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Economic Realities Burden Soviet Union's Political Elite

CPYRGHT By MARK W. HOPKINS, of The Journal Staff

POLITICS overshadowed economics last week in the Soviet Union with a shuffling of titles in the government hierarchy. But it was the 1966 economic plan that revealed the pressures on Soviet politicians. Significantly, the plan envisions the lowest growth of Soviet industry since at least World War II—a modest 6.7%. In this grain of sand is a world of knowledge about the Soviet economic crisis of the mid-1960's.

Last week's political changes were more startling, surely as names make news. Old Bolshevik Anastas Mikoyan, 70, retired with honor as chairman of the Soviet parliament. Nikolai Podgorny, a close associate of Communist party first secretary Leonid Brezhnev, moved into that honorary position. And ambitious Alexander Shelepin lost two of his four jobs, both in the government.

Brezhnev seemed to consolidate his position in this process. Shelepin, an up and coming political executive, likely did not, particularly since Brezhnev criticized performance of one governmental agency that Shelepin had directed.

Slowdown Since '59

More importantly, the changes imply the enormous strains on the post-Khrushchev leadership in maintaining unanimity on Soviet domestic and international policies.

The major divisive issue at home is by all odds a lagging economy. Since 1959 the rate of industrial growth has been sliding every year; agricultural production has fluctuated, reverberating through the whole economy every time the wheat crop fails.

Next year's relatively low growth rate target for industry and 8% to 10% increase in farm output are the results of two things: A candid appraisal within the Soviet Union of the real state of the economy. And new policies to alter the pattern of investment, favoring agriculture and consumer goods industries more than they have been.

What sort of appraisal has occurred is suggested in reports of Prof. Abel G. Aganbegyan, a 33 year old Soviet economist attached to the Novosibirsk institute of economics.

Aganbegyan reportedly delivered a critique of the Soviet economy in November, 1964, to the Communist party central committee, and then again at a Moscow publishing house last spring.

Notes taken then have been brought out by an American visitor who received them from a Soviet citizen. According to these notes, Aganbegyan claimed that from 1958 through 1964, the over-all Soviet economic growth rate declined "by three times." This would put it at 3% to 4% for last year. Agricultural production taken separately has fallen to less than 1% increase a year.

CIA Figures 'Correct'

Aganbegyan, according to the notes, said that in 1964 the American central intelligence agency "gave a completely correct assessment of the state of our economy." The CIA issued a report last year claiming that Soviet economic growth in 1962 and 1963 was less than 2.5%.

Aganbegyan also criticized Soviet economists for misjudging American economic growth. While in 1958 they predicted an annual rate of 2.5% for the United States, the actual growth averaged 5% by 1964.

The young Soviet economist asserted that unemployment in medium and small Soviet towns is 20% to 25% and in large cities, 8%. These figures are approximately the same as reported in a Soviet economics journal. An article last June said that in Moscow and Leningrad between 6% and 7% of the population capable of work did "not participate in the public economy." In Siberia, the figure was 26%, and for the whole Soviet Union, 20%.

Aganbegyan further said that it was difficult for the Soviet Union to match

western defense expenditures. While the Soviet economy was about half as productive as the American, "we have about the same absolute expenditures as the United States" for defense.

If this is true, it means that the Soviet Union spends about 50 billion dollars a year for defense, although the officially reported budget this year is equivalent of 14 billion, and for next, 14.7 billion.

According to notes of his presentation in Moscow, Abanbegyan said that of 100 million workers in the Soviet Union, 30 to 40 million were employed in defense industries, and the rest in agriculture, consumer industry and services. These figures, however, are not substantiated by other available data on the Soviet labor force.

'Senseless Course'

He charged that the Soviet Union has "senselessly followed a course of over-industrialization" and that agriculture has been exploited to develop heavy industry.

"The average kolkhoz worker (collective farmer) can earn one and a half rubles (\$1.65) a day doing kolkhoz work," the notes say. "Working on his own private plot he can earn three and a half rubles (\$3.85). Is it worth while working on the kolkhoz? No."

Aganbegyan is reported to have said that if people were allowed to leave the countryside, "there would soon be nobody left there at all."

Unquestionably Aganbegyan was not alone in his assessment of the Soviet economy. Most of the ills he enumerates have been reported or implied in other Soviet statements, though not always with statistical evidence and so candidly.

The question is whether the Soviet economy can be reorganized now, without slowing down even more. If that happens, the pressures to find expedients, as Khrushchev several times tried unsuccessfully, will mount and reshufflings in the political hierarchy will be more frequent.