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INTEGRATED DEVELOPMENT OF ECONOMIC
 REGIONS DURING THE FOURTH
 FIVE-YEAR PLAN

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During the 1920s, when a regional economic plan project was being worked out in connection with the Lenin-Stalin plan for electrification of the USSR, an idea for the integrated economic development of individual large economic regions was proposed by the Gosplan. According to this plan, a region was considered a specialized combine of All-Union significance, an industrial entity in itself, linked with other regions by trade. The individual economic members in this industrial combine should be brought into interrelation, not only on the basis of geographic unity but also by mutual interdependence on the latest scientific and technical industrial processes.

Geographic unity enters into the interrelationship as in the case of cotton growing and silkworm breeding. Mulberry trees surround irrigated fields, therefore the silkworm breeding industry uses the labor of peasants during the slack cotton season. Or, take the example of forestry, farming, and cattle raising in our northern regions. There the forestry industry uses farm labor during the winter; and to carry on farming on poor podsolich soil, many cattle are necessary to provide manure for the fields.

The aims of integrated development of economic regions, as expressed in all the Five-Year Plans, are to develop the economic regions so as to strengthen the internal coherence of its industrial complex, assuring raw materials, fuel, and power in ever greater measure for its industrial facilities; to strengthen its specialized position in All-Union significance; and to establish new industry branches of an All-Union importance.

Publication of the Law of the Five-Year Plan, and other materials regarding the regional economic development of the USSR in the Fourth Five-Year Plan, permits one to visualize the growth of industrial complexes of diverse economic regions of the Union-- the emergence of new and distinct branches of these complexes and new interrelationship between the various branches of the economy.

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An analysis of the structure and formation of the USSR industrial complexes reveals several distinct types.

In the first type may be included those regions where the economy is founded on irrigated cultivation, cheap electric power, and on the production of nonferrous metals, petroleum and other minerals. The Transcaucasus, Central Asia, and Kazakhstan are such regions.

The basis of the industrial complex is agriculture. In Central Asia, for example, the expansion of cotton growing is interrelated with new irrigation construction, while the latter is closely allied with the cement industry and hydroelectric power-plant construction. Power generated by the hydroelectric station will be used chiefly for the production of nitrogen fertilizer for farm land. Agricultural machine building is tied in with cotton growing; fuel comes to the fields from local refineries and the textile industry consumes agricultural fibers. During the Fourth Five-Year Plan the agricultural complex of Central Asia will be intensified by the development of the super-phosphate industry, textile machine building, chemical machine building, and other branches.

However, the time will finally come, in the development of such a complex, when the production level will bring about the establishment of new economic branches which will form new links in the regional industrial complex. In Central Asia, for example, hydroelectric stations are interrelated mainly with irrigation construction, which is being undertaken for the expansion of the cotton-growing area. But the hydroelectric stations are accumulating sufficient reserves of power to divert some of it into the exploitation of non-ferrous metal deposits. Thus a new industrial branch of All-Union importance comes into existence. The coal industry, which was primarily supplying fuel for enterprises of the cotton complex, during the Fourth Five-Year Plan is beginning to supply ferrous metallurgy. In the beginning, the metallurgical plants will supply steel for cotton-processing enterprises, but later they will become the basis for the growth of other branches. This growth will go hand in hand with the utilization of mineral deposits and the development of transportation.

In the Transcaucasus the economy has long been based, aside from intensive farming, on the production of petroleum and manganese. There also hydroelectric construction had from its very beginning an independent significance. During the Fourth Five-Year Plan new branches of the economy will combine the separate parts of the industrial complex into one objective.

This is particularly true of ferrous metallurgy which will supply metal for the manufacture of petroleum machinery, pipe-rolling products, hydroturbines for small electric power stations, equipment for the tea and viticulture industries, and agricultural machinery. It will also supply metal to the petroleum industry and to branches of the agricultural segment of the regional complex.

The pattern of development in the Transcaucasus, Central Asia, and particularly Kazakhstan, reveals the growth of "upper level" industrial complexes, that is, the development of machine building, the creation of its own metallurgical base, the construction of power-generating enterprises of All-Union importance, and the establishment of a chemical industry. Part of these new upper level industries augment those All-Union branches which were set up in these regions before the beginning of the Fourth Five-Year Plan. In Kazakhstan, nitrogen-fertilizer production and automobile construction belong to such branches, along with ferrous metallurgy, petroleum machinery construction, agricultural and food-machinery construction and small hydro-turbine manufacture. Part of these new branches, which were based on existing ones, immediately assumed an All-Union significance. These branches are established in a given area because it is thought that this area can, better

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than the others or together with others, perform a specific task of serving the needs of the whole country. In the Transcaucasus, for example, an aluminum industry is being developed during the Fourth Five-Year Plan. This industry rests on the existing system of hydroelectric power stations; however, its production does not go to strengthen the regional industrial complex, but it will serve the needs of All-Union enterprises.

The appended charts of the industrial complex in the Transcaucasus and Central Asia indicate which branches of the economy and industrial interrelationships existed up to the beginning of the Fourth Five-Year Plan, and which of them will appear during it. Only the basic branches of the economy and the most important interrelationships are shown in these charts, which are not intended to reflect the complete industrial complex of the region. Their purpose is to show the development of the complex and also to indicate the appearance of new segments and the growth of the upper levels of the economy. Of the industrial interrelations of electric power stations, only those are shown in the charts which are connected with large power-consuming branches of the economy. Their connections with all other branches are implied. The same applies also to the charts of other regions.

Industrial development is less successful in Kazakhstan than in Central Asia, while the latter has been somewhat less successful than the Transcaucasus. By comparing the development of the industrial complexes of these three regions one can visualize to some extent the future of Central Asia and Kazakhstan.

To the second type of industrial complexes belong regions in which development is based on a combination of heavy industries. These include the coal, ferrous metallurgy, chemical, heavy machine building, and nonferrous metallurgical industries. The Ukraine, West Siberia and the Urals belong to such regions.

The industrial complexes were set up before and during the war. In the Fourth Five-Year Plan they are being expanded by new branches of the machine-building industry. In West Siberia and the Ukraine, such branches include automobile construction, railroad-car construction, building of river ships, production of equipment for coal-dressing plants, etc. Power from the electric power stations is used largely for the electrification of railroads, due to the huge amount of traffic in these regions. During the Fourth Five-Year Plan the industrial complex of these regions is to be enlarged by branches of light industry, including textiles, knitted fabric, and shoe industries. Such regions contain all the basic branches of the economy and are able to supply their own needs not only in regard to cast iron, steel, several nonferrous metals, and fuel; but they are also capable of producing any kind of machinery. They satisfy the population's need for cloth, knitted fabrics, shoes, and other articles of light industry as well as agricultural products.

Many segments of these regional industrial complexes have, or are acquiring, All-Union importance during the Fourth Five-Year Plan. Therefore, the development of a regional complex does not make the region a self-contained unit; on the contrary, its development strengthens the role of the region in the national economy. This is reflected in the growth of freight traffic in these regions.

Each of the three regions of this type has its own peculiarities. The Urals, much more than the others, are replete with the most diverse interrelated segments of an industrial complex. Following the Urals in this respect is the Ukraine. Chart 3 shows the combination of branches and their population ties for West Siberia, which has a less integrated economic complex than either the Ukraine or the Urals.

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To the third type of industrial complex belong regions having established combinations of interrelated branches of the processing industry, such as machine-tool construction, represented mainly by precision and combination machine-tool construction, chemicals, textiles and others. Central European USSR and the northwest are among such regions.

During the Fourth Five-Year Plan the development of the industrial complexes of these regions is continuing more on the "lower" than on the upper levels of the economy. These consist of a secure electric power base for industry and transportation, local metallurgy, fuel base, production of liquid fuel and , etc. In other words these regions are completing the structure of their economy with those branches with which regions of the second type started their development during the First and Second Five-Year Plans. Branches which are only beginning to be established in regions of the second type are already in existence in these regions.

It might be assumed then, that the structures which started from the bottom up and vice versa, i. e., from the top down, will in the end be identical. However, this assumption does not apply to the production complexes of regions of the second and third type. In the Ukraine, Urals and West Siberia, the lower levels of industry, that is, ferrous metallurgy, coal mining, and other branches of the economy, emerged because these regions are endowed with first-rate natural resources of world-wide as well as All-Union importance. These resources include coal, iron ore, nonferrous metals, salts, petroleum, etc. There the economy has its roots in the mineral resources of the earth. To establish lower levels in regions such as the northwest and Central European USSR it is necessary to use those limited resources which are available and to utilize the power resources of the flat, slow-flowing rivers, massive peat bog, brownish ash, sulfurous coal and combustible shale. Only the highly technical production of the upper levels of these regions, that is, chemical machine building and other branches of the industry, allows the utilization of these far-off but first-rate local resources. During the new Five-Year Plan the output of coal in the Moscow lignite basin will be increased several times, as will peat output and shale mining on which the establishment of a gas industry below Leningrad is dependent. The iron ores of the Kursk Magnetite Anomaly, which are difficult to reach, will also be utilized.

The development of fuel industry, ferrous metallurgy, gas manufacture, and other intraregional branches of the industrial complex, in regions of the third type, will consolidate on a permanent foundation the earlier established All-Union branches of the processing industry.

Chart 4, showing the development of the production complex of the northwest during the Fourth Five-Year Plan, gives an indication as to how new branches of the economy will be connected with the old.

To the fourth type belong those regions in which the industrial complex was at first connected only with a timber or agricultural economy, but later was supplemented by a whole complex of machine-building enterprises (with the exception of metallurgy or a major fuel base). This complex arose chiefly as a result of the favorable location of the region in regard to transportation. The machine-building industry greatly strengthens the existing branches of the economy and causes the growth of new branches. However, here the problem of machine building consists, not so much in maintaining the economy of the region, as in producing machinery for the Union as a whole or for a large group of regions. The Volga region, the Baltic region, Belorussia, and the North Caucasus belong to this type of region.

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The production complex of the Volga region was established, in its basic outlines, before the war; modified, during the war. With the completion of the Ural Automobile Plant and other enterprises, the number of machine-building plants will be increased during the Fourth Five-Year Plan. The electric power economy will depend on the increasing output of petroleum and natural fuel gas.

There is still no industrial complex in the Baltic region, since its economy is only beginning to be developed during the Stalin Five-Year Plan. There is a combination of enterprises but not a complete complex. The latter will be formed in the Union republics of the Baltic region at the beginning of the new Five-Year Plan. A machine-building industry will be established there which will have an All-Union significance and which will raise the industrial level of other branches of the republics' economy -- particularly the agricultural economy and light industry. The power industry of the Baltic region is based on peat and particularly shale output.

During the new Five-Year Plan a similar industrial complex will also be created in Belorussia. Chart 5 shows this structure.

The fifth and last type of industrial complex in the Soviet Union comprises those regions in which the economy is based upon timber, lumber, fish and extraction industries, the latter consisting mainly of petroleum and rare nonferrous metal extraction in North European USSR, East Siberia, Far East.

The industrial complex of these regions, while still not fully developed, is represented by isolated and, as yet, poorly connected links. In these regions the main emphasis, during the Fourth Five-Year Plan, will be on transportation construction, prospecting of mineral resources, establishment of a local ferrous metallurgy, transport machine-building (particularly shipbuilding), electric power stations and other "pioneer" branches of the economy, which will maximize the industrial strength of the region. Of the three enumerated regions, the Far East has progressed further in this respect than the others; East Siberia made the least progress.

In the regions of the fifth type, the coal industry was developed before and during the war. This industry will grow strongly during the Fourth Five-Year Plan. Petroleum output in the Far East and in the north is increasing rapidly. Production of liquid fuel will be established in East Siberia. A very large ferrous metallurgical base to serve the needs of the shipbuilding industry will be developed in the Far East.

Water power potential still is not fully utilized. The timber industry of all three regions is important for export. During the new Five-Year Plan these regions will strengthen their role in the chemical utilization of wood (cellulose, alcohol and other products).

The development of industrial complexes in such regions is similar to that in regions of the second type. They differ in that in the Far East, East Siberia, and partly in the north, there arose machine-building, chemical and other industries, in conjunction with the timber, lumber, fishing, and extraction of gold, tin, petroleum, and other nonferrous metals. The production of these All-Union branches raised the agricultural level of the economy and transportation, and gave rise to a food industry and a light industry.

When industries connected with the chief natural resources, such as coal, iron ore, nonferrous metal, and water-power potential, are established in these regions during the new Five-Year Plan, they will rest on the already existing upper level production. This fact will facilitate their economic growth. This is in contrast to regions of the second type where the growth of the economy started from the bottom.

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In West Siberia, for example, the establishment of an industrial complex started with coal and metallurgy; in East Siberia, gold, nickel, and tin extraction paved the way for coal mining, ferrous metallurgy, and the construction of hydroelectric power stations.

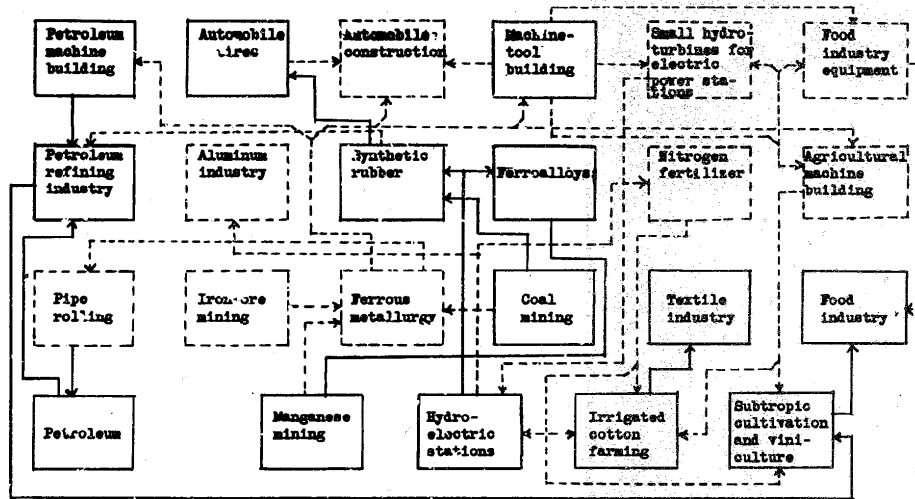
Chart 6, East Siberia, shows how the elements of the industrial complex will take shape in such regions.

The integrated development of the regions of the USSR, the integration of interrelationships, and the establishment of connecting links of the industrial complex mean still further growth in the USSR economy and a strengthening of interregional trade.

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Chart 1. Development of Industrial Complex of the Transcaucasian Union Republics During the Fourth Five-Year Plan



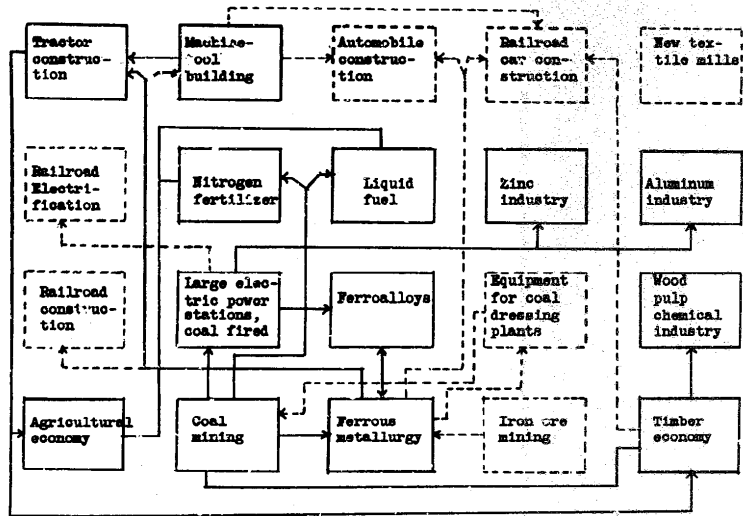
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NOTE FOR ALL CHARTS:
————— Branches of industry and interrelationships existing prior to the Fourth Five-Year Plan
- - - - - Branches of industry and interrelationships to be established during the Fourth Five-Year Plan

Chart 3. Development of Industrial Complex of West Siberia During the Fourth Five-Year Plan

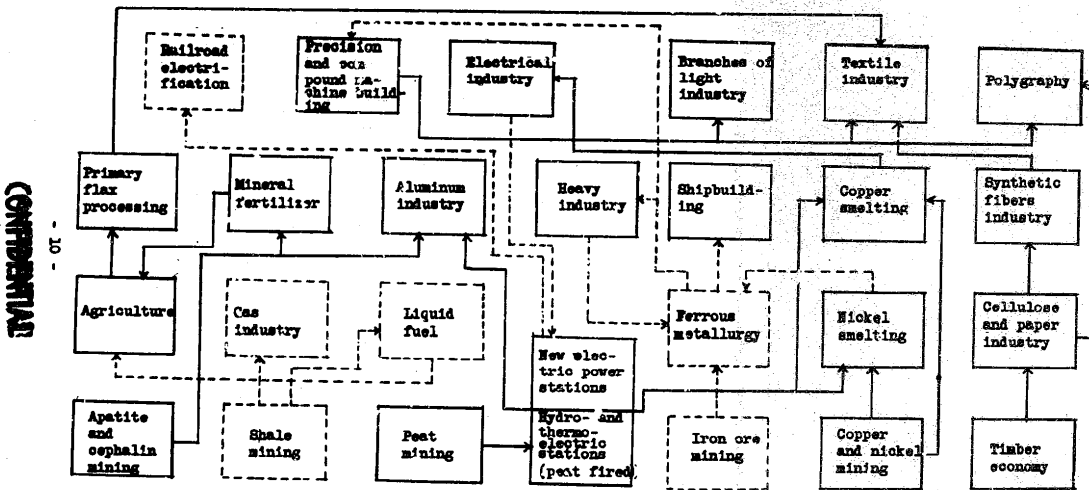


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Chart 4. Development of Industrial Complex of the Northwestern USSR During the Fourth Five-Year Plan

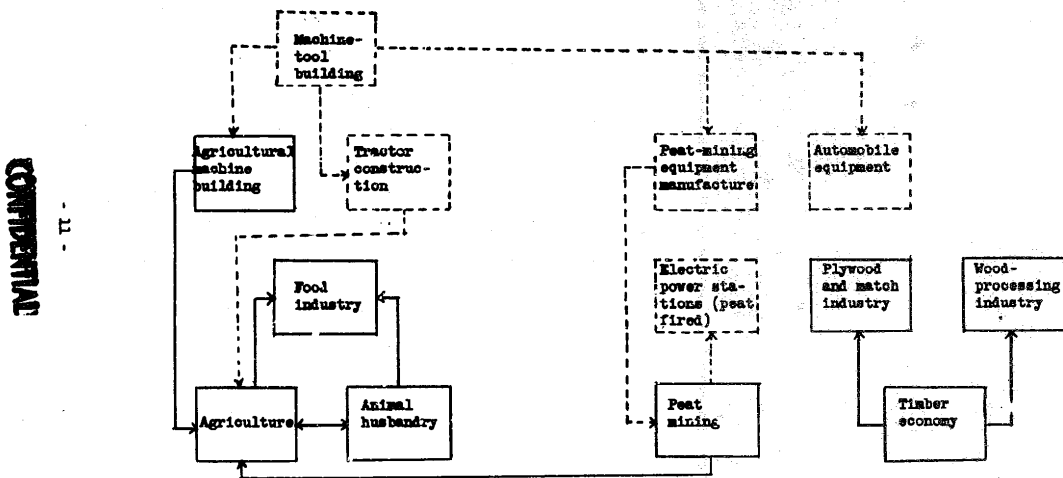


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Chart 5. Development of the Industrial Complex of Belorussia During the Fourth Five-Year Plan



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Chart 6. Development of the Industrial Complex of East Siberia During the Fourth Five-Year Plan

