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1. The report of the State Planning Committee USSR (Gosplan) and the Central Statistical Administration USSR on the results of the fulfillment of the first post-war five year plan (1946-1950) was published on 17 April 1951.
2. Before examining the data contained in the report, a few words should be said about the circumstances surrounding the appearance of this report and about some of its peculiarities. What strikes one first of all is the considerable delay -- three and a half months -- in publishing the report on the five-year plan. But it is even more strange that this report comes a month after the session of the Supreme Soviet USSR, which, logically, should have heard it and approved a new five-year plan. We have already pointed out in materials submitted earlier that this had not been done, and for that reason we were even given the impression that the Kremlin had decided to alter the entire system of national economic planning, to change over from the principle of the five year plans (rigid plans for all branches of the USSR national economy) to a more flexible system of state "plan-assignments" for individual branches of the economy and even for different time periods. 25X1
3. The Gosplan and TsSu report of 17 April (formally dated 16 April 1950 [sic]) says nothing specifically about the principle of planning for the future, but its very title is an indirect indication that the system of five-year plans will remain. The announcement is entitled "The Report of the State Planning Committee USSR and the TsSu USSR on the Results of the Fulfillment of the Fourth (First Post-war) Five Year Plan of the USSR for 1946-1950." The inclusion in the title

25X1A

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-2-

of the words "First Post-war" seems to be an indirect indication that a second post-war five-year plan is to follow; that is, that the system of five-year economic plans will continue. This was undoubtedly done to dispel the confusion which the approval of a separate plan for 1951 had produced in places.

4. Under the existing circumstances the only thing which remains unclear is the question of the role and character of the present (1951) economic year: Will it remain a transitional year between the first and second post-war five-year plans, or will a second five-year plan simply be announced after considerable delay, the present year being considered the first year of the second five-year plan? Right now the second conjecture seems the more probable, but with this correction--that this year will actually be a transitional one, although it will not be formally so considered. Be that as it may, this much is beyond doubt: Some kind of planning-statistical trick will be introduced with the announcement of the second five-year plan.
5. It is also obvious that from the text of the report, in drawing up the second five-year plan, Gosplan will consciously preserve the most important characteristic of the whole Soviet economy--the disproportionate development between the production of capital goods and consumer goods. In spite of the fact that the first five-year plan provided for maximum tempos in the development of heavy industry and war industries, with all others lagging behind, and in spite of the fact that the Gosplan and TsSU report emphasizes the overfulfillment of the plan for heavy industry and nonfulfillment of plans for transport, the light and food industries, and agriculture, nevertheless, the report states in several places that the tempos of growth of heavy industry do not meet the needs of the national economy and must be increased. This shows that in the still secret plan for 1951, as well as in the whole second post-war five-year plan, an even greater effort will be made to develop all branches of the national economy which are geared for war than were made in the previous five-year plan. Consequently, there will be a still greater disproportion between heavy and light industry, a still greater burden on transport, and a still greater lag in agriculture. There will also be no improvement in living conditions. Such are the general prospects for the future which emerge from the Gosplan and TsSU report on fulfillment of the First Post-war Five Year Plan.
6. Passing to an analysis of the report itself, it should be remarked that it contains no absolute figures. All results are given only in percentages. But even in this respect there is no set standard: comparisons are made either with 1940 or with the first year of the five-year plan (1946), or, more accurately, with 1945. If the presentation of data only in percentages can be explained by the desire to maintain secrecy, the dual principle of comparison is a trick designed to conceal the fact that one or another branch of the national economy is lagging behind. In all cases of lagging or disruption, a comparison is made with 1945. In this way a great propaganda effect is attained--"growth" of two or three times is demonstrated, although in reality not only is there no "growth" but there is even nonfulfillment of the plan and disruption. In a majority of cases this trick is applied to data on the light, food, and timber industries and to agriculture, that is, to all those branches of the national economy in which the population is most interested. The mythical "growth" attempts to conceal the lack of goods and products needed by the population.
7. The attempt to conceal through percentages the actual state of the Soviet economy appears naive and even stupid, inasmuch as percentages of fulfillment of the five-year plan are almost everywhere pointed out, while the law on the First Post-war Five Year Plan (with absolute figures) can be found in any Soviet library. It was printed in millions of copies of special pamphlets and was contained in all Soviet newspapers of 21 March 1946. In this instance the Soviet mania for secrecy breaks all previous records. Interpreting the percentages is so simple that it is even difficult to understand why Stalin and the Politburo decided to play this strange, unnecessary, and self-defeating trick.

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25X1A

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8. As will be seen below, silence with regard to many branches of the national economy was more effective, although even here the attempt of the Kremlin to conceal its weaknesses seems rather naive. It must be said that these "empty gaps" in the Gosplan report have turned out to be greater in number than could have been anticipated; and this is the most important feature of this document for all those who study its economic data.
9. A table of the most important types of strategic raw materials follows (in millions of tons).

	<u>1940</u>	<u>1950 (Plan)</u>	<u>1950 (Fulfillment)</u>
Steel	18.3	25.4	27.3
Pig Iron	15.0	19.5	20.8
Coal	166.0	250.0	260.0
Petroleum	31.0	35.4	37.9

10. Although the plan for steel, pig iron and coal was significantly overfulfilled, the Gosplan report says that the tempos of growth in ferrous metallurgy and the coal industry do not meet the needs of the national economy. Therefore, extreme measures to increase steel and coal production will undoubtedly be undertaken. It is very characteristic that this is not said in regard to the petroleum yield, although petroleum is at present one of the weakest aspects of the entire Soviet economy. Only the need for the speedy construction of new oil refineries is mentioned. This reflects their full realization that the exploitation potentialities of the old oil deposits (Baku, Grozny, and Maikop) have reached their limit, and that expansion of the exploitation of new ones (in Bashkir, Turkmenia, Kazakhstan, Uzbekistan, and Kuibyshev Oblast) strikes up against the extreme weakness of the technological base. From this, the conclusion follows that the new five-year plan will pay particular attention to the technical outfitting of new oil-bearing regions.
11. A general conclusion is that the center of gravity for the extraction and refining of oil is moving more and more eastward. The contrary is true for coal. The Gosplan report particularly emphasizes that the Donbas has again become the most important basin in the country. Although the report speaks of significant achievements in the development of the coal industry in the Kuzbas, the Karaganda region, the Urals and the Pecherskiy basin, these new bases are relegated to a relatively secondary place. In this case the root of the question lies not in the potentialities of these new areas of the coal industry, but in the condition of the transportation network of the USSR. After twenty years of experimentation the Kremlin has become convinced that the eastern coal basins (in spite of their immense potentialities) cannot replace the western basins, and that a transfer of the fuel balance of the country eastward is economically unprofitable. This, of course, does not mean that the exploitation of the eastern and northern coal basins will be slowed down or stopped, but that the Donbas is once more the coal center of primary importance in the USSR.
12. Maximum tempos also characterize the development of the Moscow coal basin, in spite of the rather poor quality of the Moscow coal. Here, too, the question of profitability dominates all others. The hauling of coal over long distances has proved to be too heavy a burden for the Soviet railroads, and the closest possible proximity of fuel bases to industrial centers is now the slogan of the day. This same tendency underlies the over-strained tempos in the construction of the new hydroelectric stations. All this, taken together, indicates that the previous system of distributing Soviet industrial centers is being reconsidered, along with moving these centers westward. It is very possible that this is the primary reason for maintaining complete silence in regard to the economic plan

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25X1A

-4-

for 1951 and for delaying so long the adoption of a new five-year plan. An analysis of the Gosplan report of 17 April allows one only to point out the presence of such a general tendency in general Soviet planning. The whole question has such a tremendous political and military-strategic import that any haste in making a final decision would be unforgivably irresponsible. Here may be the key to the whole policy of the USSR, and for this reason this question should be the object of the most careful, persistent and painstaking study.

13. The second most important political item in the Gosplan and TsSU report relates to transport. It is obvious from the report that the last five-year plan devoted particular attention to the restoration and modernization of rolling stock, and in this sphere considerable progress was achieved. On the other hand, the immense program for the restoration and construction of railway track outlined in the five-year plan was unfulfilled. This program provided for the restoration of 15,000 km. of railway tracks, the conversion of several main lines into quadruple-track systems, the restoration of 1,800 large and average-sized bridges, 1,500 stations, 1,300 railroad depots, etc.; and also the new construction of 7,000 km of railway tracks. The Gosplan report mentions that the five-year plan for the restoration of the railways, bridges and stations was not fulfilled. Regarding new construction, the report also mentions that new railroads had been built, particularly in regions of the North and in Central Asia.
14. In this area the failure of the plan is beyond doubt, and as a result, railway transport has become an even weaker spot in the Soviet economy than it had been before. A way out is sought by increasing the average load per car, but in light of the existing overstrain on the transportation system this problem which confronts the Soviet Government cannot be successfully resolved.
15. It would, however, be a mistake to interpret the failure of the plan for the construction and restoration of railways exclusively as the result of a basic inability to resolve the problem because of a deficiency in manpower and materials. Part of the reason for this failure lies in the fact that assignments for the construction of highways and dirt roads were sharply increased when the five-year plan was already in operation. The plan provided for 11,500 new dirt roads with hard surfaces. Actually, 16,000 such roads were built, among them the main automobile Moscow-Simferopol' highway, which was begun before the war. This, in conjunction with the Moscow-Leningrad highway, which was constructed still earlier, has resulted in the formation of a single, large automobile artery transecting the entire European portion of the USSR from north to south and uniting into one complex the industrial centers of the northern and central regions and the industrial south. The completion of this construction has an exceedingly great military-strategic, as well as economic, importance. According to official data, the USSR now has from 2 to 5 times more hard-surfaced roads than it did before the war.
16. When we add to all this that the Gosplan report noted that the plan for river and sea transport was not fulfilled, we are brought to the general, indisputable conclusion that the transport problem in the USSR was not resolved by the five-year plan, and that priority was given to the construction of highways, where results were very considerable. And so, the resolution of the transport problem now takes two basic directions in the USSR: an increase in the average load per freight car and an intensive construction of roads, designed to relieve rail transport. In the latter instance immeasurably more will have to be done in order for the results to be perceptible, but the tendency itself is clear enough.
17. The production of construction materials presents a third major problem. Here the picture is clarified not so much by the Gosplan report itself, as by a number of separate reports which have appeared recently, the majority of which

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-5-

we have analyzed in previously submitted papers. In this sector of the Soviet economy not only is the plan not fulfilled, but there exists a serious crisis in the production of cement, brick, asbestos and virtually every other kind of construction material. Without the prompt solution of this problem, construction on a large scale will be impossible in the future. It is for this reason that the next five-year plan will be, to a significant extent, a five-year plan for construction materials, the shortage of which reached catastrophic proportions after the adoption of the state plan for the gigantic canal and hydro-electric station projects and the simultaneous, maximum development of the highway system. It is precisely here that the Soviet economy comes up against one of its most difficult tasks. Since the construction materials industry is in an extremely neglected state, almost all of it needs to be thoroughly modernized, and it is hardly likely that it will soon be in any condition to meet the demands made on it.

18. The assignments set by the five-year plan to expand the production of mass consumer goods were all unfulfilled. Therefore, the five-year plan brought with it no improvement in living conditions. There was a significant increase in the production of only those goods which either had not been produced at all before the war or were produced in negligible amounts--bicycles, motorcycles, radio receivers, watches, etc. This was achieved solely by assembling and exploiting the plants and factories removed from the occupied countries in 1945-1947, and also by various statistical machinations which represent goods exported from occupied countries as results of the production of Soviet industry.
19. The information provided by the Gosplan report reveals virtually nothing new, considering what we have already written along this line on the basis of data received earlier. One should note only the unexpected disclosure by Gosplan of the "secret" of the "achievements" of animal husbandry in kolkhozes. Gosplan reports that the total livestock in the USSR increased 4 percent over the 1940 figure; that is, it remained essentially the same. At the same time, livestock owned by the kolkhozes increased from 40 to 60 percent. In other words, all the "achievements" of kolkhoz animal husbandry came about from the fact that around 50 percent of the livestock which had previously been at the private disposal of kolkhozniks have been taken by force into the kolkhozes. This has increased the commodity production capacity of kolkhozes in respect to animal husbandry, but has not improved in any way the lot of the population--far from it.
20. And so, the general political conclusion to be drawn from the Gosplan and TsSU report on the fulfillment of the first post-war five-year plan is that the plan did not solve any of the problems confronting Soviet economy, but only increased the disproportion between the branches of the national economy which are geared to war, on the one hand, and all other branches of the economy, on the other. This same line of development will characterize the next period, too, regardless of whether they publish a single, new five year plan or adopt a more flexible planning system (which seems rather improbable).

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