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**ECONOMIC INTELLIGENCE REPORT**

**ECONOMIC INTELLIGENCE SURVEY  
OF THE SINO-SOVIET BLOC**



CIA/RR 68

15 December 1955

**CENTRAL INTELLIGENCE AGENCY**

**OFFICE OF RESEARCH AND REPORTS**



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ECONOMIC INTELLIGENCE REPORT

ECONOMIC INTELLIGENCE SURVEY OF THE SINO-SOVIET BLOC

CIA/RR 68

(ORR Project 13.427)

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

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FOREWORD

This report is designed as a concise, general statement of the position and the development of the economies of the Sino-Soviet Bloc.

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It is intended to be a brief survey of the principal characteristics of each of the economies of the members of the Sino-Soviet Bloc. In general, it covers the economic policy of these countries; the magnitude, uses, and trends of production; the pattern of resource allocation; and such political, geographic, and demographic data as are necessary to an understanding of the economies. It must be borne in mind that the descriptions and analyses of each of the economies of the Sino-Soviet Bloc have been abbreviated considerably. The condensation does not do justice to the wealth of economic data which have been gathered and the economic analysis which has been performed in CIA/ORR. It does provide, however, a highly simplified characterization of these economies.

The content of this report conforms in general to the contributions of ORR to National Intelligence Estimates. For a detailed discussion of any of the particular points alluded to in this report, the reader is referred to the many research reports emanating from this Office.

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Appendix A is a summary tabulation of production data for the Sino-Soviet Bloc and the North Atlantic Treaty countries.

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ECONOMIC INTELLIGENCE SURVEY OF THE SINO-SOVIET BLOC\*

Summary

Between 1953 and 1955, three economic developments of particular interest have taken place in the Sino-Soviet Bloc.\*\* First, there has been a shift in Soviet economic policy, in recognition of the extent to which the continued forced growth of the Soviet economy depends upon a more efficient use of labor and capital and upon more flexible leadership. Second, there have been various indications that the economies of the European Satellites, with which relations have been normalized in most respects, are becoming more closely associated with the Soviet economy, not only in terms of economic policy but also in respect to the actual integration of plans and production. Third, the Chinese Communists have shown growing confidence in, and considerable evidence of their ability to carry out, their ambitious programs of industrial expansion, in spite of the pressure of a huge and growing population upon an agricultural economy which at best is barely able to keep pace with population growth.

These developments should be viewed, of course, in the perspective of the parallelism and continuity of economic policies within the Sino-Soviet Bloc. The chief objectives of these policies remain the rapid development of heavy industry, which has been pursued with sustained success, and the operation by the state of all economic activity, which has been achieved in large measure, except in agriculture. As a logical condition and practical result, the welfare of the population has been treated as a minimum requirement in planning and as a residual in practice, except in such fields -- notably education -- in which the welfare of the population happens to be essential to the realization of the aims of the state.

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\* The estimates and conclusions contained in this report represent the best judgment of ORR as of 15 December 1955.

\*\* The Sino-Soviet Bloc consists of the USSR, the European Satellites (Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Rumania), Communist China, North Korea, and North Vietnam. (See the map, Figure 1, following p. 2.)

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Since 1948 the ratio of Soviet to US gross national product (GNP)\* has changed from 1 to 4 to about 1 to 3. In the foreseeable future, Soviet growth will continue at a more rapid rate than that of the US. Even so, in absolute terms, the disparity between the US and the USSR will continue to increase.

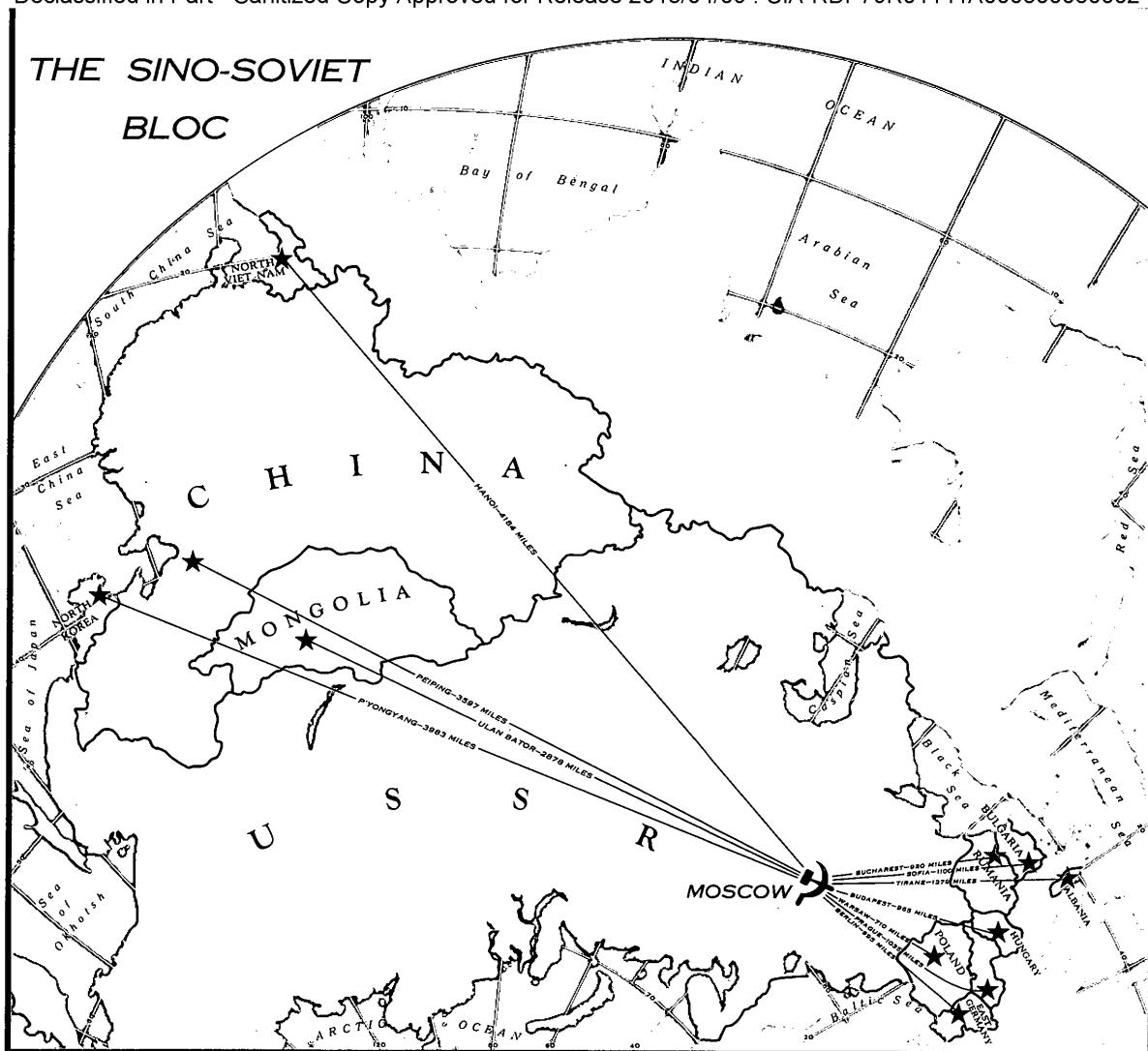
The economic contribution of the remainder of the Sino-Soviet Bloc to the economy of the USSR is approximately the same as the economic contribution which the remainder of the NATO countries makes to the economy of the US. The NATO countries exceed the Sino-Soviet Bloc in the production of nearly all major commodities. For example, energy consumption by NATO is 4 times that of the Sino-Soviet Bloc, and steel production is about 3 times.

The economic superiority of the NATO area is less clear cut when only those resources which contribute to the national security are considered. A substantial proportion of the wealth generated in the West is consumed in maintaining and increasing living standards. The Sino-Soviet Bloc, on the other hand, is not compelled to allocate as much of its resources to household consumption. The aggregate comparison of economic power must be modified by a consideration of the fact that, for example, the Soviet machine tool industry is equal in size to that of the US and that in the postwar (World War II) period Soviet steel capacity has increased as rapidly as that of the US. Even though the over-all economic predominance of the US over the USSR is obvious, the USSR presents an economic and industrial threat more formidable than any faced by the US since the early nineteenth century.

The Soviet economy emerged from the hesitation and confusion of the 1953 shift in economic policy to show an impressive increase in over-all production in most sectors (investment, light and heavy industrial output, and trade turnover) of the economy in 1954 and 1955. The GNP increased by more than 6 percent. Despite a severe drought in the principal grain-producing regions of the USSR, in 1954 grain production as well as total agricultural production increased slightly over 1953, probably by from 2 to 4 percent. The resultant

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\* Gross national product is the sum of all goods and services produced for final consumption -- household consumption, capital formation, and government (including defense) -- during a 1-year period.



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increase in food production, along with increases in other consumer goods and services, brought an increase in the standard of living of the Soviet population of about 5 percent.

Despite the general success of the Soviet economy in 1954 and 1955, there remain some major unresolved problems yet to be faced. During the latter part of 1954 and the early part of 1955 the emphasis in public announcements turned from the 1953 consumer goods program to a continued reliance on heavy industry and increased attention to agricultural production. Initially it was difficult to determine whether this change was a product of the failure of agricultural production or whether the change indicated a new revision of the Soviet economic program.

Only the planned 1955 expenditures for defense offer definite evidence of a significant departure from the Soviet operation under the 1953 Plan revision. Actual expenditures for defense in 1953 probably were about equal to the planned expenditures for 1954. If the 1955 allocation to defense is fully expended, it will represent an increase of more than 10 percent in military procurement and become the largest allocation in a single year for total military expenditures since World War II. This increase in military expenditures apparently is to be brought about at some expense to the rapid rate of expansion and investment allocations for recent years, and perhaps by a reduction of the production of consumer durables.

Planned capital expenditures during 1955 are slightly below the planned figures for 1954. The planned increase in investment in heavy industry is less than 4 percent in 1955, compared with an increase of 12.5 percent in 1954. Planned investment in other sectors of the economy is reduced slightly.

The agricultural program, which was the cornerstone of the 1953 Plan revision, has been revised and enlarged. Continuation of the agricultural commitment carries with it the implication that the processed food and consumer goods program (with the exception of the durable consumer goods) will continue to be emphasized. The principal commitments of the 1953 Plan revision apparently are to be continued into 1955 and beyond.

The production of consumer durables is uncertain. Produced in large part by defense industries and heavy industrial establishments, the production of these commodities may be squeezed in the process of

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meeting the 1955 adjustments. Consumer durables, excluding housing, represent an almost negligible portion of the total output of consumer goods (less than 5 percent), yet these commodities have constituted one of the most concrete illustrations of the intent of the Soviet government to improve the position of the consumer. A considerable effort probably will be made to maintain the increased production of these commodities. To the extent that the production of durable consumer goods conflicts with the revised defense program, however, the former assuredly will be sacrificed.

The total volume of Soviet foreign commodity trade increased by about 15 percent in 1954 over 1953. Trade with the Free World increased more rapidly -- by about 35 percent -- than did trade with the Sino-Soviet Bloc, which was up about 12 percent in 1954. Sino-Soviet trade changed little, but there was about a 15-percent increase in Soviet trade with the European Satellites.

The most dramatic change in Soviet foreign trade has been the development by the USSR of a sizable import surplus with the Free World. In addition, the composition of Soviet imports in 1954 appears to have shifted to more consumer goods, especially foods and fibers. The composition of Soviet trade with the rest of the Sino-Soviet Bloc changed little.

The main features of the economic achievement of the USSR in 1954 and 1955 were the high rates of growth (about 10 percent) in industrial production, which permitted the general fulfillment of the original goals of the Fifth Five Year Plan (1951-55) before mid-1955; a notable increase achieved under the "new course" in the production of manufactured consumer goods (though not necessarily in the availability of quality foodstuffs and housing); and the successful inauguration of a large-scale program for increasing the quantity and quality of the production of basic foodstuffs, centering on the use of fallow lands with insufficient rainfall. The most significant actions taken in 1955 are the financial measures to ease the inflationary pressures resulting from the employment of a larger labor force than planned, which in turn reflects a lagging in the growth of industrial productivity, and the rise in planned defense expenditures, which is believed to reflect mainly increased procurement of military end items. The difficulty of reducing labor costs (particularly in agriculture, construction, and the extractive industries) and the heavy burden of defense are the principal factors inhibiting even more rapid Soviet industrial growth.

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Despite the difficulties of agriculture, labor productivity, and the investment-consumption-defense conflict, it is obvious that the Soviet economy is essentially sound, capable of supporting its population, growing rapidly, and that it represents a potential enemy, both offensive and defensive, of the first magnitude.

The Eastern European countries which have been incorporated into the Soviet sphere of influence since 1945 represent a considerable augmentation of the economic strength of the USSR. Their development is an important part of the economic policy of the USSR.

Taking into account both the tasks which the European Satellites set for themselves in 1954 and the actual changes in economic conditions since 1953, developments in these countries during 1954 and 1955 may be characterized as combining modest successes with serious shortcomings. There was, for example, a further small improvement in living standards, and there was some easing of the strains and bottlenecks which had developed within the industrial sectors of the economies. The structural readjustments in the industrial sectors did not, however, prevent sharply declining rates of economic (especially industrial) growth. Each country has expanded its industrial output rapidly since 1948, but the rates of industrial growth have slackened markedly in recent years, particularly in 1954. The agricultural stagnation of recent years also has continued. There has been no significant increase in total European Satellite agricultural output since 1950. Production has remained well below the prewar achievement in all of the major countries.

In the industrial sectors of the economies the scheduled reallocation of investment expenditures in favor of the energy and basic materials industries, on the one hand, and the consumer goods industries, on the other, was carried out to a substantial degree, although such plans were not realized completely. The proportion of total state investments which was allocated to heavy industry declined in most, if not all, of the countries in 1954, and the proportion of such expenditures probably also declined substantially in several of them. The shift in investment priorities made possible small improvements in living standards and brought the energy and industrial raw materials industries into better balance with engineering and heavy industrial plant facilities. Some of the Satellites reported larger percentage gains in consumer goods output than in producer goods output, but the latter continues to predominate in the more industrialized countries. Moderate in extent as this structural realignment in

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industry was, it appears to have reduced considerably the over-all rate of growth as well as the growth of industrial output in 1954. Only Poland was able to fulfill its initial industrial production goals for the year, and in all seven European Satellites the announced percentage gains in output over the previous year were smaller than in 1953. In Hungary and Czechoslovakia, increases in gross industrial production were only 3 and 4 percent, respectively.

The failure of the European Satellites to increase agricultural production materially must be regarded as the most serious shortcoming in the implementation of the "new course" in 1954. This failure occurred despite large increases in agricultural investment, reflecting not only weather factors and the lag between investment and increased output but also the very low level of agricultural investment before the "new course." Because of the conversion of some plants to consumer goods production and the effort to increase production of consumer durable goods, there was a small reduction in the agricultural labor force, despite the urgency of the "new course" agricultural program. Policies designed to extend the cultivated area have met with only limited success. Total Satellite production of agricultural commodities was about the same in 1954 as in 1953. Unfavorable weather caused a reduction in grain production by from 5 to 15 percent in Czechoslovakia, East Germany, and Hungary. There were no increases of significance in livestock numbers for the area as a whole. Production of industrial crops, on the other hand -- particularly of textile fibers -- fared somewhat better in 1954. In 1954, Satellite consumers benefited somewhat more than during any of the years immediately preceding the "new course." Although the Satellite government adopted resource allocation policies more favorable to consumption, the improvements in living standards which were possible during the past 2 years were relatively small. Only if these gains are continued for several more years will some of the austerity of recent years be removed and prewar standards of living be regained or exceeded.

Production of manufactured consumer goods, particularly the more expensive type, has increased considerably during the "new course" and in most categories now exceeds prewar levels. Investment in residential housing has been increased substantially. The least successful feature of the consumer program for 1953 was the failure to increase food supplies. Despite efforts to get foodstuffs in foreign trade, food consumption per person did not improve significantly in 1954, remaining below the postwar level for all the countries except Poland and Bulgaria.

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Although direct Soviet control over enterprises in the European Satellites has been reduced somewhat during the past 2 years, this reduction does not appear to be particularly significant, because of the pervasive indirect controls which are exercised by the USSR over Satellite economic development. The extent of Soviet direction of Satellite economic policies has not lessened under the "new course" and may have increased slightly because of the growing coordination activities of the Soviet-dominated international organization, the Council for Economic Mutual Assistance (CEMA). Control of Satellite policies probably has continued to be exercised primarily through Party and governmental channels, however, as illustrated by the country-by-country adoption of the "new course" during the latter half of 1953. There is some evidence, on the other hand, that the USSR has dictated, or that various pairs of Satellites have agreed upon, coordinated production and investment plans for selected products or industries through the medium of CEMA.

Analysis of the 1955 economic plans and budgets and of recent statements by Satellite leaders indicates that the "new course" is being continued this year, despite the emphasis in official speeches upon the primacy of growth in heavy industry.

The value of Satellite trade with non-Bloc countries was greater in 1954 than in any year since 1951. The direction of Satellite trade, however, has not been altered fundamentally since the introduction of the "new course" in 1953. About 75 percent of Satellite trade is accounted for by other Bloc countries with the USSR -- the foremost trading partner for each Satellite. Satellite dependence on foreign trade, as measured by the ratio of trade turnover to GNP, was less than that of France, West Germany, or Italy in 1951 but was considerably greater than that of the USSR.

The European Satellite GNP in 1954 was about 40 percent of that of the USSR. The Satellite economies have grown rapidly since 1948, but the rate of increase in GNP, like that of its most dynamic component, industrial output, has been declining. This slackening in the pace of Satellite economic development generally parallels that in the USSR, so that the ratio between Satellite and Soviet GNP has not changed materially in the postwar period.

The contribution of the Far Eastern Communist nations to the economic strength of the Sino-Soviet Bloc has been limited. These nations are at the very beginning of their industrial development



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stage and have found it necessary to rely upon the Bloc for support, especially for capital goods.

Communist China, now in the third year of its First Five Year Plan (1953-57), has a good chance of achieving the ambitious planned goals for industrial production of a 100-percent increase over 1952, the year in which the prewar level was reached. Since the summer of 1954 the Chinese Communist regime has issued several announcements of its goals, which are high, and its accomplishments, which are impressive. Both goals and accomplishments must be considered in relation to the small industrial base of China in 1952, which was roughly equal to the prewar industrial base. Chinese agriculture, moreover, is at best barely able to keep pace with population growth, and for workers and peasants there is even less prospect of material gain than in the USSR and the European Satellites. The Communist regime has consolidated its control over the economy, though it is still in the process of liquidating the private sector, notably in agriculture, in which the pressure for collectivization was increased in 1954 and 1955.

Industrial production increased about 16 percent in 1953 and 1954. The success of the Chinese Communists in developing heavy industry at the expense of light industry is indicated by a rate of growth for producer goods approximately double that for consumer goods.

The average increase in total output (GNP) from 1950 to 1952 was about 12 percent. The increase in output for 1953 was about 6 percent over 1952. Setbacks in agricultural output in 1954 reduced the increase in GNP in 1954 to 4 percent over 1953. In the absence of floods affecting agricultural output, the 1955 GNP is expected to increase by 8 percent over 1954.

With increases in industrial output exceeding the increase in output in the agricultural sector, the general trend and structure of the Chinese economy show a steady increase in the proportion of national output originating in the industrial sector. Modern industry is expected to rise by one-third in its contribution to GNP in the period of the First Five Year Plan, and the modern industry sector will rise from 16 to 24 percent of GNP.

The incidence of crop disasters, such as the 1954 flood, results in serious food shortages such as that currently being experienced, which has lowered the average daily caloric intake per capita in 1955

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to about 1,800 calories, compared with 2,000 calories in the prewar period. Communist China has the lowest caloric intake per capita of the Asian countries, with the exception of India and North Vietnam. Foreign trade amounts to about US \$3.5 billion per year. The bulk of this trade continues to be with the Soviet Bloc, with the Free World portion being about 20 percent. Military supplies and producer goods constitute nearly 90 percent of 1954 imports, whereas, in pre-Communist days, consumer goods dominated the import side. Chinese exports consist primarily of foodstuffs and raw materials, although the Chinese Communists are trying to develop light industrial exports.

The economies of the other Asiatic Communist countries, North Korea and North Vietnam, remain disorganized and dependent upon Communist China and the Soviet Bloc for assistance. Industrial production is quite small, and agricultural production is barely enough to meet the needs of the population.

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I. USSR.

A. Introduction.

The making of economic decisions in the USSR is almost exclusively a function of central political bodies. Economic policies laid down in quite specific terms by the central authorities to channel economic activity toward the attainment of the long-run goal are implemented directly by the state planning organs. The attainment of the state's goals is not left to the market place. A wide gap between the interests of the population and the government, a result of the policy of a high rate of investment and a low rate of household consumption, has necessitated the extension of centralized control over an ever-increasing number of commodities and activities. For example, pricing policy is designed to ration scarce consumer goods by means of a very large tax component in the price, whereas the absence of the tax in the prices of producer goods provides the state with a relatively cheap supply of industrial materials. Collectivization in agriculture, by making deliveries of produce to the state obligatory at low prices set by the state, has had the parallel effect of depressing the real income of the rural population.

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At the apex of the economic administration of the USSR is the presidium of the Communist Party. On the basis of the presidium's policy decisions, general directives are issued by the State Planning Commission (Gosplan), a staff of the Council of Ministers. Gosplan, with the assistance of other agencies, translates these directives into Five Year Plans and subsidiary plans, which become effective upon the automatic approval by the Supreme Soviet.

The responsibility for implementation of the plans resides in the economic ministries subordinated to the Council of Ministers and by the various staffs attached thereto. The three basic types of ministries are (1) the All-Union ministries of overriding national significance, such as the Ministry of Defense; (2) the Union-Republic ministries, such as the Ministry of Agriculture for each of the republics and for the USSR; and (3) the Republic ministries, such as the various ministries of local industry, which are concerned with the local affairs of each republic and for which there is no corresponding over-all ministry.

The principal development to take place in the Soviet institutional structure in 1954 was the reestablishment of the pattern of ministries that prevailed during Stalin's last years. From 1939 until Stalin's death in March 1953, that pattern was characterized by a large number of relatively small and specialized units. Within several days after Stalin died, these had been consolidated into a much smaller number of larger units with a broadened scope for each. Later in 1953 the number of ministries was increased, and in 1954 it was increased still further. At the beginning of 1955 the Soviet government consisted of approximately the same number of ministries as 2 years earlier.

Virtually all economic activity of the USSR is included in the state plan. The only economic activities of any importance not included are the collective farm market, where the state does not control the price and only indirectly controls the supply, and the disposition by farmers of produce grown on their own individual plots and of income in kind which they receive from the collective farms.

With the important exception of agriculture, virtually all production in the USSR is carried on directly by state-owned enterprises. In agriculture, about 85 percent of production is carried out by the collective farms, which are government-imposed associations of the peasantry for communal cultivation of land assigned for use in

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perpetuity. Direct production by the state is limited to the state farms. The state owns and operates the machine tractor stations, which control the entire agricultural tractor park and the bulk of all other agricultural machinery. Although productive activity on collective farm land enters into the state plan, planning in this sector is less precise because of the greater difficulty of control and the uncertainty of agricultural production.

Most raw materials, important intermediate products, investment goods, and military end items are allocated directly by the Council of Ministers in physical units. Each producer receives an allocation based upon the centrally established norms. In order to direct labor into the industries and locations necessary to fulfill the state plans, various direct manpower controls also are employed.

The relationship of the USSR to the Sino-Soviet Bloc is one of marked dominance in the production of most goods and services. A quantitative comparison of the extent of the supremacy of the USSR is shown in Figure 2.\*

B. Regional and Geographic Characteristics.

Soviet economic policy has been influenced to a considerable degree by the disadvantages associated with the immense size of the Soviet land mass and a relatively unfavorable distribution of economic resources within that area. The policy of regional self-sufficiency in the postwar period undoubtedly has been to some extent a response to this problem, although the influence of strategic and military consideration has also been great. The high proportion of productive effort which must be expended in the USSR to overcome space barriers has caused the central authorities to lay great stress on minimizing the transport component of total costs. In the USSR, about 30 percent of total coal production is consumed by the transportation effort, whereas in the US about 15 percent is so consumed. Postwar economic policy is concentrated on the reduction of this transportation burden by developing local sources of energy and by reducing regional interdependence. Maldistribution of high-quality energy resources, however, has hindered the implementation of this policy. Soviet industrialization has increased the average length of haul of coal from 485 kilometers in 1913 to 695 kilometers in 1946. The 1950 plan called for a reduction to 650 kilometers.

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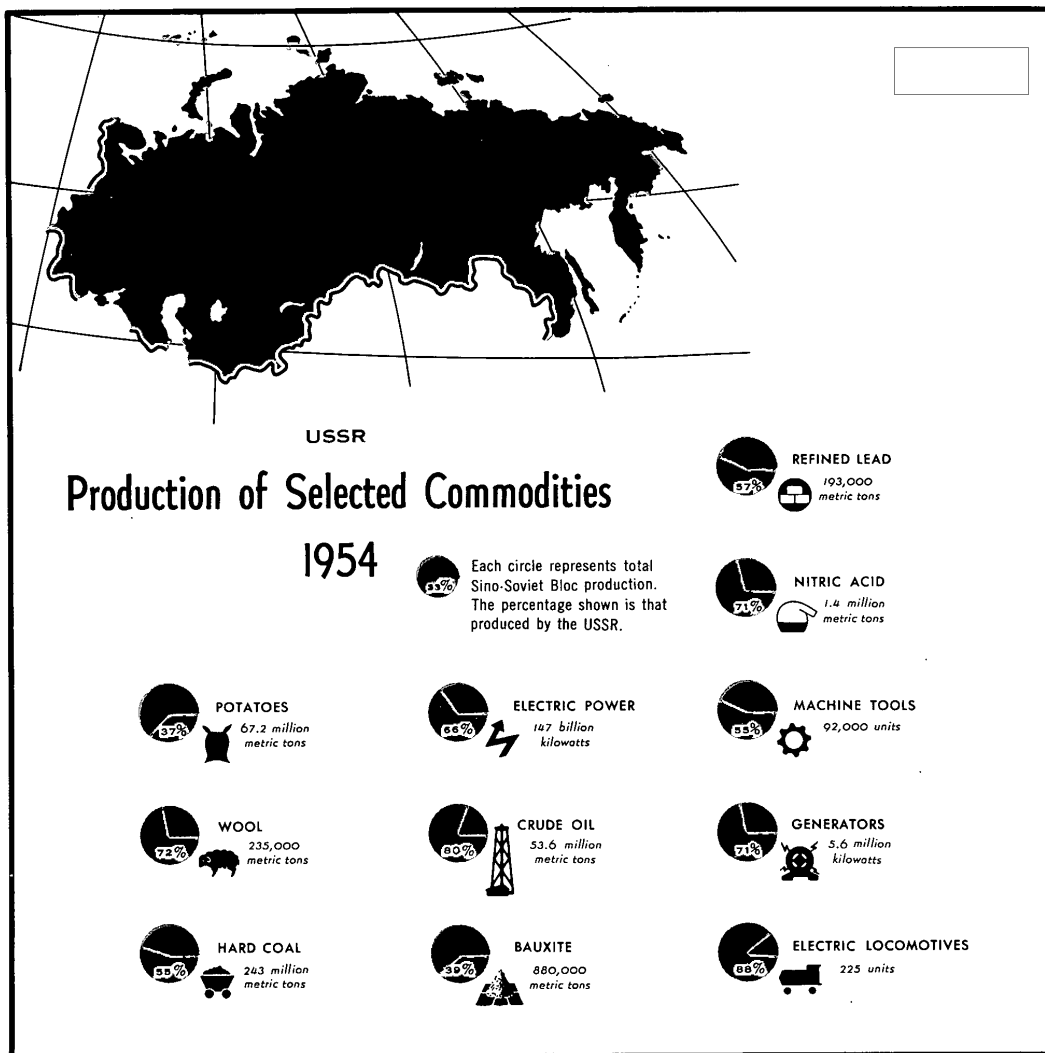
The two older regions of the European USSR have dominated historically and continue to dominate as the most industrially productive regions of the USSR. In 1954, approximately 40 percent of manufacturing activity, 50 percent of agricultural activity, and 50 percent of services (including transportation, communications, trade, and construction) were located in the central industrial district (including Moscow) and in the Ukraine. Forty-five percent of the GNP of the USSR was accounted for by these two areas.

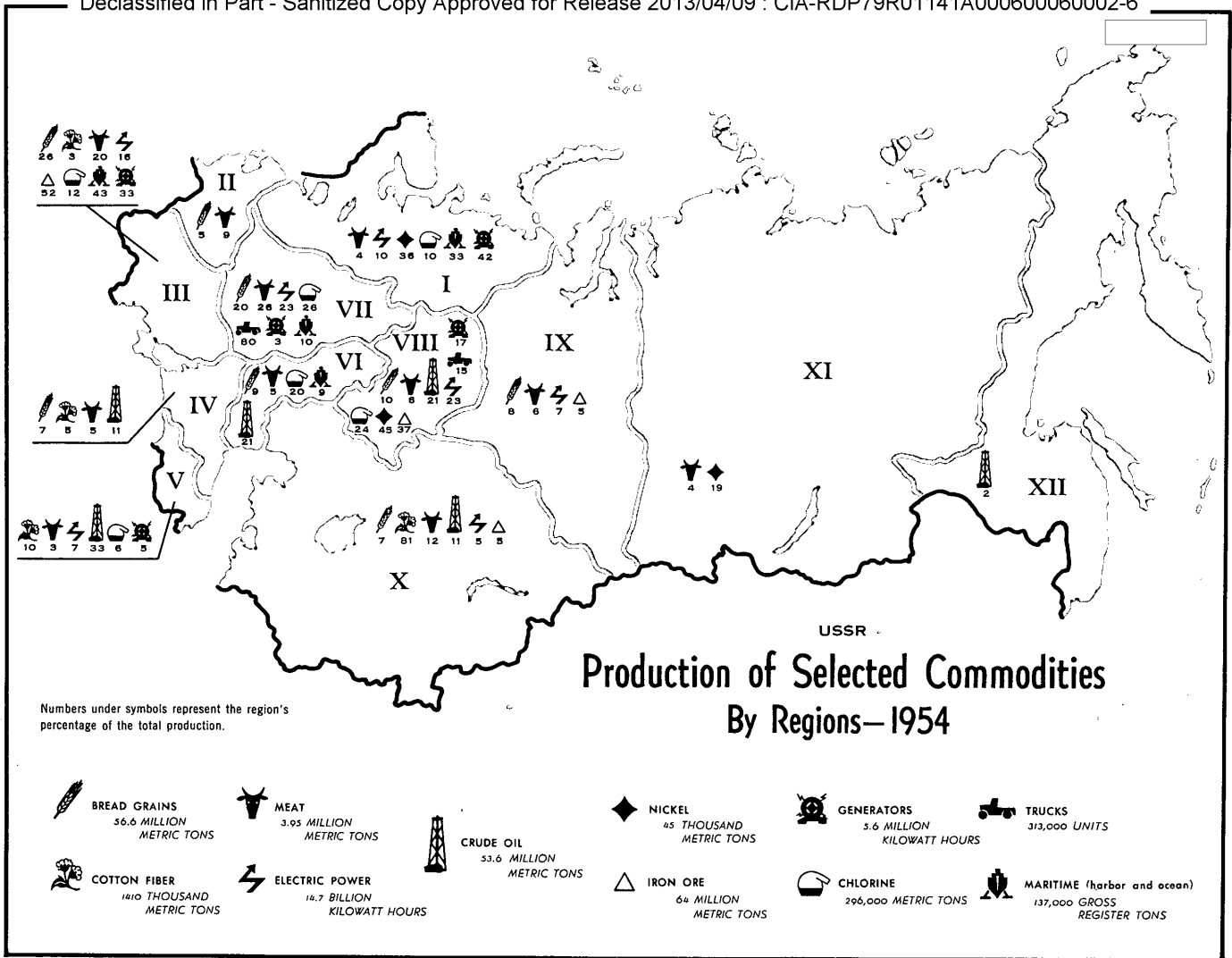
The regional pattern of production is indicated in Figure 3.\* The dominance of the European USSR is clearly evident, as is the relative state of underdevelopment of the Far Eastern regions.

Much of the territory of the USSR lies north of latitudes in the US and includes vast areas of little or no productivity. Actually, only 10 percent of the land is available for cultivation -- only 16 percent if meadows, grasslands, and pastures are included. West of the Urals, 40 percent of the land is utilized for agriculture. In the Ukraine, 60 percent of the land is under cultivation. In Soviet Asia, only slightly more than 5 percent is farmed at all because of permanent frost conditions. There are large areas of poor agricultural lands adjoining good agricultural lands into which cultivation could be expanded if sufficient investment were made. Some of these lands are included in the present land program. The chestnut soils on the northern periphery of the USSR can be dry-farmed or irrigated, and the gray podzolic soils on the northern periphery can be made productive by drainage and fertilization. The USSR has the largest area of fertile chernozem in the world -- 754,000 square miles. These soils are rich and deep. Humus is high and the soils are leached only slightly, because of their location in regions of moderate or light rainfall. Crop yields are not so high as they are in the US, and in the area of dry-farming they are appreciably lower. Timber resources, on the other hand, are the largest in the world; it is estimated that they cover 2.45 million square miles. The mineral resource base of the USSR is second only to that of North America. Large supplies of minerals are accessible and in general (with the notable exception of coal) have good locations in relation to one another.

The USSR has a large inland waterway system built upon an extensive natural hydrographic net. Because most of the Siberian rivers flow north, a more extensive use is made of the European than the

\* Following p. 12.





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Asiatic rivers. The spring thaw differential melting time between north and south causes much flooding and limits the use of Siberian rivers for navigation. The USSR has only one-third of the mileage of the US rail network, although the extent of the Soviet land mass creates a very serious transportation problem for Soviet planners.

C. Structure and Growth of the Soviet Economy.

The rate of increase in the GNP of the USSR has been declining since 1949. During the 6-year period 1948-54 the average annual rate of growth was about 8 percent, whereas the GNP of the US rose by about 3.4 percent per year. If the 3-percent increase for 1953, the year of transition, is excluded, annual rates fell from nearly 11 percent in 1950 to an average of 8.2 percent in 1951-52. In the next few years the Soviet economy will continue to grow rapidly, but by about 1960 the annual rate of increase of GNP should have fallen to about 5 percent per year.

Historically there have been and will continue to be differential changes in the manner in which the USSR spends its product. Between 1948 and 1954 the portion of the total production available for personal and communal consumption rose more slowly than did total GNP. As a claimant on production, consumption fell by almost 4 percent. The shares of total production expended for defense purposes in 1948 and 1953 are almost the same. During the postwar period until 1952 the military establishment was acquiring an expanding share of resources. Since that date, defense has received a declining portion. Investment has been the only end use to gain relatively during the entire postwar period, a fact which underscores the emphasis on growth by the Soviet leaders. During the next few years it is anticipated that consumption will obtain a very slowly declining share of the total, and defense expenditures, if the present policy is continued, will require a much smaller share of total resources than at present. Investment will receive an ever rising share of total GNP. The end use breakdown of the Soviet GNP in 1954 is shown in Figure 4\* and in Table 1.\*\*

Differential growth trends are evident in the historic comparison of sectors of origin of the GNP. The industrialization of the economy proceeded at a rapid pace from 1948 to 1954, industry being responsible for almost 33 percent of GNP in 1954 compared with 25

\* Following p. 14.

\*\* Table 1 follows on p. 14.



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percent in 1948. (See Table 2.\*) Over the period, agriculture surrendered first place to industry, originating 28 percent of GNP in 1954 compared with nearly 36 percent in 1948. The construction component, as would be expected in an economic policy emphasizing investment, rose as a percentage of the total. Transportation was also of growing relative importance, as the expanding regions of the country became increasingly interdependent. The role of trade also bulked relatively larger in the economy, as consumer goods production was completing its recovery and trade was being channeled into state and cooperative retail outlets and away from collective farm markets. The trends which the sectors of origin had shown between 1948 and 1954 probably will continue for the next few years but to a somewhat lesser extent.

Table 1

Gross National Product of the USSR, by End Use  
1948 and 1954-55

End Use	Percent		
	1948	1954	1955
Consumption	64.7	59.9	59.5
Administration	3.2	2.5	2.4
Defense	10.1	10.0	9.9
Investment	22.0	27.6	28.2
Gross National Product	100.0	100.0	100.0

D. Population and Manpower.

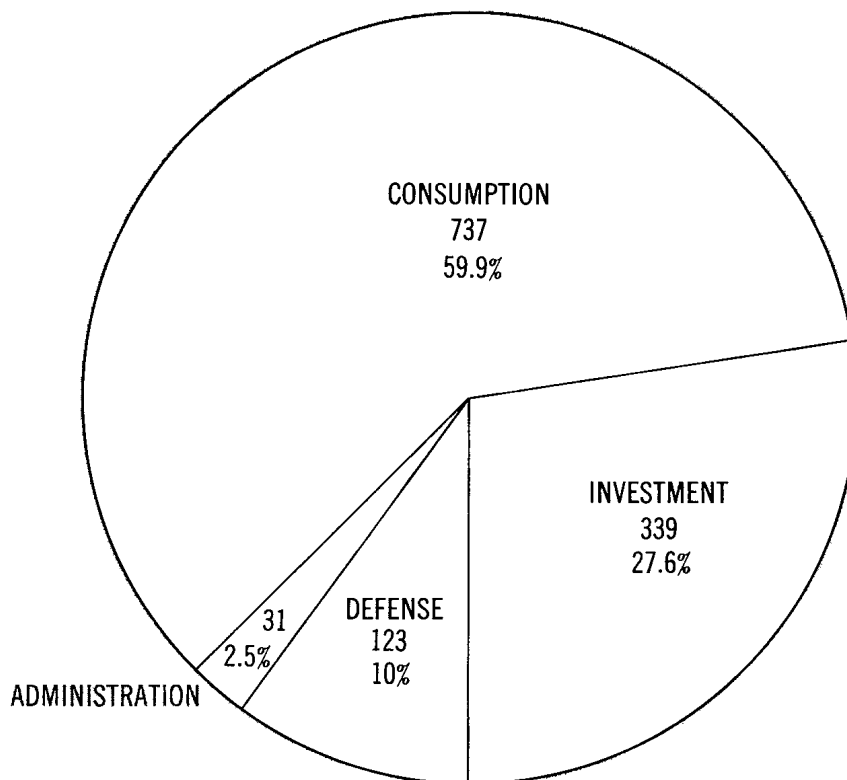
The population of the USSR was about 217 million in mid-1955. It is growing at a rate of slightly less than 2 percent per year. Of the total population, about 60 percent are between 15 and 59, and about 27 percent are males between 15 and 59.

\* Table 2 follows on p. 15.

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Figure 4

USSR  
GROSS NATIONAL PRODUCT  
(By End Use)  
1954  
(1230 Billion 1951 Rubles)



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Table 2

Gross National Product of the USSR, by Sector of Origin  
1948 and 1954

	Percent	
	<u>1948</u>	<u>1954</u>
Industry	24.4	32.1
Agriculture	35.7	28.2
Construction	5.0	6.9
Transport	5.8	7.1
Communications	0.9	0.9
Trade	5.5	6.3
Services	22.7	18.5
Gross national product	100.0	100.0

The Soviet labor force probably will grow more slowly than total population. In recent years, about 50 percent of the Soviet population has been in the labor force, when forced labor and military personnel are included. During most of the postwar period the demand for labor in the USSR has been exceptionally high because of reconstruction and military requirements, and in 1953-54 because of the need to adjust to the new economic program. In 1938 the participation ratio was about 47 percent.

The nonagricultural labor force has been a rising trend during the entire postwar period, as is shown in Figure 5.\* The present and planned expansion of grain acreage and animal husbandry is expected to raise agricultural production by more than 20 percent. This probably will involve an increase in labor requirements in agriculture, despite continued attempts to replace agricultural labor through mechanization.

The rapid growth of Soviet education, which has been one of the principal characteristics of Soviet socioeconomic development in the postwar period, probably will continue into the future. High school attendance, involving 10 years of schooling, is to be compulsory by 1960; and the character of Soviet high schools also is changing and will in the future include many more technical courses.

\* Following p. 16.

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E. Agricultural Production.

Soviet agriculture has been the problem sector in the Soviet economy from the very beginning of the Communist regime. With a rapidly growing population and with the soil and climatological conditions prevailing in the USSR, it has been a constant battle to maintain food production at a level sufficient to prevent caloric intake per capita from falling. The emphasis upon heavy industrial investment and upon industrial production in general, to the relative neglect of agriculture, has worsened the relative position of agriculture over a long period of time. It has been only since about 1953 that Soviet leaders became sufficiently concerned over agriculture, and specific programs have been initiated to expand agricultural production through greater investment in agriculture and through expansion onto marginal lands. Despite all efforts, agriculture remains and probably will continue to remain the weakest part of the Soviet economy.

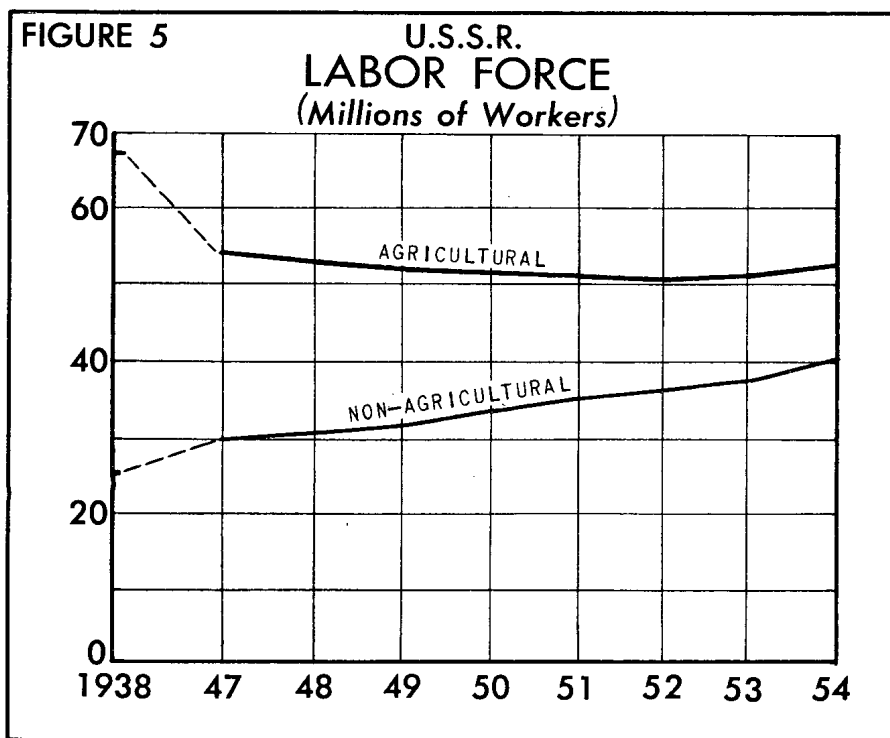
Soviet agricultural growth is circumscribed by certain limiting factors which have combined in the last 25 years to retard the expansion of output to a rate which generally has been below the population growth rate. Figure 6\* indicates the increases in agricultural production between 1938 and 1960.

First, crops normally can be grown on an area covering only 10 percent of the country as compared with 25 percent in the US. Of this 10 percent, land and climate are favorably united for potential growth in yield per acre, without large investment, on only a fraction of 1 percent. The areas of adequate precipitation are also the areas of poor soil and short growing seasons. Practically all of the USSR's good soils, the famous chernozems, are in an area of uncertain or deficient precipitation. Whereas rainfall and soil belts in the US are generally in east-west gradations, cutting across zones of equal temperature that are generally latitudinal, the USSR labors under the handicap of a latitudinally inverse temperature and rainfall zone -- that is, as the temperature rises from north to south the rainfall decreases. The USSR has also an acreage limitation to increasing output. The present program of expanding the acreage of small grains by 20 percent in 3 years is being carried out primarily on land that normally would be classified as untillable because of unfavorable climate or poor soil.

\* Following p. 16.

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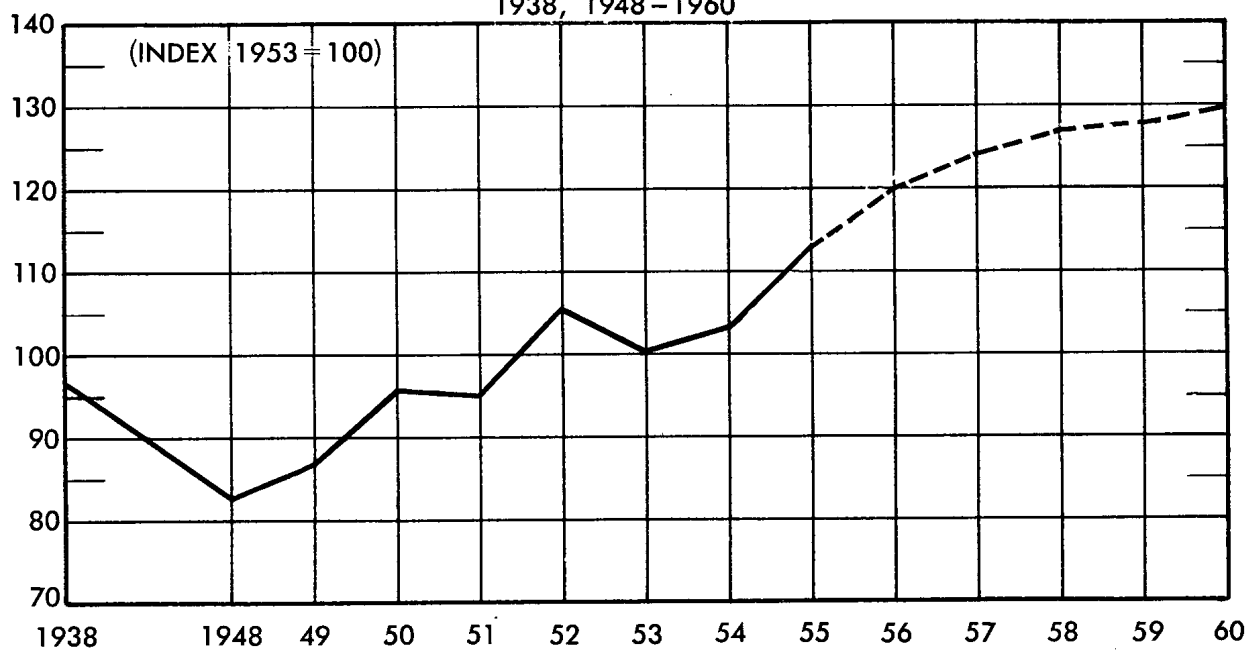
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U.S.S.R.  
AGRICULTURAL PRODUCTION

FIGURE 6

MAJOR COMMODITIES  
1938, 1948-1960



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Second, the present institutional arrangement in the agricultural sector has remained basically unchanged since the advent of collectivization. The three primary organizations -- the collective farm, the state farm, and the machine tractor station -- are immense in size, inefficient in operation, and more suitable as organs for state control of the peasant than for the production of agricultural products. The collective farm, almost 25 times the size of the average US farm, appears to be anathema to the peasant. The peasant is repelled by this impersonal giant and the heavy hand of the state, which has organized production allocation to make the peasant a residual claimant to production.

Third, the agricultural investment policy in the USSR has had a depressing effect upon agricultural production. The principal characteristics of this policy have been (1) the parsimony on the part of the government in allocating funds for state investment to agriculture and in paying the collective farm a price for its products that would result in accumulation of funds for investment by the collective from its own means, and (2) a lack of rationality in state investment. Billions of rubles have been poured into schemes such as the projects for the transformation of nature -- shelter belts and grandiose irrigation projects -- with little success. Even when investment has been applied directly to production purposes, such as the state farm investment, there has been little return. The state farm has proved to have an insatiable appetite for funds, resulting in constant complaints from the government about the waste and unprofitableness of the system.

Fourth, the passive resistance of the peasant has been woven so tightly into the fabric of the agrarian system since forced collectivization that it may be the most difficult handicap to overcome. The antipathy on the part of the peasants has had its most overt expression in the livestock sector, where peasant reaction to government measures can be graphically shown by the simple display of the livestock number cycle. The depressing effect on crop production has been less spectacular, mostly made evident in the large differential between the actual crop yield and that which would be obtained if no losses were suffered.

These limiting factors form a series of links in a chain, a chain which the USSR has tried to break by successively testing this or that link, attempting to find the weak one, the area where investment or reform would cause the shackles of secular stagnation to

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break. Since 1953 there has been a frontal assault on all these limiting factors. It is not possible to translate accurately the effect of these new measures upon production in agriculture; but, given relatively favorable conditions and general success with the programs, it is likely that during the next few years agricultural production will increase somewhat and command a slight lead on population growth.

The year 1954 was the first agricultural year of the "new course." The first year, from a production performance point of view, was characterized by (1) a 3-percent increase over 1953 in the output of 10 major commodities, but only 2 percent above the average of the first 4 years of the Fifth Five Year Plan; (2) the continuation of the deplorable livestock situation, with the exception of a reversal of the downward trend in swine numbers; (3) a 6-percent increase in crop acreage, exceeding the increase in acreage of the last 3 years and signaling the beginning of the most dramatic land expansion program of this century; and (4) an estimated increase of 40 percent in agricultural investment, attributable both to a large increase in collective farm money income and to increased investment allocation from state sources.

The increase in agricultural production was a result of an increase in area under crops and moderate increases in livestock numbers rather than a change in productivity of land or animals. Although poor weather conditions may explain part of the stagnation of growth in yield per hectare and livestock products per head, the most evident reasons for no change in secular trends are the lack of time to translate investment plans and physical input and an apparent lack of any notable change in the peasant's attitude toward the collectivized system in spite of material incentives and other concessions.

There is indicated a continuation of a poor-quality national diet during the 1954-55 consumption year, a diet probably sufficient in calories but heavily weighted with starchy foods, grain products, and potatoes, and deficient in proteins and fats.

In the livestock economy there were no significant trend changes either in numbers or in productivity per animal. An increment in livestock numbers of 7 percent reversed a downward trend in the rate of increase in the previous 3 years, but cattle and sheep numbers continued at a low rate of increase. Despite measures to encourage rapid increases in privately held livestock, the gains in this sector



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were small and uneven. The persistence, perhaps worsening, of poor performance in animal husbandry is the natural result of very little, if any, strengthening of the three weak links in this sector -- feeding, shelter, and management. Despite attempts to improve the situation in these areas, no significant improvement is expected in the short run, although in the period 5 to 10 years from now some improvements may take place.

It may be expected that the USSR will make desperate efforts to enhance the position of the agricultural sector over the next few years. A steady stream of new policy directives has been forthcoming since 1953. There is every indication that the USSR at last intends to do something about its agricultural situation, primarily by investing more in this sector and by increasing incentives to the agricultural labor force.

F. Industrial Production.

Soviet industrial production, traditionally the point of emphasis in the USSR, has been increasing rapidly in the postwar period, and in 1954 it increased by about 9 percent. This rate compares favorably with the increase in 1953 of 7.5 percent. Recovery from the dip in 1953 suggests completion of the major adjustments made necessary by the "new course."

During the entire period 1948-54, industrial production increased by more than 100 percent. Annual increases have become progressively smaller, however. This declining trend is expected to continue during the next few years.

Figure 7\* indicates the growth of industrial production in the USSR between 1948 and 1954 and the components thereof. Production of energy has expanded step by step with industry as a whole. Annual increases averaged about 12 percent from 1948 through 1954. Although the rate of growth declined slightly toward the end of the period, it stayed at a relatively high figure of 10 percent in 1954. Of the three major components (coal, petroleum products, and electric power), production of electric power has expanded the most rapidly. Production in this field reached twice the 1948 figures in 1953. Production of coal and petroleum have grown substantially and steadily. Production of ferrous and nonferrous metals rose by 9 percent and 20 percent,

\* Following p. 20.

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respectively, during 1954. Production of metals kept pace with over-all industrial production in 1948 and 1954 and is expected to continue to do so during the next few years. The 1955 steel production plan probably will be fulfilled, and the USSR is expected to fulfill the 60-million-ton goal by 1960. The USSR is not expected to fulfill its 1955 production plan in the case of copper and zinc. In 1953 and 1954, production lagged substantially behind plan. Production of aluminum has been increasing rapidly and will continue to do so.

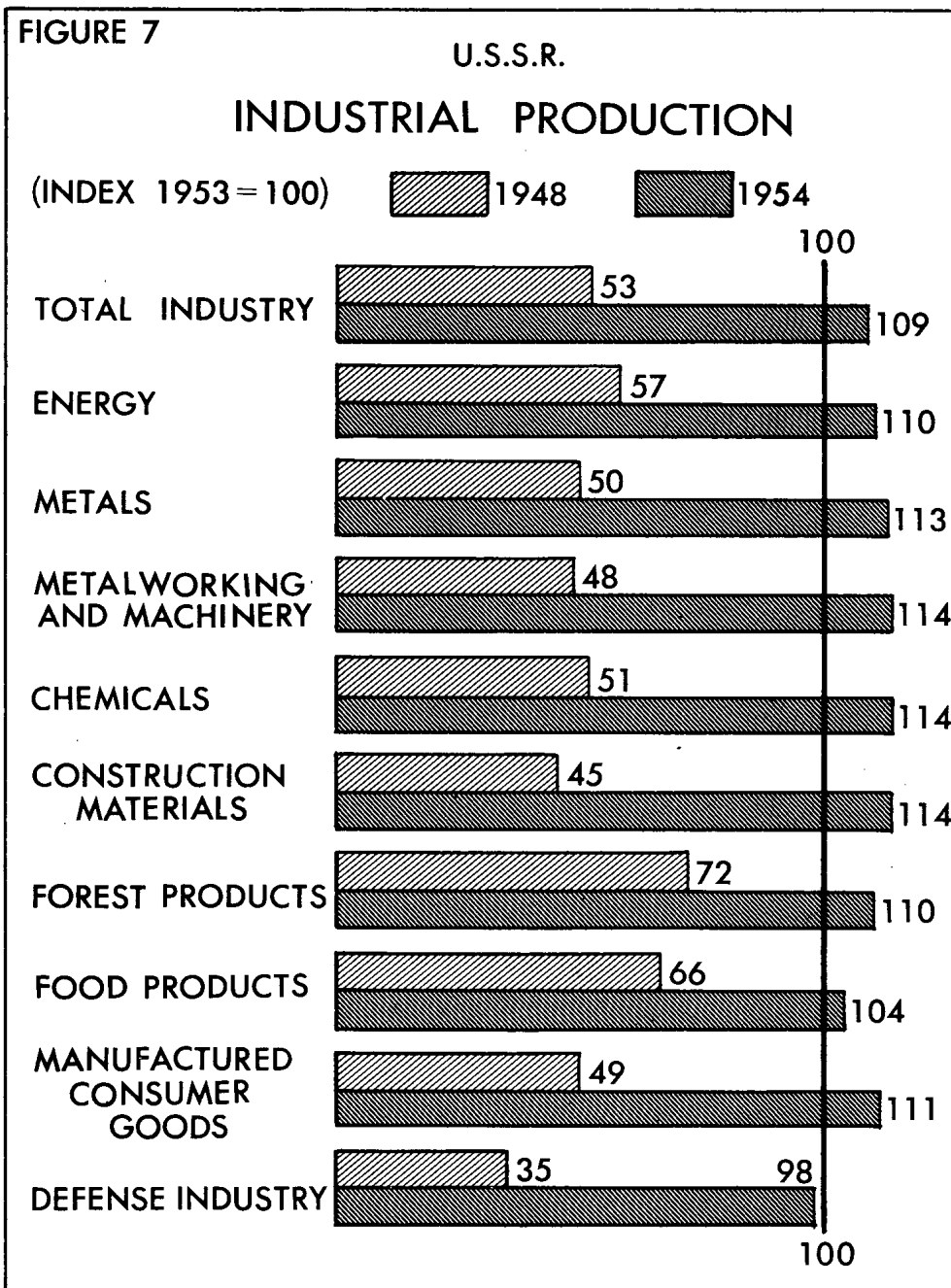
The output of fabricated metal products and machinery rose by 14 percent in 1954. The fastest growing items in this group are expected to be consumer durables and other complex manufactures such as electronic equipment and electrical equipment. Production of automotive equipment, tractors, agricultural machinery, and machine tools has been increasing rapidly, but the rate of increase is expected to decline.

The chemical industry, although comparatively new, has grown rapidly. Gross output has more than doubled in the period 1948 to 1954. Certain important products, notably ammonia and nitric acid, have grown more slowly than the aggregate. It is expected that chemical production will continue to increase at rapid rates in the near future.

The construction materials industry has expanded at a rate appreciably greater than that for industry as a whole. By the end of 1954, output had grown to 2-1/2 times that of 1948. Although declining slightly during the course of the 6-year period, annual increases averaged about 17 percent. Cement production grew somewhat more rapidly, and brick production somewhat less rapidly than the aggregate. Both cement and brick production, however, chronically have fallen short of plan. They have been insufficient to meet plan construction, particularly the recent requirements for housing and for building in agriculture, trade, and the light and food industry. The construction materials industry is expected to continue to grow at a rate greater than that of industry as a whole. Even so, it is likely that plans will not be met in this area and that the fulfillment of construction plans, therefore, will not be completely achieved.

The transport and communications industries have continued to grow in 1954 at a rate somewhat greater than that of the over-all economic activity in the USSR. The Fifth Five Year Plan target for rail freight turnover (the major indicator of transport activity in the USSR) was fulfilled before the end of 1954. Motor carrier and maritime

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transport facilities produced increases in ton mileage which were 2 to 3 times as great as over-all economic growth. Availability of communications media in the USSR during 1954 increased more rapidly than requirements upon these media for the first year during the Fifth Five Year Plan.

In 1954, Soviet production of military end items was approximately 3 times that of 1948. Budgetary allocations to defense in 1954 were 18 percent of total budget expenditures. During the period 1950 to 1954 the value of Soviet production of military end items rose from US \$5.6 billion to US \$10.2 billion (1951 prices).

G. Foreign Trade.

Soviet foreign trade during the period 1948 to 1954 was notable for its growth and shift in geographic distribution. In terms of constant 1951 US dollars, Soviet foreign trade increased from about US \$2 billion in 1948 to approximately US \$7 billion in 1954. Figure 8\* indicates the change in magnitude and composition of Soviet foreign trade. Trade with the Free World countries accounted for only about 16 percent of Soviet foreign trade in 1954 compared with almost 60 percent in 1948. In absolute value, Soviet trade with the Free World fluctuated roughly between a 1940 low of US \$700 million and a 1954 high of US \$1,200 million. Communist China has become the USSR's most important trade partner, accounting for about 20 percent of Soviet trade in 1954. The European Satellites as a whole have expanded their share in Soviet trade considerably since 1948.

Whereas traditionally the USSR is a heavy exporter of agricultural products, Soviet grain shipments to the Free World have declined in recent years. This decline has been caused in large part by increased domestic requirements in Soviet exports to the Satellites. As a substitute for grain, the USSR has turned to larger exports of other goods, especially petroleum and manganese, and to the sale of gold in order to pay for imports from the West. Recently the USSR has made overtures to export capital goods to the West, particularly to underdeveloped areas, but so far there have been relatively few actual shipments. Manufactured goods, especially high-quality machinery and transportation equipment, remain high on Soviet procurement lists from the West, although relatively larger food imports have been in evidence since 1950.

\* Following p. 22.

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From the more industrialized European Satellites -- East Germany, Czechoslovakia, and Poland -- the USSR in 1954 received machinery, transportation equipment, and raw materials, and supplied food, industrial raw materials, and industrial equipment. Soviet trade with Communist China consists largely of Chinese exports of agricultural products, nonferrous metals, and ore in exchange for military and industrial equipment and assistance for China's industrial development program.

II. European Satellites.

A. Introduction.

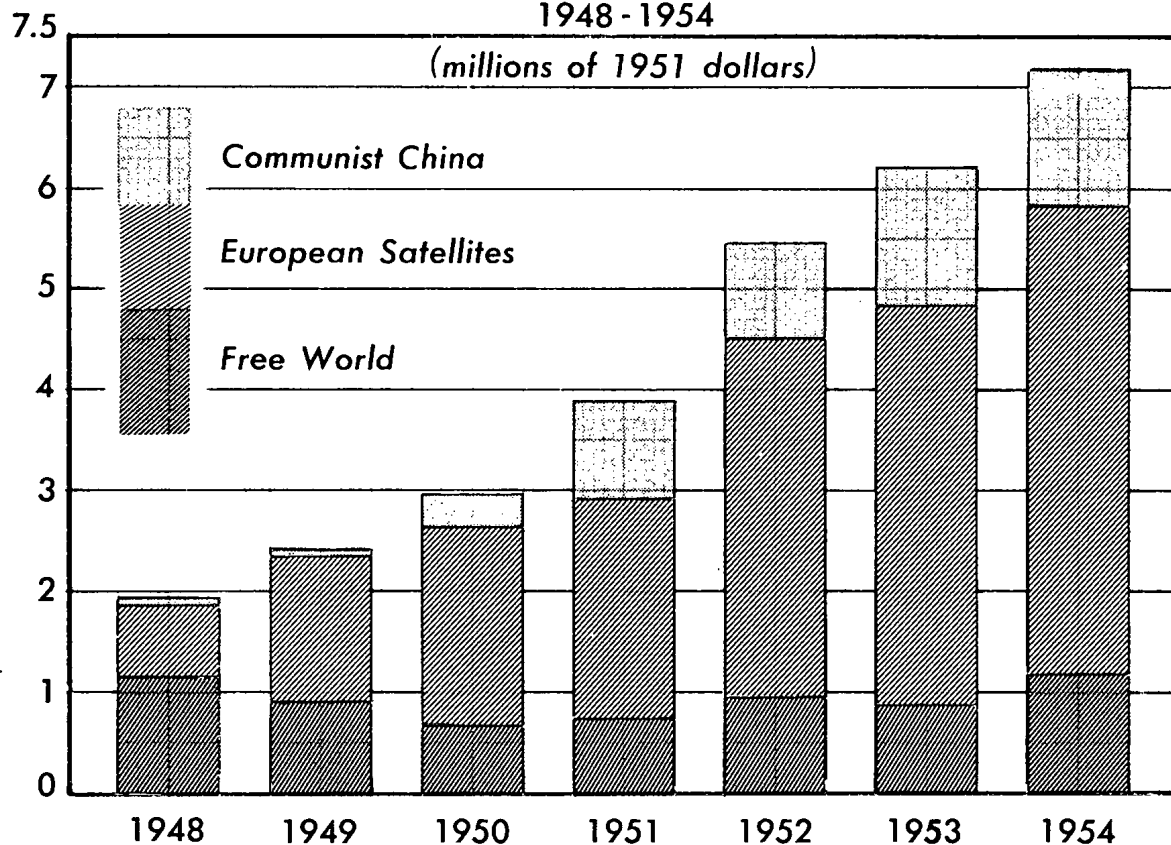
The European Satellites were brought into the Soviet sphere of influence gradually during and after World War II. Military occupation made it possible for the USSR either to set up puppet governments or to insure dominance by the Communist Party in the leftist coalitions that controlled these countries. Since 1948 the governments of all the present European Satellites -- Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Rumania -- have been firmly under Communist control politically, and the economic resources of these countries have been at the disposal of the USSR.

In general, the Soviet course of action with respect to these countries has been to encourage the rapid growth and industrialization of the economies and to maintain the several national regimes in effective control of their economies. The policy has resulted in supporting the population, generally at levels above that of the USSR, maintaining and expanding the industrial base of each country, and, within the restrictions made necessary by forced industrialization, adhering generally to the principle of comparative advantage. The USSR insists upon adherence to Communist dogma, retains political control, and regards the economies of each of the Satellites as supplementing its own.

The Communist Parties in the Satellites are the primary instrument for implementing Soviet aims in this area. In addition, various categories of Soviet personnel operate within the Satellite countries as inspectors to check production for conformity with Soviet specifications and as members of economic or commercial missions to maintain close liaison with the appropriate Satellite ministries. In the past the USSR has exercised some direct control through the joint

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FIGURE 8 U.S.S.R.  
GEOGRAPHIC DISTRIBUTION OF THE  
VOLUME OF FOREIGN COMMODITY TRADE  
1948-1954



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ownership of industrial property in these countries. This form of control, however, has been gradually disappearing in the Satellite countries.

The Council for Economic Mutual Assistance (CEMA) provides the USSR with an important mechanism of coordination and control over the Satellite economies. CEMA was created in 1949, apparently in part to counter the psychological effects of the Marshall Plan for Western Europe. Its stated purpose is to channel Soviet aid to the people's democracies of Eastern Europe and to promote cooperation among equal partners of the Soviet Bloc. It has a Council and a Secretariat located in Moscow to which each country sends a permanent delegate, typically a high official in its national planning commission. CEMA probably has furthered the economic integration of the USSR and the European Satellite countries and is a potential instrument for coordinating the economic plans both within the European Satellites and between the USSR and the European Satellites.

Since World War II, each of the countries in Eastern Europe has undergone drastic changes in its internal political and economic structure. The immediate postwar years found the European Satellites engaged in political revolution and internal changes and, until 1949-50, concerned with the reconstruction of their war-ravaged economies. It was not until 1952 that the output of goods and services in the European Satellites achieved prewar levels.

From 1950 to late 1953 the story of economic development in each of the European Satellites was one of continued high investment in heavy industry and a continual prodding of agricultural production. Late in 1953, greater emphasis was placed on the production of consumer goods, in imitation of the "new course" pronouncements emanating from the USSR.

Although European Satellite leaders have made numerous statements during 1955 about the importance of rapid industrial growth, the national economic plans and state budgets of the various countries do not show any substantial changes in economic policy from that of 1954. The policies currently being followed may therefore be characterized as generally continuing the "new course" as it was carried out in 1954. Some modifications of this policy are evident in 1955, but they are neither great in extent nor applicable to more than 1 or 2 of the countries. Although the economic programs put into effect in 1954 departed somewhat from the orthodox Stalinist economic policies

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followed until late 1953, the changes were not so extensive as those outlined in the initial "new course" announcements.

Official Satellite statistics indicate a slackening in the rates of industrial growth in recent years, and the economic plans for 1955 make it clear that this trend will continue in some of the countries. The new plans for 1955 indicate recognition of the difficulties and shortcomings experienced in 1954 and of the factors which underlay them, notably the raw material shortage, the declining rates of increase in labor productivity, and the inadequate allocation of resources to agriculture.

B. Geographic and Regional Characteristics.

The European Satellites form a strategic buffer zone between Western Europe and the USSR. The seacoasts of Poland, Rumania, and Bulgaria have important ports that are available to the USSR, and command of these coasts has increased Soviet control over the Baltic and Black seas. The USSR has attained at last warm-water ports, although the Satellite coastlines are on interior seas, and the USSR continues to be without warm-water frontage on major oceans.

The lowlands of Southeastern Europe -- Poland, Hungary, Rumania -- are suitable to large-scale, mechanized agriculture. In fact, the lowlands of Poland and Rumania are westward extensions of the plains and steppes of Russia and provide easy access to and from the USSR. The central mountain belt of the Carpathians (the Beskids, the Tatras, and the Sudetens) and the Balkans form a protective barrier for the USSR against easy invasion routes from the West. At the same time, the mountainous terrain in the center and south makes transportation difficult both within individual countries and between the USSR and the Satellites. For instance, Czechoslovakia and Hungary have only one direct rail line each to the USSR.

Numerous rivers and lakes provide adequate water supply and cheap transportation for goods among the Satellites. The important systems of the European Satellites, except for that of Poland, however, do not connect directly with the USSR, being oriented either north-south or westward. Poland has an east-west canal system which connects with the USSR. Yugoslavia is astride the Danube waterway and severs the direct connection between Rumania and Hungary.



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Although the Rumanian and Hungarian plains are subject to periodic drought, most of the region receives sufficient precipitation and has a growing season long enough to be generally favorable to temperate zone crops and livestock production.

Despite historic antagonisms among various religious groups and socioeconomic groups, the forced migrations of the war and the postwar period have resulted in a more homogeneous population within the different European Satellite countries than existed before the war. The rural areas contain a surplus of unskilled labor, although there is a shortage of skilled and managerial labor.

Bauxite, uranium, lead, zinc, coal, and oil are of special importance to the economies of the European Satellites. Timber resources are sufficient for domestic needs and some export. The region is relatively poor in ferrous metals and in some minerals basic to the industrial economies. Furthermore, minerals and fuels are not evenly distributed among the countries.

The European Satellites have rich soil, particularly in the plains areas. Grains, sugar, tobacco, and some other crops are the major products. Agriculture in the Eastern European area, however, is at a low state of technology, despite attempts by the Communist regime to mechanize production. Furthermore, low productivity is found in many areas, necessitating heavy fertilization and calling for improved methods of cultivation.

Although the European Satellites have a well developed standard-gage rail net in some areas -- western Czechoslovakia, Hungary, and parts of Poland -- the difference in gage between the Satellites and the USSR involves time-consuming interchange for through shipments. The rail systems in Rumania, Bulgaria, Albania, and eastern Czechoslovakia are not fully developed.

The relationship of the European Satellites to one another and to the USSR in terms of the production of important commodities is given in Figure 9.\* It is to be noted that the concentration of industry is in Czechoslovakia, East Germany, and Poland, whereas agriculture predominates in Rumania, Bulgaria, and Hungary.

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\* Following p. 26.

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C. Structure and Growth of the Economies.

The GNP of the European Satellites in 1954 was about US \$50 billion in 1951 US prices. The total Satellite GNP was about two-fifths that of the USSR in 1954. This is the same ratio as in 1948, the first postwar year for which estimates are available. In 1938, before World War II, Satellite GNP was almost three-fifths that of the USSR. The decline in this ratio from 1938 to 1948 is evidence of the extent of wartime destruction in the Satellites and of the burden of reparations and the postwar confiscation of property by the USSR. Nevertheless, during the postwar period, even though the USSR has been developing very rapidly, the rapid rate of growth of the Satellite economies has enabled them as a group to maintain the same relative position in terms of their economic output.

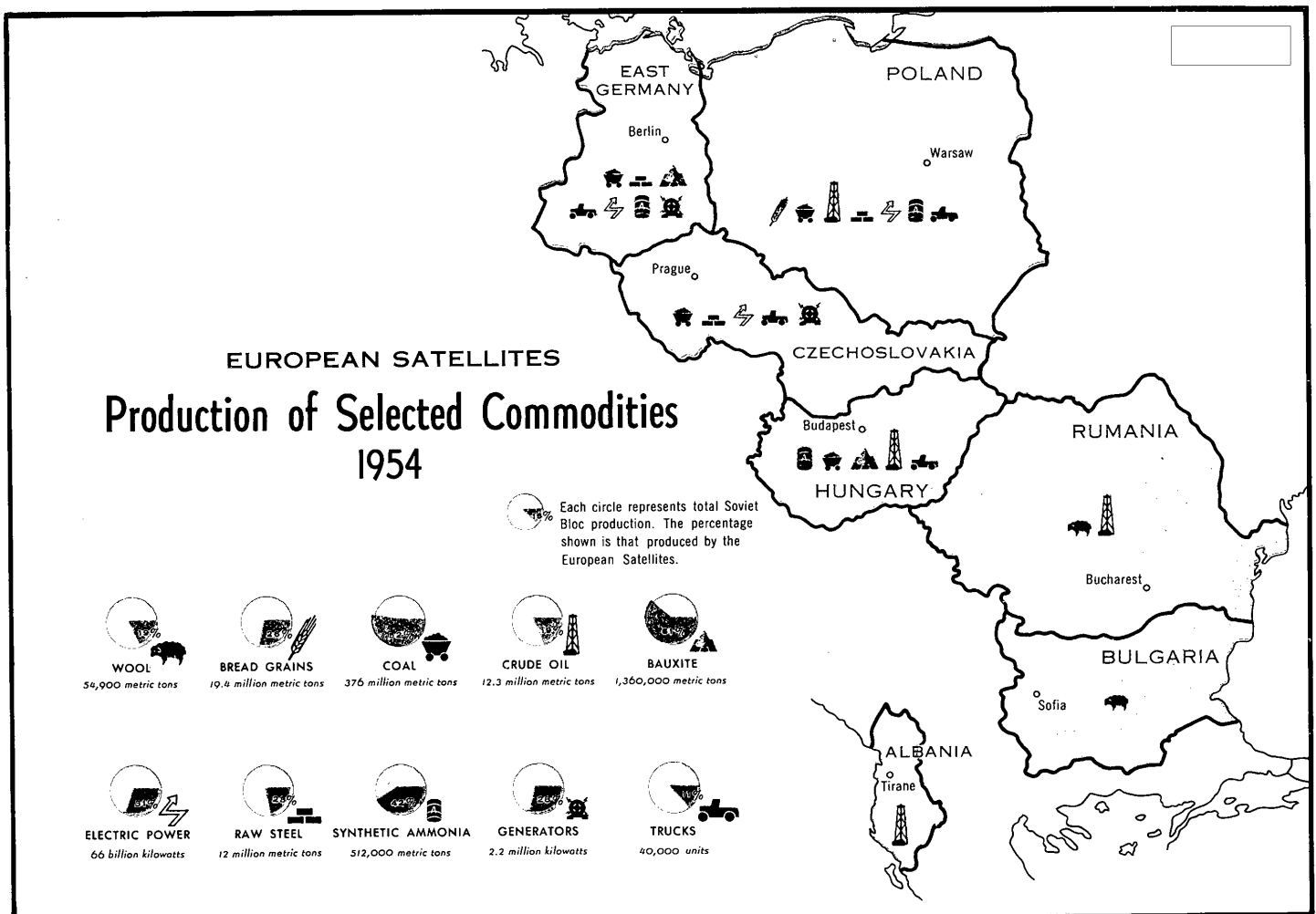
In 1954, Poland generated the largest economic output of all of the European Satellites, with East Germany running a close second. Figure 10\* shows the present position of the Satellites in terms of GNP by country and over time. Whereas in 1938 East Germany clearly had the edge on the other countries which now compose the European Satellites, Poland now holds that position. The failure of East Germany to recover its position by 1948 was the result of extensive war damage and of reparations which included removal of whole plants. In both 1938 and 1954, Poland, East Germany, and Czechoslovakia accounted for about 85 percent of the GNP of the present Satellite countries.

Each of the European Satellites except Bulgaria suffered a diminution of output in 1948 relative to 1938. This reduction in GNP ranged from 45 percent for East Germany to 7 percent for Czechoslovakia and averaged 27 percent for the Satellites as a group.

The per capita GNP of the European Satellites in 1948 was lower than in 1938. Despite a decline in population for the Satellites as a group, Bulgaria and Poland had about the same per capita GNP in 1948 as in 1938. Czechoslovakia was able to increase its per capita GNP. Hungary and Rumania suffered moderate drops in per capita GNP. In East Germany a large drop in GNP and a sizable growth in population accounted for a substantial drop in that country's ability to support former living standards. Figure 11\* shows for 1938, 1948, and

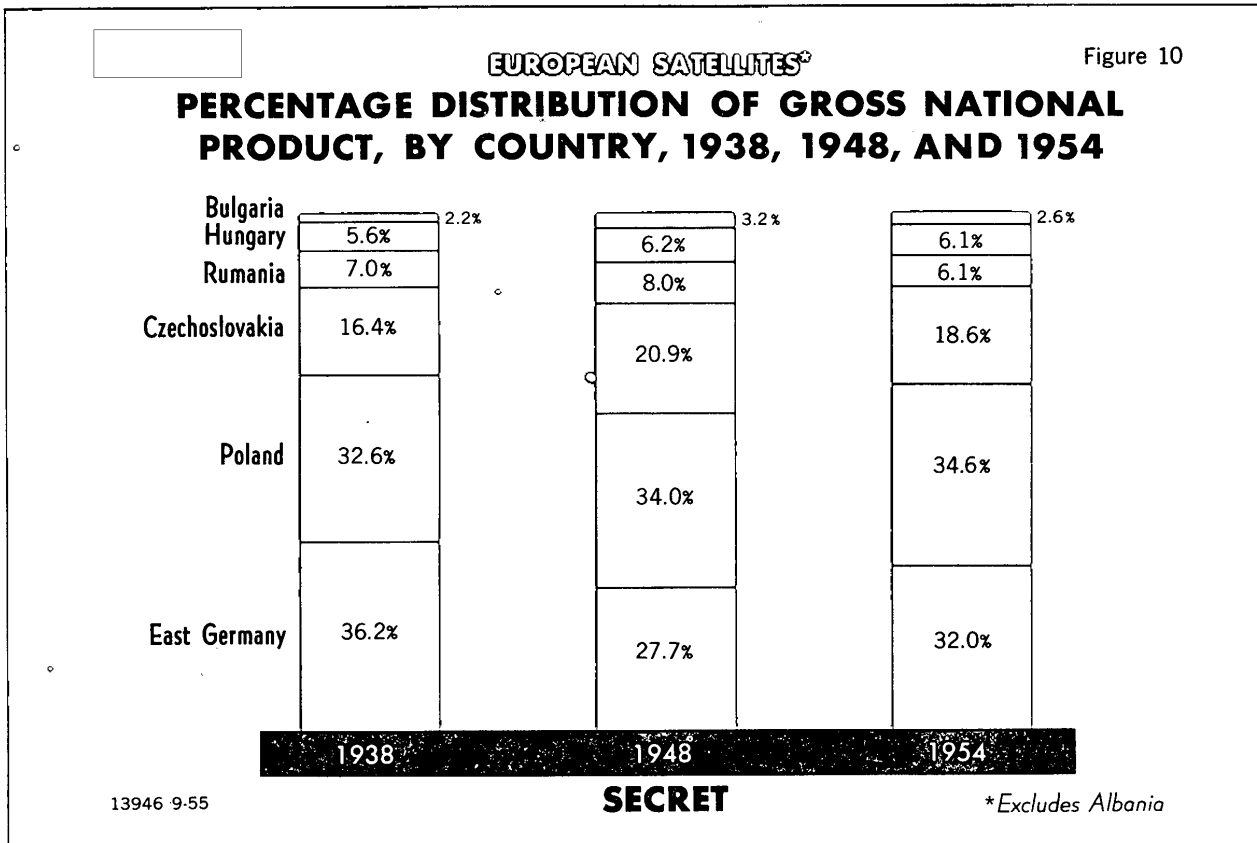
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Figure 9.

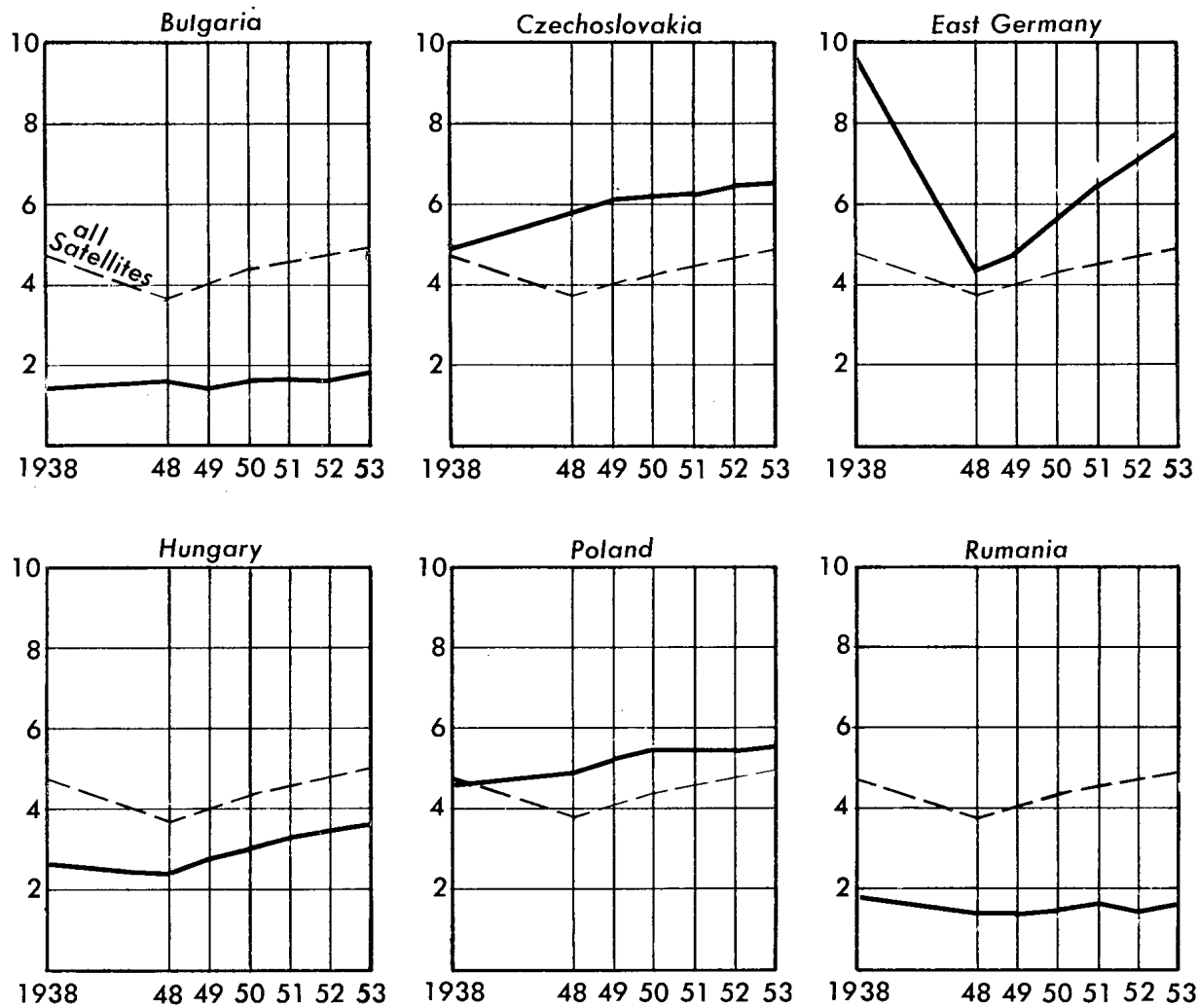


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FIGURE 11

**EUROPEAN SATELLITES**  
**PER CAPITA GROSS NATIONAL PRODUCT**  
1938 AND 1948-1953  
(hundreds 1951 US dollars)



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subsequent years through 1953 the course of per capita GNP for each of the European Satellites. Between 1948 and 1953, as can be seen in Figure 11, all the Satellites gained in their abilities to support higher standards of living. The East Germans realized the greatest relative increase, followed by the Hungarians, Poles, and Czechoslovakians in that order. All these increases resulted in large measure from gains registered by productive activities, but in East Germany a population decrease was also a contributing factor. As a result of the changes since 1948, the individual European Satellites have resumed their prewar ranking in terms of GNP per capita, with East Germany, Czechoslovakia, and Poland at the upper end of the scale and Hungary, Rumania, and Bulgaria at the bottom of the scale.

The effects of World War II and postwar recovery in the European Satellites are indicated in Figure 12.\* In Czechoslovakia, Poland, and Hungary increased shares of GNP were generated by the industrial sector, and decreased shares were generated by agriculture. In Rumania and Bulgaria the share of GNP originating in the industrial sector remained relatively constant between 1938 and 1948, whereas in East Germany, probably because of the tardy recovery of its industry, the share coming from the industrial sector fell sharply between 1938 and 1948.

Between 1948 and 1954, however, the European Satellites displayed substantial progress toward industrialization until, in 1954, all except Bulgaria had attained an economic structure in which industrial activity predominates, although the agricultural labor force is still substantial in many countries. In East Germany, Hungary, and Czechoslovakia, industrial production represents about one-half of the economic output. Since 1948 the Satellites have changed from economies which, with the exception of East Germany and Czechoslovakia, could be characterized either as predominantly agricultural in orientation or as economies which are for the most part industrial in orientation or industrial with sizable agricultural components.

The GNP of the European Satellites probably will increase over the period of the next 5 years at rates slightly higher than in the US and Western Europe but less than that which is estimated for the USSR. Poland probably will continue to be the country with the largest GNP and will increase the margin between its GNP and that of East Germany,

\* Following p. 28.

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which ranks second. Agricultural production will increase but much more slowly than total production. Over-all agricultural production probably will continue to be somewhat below the prewar level for several years. The largest increases in agricultural production will be in Hungary, Rumania, and Bulgaria. Industrial production will increase more rapidly than total production. The largest gain probably will be registered in Bulgaria, Rumania, and Czechoslovakia.

D. Population and Manpower.

The population of the European Satellites has been increasing since 1948 at a rate of about 1 percent per year and now exceeds 93 million persons. During the 1948-54 period, growth was most rapid in Albania and Poland, with increases of 11 and 12 percent, compared with 5 to 8 percent increases in other Satellites. The only exception is East Germany, which suffered a decline in population up to 1953 because of large-scale defections to the West. Since that time it has had an almost stationary population. The most populous of the European Satellites is Poland, with a population of nearly 27 million people. East Germany has nearly 18 million people, and Rumania slightly more than 17 million. Czechoslovakia ranks fourth, with almost 13 million people; Hungary is next with almost 10 million; and Bulgaria has almost 7.5 million.

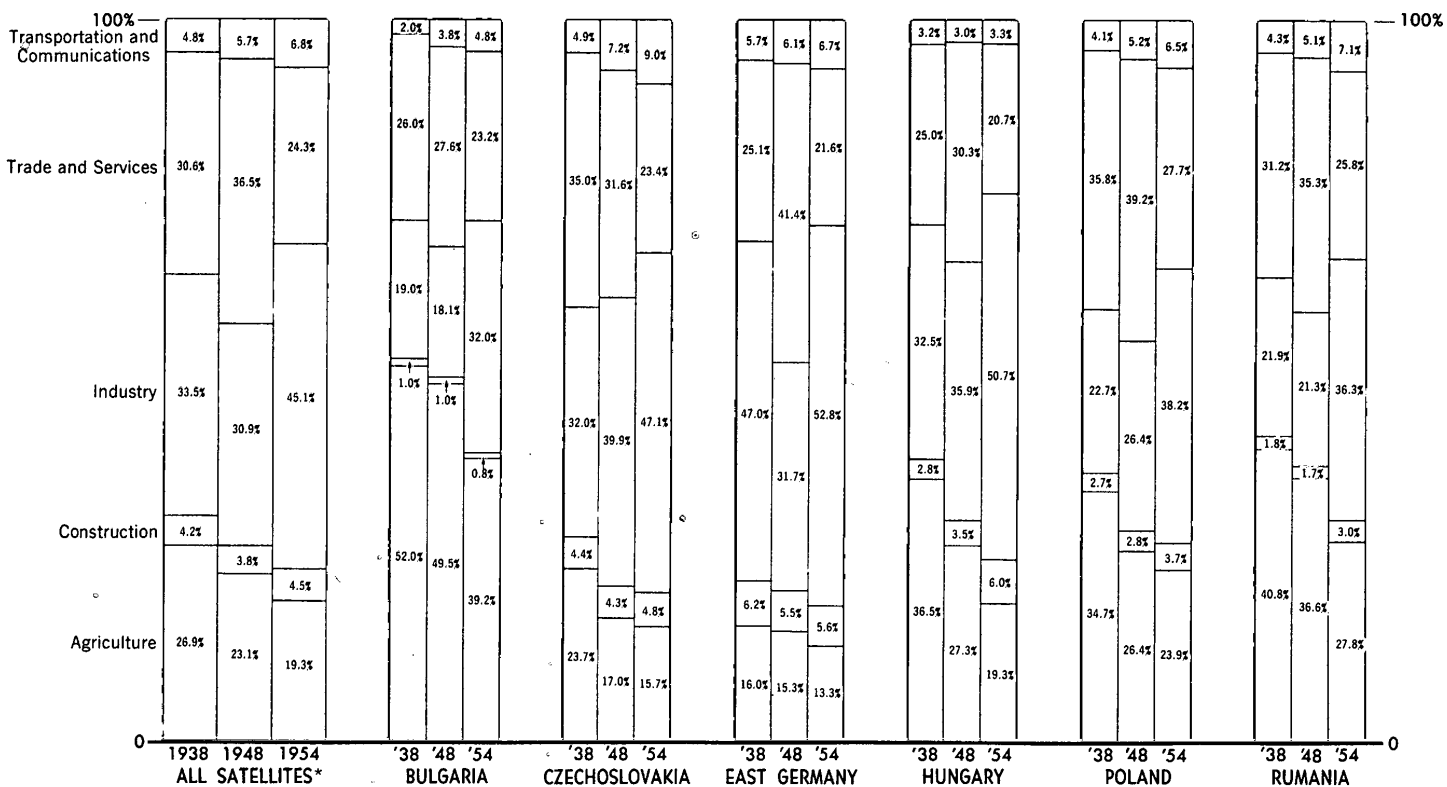
The total labor force of the Satellites in 1954 was 43,720,000 persons, or about 660,000 more persons than in 1953. The labor force was about 47 percent of the total population in 1954, compared with 42.6 percent of the total in 1948. The labor forces of Rumania and Poland were the largest in relation to their populations in 1954, amounting to over 49 percent of their respective populations. In East Germany, Hungary, and Czechoslovakia the ratios approximated 44 percent, whereas the remaining countries fell below this figure. Figure 13\* shows the distribution of the labor force from 1948 to 1954 between agricultural and nonagricultural employment. As the European Satellite countries pushed toward industrialization at a rapid pace, the non-agricultural labor force also increased rapidly, and the agricultural labor force decreased somewhat. There has been a transfer of agricultural labor to the nonagricultural labor force. The nonagricultural labor force in all of the Satellites increased by almost 50 percent between 1948 and 1954, whereas during the same period the agricultural labor force decreased by about 5 percent. The emphasis on agriculture

\* Following p. 28.

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Declassified in Part - Sanitized Copy Approved for Release 2013/04/09 : CIA-RDP79R01141A000600060002-6 figure 12

### EUROPEAN SATELLITES\* PERCENTAGE DISTRIBUTION OF GROSS NATIONAL PRODUCT, BY SECTOR OF ORIGIN, 1938, 1948, AND 1954



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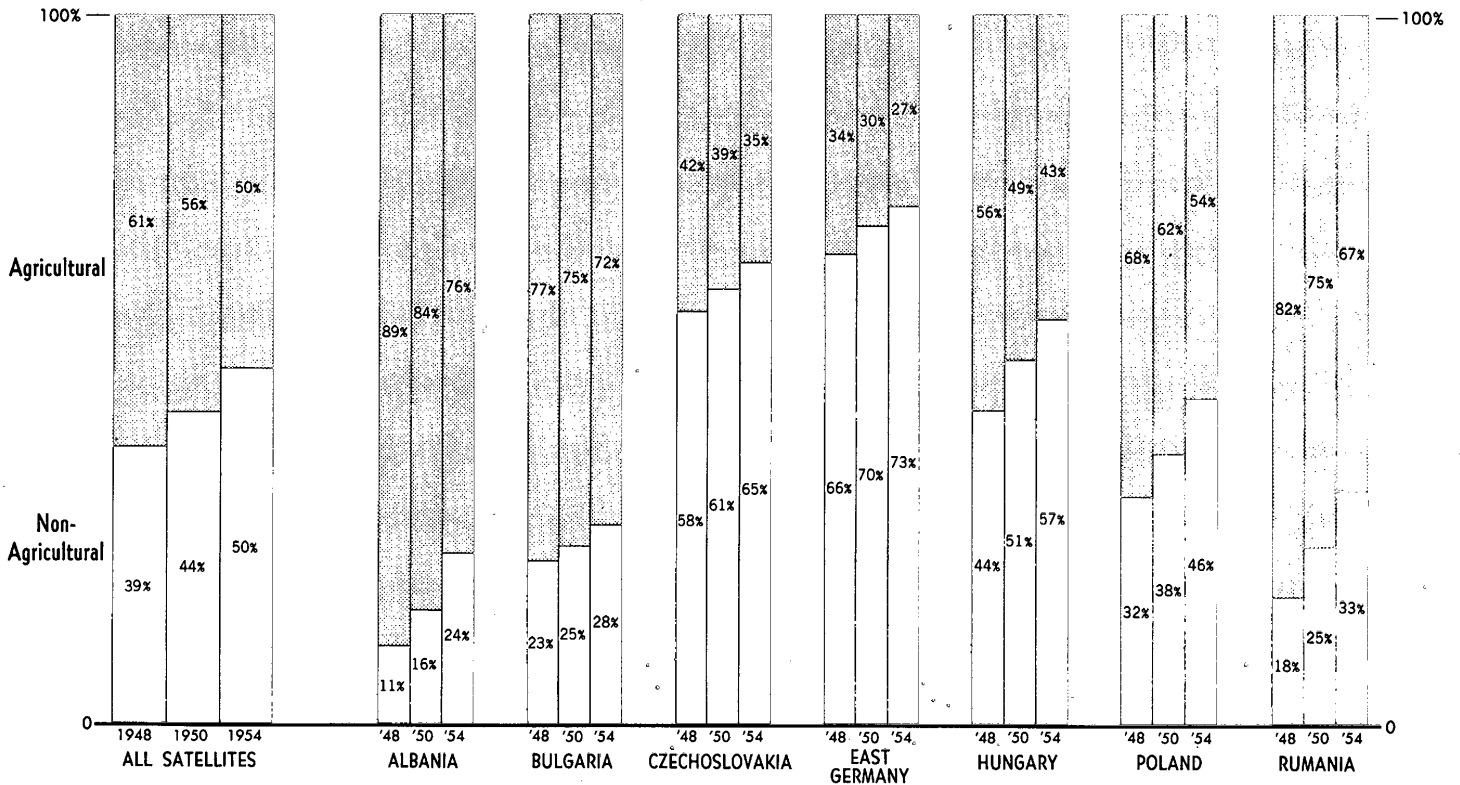
\*Excludes Albania



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Figure 13

**EUROPEAN SATELLITES**  
**DISTRIBUTION OF LABOR FORCE, 1948, 1950, AND 1954**



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which came as a part of the "new course" in 1953 served only to halt the decline in the agricultural labor force in 1953. The nonagricultural labor force continued to rise in 1954, although at a slower rate. In 1954, in the Satellite area as a whole, the labor force was divided equally between agricultural and nonagricultural employment. This is to be contrasted with 1948, when 61 percent was engaged in agricultural employment. The change toward a larger proportion engaged in nonagricultural employment is evident in all the Satellite countries.

E. Agricultural Production.

Following the example set by the USSR, the Communist regimes, upon their ascendancy to power in the European Satellites, immediately instituted a program of rapid development of the hitherto relatively retarded industrial sectors of their economies. After several years it became apparent that an imbalance had arisen -- development of the agricultural and consumer goods sectors had not been commensurate with the needs of the expanding Satellite economies. In the fall of 1953 the Satellites inaugurated a program designed to redress the structural imbalance by substantially increasing the output of the agricultural sector and by increasing the share of agricultural production reaching the consumer.

The governments of the European Satellites under the "new course" have had to try to counteract the declining trend in the agricultural labor force resulting from the adoption of forced collectivization immediately following the war. They approached the problem by trying to raise productivity of the existing agricultural labor force, through greater use of equipment and more effective farming methods and by attempting to halt and reverse the exodus of farm labor into industry. The agricultural program has not had any notable effect upon efficiency. Fertilizers have been produced in greater amounts, and there have been increases in the number of tractors and other farm implements, but Satellite officials consider that the progress made so far has been unsatisfactory. Policies designed to get people back to the land also have met with only limited success. In most Satellites the only tangible consequence of this drive has been to stop the rate of decline of the agricultural labor force. Only Czechoslovakia has been able to bring about an actual increase.

For the European Satellites as a group, agricultural production in 1954 was the same as or only slightly above that in 1953. In Czechoslovakia, Hungary, and Rumania, agricultural output in 1954 was less than

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in 1953. Production of grain, especially bread grains, was affected adversely by weather conditions in 1954. Potato production in the Satellites increased in 1954, but its quality was below that of 1953. No significant gains were evident in animal production except in numbers of sheep. The plan for livestock was underfulfilled in every Satellite. Although livestock numbers were generally still above prewar level, there was a depletion in the inventory of swine, which, in view of the meat consumption pattern in the Satellites, determines meat availability. Numbers of cattle and horses, which have yet to surpass prewar inventories in most of the Satellites, also failed to register any significant gains.

The output of industrial crops such as wool, cotton, and flax made a better showing than did the production of food crops in all of the European Satellites except Poland. The explanation appears to be that the intensive program to raise the output of textile fibers adopted in 1950 was beginning to have some success.

On balance, it would seem that the agricultural sector in 1954 and 1955 is still acting as a depressant to the economic growth of the European Satellites. The quantity of foodstuffs which can be supplied domestically has been insufficient to satisfy requirements.

F. Industrial Production.

By 1954 the annual rates of increase for the total industrial production of the European Satellites had begun to decline. This decline reflects mainly the fact that the period of recovery with its characteristically high rate of increase had passed.

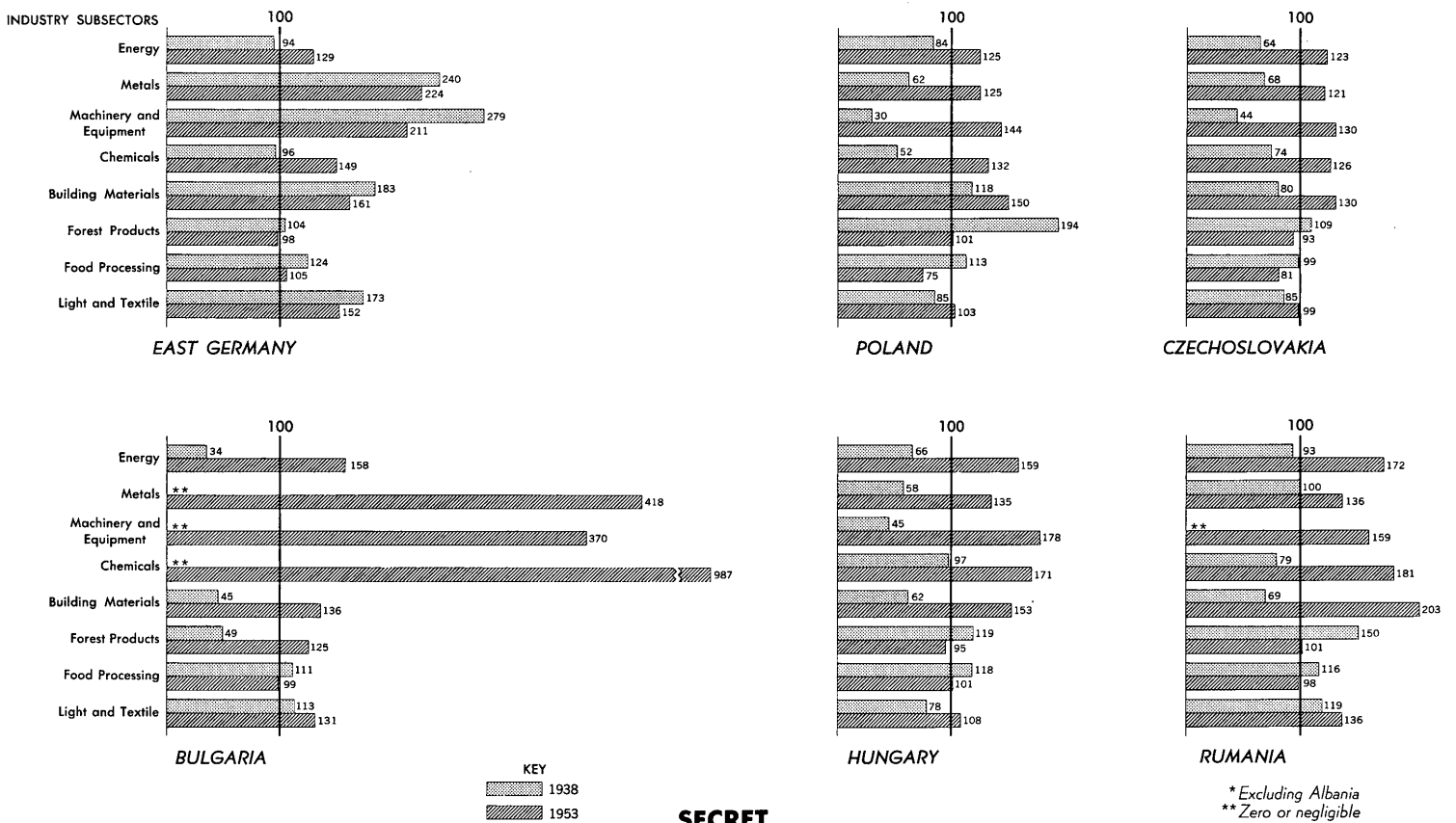
Compared with prewar output, the most dramatic rates of growth in the industrial sector of the European Satellites have been in the fields of energy, chemicals, machinery and equipment, metals, and building materials. Figure 14\* shows a comparison of output in 1938, 1950, and 1953 for the major sectors of the industrial economy. The growth in the output of forest products, food processing, and light and textile products has been smaller. The trends in the indexes of the industrial subsectors show that the economies of the European Satellites are unmistakably moving toward industrialization.

\* Following p. 30.

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FIGURE 14

EUROPEAN SATELLITES\*  
INDEXES OF INDUSTRY SUBSECTORS  
1938 and 1953  
( 1950 = 100 )



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The drive toward industrialization at a rapid pace is indicated by expenditures in the European Satellites, which show that annual fixed capital investment was increased in each country from 1950 to 1954, that administrative and other governmental expenditures were held relatively constant, and that the consumption share declined relatively.

The production of military end items in the European Satellites is small compared with that of the USSR. Czechoslovakia, Poland, and East Germany, in that order, are the chief producers of military end items. The aircraft effort is virtually all concentrated in Czechoslovakia. East Germany is the only producer of naval vessels, and the output is small. In ground ordnance the most significant development has been the entry of Czechoslovakia and Poland into the field of tank production. Budgeting expenditures for defense, like those for heavy industry, were planned to increase during the period 1950 to 1955. By 1954 the Satellites were allocating about 9 to 11 percent of GNP for defense expenditures.

G. Foreign Trade.

The two most important phases of the evolution of the postwar international trade position of the European Satellites have been the rapid intensification of commercial ties between the Satellites and the USSR and the gradual alteration of the prewar commodity composition of Satellite trade.

The value of the total trade turnover of the European Satellites in 1953 was about US \$6.5 billion, or slightly more than the value of the foreign trade of the USSR. In current prices, Satellite foreign trade in 1953 was 2.5 times greater than in the prewar period, but in real terms it showed little increase. Before the war the Satellites accounted for about 6 percent of world trade. In 1953 their share had fallen to about 5 percent of world trade, in absolute terms, which was substantially larger than before the war.

The trade pattern of the European Satellites in the postwar period has exhibited a progressive increase in the concentration of trade within the Sino-Soviet Bloc and, correspondingly, the rapid diminution of the relative importance of trade with countries outside the Bloc. More than 80 percent of the prewar trade of the countries now constituting the European Satellites was with countries which do not now form a part of the Bloc, and most of the remainder of their

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trade was with one another. At that time the USSR accounted for less than 3 percent of their total trade, and commerce with China was negligible. By 1953 this prewar geographic pattern of trade had been altered radically. Trade with the West had fallen to about 24 percent of the total trade turnover of the European Satellites; trade among the Satellites constituted about 32 percent; and 44 percent was with the USSR and Communist China -- with Communist China sharing a small but growing proportion of this amount.

Figure 15\* shows the changes which have taken place since the period 1936 to 1938 in the proportion of Satellite trade with the rest of the world.

This redirection of European Satellite trade was already apparent in 1948, and until recently the trend had continued along the same lines. Since the announcements of the "new course," however, there is evidence of a minor resurgence of trade with countries outside the Bloc. For example, East Germany's total trade turnover with non-Bloc countries increased by about 50 percent in 1954 over 1953. In 1954 the value of Satellite trade with non-Bloc countries was greater than in any year since 1951. Data for 1954 show that the value of Bloc imports from the US was the largest since 1951, and statistics for the first quarter of 1955 point to at least a doubling of the 1954 value.

The USSR in 1953 was by far the most important trading partner of each of the European Satellites. The value of the trade between the USSR and even the smallest of its Satellite trading partners, Bulgaria, was barely exceeded by the value of trade between the two most important intra-Satellite traders. During most of the postwar period the Soviet share of Satellite trade has been growing steadily, though with some fluctuation. China, whose prewar trade with the European Satellites was of relatively minor importance, has been gaining an increasing share of the total Satellite trade turnover. In 1953, Communist China was a more important trading partner of Czechoslovakia, East Germany, and Poland than was Hungary, Rumania, or Bulgaria.

As in the past, Western Europe continued to absorb the greatest share of European Satellite trade with the non-Bloc area. In 1953, Western European trade with the Satellites constituted about 81 percent of their total non-Bloc trade. Western Europe's share of the imports of the European Satellites as a whole has risen significantly since

\* Following p. 32.

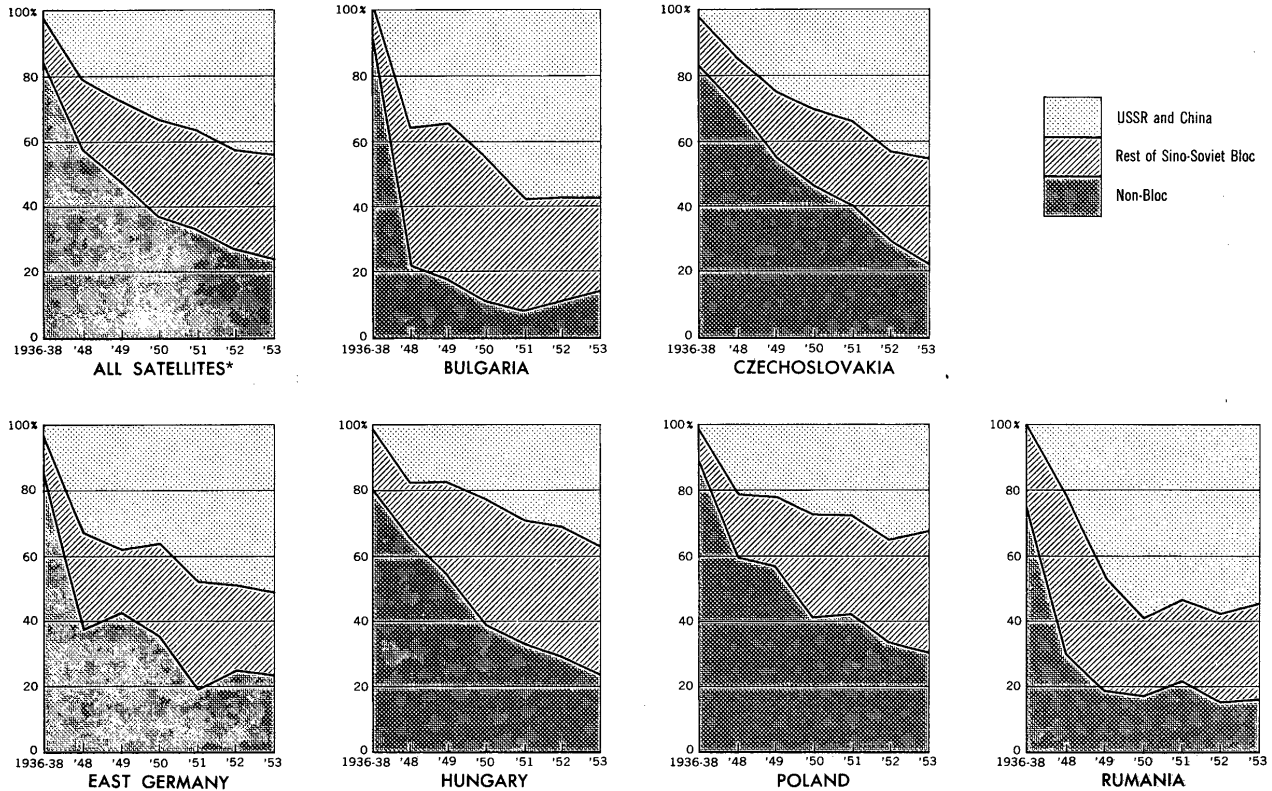
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**EUROPEAN SATELLITES\***

Figure 15

**GEOGRAPHIC DISTRIBUTION OF TRADE TURNOVER  
1936-38 Average and 1948-53**

(In percent)



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\*Excludes Albania

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1948, whereas its share of the Satellite exports has fallen moderately. The next most important Satellite trading area was the Near East and Africa, with which the Satellites have been able to maintain a rather large favorable balance of trade. Seven percent of Satellite trade was transacted with this area in 1953. For the Satellites as a whole, the least significant non-Bloc trading area was the US and Canada.

The recent increased European Satellite activity, including trade agreements with non-Bloc areas, is perhaps indicative of future trends. Before 1953, most of these agreements were concluded with Western European countries. In 1953 and 1954 the Satellites greatly increased the number of commercial agreements with countries of the Near East, Asia, and Latin America. It appears that the Satellites have undertaken to increase their trade with the less developed areas outside the Sino-Soviet Bloc.

The commodity composition of European Satellite trade has been transformed extensively in the postwar period. This transformation has the following characteristics: (1) the importance of trade in machinery and equipment has expanded, along with the increased development of heavy industry and the growth of both the demand for and the ability to supply these goods; (2) although there has been a continuing demand for raw materials for consumer goods production, semifinished materials and raw materials for consumer goods as well as industrial production have been increasingly required; (3) fuel resources have been consumed in growing quantities, leading to new international flows of coal and petroleum; and (4) the Satellites as a group are now net importers of grain and perhaps of foodstuffs in general.

In the case of Czechoslovakia and East Germany, the above changes were only extreme accentuations of the previously existing product mix in foreign trade. Bulgaria and Rumania displayed a contrasting commodity configuration in the prewar period, exporting chiefly foodstuffs and raw materials and importing mainly manufactured items. In Bulgaria the prewar pattern has been essentially maintained, although with two important exceptions: grain has almost disappeared as a commodity on the export list, and the share of tobacco, fruit, and vegetables has increased, whereas machinery and equipment have overwhelmingly replaced consumer goods in Bulgarian imports. In Rumania, imports of investment goods have largely superseded imports of consumer goods; exports of industrial products now have assumed some importance; and the large prewar export of grains now has become only occasional and of little significance. Poland and Hungary have had



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the most sweeping changes in the commodity composition of their trade. Both countries now import rather than export grain, and products of heavy industry enter much more heavily than before the war into both their imports and exports.

III. Communist China and the Asiatic Satellites.

A. Introduction.

The Chinese Communist economic policy is directed toward the rapid development of industrial and military power, generally on the Soviet model. The Communists consider that the present economic organization of their society represents a period of transition toward socialism, in that cooperatives and private enterprises continue to function, under the general direction of the state, along with state-operated and joint state-private enterprises. While Communist China is still far behind the other countries of the Sino-Soviet Bloc in this regard, state control over the economy has increased rapidly in the few years since 1949, when the Communists took over the whole of the China mainland.

The difficulties which the Chinese Communists have faced in undertaking their program of industrialization are considerable. In 1949 they were confronted with an economy which had been strained and disrupted, not only by 4 years of civil war but also by the earlier Sino-Japanese War. From 1945 to 1949, for instance, production in Manchuria was far below the level that prevailed during the period of the Japanese occupation, as a result of the Soviet removal of key items from industrial equipment as well as the destruction and disorganization during the civil war. A period of hyperinflation also had had serious effects upon the economy. By the end of 1950 the Chinese economy was subjected to the additional strains of the Korean War and the drastic reduction in trade with non-Communist countries. These difficulties, however, have not proved insurmountable. After 1950, for the first time since the early 1930's, Communist China experienced the relative political stability of a single government. The Communists, moreover, have had the benefit of much of the large investments in heavy industry, transportation, and electric power that the Japanese had made in Manchuria, together with important assistance from the USSR. By 1952 the industrial production of China had recovered to prewar levels.

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By all economic measurements, and despite the fact that Manchuria was industrialized by the Japanese before World War II, Communist China is predominantly agricultural. Most of its income is derived from agricultural production and from processing and trading in agricultural products. The Communists began not only with a relatively small and incomplete industrial base but also with very limited experience in technology and management. Soviet assistance, which has been on a considerable scale, has been particularly important in helping to make up for the latter deficiency. Without such help, the Chinese Communists would not have achieved so rapid a recovery in industry, the basis for their first Five Year Plan (1953-57). Figure 16\* shows the relationship between China and the rest of the Sino-Soviet Bloc in terms of the production of selected products.

The Asiatic Satellites, North Korea and North Vietnam, which are at an even earlier stage and smaller scale of development, face much the same problems and have the same general objectives as Communist China.

B. Geographic and Regional Characteristics.

Successful industrialization in Communist China must confront certain natural geographic and sociological factors of limitations. Great distances, difficult mountain barriers, arid climatic conditions, and unevenly distributed and frequently unsympathetic populations pose particular difficulties for the development of the industry, agriculture, and transportation of Communist China, particularly in the west. In addition to these factors, rugged terrain and mountain barriers on the western borders of China proper separate China from India. Latitudinal barriers divide China proper into distinctive northeastern, northern, central, and southern geographic regions. Interregional water routes are relatively scarce, and this difficulty, in addition to the cost of developing land transportation routes, has contributed to the historic isolation of certain regions in China. This regionalism is a hindrance of important magnitude to the successful integration of a national economy in China.

The major rivers in Communist China have a general east-west alignment. Internal land transportation routes, historically, have been subservient to water routes, but under the Communists rail

\* Following p. 36.

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transport connecting China to the USSR has taken on increased importance. Relatively few coastal ports are available to serve the economy, and those that exist are underutilized.

The great variability in rainfall in Communist China limits the capabilities of Chinese agriculture. The high percentage of hilly and mountainous land is a further limitation to agricultural expansion. In western China the development of agriculture is made almost impossible by the arid climate of the region. Although China's mineral reserves are generally considered to be high, mineral deposits are widely scattered and are not easily accessible. The northeast region (Manchuria) is the most advanced industrial area in China.

North Korea, like Manchuria, has the advantage of a considerable industrial development made by the Japanese, none of which, however, is of vital economic importance. Both North Korea and North Vietnam have predominantly agrarian populations.

C. Structure and Growth of the Economies.

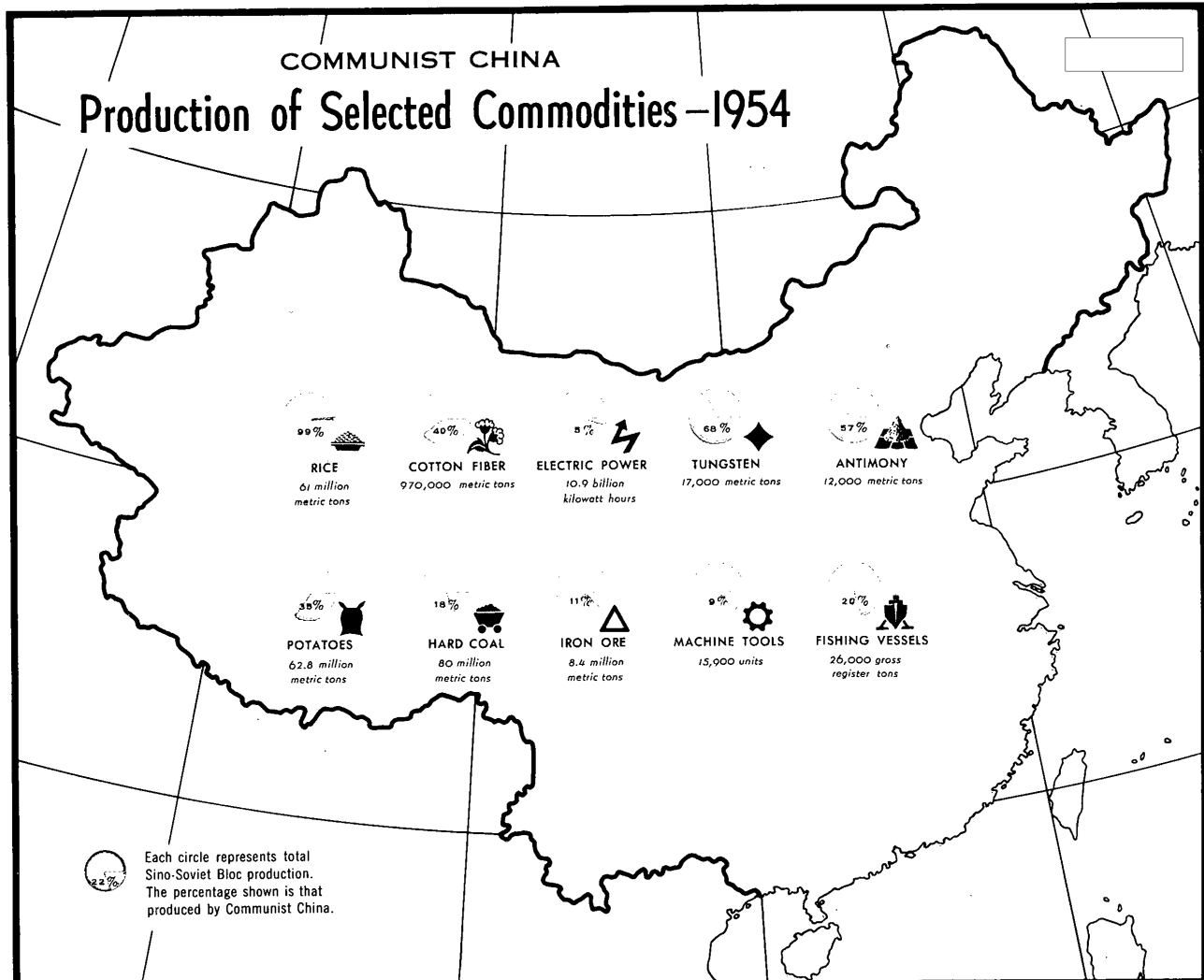
The GNP of Communist China stands now at approximately 78 percent above what it was in 1949 and 21 percent above what it was in 1952. It is expected that the present rapid growth will continue and that by 1960 total production will stand at half again as much as what it was in 1952.

Investment is by far the most rapidly growing end use of Chinese GNP. By the end of the First Five Year Plan, in 1957, investment will have nearly doubled over 1952. During this same time, however, consumption will have gone up only about 19 percent. The very clear emphasis upon investment in the Chinese economy is evidence of the strenuous efforts which the Chinese are making to industrialize their economy rapidly and to build a sound industrial base.

The exact value of Chinese Communist GNP is difficult to measure not only because of lack of data but also because of uncertainty as to the meaning of certain aspects of the measurement. It is estimated that in 1954 Chinese GNP is about US \$50 billion at 1951 prices. The composition of the GNP of Communist China is shown in Figure 17.\*

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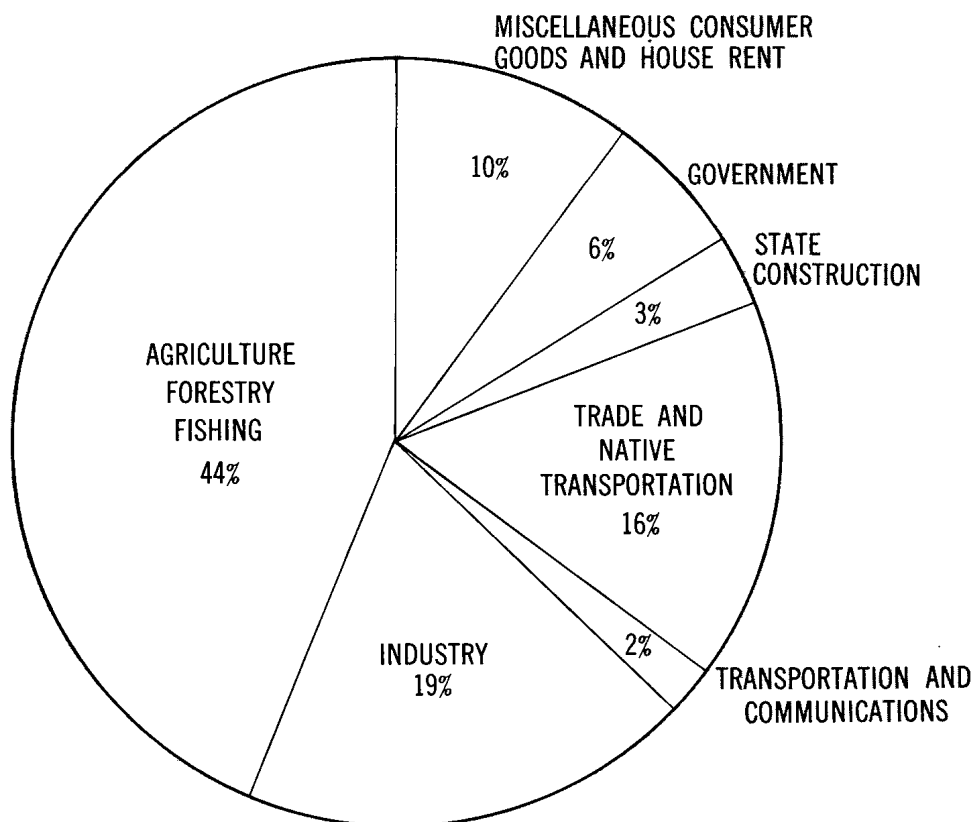
\* Following p. 36.



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Figure 17

# COMMUNIST CHINA GROSS NATIONAL PRODUCT (By Sector of Origin) 1954



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D. Population and Manpower.

The population of Communist China at mid-year 1953 was 582.6 million people, according to the official Chinese census. Only summary figures have been released, so that the accuracy and reliability of the data cannot be checked. The organization of the census generally followed modern techniques, and specific reasons have not been advanced explaining why the figures should be disbelieved. The new figure, however, is 20 percent higher than the officially reported figure in 1950. The sharp change cannot be attributed to natural increase. Hence it must be explained in terms of statistical inaccuracies either in the 1950 or 1953 figure.

The predominantly rural character of the population of Communist China is indicated by the classification of 505.3 million people as rural inhabitants. Urban population included 77.3 million people, or 13.3 percent of the total.

The Five Year Plan and accompanying official statements provided the first labor force data available for Communist China. It is estimated that the labor force participation rate is about 50 percent of the population, or about 291 million persons as of mid-1953. The high rate of participation is a result largely of low incomes, requiring family members to enter into the labor force.

In addition to the urban labor force, estimated at 40 million persons, it is believed that 17 million persons in the rural areas are principally engaged in nonfarm occupations. Thus 57 million people are engaged in nonfarm occupations, representing 20 percent of the total labor force and leaving 80 percent of the labor force in agricultural and farm handicraft employment.

One of the principal manpower problems in Communist China has been the tendency for the cities to become overcrowded with peasants. The persistent recurrence of this influx reflects the rural-urban income differential and persistent chronic underemployment in the rural areas. The normal flow of labor from farm to city has been speeded up by the pricing policies of the Communist government. Farm purchase prices are kept relatively low compared with those of manufactured goods, and thus farm purchasing power is relatively depressed. The present migration constitutes a serious problem if agricultural production fails to keep pace with population increases. The magnitude of the influx is such that urban employment opportunities are not

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adequate to keep new arrivals at work in the city, and the government has taken some measures to prevent further additions to the city population.

One of the problems of the regime is to create employment opportunities not only for the surplus rural labor force that is now migrating to the city but also for the underemployed nonagricultural labor, whose natural rate of increase is more than adequate for the present requirements of unskilled labor for the state's industrialization program.

North Korea and North Vietnam both have predominantly rural populations and are faced with a considerable shortage of technical and managerial as well as of skilled and semiskilled labor. In both cases, population presses against the food resources of the country.

E. Agricultural Production.

The confiscation and redistribution of land by the Communist regime in China ended in 1953. Simultaneously, the government began to organize agricultural mutual aid teams and producer cooperatives -- Chinese counterparts and milder adaptations of the Soviet collective farm. Land reform has had several deleterious effects: it has fragmented land holdings, destroyed the rural credit system, and caused some loss of draft animals, orchards, and other agricultural supplies. On the other hand, the government has attempted to preserve various production incentives for agriculture.

Production of agricultural commodities has not increased notably under the Chinese Communist regime, and there are indications of a serious food shortage in 1955. (See Figure 18.\*) Grain rationing has been instituted in urban areas, and a generally tense situation in Chinese agriculture prevails. On the basis of estimates of grain production in 1954-55, the daily caloric intake per capita is estimated at about 1,800 calories. This is about 10 percent below the 1931-37 average and is lower than in all other countries in Asia except India and North Vietnam.

Under the land utilization pattern in Communist China, the largest proportion of cultivated land is devoted to the principal food crops, with relatively small shares divided among the commercial crops.

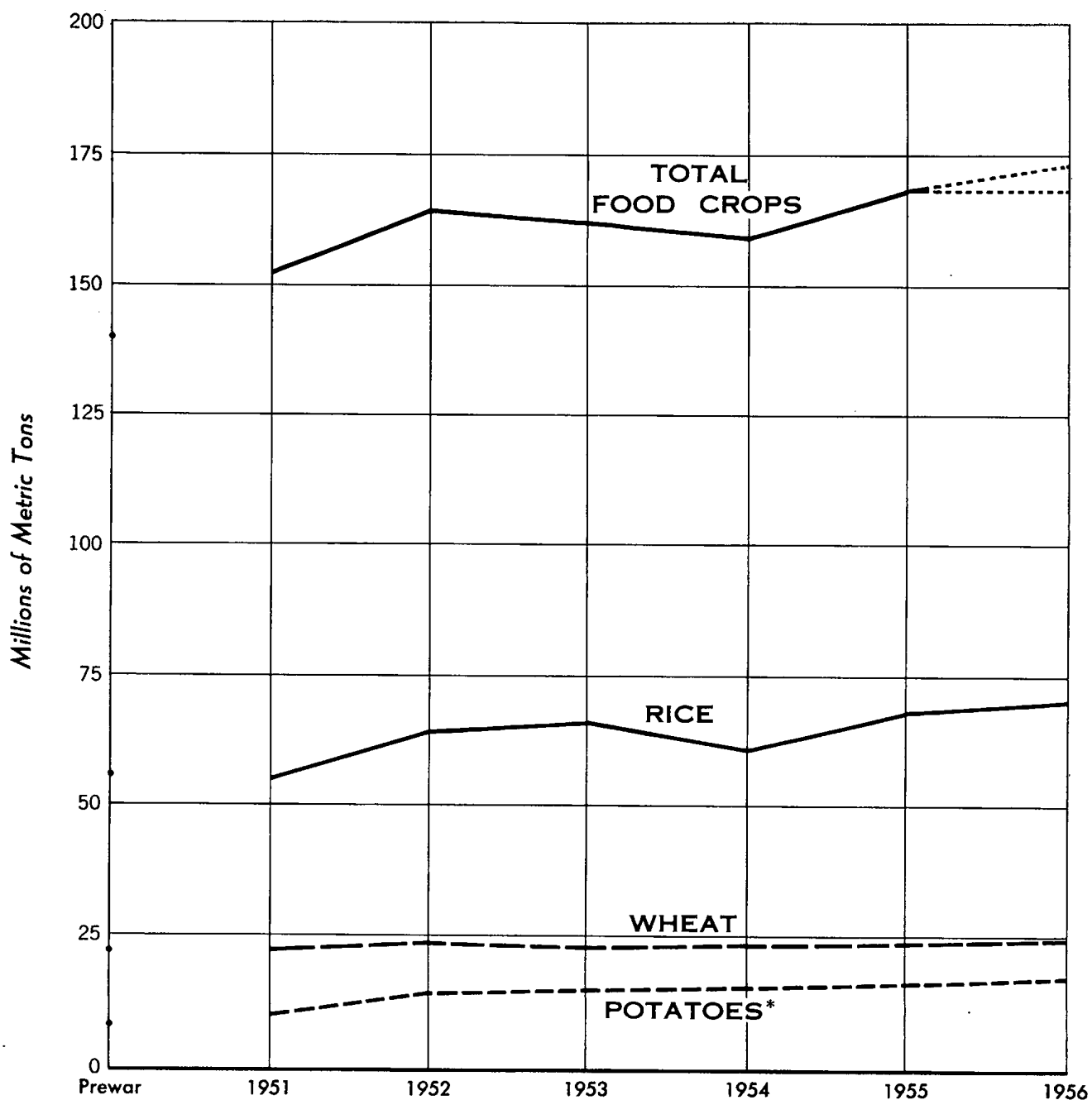
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\* Following p. 38.

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Figure 18

## COMMUNIST CHINA FOOD PRODUCTION, 1951-56



\*Potatoes are converted into grain equivalent by multiplying by .25

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Given the present limits of the total cultivated acreage -- about 134 million hectares (including double-cropped areas) -- and the possibility of expanding cultivated acreage at about 1.5 percent per year, it is believed that moderate investments can bring forth substantial increases both in cultivated acreage and in yields of commercial crops without compromising the required minimum increase in food crops. It is believed that the Five Year Plan goal for 1957 may be reached for cotton, but not for all the commercial crops. It is estimated that food production will not increase more than about 2 percent on the average per year\* in the next few years -- in other words, that it will fall about 12 percent short of the Five Year Plan goal for 1957. These shortfalls in agricultural production, it is believed, will not necessarily compromise the realization of industrial goals.

The intense efforts of the Chinese Communists to industrialize rapidly lead inevitably to the relative decline in the importance of agriculture. Policy measures such as the land reform are expected to have some impact upon food production, but at best China can look forward to a continuation of an acute food problem for many years to come.

F. Industrial Production.

Starting from an unusually small industrial base, the average annual rate of growth of Chinese Communist industrial output, excluding farm handicraft, increased from 1949 to 1952 by more than 30 percent per year. In the period 1952 to 1954 this rate fell to about 20 percent per year. The rate from 1955 to 1957 is expected to average about 10 percent per year. The rate of development of Chinese industry has been phenomenally high and is a reflection of the effort and determination of the Chinese Communists to build up their industrial base. Figure 19\*\* shows the steep curve of industrial production, projected through 1957.

The rate of development of Chinese industry under the Communists is shown in Figures 20 and 21.\*\* Indexes of production of commodities and services are impressive in their rates of growth. There is every indication that these high rates of growth will continue. As in the

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\* The Chinese Communists claim that the population of China is increasing at a rate of 2 percent per year.

\*\* Following p. 40.

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other countries of the Sino-Soviet Bloc, heavy industry is receiving the highest priority in investment; a 125-percent increase over the 1952 totals for the production of producer goods is anticipated by 1957.

The armaments industry of Communist China is not yet capable of meeting all the requirements of the Chinese forces but nevertheless is growing rapidly. The Communist regime is still concentrating on the production of relatively small equipment such as small arms, machine guns, and mortars, as well as some light artillery. Heavier weapons and aircraft are not yet generally within the industrial capabilities of the Chinese Communists, and many are imported from the USSR.

G. Foreign Trade.

The reorientation of trade between Communist China and the USSR after 1949 represents an almost total reversal of the pre-World War II trade pattern. Since 1950, trade with the rest of the Sino-Soviet Bloc has increased by more than 800 percent, whereas that with the Free World has decreased annually, except in 1953, when it represented 25 percent of total Chinese trade. Communist China's foreign trade continues to be shaped by its military requirements and by its industrialization program, with producer goods constituting 89 percent of 1954 imports and with food exports being maintained despite severe domestic shortages of food products. Although trade with the West may increase in volume and in value, the basic reliance of China upon the USSR and other nations of the Bloc will continue into the foreseeable future.

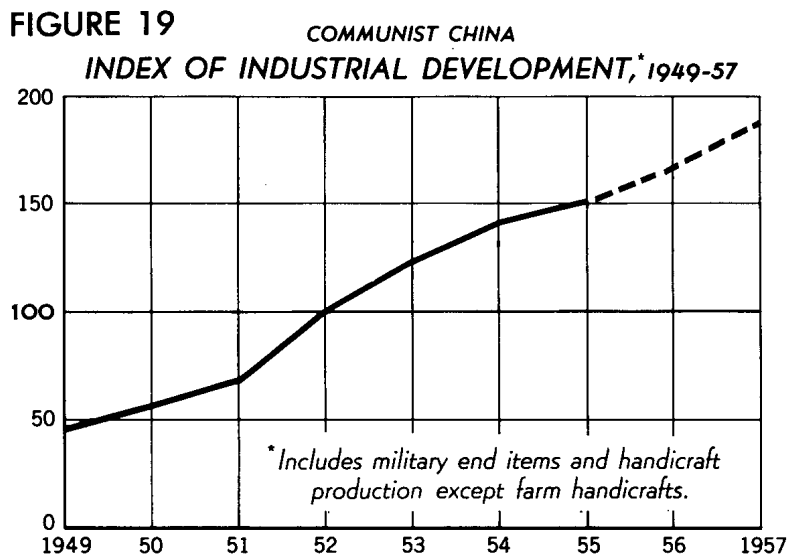
In addition to trade, the USSR has assisted Communist China substantially in its industrialization program. This assistance has taken the form of providing not only capital equipment and facilities but also technical knowledge and supervision by Soviet engineers and Soviet planners located in China.

IV. East-West Comparison.

The GNP of the USSR in 1954 was equal to slightly more than one-third that of the US in terms of 1951 US dollars (see Figure 22\*). In 1948, however, the ratio of Soviet to US GNP was about 1 to 4. In

\* Following p. 42.

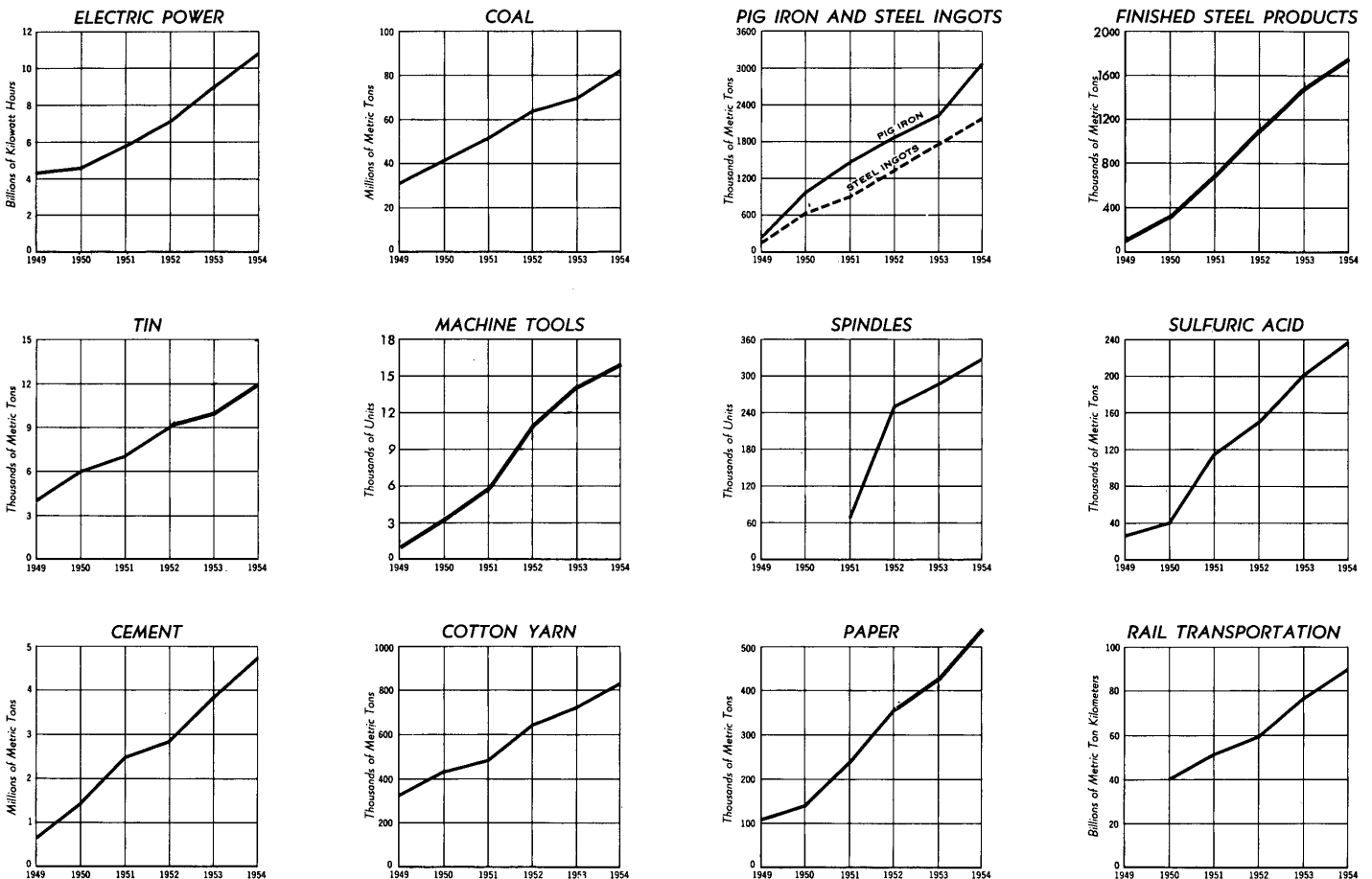
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FIGURE 20

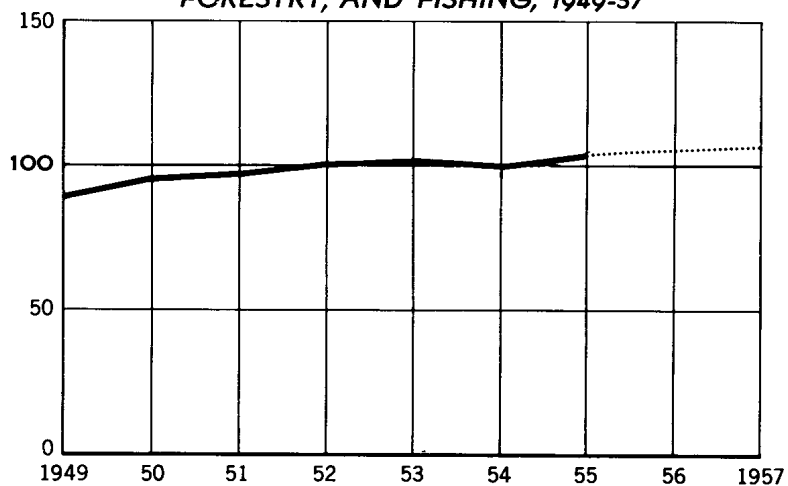
COMMUNIST CHINA  
PRODUCTION OF SELECTED COMMODITIES AND SERVICES  
1949-54



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**FIGURE 21**

*COMMUNIST CHINA*  
**INDEX OF PRODUCTION OF AGRICULTURE,  
FORESTRY, AND FISHING, 1949-57**



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the future, Soviet GNP will increase as a proportion of that of the US, but the disparity in absolute terms will continue to increase as the US also continues to increase its total production.

The economic disparity between the two major groups of powers aligned with the US and the USSR -- the NATO powers and the Sino-Soviet Bloc -- is practically the same as that between the USSR and the US. The GNP of the Sino-Soviet Bloc is about 35 percent that of the NATO countries, which include the US. From another point of view the European Satellites, Communist China, and the Far Eastern Satellites bear approximately the same relationship to the USSR as do the other NATO countries to the US in terms of total production. The Western economies are maintaining a clear lead over the economies of the Sino-Soviet Bloc in terms of over-all economic strength. It is estimated that the European NATO countries will continue to surpass the GNP generated in the entire Sino-Soviet Bloc, in terms of value of production, until sometime in the late 1960's. At the same time, it should be emphasized that the relationship is different if only that part of GNP which is devoted to national security is considered. Much of the wealth generated in the West is devoted to maintaining and increasing living standards, whereas low subsistence levels in the Sino-Soviet Bloc permit relatively larger expenditures for national security and a higher degree of military readiness than in the West. Figure 23\* shows the relative expenditures for armaments in the US and in the USSR.

The comparison of GNP for the Sino-Soviet Bloc and the Western alliance also suffers by virtue of the aggregative nature of GNP and may be somewhat misleading if only war-supporting capabilities are considered. The Soviet machine tool industry is comparable in size, although not always in quality of output, to the US machine tool industry. The additions to steel capacity in the USSR exceed US additions even though Soviet steel output still remains about one-third that of the US. The relatively small quantities of petroleum products used by civilian transport in the USSR compared with the US makes it possible for the USSR to allocate more petroleum products to the military and to industry.

When NATO production of various specific commodities is compared with Sino-Soviet Bloc production, the advantage falls to the West by varying margins. Energy consumption in the NATO countries is nearly

\* Following p. 42.

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4 times that in the Sino-Soviet Bloc, and steel production in NATO is about 3 times that in the Bloc. NATO wheat production is, on the other hand, 7 percent smaller than that of the Bloc countries. The per capita availability of wheat, however, is much greater in the NATO countries than in the Sino-Soviet Bloc. In addition, the European NATO countries alone have a combined GNP of more than 80 percent of that of the Sino-Soviet Bloc in 1954.

The rates of economic growth achieved in the Soviet Bloc from 1946 to 1949 and in the Sino-Soviet Bloc from 1949 to 1954 have been higher than those in Western Europe and in the US. From 1946 to 1949, before the addition of China to the Bloc, the average annual increase of the Soviet GNP was approximately 10 percent per year. This may be compared with a rate of increase 3 to 4 percent per year in the West.

In 1949 the GNP of the USSR showed an increase of approximately 12 percent over 1948. In 1951 and 1952, growth declined but the annual average increase was 7.6 percent per year. In the European Satellites the annual rate of growth of GNP in the 1950-51 period ranged from 4 percent in Czechoslovakia to 13 percent in East Germany. In 1953 these extremes had fallen to 1 percent and 6.4 percent, respectively. Only in Poland, Rumania, and Hungary were high growth rates maintained, although, in each case, they were below the rates of growth recorded in 1950. In Communist China, likewise, the rate of increase dropped in 1953 and in 1954 but was nevertheless very high, about 10 percent per year. By way of comparison, the rate of growth in GNP of the Organization for European Economic Cooperation (OEEC) countries of Western Europe declined from an annual 9-percent growth rate in 1948 to a rate of 2 percent in 1952. Rates of growth for these countries increased to 6 percent in 1954. The average rate over the entire period has been about 3 percent per year.

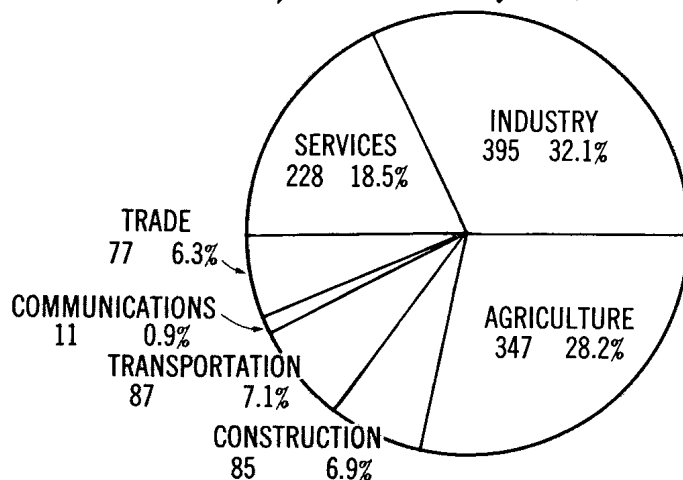
It is probable that the Sino-Soviet Bloc countries will continue to achieve rapid rates of economic growth in the foreseeable future. In the next 10 to 15 years the GNP of the USSR probably will double; in the next 20 years it may nearly triple. Industrial production is expected to grow faster than GNP, probably more than doubling between 1955 and 1965. The economic growth of the European Satellites probably will be rapid but significantly less than the economic growth of the USSR.

**SECRET**

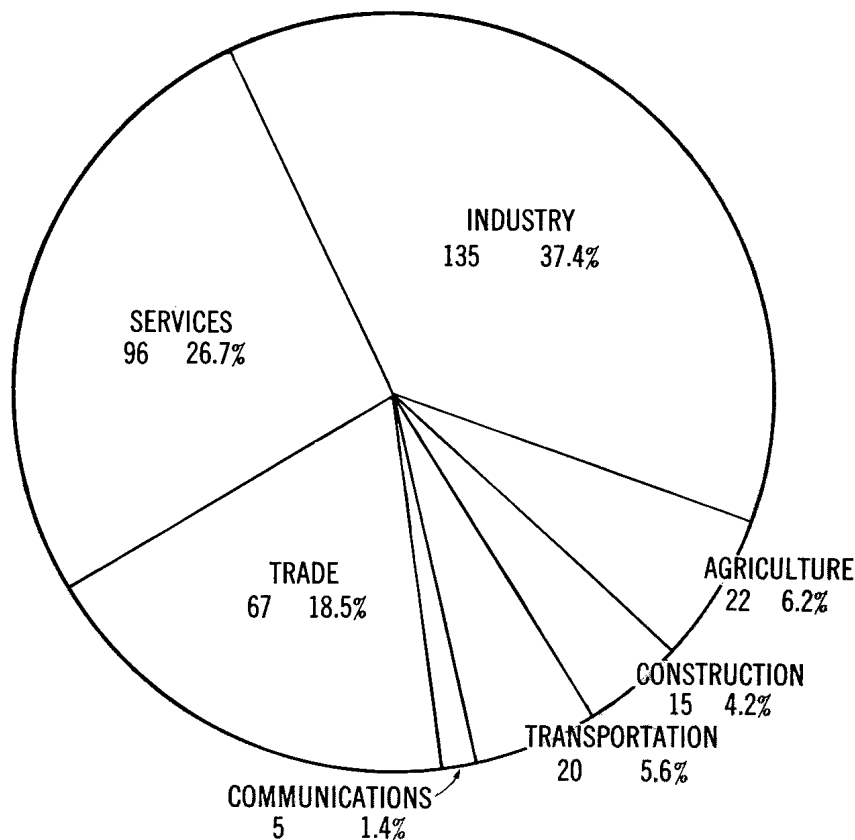
Figure 22

# US AND USSR COMPARISON OF GROSS NATIONAL PRODUCTS (By Sector of Origin) 1954

**U.S.S.R.**  
*1,230 Billion 1951 Rubles*



**U.S.**  
*360 Billion 1951 Dollars*



**SECRET**



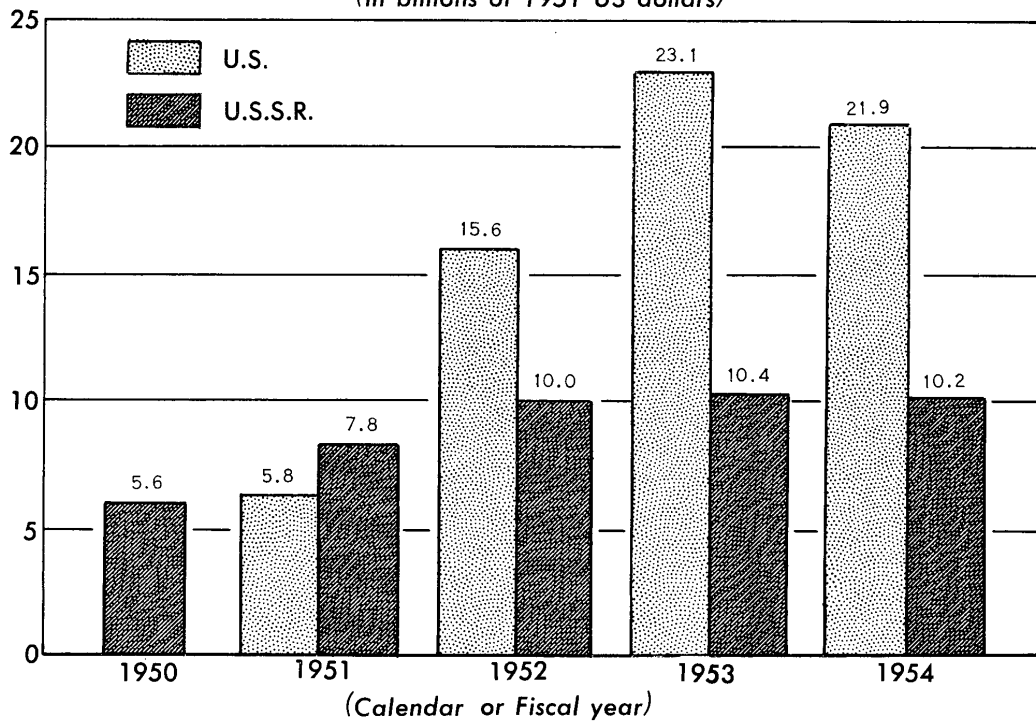
**SECRET**

### SOVIET ARMAMENT PRODUCTION 1950-1954

### US ARMAMENT DELIVERIES, FISCAL YEARS 1951-1954

FIGURE 23

(in billions of 1951 US dollars)



**SECRET**

S-E-C-R-E-T

On the other hand, even if there are no severe business recessions, the NATO countries are not expected to develop their economies so rapidly as the Sino-Soviet Bloc countries. The lag will be greatest with respect to industrial production. By 1975 the combined Bloc GNP may be over 45 percent of the GNP of the NATO countries compared with 35 percent in 1954. The GNP of the USSR alone may rise to over one-half that of the US. On the other hand, the absolute disparity between the GNP of the NATO countries and that of the GNP of the Bloc is expected to increase.

Heavy industry is the most immediate source of Sino-Soviet Bloc economic power, since it can serve as a base for the expansion of the economy or alternatively for the production of military end items. It is in this area that Bloc production will grow most rapidly in the future, in absolute terms and in relation to production in the West.

The economic strength of the USSR versus the US, or the Sino-Soviet Bloc versus the NATO countries, represents the greatest array of over-all economic power -- approximately 90 percent of total world production -- ever in conflict in the world, as well as the most formidable industrial and economic threat faced by this nation since the early nineteenth century.

## APPENDIX A

GROSS NATIONAL PRODUCT, POPULATION, AND PRODUCTION OF SELECTED ITEMS  
IN THE SINO-SOVIET BLOC AND NATO COUNTRIES a/\*

	Unit	USSR				Communist China 1954	East Germany 1954	Poland 1954	Czecho- slovakia 1954	Total European Satellites 1954	Soviet Bloc 1954	Sino-Soviet Bloc 1954	NATO (excluding US) 1954	US 1954
		1940	1950	1953	1954									
Gross national product	Billion 1951 US \$		96.0	116.0	123.0	50.6	15.8	17.1	9.2	49.4	172.4	223.0	188.5 b/	360.4
Population	Million		202	212	216	583	18	27	13	93	309	892 c/	275 d/	165
Total labor force	Million				94.5	310	7.85	13.2	5.8	44	138.5	448.5	123.3 e/	63.8 f/
Agriculture labor force	Million				53.6 g/	245.0	2.1	7.2	2.0	22	75.6	320.6		5.9
Nonagriculture labor force	Million				40.9	65.0	5.75	6.0	3.8	22	62.9	127.9		54.2
<b>Agricultural products</b>														
Cotton fiber (ginned)	Thousand MT	727.7	1,140.0	1,300.0	1,410.0	970.0	0	0	0	32.3	1,442.3	2,412.3	180.0	2,978.3
Wool, grease basis	Thousand MT	143.2	190.0	230.0	235.0	35.4	4.5	4.6	2.0	54.9	289.9	325.3	158.0	123.4
Breadgrains	Million MT	56.5	57.2	54.9	56.6	23.5 h/	2.7	7.9	2.4	19.4	76.0	99.5	47.2 i/	27.0
Coarse and other grains	Million MT				30.0		2.4 j/		2.4 j/				38.2	105.2
Rice, paddy	Million MT	0.26	0.40	0.40	0.40	61.0	0	0	0	0.1	0.5	61.5	1.37	2.67
Potatoes	Million MT	69.4	72.2	66.4	67.2	62.8	11.7	30.4	5.1	49.6	116.8	179.6	66.7 k/	9.4
<b>Coal products</b>														
Brown and lignite	Million MT	26.8	71.2	95.5	105.0	Negligible	180.7	5.9	37.7	257.0	362	362	95.7 l/	2.0
Hard	Million MT	139.2	190.8	224.0	243.0	80.0	2.6	91.6	21.6	119.2	362.2	442.2	487.4	378.0
Metallurgical coke	Million MT	19.5	27.5	38.9	42.0	4.5	0.27	3.4	5.9	9.8	51.8	56.3	78.6 m/	53.5
Electric power	Billion kwh	48.3	90.0	133.0	147.0	10.9	26.0	15.4	13.8	66.0	213.0	223.9	341.3 n/	544.6
Natural gas	Million MT	2.1	4.7	5.5	5.8		0	0.3	Negligible	0.5	6.3	6.3		329.0
Petroleum														
Crude petroleum	Million MT	30.7	37.6	49.6	53.6	0.8	0	0.2	0.14	12.3	65.9	66.7	17.3 o/	312.9
Petroleum products	Million MT		33.0	45.3	49.2	0.4	2.2	0.47	0.8	13.9	63.1	63.5	85.9 p/	
<b>Nonferrous minerals and metals</b>														
Bauxite	Thousand MT	300.0	605.0	800.0	880.0	25.0				1,360.0	2,240.0	2,265.0	1,828.0	1,937.0
Aluminum (primary and secondary)	Thousand MT	81.0	235.0	388.0	510.0	1.5	37.0	3.0	21.5	97.4	607.4	608.9	1,023.0	1,596.0
Antimony	Thousand MT		2.5	5.0	6.0	12.0	0.2		3.0	3.2	9.2	21.2	4.4	0.7
Cobalt	Thousand MT		1.4	1.8	1.9					0	1.9	1.9	1.0	0.9
Copper (primary and secondary)	Thousand MT	161.0	275.0	350.0	405.0	12.6	42.3	20.0	0.6	67.9	472.9	485.5	884.9 q/	877.0
Mercury	Thousand 34.5 kg		17.5	32.0	32.0	7.0	0	0	1.0	1.2	33.2	40.2		89.7

\* Footnotes for Appendix A follow on p. 49.

## S-E-C-R-E-T

Unit	USSR				Communist China 1954	East Germany 1954	Poland 1954	Czecho- slovakia 1954	Total European Satellites 1954	Soviet Bloc 1954	Sino-Soviet Bloc 1954	NATO (excluding US) 1954	US 1954	
	1940	1950	1953	1954										
Nonferrous minerals and metals (continued)														
Tin metal (primary)	Thousand MT	1.7	8.3	11.5	13.0	12.0 <u>z/</u>	0.6 <u>r/</u>	0	0	0.6	13.6	25.6	70.0 <u>s/</u>	27.5
Zinc, refined	Thousand MT	86.0	123.0	199.0	213.0	8.5	3.8 <u>t/</u>	157.0	0	190.8	403.8	412.3	946.3	805.0
Lead, refined	Thousand MT	75.0	96.0	171.0	193.0	22.2	19.6	40.0	10.0	126.0	319.0	341.2	530.2	500.4
Ferrous minerals and metals														
Iron ore	Million MT		40.0	58.0	64.0	8.4	1.5	1.6	2.0	6.2	70.2	78.6	84.0	79.2
Raw steel ingots and steel for castings	Million MT	18.3	27.3	38.0	41.0	2.2	2.6	3.3	4.3	12.0	53.0	55.2	66.0 <u>y/</u>	80.1
Rolled steel (finished)	Million MT	13.1	20.7	29.0	32.0	1.7	1.8	2.3	3.0	8.1	40.1	41.8	46.6 <u>v/</u>	57.3
Ferroalloy minerals and metals														
Chromite (45 percent Cr <sub>2</sub> O <sub>3</sub> )	Thousand MT		500.0	670.0	700.0		0	0	0	118.0	818.0	818.0		105.2
Manganese ore (35 percent)	Thousand MT		3,500.0	4,700.0	5,000.0	130.0	0	0	250.0	250.0	5,250.0	5,635.0		192.0
Molybdenum (65 percent MoS <sub>2</sub> )	Thousand MT	0.4	3.2	4.2	4.6	0.7 <u>w/</u>	0	0		Negligible	4.6	5.3		26.5
Nickel	Thousand MT	8.5	32.0	42.0	45.0		0.1	0.5		0.6	45.6	45.6		2.4
Tungsten (65 percent WO <sub>3</sub> )	Thousand MT		7.6	8.0	8.2	17.0						25.2		12.5
Vanadium (40 percent)	Metric tons		495	795	900	50.0 <u>x/</u>	Negligible			0	900	950		
Consumer nondurable goods														
Boots and shoes	Million pairs	280.0	304.0	362.0	385.0		45.0	39.6	73.5	187.2	572.2	572.2		524.0
Rayon (synthetic yarn)	Million meters	10.6	34.0	44.8			269.5	74.8	47.0	391.3		688.9		2,445.0
Linen cloth	Million meters	270.0	232.0	288.0	295.0			74.8	51.0	125.8				
Woolen cloth	Million meters	110.0	158.0	210.0	242.0	3.5 <u>y/</u>	17.9	71.2	47.0	199.2		441.2	198.1 <u>z/</u>	306.2
Cotton cloth	Million meters	3,900.0	3,900.0	5,289.0	5,549.0	4,932.0	120.2	523.0	355.0	1,603.0	7,152.0	12,084.0	2,032.9 <u>aa/</u>	5,586.8
Hosiery	Million pairs		469.0	610.0	673.0									1,882.8
Consumer durables														
Bicycles	Thousand units	271.0	655.0	1,900.0	2,400.0			326.0						
Sewing machines	Thousand units	176.0	508.0	1,000.0	1,290.0									
Radio receivers	Thousand units		900.0	1,600.0	2,310.0	44.0	81.0 <u>bb/</u>	280.0	340.0	1,697.0	4,007.0	4,051.0		
Television receivers	Thousand units		9.0	34.0	225.0		79.5		5.0	86.5	311.5			
Food products														
Fish catch	Thousand MT	1,400.0	1,740.0	2,450.0	2,800.0	4,000.0								2,623.0
Meat	Thousand MT		3,075.0	3,890.0	3,950.0	6,625.0 <u>cc/</u>	534.0	766.0	348.0	2,238.0	6,188.0	12,813.0	10,165.0	11,491.0 <u>dd/</u>
Sugar, raw	Million MT	2.4	2.5	3.3	2.6	0.6	0.7	1.0	0.6	2.7	5.3	5.9	5.8	2.4
Animal fats	Thousand MT	562.0	338.0	475.0	475.0		187.0 <u>ee/</u>	319.0	114.0	766.0	1,241.0	1,241.0		1,825.0

Unit	USSR				Communist China 1954	East Germany 1954	Poland 1954	Czecho- slovakia 1954	Total European Satellites 1954	Soviet Bloc 1954	Sino-Soviet Bloc 1954	NATO (excluding US) 1954	US 1954	
	1940	1950	1953	1954										
Food products (continued)														
Vegetable oils	Thousand MT		775.0	1,246.0	1,380.0	1,941.0 <u>ff/</u>	38.2	50.1	16.1	242.4	1,622.4	2,563.4		2,669.0
Flour	Million MT		37.2	41.9	42.5	17.3	1.9	4.2	1.6	11.7	54.2	71.5	7.0 <u>ge/</u>	10.1 <u>hh/</u>
Milk	Million MT		22.9	26.0	27.0		4.6	9.0	3.6	20.6	47.6		77.8 <u>ii/</u>	56.1
Canned goods														
Milk	Million cans, 400 grams		81.0	180.0	220.0									
Fruits and vegetables	Million cans, 400 grams		922.0	1,363.0	1,780.0									
Fish	Million cans, 400 grams		200.0	330.0	410.0									
Cheese	Thousand MT		48.0	78.0	87.0								1,030.0 <u>jj/</u>	614.0
Butter	Thousand MT		325.0	400.0	408.0								1,081.0 <u>kk/</u>	657.3
Chemicals														
Alcohol, ethyl	Million gal	235.1	258.0	373.0	403.0									393.0
Ammonia, synthetic	Thousand MT	335.0	520.0	677.0	714.0	51.9	314.0	110.0	43.5	512.0	1,226.0	1,277.9		2,467.0
Benzol, refined	Thousand MT	160.0	222.0	310.0	335.0	29.8	11.3	95.0	63.7	172.0	507.0	536.8		
Caustic soda (100 percent)	Thousand MT	200.0	348.0	480.0	533.0	116.1	228.0	85.5	48.9	403.0	936.0	1,053.1		3,394.0
Chlorine	Thousand MT	89.0	208.0	266.0	296.0		203.0	6.0	36.5	276.3	572.3			2,626.0
Nitric acid (100 percent)	Thousand MT	400.0	1,035.0	1,350.0	1,420.0	22.0	268.0	96.1	90.3	563.1	1,983.1	2,005.1		1,811.0
Phenol, refined	Thousand MT	18.6	21.1	24.6	34.0	0.3	11.4	3.1	4.4	19.1	53.1	53.1		
Sulfuric acid (100 percent)	Million MT	1.52	2.04	2.75	3.2	0.2	0.5	0.5	0.4	1.5	4.7	4.9	7.9 <u>ll/</u>	12.7
Toluol	Thousand MT	61.0	76.0	98.0	104.0	6.5	3.7	13.6	9.3	26.7	130.7	137.2		
Chemical fertilizers	Thousand MT												2,017.0 <u>mm/</u>	
Construction materials														
Asbestos	Thousand MT	84.0	100.0	130.0	140.0									52.6
Gypsum	Thousand MT	725.0	1,470.0	2,060.0	2,220.0									786.0
Cement	Million MT	5.8	10.0	16.0	19.0	4.6	2.6	3.6	2.4	12.7	31.7	36.3	61.4 <u>nn/</u>	45.6
Wood, industrial	Million cu meters solid		162.0	215.0	245.0	21.1	9.4	10.6	8.0	43.0	288.0	309.1		46.2
Machinery and equipment														
Tractors	Thousand units	31.0 <u>oo/</u>	104.0	120.3	146.5		7.5	7.7	14.0	38.2	184.7		226.0 <u>pp/</u>	
Antifriction bearings	Million units	36.0	83.0	139.0	160.0	1.0	12.5	2.1	11.8	28.6	188.6	189.6		
Machine tools	Thousand units	49.0	79.0	88.0	92.0	15.9 <u>qq/</u>	28.0	9.0	18.5	60.2	152.2	168.1		

## S-E-C-R-E-T

	Unit	USSR				Communist China 1954	East Germany 1954	Poland 1954	Czecho- slovakia 1954	Total European Satellites 1954	Soviet Bloc 1954	Sino-Soviet Bloc 1954	NATO (excluding US) 1954	US 1954
		1940	1950	1953	1954									
<b>Electrical equipment</b>														
Power and distribution transformers	Million kva		8.1	14.0	16.0	2.1	3.0	2.4	1.5	9.1	25.1	27.2		
Generators	Million kw		1.3	5.1	5.6	0.1	0.9	0.2	0.9	2.2	7.8	7.9		
Motors	Million kw		5.8	9.9	11.0	1.0	1.8	1.0	2.3	6.6	17.6	18.6		
Wire and cable	Thousand MT of copper content													
Turbines	Million kw		60.0	80.0	90.0	13.0	29.0	18.5	16.0	75.8	165.8	178.8		
			2.6	4.0	4.6	0.02	0.6	0.1	1.1	1.9	6.5	6.52		
<b>Transportation equipment</b>														
Automobiles	Thousand units	21.0 <u>oo/</u>	50.0	72.0	75.0		16.0	2.4	20.0	38.4	113.4		2,187.2 <u>rr/</u>	
Trucks	Thousand units	126.0 <u>oo/</u>	293.0	288.0	313.0		11.0	11.5	12.0	40.0	353.0		698.3 <u>ss/</u>	
Cars, freight	2-axle-equivalent thousand units					6.0	12.3	16.5	15.5	60.1	191.1	197.1		
Cars, rail passenger	Thousand units	2.5	2.8	2.9	0.09	1.0	0.7	0.5	2.9	5.8	5.9			
Locomotives, diesel	Units	140	250	320	0	0	0	Negligible	Negligible	320	320			
Locomotives, electric	Units	135	200	225	0	0	15	Negligible	Negligible	30	255	255		
Locomotives, steam	Thousand units	1.3	1.3	1.5	0.05	Negligible	0.3	0.3	0.9	2.4	2.45			
Fishing vessels	Thousand GRT	14.8	39.7	48.0	26.0	37.2	9.8	0	47.2	95.2	129.5			
Naval vessels	Thousand GRT	101.6	112.5	158.0	1.0	5.3	0	0	5.3	163.3	164.3			
Maritime (harbor and ocean) Inland fleet	Thousand GRT	77.1	133.0	137.0	175.3	33.5	71.0	0	120.8	257.8	433.1			
Self-propelled	Thousand hp		50.0	61.7	66.3	8.6 <u>uu/</u>	9.0		19.2	40.2	106.5			
Non-self-propelled	Thousand GRT		613.0	658.0	748.0	26.0	0		2.4	35.8	783.8	809.8		
<b>Rubber and rubber products</b>														
Natural rubber	Thousand MT					1.0								
Reclaimed rubber	Thousand MT	24.5	45.0	61.0	66.5	6.0	5.5	6.0	9.5	21.2	87.7	93.7	261.1	
Synthetic rubber	Thousand MT	82.0	143.0	211.0	213.0		66.3	5.5	2.0	73.8	286.8		632.4	
Rubber tires	Million units	4.2	8.2	10.9	11.4	0.6	1.1	0.4	1.8	3.8	15.2	15.8	89.1	
<b>Transportation</b>														
Rail transport	Billion metric TKM		612.0	840.0	869.0	91.5	23.0	48.0	24.4	117.7	986.7	1,078.2	241.8 <u>vv/</u>	
Road transport	Billion metric TKM		20.1	32.0	34.0	1.5	3.0	0.6	0.5	4.8	38.8	40.3		
Water transport	Billion metric TKM													
Inland			49.3	61.8	65.5	7.4	1.8	2.3	1.5	8.8	74.3	81.7		
Ocean			38.1	48.9	57.7	4.4	0.2	9.2	1.0	13.9	71.6	76.0		

S-E-C-R-E-T

- a. Blank spaces indicate data are not available. Statistics for the countries of the Sino-Soviet Bloc were derived from CIA files. Data for the NATO countries were obtained from Monthly Bulletin of Statistics, New York, the United Nations, Vol. IX, No. 1, January 1955, and General Statistics, Paris, Organization for European Cooperation, No. 1, January 1955. Statistics for the US were computed from data appearing in the Survey of Current Business, Department of Commerce, Washington, March 1955; United Nations, Monthly Bulletin of Statistics, New York, March 1955; Department of Agriculture, Foreign Agricultural Circular FW-5-54, GPO, Washington, 26 November 1954; Department of Agriculture, Foreign Crops and Market, Vol. 70, No. 11, GPO, Washington, 31 January, 7 February, 14 March, 28 March 1955.
- b. The 14 countries included are Belgium, Denmark, France, West Germany, Greece, Iceland, Luxembourg, Italy, Netherlands, Norway, Portugal, Turkey, UK, and Canada at current US prices.
- c. Total includes Communist China figure, which is for 1953.
- d. All NATO countries excluding US.
- e. All countries included, but statistics for Belgium, Luxembourg, West Germany, Greece, Netherlands, and UK are for 1953; Italy and Canada for 1951; Iceland and Turkey for 1950.
- f. Includes unemployed.
- g. Does not include members of the armed services, workers in forced labor camps, or independent artisans.
- h. Wheat only.
- i. Countries included are Belgium, Denmark, France, West Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey, UK, and Canada.
- j. Includes barley, oats, corn, and miscellaneous grains. Rice not included for the USSR and the European Satellites.
- k. Eleven NATO countries: Canada, UK, France, Belgium, Netherlands, Italy, Norway, Denmark, Portugal, West Germany, and Greece.
- l. The nine reporting countries were Canada, Denmark, France, West Germany, Greece, Italy, Netherlands, Portugal, and Turkey.
- m. Seven countries reported coke-oven production. They were Belgium, France, Saar, West Germany, Italy, Netherlands, and the UK.
- n. Fifteen countries reported on electric power production. They were Belgium, Luxembourg, Denmark, France, Saar, West Germany, Italy, Netherlands, Norway, Portugal, Turkey, UK, Canada, Iceland, and Greece.
- o. The seven countries reported included France, West Germany, Italy, Norway, UK, Canada, and Belgium.
- p. The nine reporting countries were Belgium, Italy, France, West Germany, Norway, Turkey, UK, Netherlands, and Portugal.
- q. The seven reporting countries were Belgium, Canada, France, West Germany, Norway, Turkey, and UK.
- r. Crude tin averaging about 99 percent tin.
- s. The three countries reporting were Belgium, Netherlands, and UK.
- t. Includes alloys.
- u. The 11 countries were Belgium, Canada, Denmark, France, West Germany, Italy, Luxembourg, Netherlands, Norway, Turkey, and UK. Reported as "crude steel."
- v. The eight reporting countries were Belgium, Luxembourg, France, Saar, West Germany, Italy, Netherlands, and UK.
- w. Ore has a 75-percent content of MoS<sub>2</sub>.
- x. Ore has a content of 35 percent.
- y. A range of 3.4 to 3.6.
- z. The eight countries were Belgium, Canada, France, West Germany, Italy, Netherlands, Norway, and UK.
- aa. The seven countries were Belgium, Canada, France, West Germany, Italy, Norway, and UK.
- ab. Civilian radio and TV receivers.
- ac. Includes beef, veal, buffalo, pork, mutton, lamb and goat meat, and slaughter fats, fat cuts, lard and bacon and estimated carcass weight of live animals exported. Does not include Tibet or Sinkiang.
- ad. Slaughter meat.
- ae. Includes creamery butter, beef, lamb, mutton, goat, and pork fats.
- af. Includes sesame oil, peanut oil, soybean oil, rapeseed oil, tung oil, and all other vegetable oils.
- ag. Wheat flour only. Bloc figures include rye flour.
- ah. Wheat flour only. Bloc figures include rye flour.
- ai. The nine countries reported were France, West Germany, Italy, Netherlands, UK, Canada, Denmark, Greece, and Norway.
- aj. The seven countries reported were Canada, Denmark, France, Italy, Netherlands, Norway, and UK. Factory production only.
- ak. The eight countries reported were Belgium, Canada, Denmark, France, West Germany, Netherlands, Norway, and UK. Factory production only.
- al. The five countries were France, West Germany, Italy, Netherlands, and UK.
- am. The six countries reported were Belgium, France, West Germany, Italy, Norway, and UK.
- an. The 12 countries reported were Belgium, Canada, Denmark, France, West Germany, Italy, Netherlands, Norway, Portugal, Saar, Turkey, and UK.
- ao. Soviet official figures for passenger cars and truck production.
- ap. The four countries reported were France, West Germany, Italy, and UK.
- aq. Chinese official figure based on speech by Kao Kang in 1950.
- ar. The five countries reported were France, West Germany, Italy, Canada, and UK.
- as. The five countries reported were Canada, France, West Germany, Italy, and UK.
- at. Excludes naval vessels.
- au. Reported as 1,000 GRT.
- av. The 13 countries reporting were Belgium, Canada, Denmark, France, West Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey, and UK. Freight net ton-kilometers.

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