable lessons. As I already mentioned, in a collapse many economic negatives become positives, and vice versa. Let us consider each one of these in turn.

The Soviet agricultural sector was plagued by consistent underperformance. In many ways, this was the legacy of the disastrous collectivization experiment carried out in the 1930s, which destroyed many of the more prosperous farming households and herded people into collective farms. Collectivization undermined the ancient village-based agricultural traditions that had made pre-revolutionary Russia a well-fed place that was also the breadbasket of Western Europe.

A great deal of further damage was caused by the introduction of industrial agriculture. The heavy farm machinery alternately compacted and tore up the topsoil while dosing it with chemicals, depleting it and killing the biota. Eventually, the Soviet government had to turn to importing grain from countries hostile to its interests--United States and Canada--and eventually

expanded this to include other foodstuffs.

The USSR experienced a permanent shortage of meat and other high-protein foods, and much of the imported grain was used to raise livestock to try to address this problem. Although it was generally possible to survive on the foods available at the government stores, the resulting diet would have been rather poor, and so people tried to supplement it with food they gathered, raised, or caught, or purchased at farmers' markets. Kitchen gardens were always common, and, once the economy collapsed, a lot of families took to growing food in earnest. The kitchen gardens, by themselves, were never sufficient, but they made a huge difference.

The year 1990 was particularly tough when it came to trying to score something edible. I remember one particular joke from that period. Black humor has always been one of Russia's main psychological coping mechanisms. A man walks into a food store, goes to the meat counter, and he sees that it is completely empty. So he asks the butcher: "Don't you have any fish?" And the butcher answers: "No, here is where we don't have any meat. Fish is what they don't have over at the seafood counter."

Poor though it was, the Soviet food distribution system never collapsed completely. In particular, the deliveries of bread continued even during the worst of times, partly because has always been such an important part of the Russian diet, and partly because access to bread symbolized the pact between the people and the Communist government, enshrined in oft-repeated revolutionary slogans. . .



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