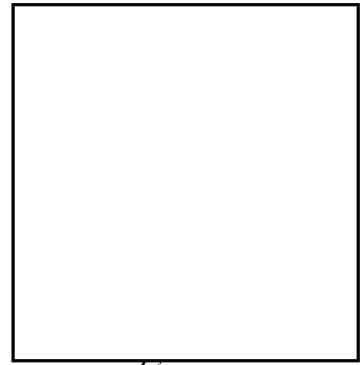


60-104

6 January 1960

STAT



enc

Honorable Richard Bolling
House of Representatives
Washington 25, D. C.

Dear Mr. Bolling:

Enclosed herewith, as of possible interest to you, is a memorandum prepared in this office giving an analysis of the Soviet press and radio comments on the statements which I made before your Subcommittee on November 13. Also enclosed are the texts of the various Soviet comments.

When you have had a chance to glance at these papers, I should be very glad to discuss with you any possible use to which they might be put. Certainly it is evident that the Soviet propose to follow with care the proceedings of your Subcommittee.

Faithfully yours,

SIGNED

Allen W. Dulles
Director

Enclosures

- AWD/ji
- 1 - DCI
- 1 - ER — w/cy enc.
- 1 - Legis. Counsel w/cy enc.
- 1 - DD/I w/cy enc. -- Via IG

Original handcarried by Legislative Counsel 1/6/60

(mb) Via Reading

**ANALYSIS OF SOVIET COMMENTS ON THE STATEMENT OF THE DIRECTOR
OF CENTRAL INTELLIGENCE TO THE SUBCOMMITTEE ON ECONOMIC STATISTICS
OF THE JOINT ECONOMIC COMMITTEE**

31 December 1959

1. Soviet articles and broadcasts commenting on the Congressional testimony of the Director of Central Intelligence have been published primarily to make propaganda mileage domestically. (See Tabs A-G appended) The reporting is heavily biased and could scarcely make an impact on the more sophisticated Western audiences, although it may have some impact on readers and listeners in underdeveloped countries. Statements in the testimony which were unfavorable to the Soviets have largely been omitted; in contrast, the statement on the rapid rate of Soviet economic growth was widely publicized. In selecting items from the Director's conclusions the Soviet press and radio totally omitted, "The Communists are not about to inherit the world economically. But while we debunk the distortions of their propaganda... However, most of the commentaries reported the remainder of this conclusion, "we should frankly face up to the very sobering implications of the Soviet economic program and the striking progress they have made over the last decade."

2. Soviet propaganda media also used the testimony of the Director to continue the allegation, emphasized since Khrushchev's visit to the United States, that United States leadership is divided on many subjects and especially on policy towards the Soviet Union. To this end, several Soviet commentaries have juxtaposed the statements by the Director on Soviet progress (omitting his remarks on Soviet problems) with remarks on Soviet problems by the Vice President, the Governor of the State of New York, and The Under Secretary of State (omitting their remarks on Soviet progress). The best example of this device is the 15 November Pravda article, "Allen Dulles Refutes the Allegations of Dillon." (See Tab A.) This program is apparently designed in part to prove the efficacy

of Khrushchev's policies to the Soviet people and to increase the possibility of US public opinion favoring a settlement of issues with the USSR. Only the first purpose appears to be reasonably well served by the particular comments.

3. The scope of the Soviet rebuttal of the less favorable remarks made by the Director has been broad with many sweeping generalities, but very sketchy. Generalities are often backed up by statistical data for carefully selected commodities or small areas which are purportedly typical, although this is patently not the case.

4. The two most important Soviet commentaries noted were a half page article in Pravda of 28 November (Tab B) and a full page of articles in the Sel'skoye Khozyaystvo for 29 November. (Tabs C, D, F) The Pravda article is the more important of the two; the other paper is the leading Soviet agricultural newspaper and its reply is limited to agricultural matters. The Pravda commentary is discussed in some detail in paragraph 5 and the Sel'skoye Khozyaystvo presentation in paragraph 6 below.

5. The Pravda article consisted of an introduction, a body of "five remarks" on the Director's address, and a conclusion principally devoted to quoting some of the Director's remarks most favorable to the Soviet economic situation. The first of these five "remarks" concerns the Director's statement that the official Soviet index of industrial production understates output in 1913 relative to that of the United States. (Tab B, p. 2) Pravda admits that the Director is correct in citing Soviet economist Strumilin's criticism of the official Soviet index; however, the article goes on to say that Khrushchev presented data similar to Strumilin's in a 25 July speech, which the Director should be aware of. It is possible from this twitting by Pravda that the USSR has decided gradually to abandon

the exaggerated claims of Soviet industrial growth from 1913 to 1958, and took a second step in this direction (the first being in Khrushchev's 25 July speech) at this time since the opportunity was afforded to score a point against the Director. However, the most current economic handbook, approved for publication in August 1959, still carries the more exaggerated claims and Soviet speakers continue to use them. Khrushchev himself, in a talk to the Economic Club in New York in September included a statement based on the same data which Pravda chided the Director for using.

The second "remark" (Tab B, p. 3) is presented as a rebuttal of the statement in the Director's testimony that USSR industrial production is about 40 percent of that of the US, not 50 percent as the Soviets claim. In support of this claim, Pravda presents comparative US and USSR production statistics on a limited number of commodities, omitting all commodities such as automobiles, washing machines, and TV sets, where the comparison would be unfavorable to the Soviets. The article further bolsters the 50 percent claim by citing comparative industrial electric power consumption which, it says, "in the USSR was a little less than half (that) in the US." The official statistics show Soviet electric power consumption by industry to have been 48 percent of that in the US in 1958, a year when our industrial consumption of power declined 13 billion kw because of the recession. These are interesting statistics, but they neither prove nor disprove the statements made in the Director's testimony, which in turn rested on the most comprehensive collection of comparative US and USSR production data possible, not on a biased sample.

Pravda's third "remark" (Tab B, p. 4) centers on future US growth trends. It presents a set of US industrial growth rates for various years to show that Mr. Khrushchev's selection of a two percent average annual industrial growth rate for the US in the future is extremely fair. In the Director's testimony he assumed a 4.5 percent rate for US future

industrial growth to illustrate where the Soviets might stand by 1970 in their race to catch up with the US. It is interesting to note that the revised Federal Reserve Board index published in the Federal Reserve Bulletin for December 1958 shows US industrial production, 1948-54, to have increased at an annual rate of 4.9 percent.

The fourth "remark" (Tab B, p. 5) concerned itself briefly with the statement that Bloc industrial output amounts to about one-quarter of world industrial output rather than the one-third claimed by the USSR. The refutation consisted of a list of eight commodities: pig iron, steel, tractors, woollen fabrics, coal, sawed timber, unprocessed cotton fibres and grain--in which 1958 Bloc production ranged between one-third and one-half of world total output. This list, like that in the second "remark," was selected on the basis of comparisons most favorable to the Bloc. It should be particularly noted that to obtain a list of even eight commodities Pravda included two not normally considered to be a part of "industrial production"--the subject of the comparison. These were grain and unprocessed cotton.

"Remark" number five (Tab B, p. 6) alleges that the Director "grossly exaggerates the difference between living standards" of the US and USSR. Refutation of this point, however, is limited to comments on the low proportion of income paid as rent by the Soviet worker, free Soviet schooling and free Soviet medical aid. The section concludes with a standard Khrushchev promise of better things to come for the Soviet worker.

6. The articles in Sel'skoye Khozyaystvo consisted of a brief lead, a long statement by a group of agricultural officials and workers from the Ryazan Oblast, purporting to refute the Director's statements with examples of developments on particular farms, and a discussion by a member of the Academy of Agricultural Sciences purporting to be a refutation from the broad national viewpoint.

The rebuttal was apparently published in order to once again exhort loyal Soviet farmers to greater efforts; this time for the purpose of proving the Director wrong in the prediction that Soviet agricultural output will probably not increase more than 18-20 percent over the 1958 level by 1965. Additionally, as in the Pravda review, several of the Director's statements on the rapid rate of Soviet economic progress were reproduced to score propaganda points domestically.

A. The brief lead is titled "Our People Will Achieve Early Fulfillment of the Seven-Year Plan Tasks for the Developments of Agriculture." (See Tab C) It begins by noting the Director's "acknowledgement" that the USSR is the second largest industrial power of the world and that astonishing successes were achieved by the Soviets during the past decade. Setting up the context for the other articles, it then quotes the Director's prediction of only an 18-20 percent growth in agricultural output in the 1959-65 period, terms this "tea reading," and claims that agriculture, like industry, will achieve its 1965 goals ahead of schedule.

B. The first article (Tab D) purports to be a compilation of statements by various members of the agricultural enterprises of Ryazan Oblast. The authors range from Rayon (county) party officials to A. Kaznava, hog tender of the Red Culture Farm. The collection, titled in a manner to please Khrushchev, is called "You Cannot Hide the Sun Behind a Hitter, You Cannot Kill a Fine Young Fellow With a Pable."

The article is based on the statement that in the Spasskiy Rayon of the Ryazan Oblast--an area which lies adjacent to Moscow--agricultural output in 1959 increased over 1958 levels by about 30 percent. The authors attempt to show that this increase is not abnormal since output of various agricultural commodities in 1958 had already increased in amounts ranging from 50 to 300 percent since 1955. By extending these claims from this rayon to the whole of the Soviet Union and from 1959 to the whole of the

seven-year plan period, the authors present "the truth about our kolkhoz life and our socialist agricultural growth rates."

This presentation, like most such Soviet claims, is tailored to get the best possible picture from the available data.

Unusual circumstances underlay Ryazan's claims: it is in that area newly designated by Khrushchev as a sort of a Moscow milkshed and trust garden--and claims of annual increase of this magnitude in total agricultural output are ludicrous if purported to be generally attainable in the USSR or anywhere else. This presentation was apparently repeated on 25 December in a speech at the Soviet Communist Party's central committee meeting. (Tab E)

C. The rebuttal entitled "Remarks by an Economist" (Tab F) is somewhat rambling. This is perhaps because the author did not know what he was specifically defending since the Director's remarks did not contain a detailed explanation of the reasons for the relatively low expectations for Soviet agricultural growth.

The author criticizes the Director's use of 55-60 percent planned net growth in agriculture stating that the proper figure is 70 percent. (Tab p. 1) The Soviet author failed to note that the Director was using a net figure; the 70 percent figure is a gross figure. This may raise some question in the minds of the Soviet readers, for in the introductory lead article (Tab C) the Director was accurately quoted and in the Ryazan article (Tab D, p. 1) the 70 percent figure is properly stated to be the gross plan. This difference--basically reflecting the double counting of feedstuffs as both a product and as a part of the livestock product--is not widely discussed in Soviet popular literature.

Having hit at the only detail available to him from the Director's presentation, the author attempts

to demolish several criticisms of Soviet agriculture made from time to time in the Western press and to point out some of the theoretical advantages of socialist agriculture.

He deals with assertions of critics, that the USSR growth rates cannot be long maintained because there is no Western precedent for continuing growth rates at such levels, alleges that land rent and mortgage payments in the present US agricultural system make the US farmer comparable to the pre-revolution Russian farmer, makes a major pitch for the efficacy of the giantism in Soviet agriculture, and concludes that there is no reason why the high rates of Soviet industrial growth cannot also apply to Soviet agriculture.

He then turns to "the factual side" (Tab V, p. 11) and presents selected data to show that, in fact, Soviet agricultural growth tended to parallel that of industry from 1930 onwards, an allegation that even Mr. Khrushchev publicly admits, at home and abroad, to be incorrect. On firmer ground, agricultural growth in the post-Stalin era is reported with justifiable pride.

Still apparently searching for the reasoning behind the Director's statement that between 1953 and 1958 Soviet agriculture grew about seven percent per annum but that in the seven-year plan period it will grow more slowly, the author appears to decide that the Director based his opinion on the growing size of the absolute increment necessary to meet a constant percentage increase in growth. He consequently attempts to show that this growing absolute increment is no problem because of the increased resources, both material and financial, available to Soviet agriculture.

In his discussion he does not touch at all on the problem we believe to be relevant. This in brief is: the various programs, especially for the New Lands and corn, initiated by Khrushchev in recent years have already had their greatest impact on Soviet agricultural production. Continued high

growth rates would require additional programs of equal efficiency. Since no such programs are thus far in evidence, future growth must depend on the relatively slow and expensive procedure of increasing yields per acre. Soviet agricultural reforms which are being proposed could considerably aid the problem of reducing costs per unit of output, but will not solve the problem of increasing average yields unless the long proposed but inadequately implemented program to expand fertilizer output is rejuvenated.

The article concludes with selected data on the 1959 output purporting to show that already the Director has been proven wrong in one year. (Tab. p. 8) This is, of course, extremely difficult to do since Soviet leaders on the level of Khrushchev, Aristov, and Konygia have admitted a drought and resulting mediocre grain crops. The author, consequently, uses figures on various local production gains, presents data on the record output of cotton, a totally irrigated crop in the Soviet Union, and records livestock products' gains to claim that "the first year of the seven-year plan has been completed successfully in agriculture." He neglects to report on those field crops subject to drought.

Since the publication of these articles Khrushchev has made further admission of the mediocrity of the 1959 harvest. In his 9 December speech in Lvov he stated that grain procurement this year is 17 percent below that of last year but reassured his audience by saying that "there would be enough grain." In his speech on 25 December to the Communist Party Central Committee which was meeting to discuss agriculture he avoided discussion of the yield of major field crops in 1959.

7. In large part, the remainder of the Soviet commentaries (Tab G) are brief and primarily for domestic consumption. They imply a reluctant admission on the part of Mr. Dulles, one of their chief detractors, that the USSR has become the second greatest industrial power of the world and that its economic progress has--omitting his limiting qualifications--exceeded that of the U.S. The approach of the basic Pravda article generally provides the frame of reference for the other articles.

8. Below are listed the available Soviet commentaries on the statement of the Director of Central Intelligence before the Subcommittee on Economic Statistics of THE JOINT ECONOMIC COMMITTEE OF THE CONGRESS OF THE UNITED STATES:

"Allen Dulles Refutes the ----- TAB 1
Allegations of Dillon"
(Pravda, 15 November 1959)

"Facts Against Allen Dulles" ----- TAB 2
(Pravda, 18 November 1959)

"Our People Will Achieve ----- TAB 3
Early Fulfillment of the
Seven-Year Plan Tasks for
the Development of Agri-
culture" (Sol'skoye
Khozaystvo, 25 November
1959)

"You Cannot Hide the Sun ----- TAB 4
Behind a Hitten"
(Sol'skoye Khoyaystvo,
25 November 1959)

Peasant Girl's Speech at ----- TAB 5
Communist Party Central
Committee Meeting (TASS,
25 December 1959)

"Remarks by an Economist" ----- TAB 6
(Sol'skoye Khoyaystvo,
25 November 1959)

"What Disturbs Allen Dulles?" ----- TAB 7
(Izvestia, 15 November 1959)

"U.S. and Soviet Economies"
(Moscow Broadcast, 15
November 1959)

"U.S.S.R. Economic Gain Worries
U.S. Chiefs" (Moscow Broad-
casts):

- Soviet Washington Reporter
Commentary (15 November 1959)

- Potapov Commentary (15 November
1959)

- Maynushin Commentary (16 November 1959)
- Vladimirov Commentary (16 November 1959)
- Orlov Commentary (23 November 1959)

In addition, the following listed commentaries --which are of minor importance--are known to exist but are not presently available:

Chigir, international review, "Soviet Union is catching up with the U.S." quoted Allen Dulles' speech at Senate subcommittee session on Soviet-American economy, on Soviet economic achievements, recalls speeches by U.S. businessmen in favor of Soviet-U.S. trade, asserts times have changed in favor of those who support mutually advantageous economic cooperation among all. (TASS in Russian to the provincial press, 17 November 1959)

Anonymous commentary stresses Soviet progress in competition with U.S., quotes statement admitting Soviet gain by Allen Dulles, criticizes Nixon-Rockefeller doubts as to Soviet economic abilities, notes value of competition for demonstrating which system can provide most. (French, 18 November 1959)

Mark Postolovskiy, in response to a number of letters from U.S. listeners, defines nature of Soviet-American economic competition, citing figures and Allen Dulles' speech to illustrate forward strides made by USSR, asserts superiority of socialism guarantees Soviet victory, while recent Nelson Rockefeller denigration of Soviet economic ability was based on false statistics. (English to North America twice, 19 November 1959)

Zakharov, "Great Aims Generate Great Energy" says capitalists ridiculed first Soviet Five-Year Plan but now worried by Soviet successes as revealed by Allen Dulles and others. (Slovene, 26 November 1959)

Feature, "Doubts of Mr. Dulles and Deeds of Russian Stockbreeders," consists of reports

by Grigoryev and Khramov on describing agricultural progress in Russian Siberia and quotes statements by agricultural personalities criticizing recent statements by Allen Dulles and Nelson Rockefeller which attempted to cast doubt as to Soviet ability to fulfill Seven-Year Plan. (Rome version, 17 November 1955)

Potapov on competition: stresses value of West-East economic competition for proving which system is most superior and an alternative to competition in arms field quotes statements by Allen Dulles and a U.S. senator on seriousness of Soviet economic challenge, criticizes Nelson Rockefeller's appraisal of Soviet economic successes as an economic menace. (English to North America twice; French Africa twice; Polish, English to Southeast Asia, 19 November 1955)

TAB A

ALLEN DULLES REFUTES THE ALLEGATIONS OF BILLEN

Moscow, Pravda, 15 November 1959, p. 6.

Yesterday in the Capitol building, special sessions of the Subcommittee for Economic Statistics under the Joint Congressional Economic Committee of the US, which were engaged in a comparison between the economic developments of the USSR and that of the US, were begun.

In preparing for these sessions, the subcommittee, headed by Representative E. Holling, published reports which acknowledged that the Soviet Union can surpass the US in economic development within the established period. On the eve of the present session of the subcommittee, its chairman published a third report, the basic inference of which was the fact that the economy of the USSR is "even stronger than has been or is being considered" in the US.

In continuing a study of this problem, the subcommittee, in the course of the present sessions, is examining comparative data on the present economic development of both countries, questions of the structure and organization of the economies of the USSR and the US, comparative characteristics of both trends in economies, and a perspective for the next 10 years. Now in America, especially after the visit of N.S. Khrushchev, chairman of the Council of Ministers USSR, many persons are beginning to come to the understanding that the road to peaceful competition is the only possible road for the development of relations between the two countries. This fact also finds repercussion in the fact that the ruling circles of the US must now acknowledge the "threatening" scope of development of the Soviet economy and must relinquish their usual references to the "propagandistic" character of the plans for the economic development of the USSR. Instead, they are attempting to find measures which would help them "answer the new challenge of the USSR."

Evidence of such a position is a speech delivered yesterday by Allen Dulles, head of the Central Intelligence Agency of the US.

In his speech, the CIA chief, despite all his reservations for the purpose of understating the successes and possibilities of the USSR and other socialist countries, had to acknowledge, in essence, the strength and power of the Soviet economy and of the entire socialist system.

"The Soviet Union," said Allen Dulles, "is displaying exceptional skill in certain spheres. The USSR, he asserted, "is at the highest degree of competence in such fields as the production of steel, heat-resistant metals, electronics, aeronautics, and cosmic technology, and also atomic energy, machine building, etc. "A lag in a number of other fields on the part of the USSR in comparison with the US," he said, does not mean that the USSR is incapable of producing similar items.

Turning to an appraisal of the status of the economy of the USSR, Allen Dulles said that in the short period of 30 years, beginning in 1928, "the Soviet Union has become the second greatest industrial power in the world. There can be no argument on this point. The majority of specialists of the West, the speaker continued, agree that during the period from 1950, industrial production in the USSR has grown by approximately 9-10.5 percent annually (and in the US, by approximately 2.6-3 percent-- correspondent's comment).

A. Dulles actually spoke against the "theory" existing in the US whereby the high rate of economic development in the USSR is explained as being located in a so-called "early stage" of development and, regarding the rate of growth of the over-all volume of production and the development of the economy in the USSR, these rates allegedly will decrease. A similar "theory" was recently expressed, in particular, by Assistant Secretary of State Dillon in one of his speeches. The supporters of this "theory" compare the present period of the development of the USSR with an "earlier" period of industrial production of the US. However, as Allen Dulles reports, they forgot the fact that "exceptionally favorable

conditions" were created for the US before World War I, which stimulated a fast growth of their economy--the influx of immigrants, the flow of capital investments, and the small military expenditures. On the other hand, the speaker said, the period of the development of the USSR before 1928 was marked by wars, both internal and external, and by devastation. If we eliminate 15 years (1913 to 1928), and we feel that this should be done, and measure the economic growth of the USSR from 1928 to 1958, said Dulles, then the conclusion inevitably arises that the Soviet economy has grown quite fast. The rates of this growth were higher than the rates of growth of American industry. Allen Dulles requested that the tasks of the Seven-Year Plan of the USSR be regarded 'seriously.'

Despite the fact that Allen Dulles attempted in his speech to instill doubts concerning the successes of the development of agriculture in the USSR, as well as the accuracy of the comparative economic indices, he asserted in conclusion: "We must acknowledge honorably the highly sobering results of the Soviet economic programs and the astonishing successes achieved by them during the past 10 years. Allen Dulles also said: "If, during the next 10 years, Soviet industry has, as before, an 8-9 percent annual growth, as they predict, then by 1970 the gap between our two economies will narrow to a dangerous degree if our own rate of industrial growth is not increased considerably in comparison with our present growth."

--V. Paronov

in 1965 in implementing the task it has assumed--to catch up with the United States--particularly in the field of industrial production and, obviously, it will basically fulfill the industrial figures outlined in the seven-year plan."

We, however, consider it necessary to make certain remarks with regard to some of Dulles' statements.

Remark No. 1:

Striving to minimize the extent of our country's achievements compared to prerevolutionary economy, Dulles asserts that, allegedly, an official "myth" has been created in the USSR regarding the excessive backwardness of prerevolutionary Russia and that "the Soviet party line" aimed at convincing people that the volume of Russia's prerevolutionary production was less than seven percent of the volume of U.S. industrial production in 1913.

Dulles goes on to oppose a pamphlet by Academician Strumilin (PRAVA footnote: Obviously what is meant here is S.G. Strumilin's pamphlet, "On the Road of Building Communism," by the Sotskiz Publishing House, 1959) to this alleged Soviet party line. Dulles said that according to Strumilin's calculations the volume of industrial production in 1913 was not seven but 11-12 percent of the U.S. volume of production. Dulles agrees with Strumilin's assessment, considering it objective. The fact is surprising, however, that Mr. Dulles is unaware of the speech of the chairman of the USSR Council of Ministers, Comrade N.S. Khrushchev, at the Moscow opening of the U.S. national exhibition, a speech which was published in the press on July 25, 1959. In this speech Comrade N.S. Khrushchev said: "It is known that prerevolutionary Russia lagged eight times behind the United States in total industrial production and 13-14 times in per capita production."

It is clear even to schoolchildren that a lag in volume of production of eight times amounts practically to that 11-12 percent of which Dulles writes, striving to find some sort of contradictions between the statements of Academician Strumilin and the speeches of Soviet leaders, contradictions which, in fact, do not exist.

Remark No. 3:

Dulles asserts that USSR industrial production amounts not to 50 percent of U.S. industrial production, as reportedly stated in speeches by Soviet leaders, but closer to 40 percent.

There can be argument about methods of assessing total production, about the system of price indices, etc. There can be no argument, however, about a comparison of the amount of basic types of industrial production, expressed in kind, which determines the industrial potential of this or that country.

Here are the corresponding figures for 1964:

	USSR	U.S.	USSR in percent of U.S.
Pig iron, millions of tons	38.6	53.4	74
steel, millions of tons	54.9	77.3	71
iron ore, millions of tons	68.8	69.1	100
coal, oil, natural gas, and other types of fuel (reduced to a common index) in millions of tons	630	1,306	48
lumber (fire wood excluded), millions of cubic meters	253	246	102
cement, millions of tons	33.3	52.3	64
cotton fabrics (unfinished), millions of square meters	4,600	8,262	56
wool fabrics, millions of linear meters	303	250	121
leather shoes, millions of pairs	356	582	61
meat, unprocessed, including household slaughtering, millions of tons	7.7	18.3	42

milk, unprocessed, millions of tons	58.8	58.8	104
animal fats, thou- sands of tons	778	685	114
sugar, thousands of tons	5,434	2,391	227
fish, thousands of tons	2,931	2,741	107

Comparison of machine-building production is most complicated due to essential differences in the structure of its production and the various methods of assessment. It must be called to mind, however, that, for example, the total number of metal-cutting machine tools in the USSR consisted of 1.9 million units in 1958, and in the U.S. it consisted of 2.2 million units, which means that the total number of machine tools in the USSR was more than 85 percent of the total number of machine tools in the United States.

The United States surpasses the USSR by about three times in the production of electric power; however, in 1958 the industrial consumption of electric power in the USSR was a little less than half of the industrial consumption of electric power in the United States.

Thus, a comparison of the level of production of the most important types of production in the USSR and the United States confirms the correctness of the estimation of Soviet economists to the effect that in 1958, according to the most careful calculations, the volume of USSR industrial production amounted to one-half the U.S. industrial production, the gap even being possibly somewhat smaller.

Remark No. 3:

Dulles does not agree with the assumption expressed by N.S. Khrushchev in his report to the 21st CPSU Congress that in the period immediately following, U.S. industrial production will grow annually by about two percent, and he considers this percentage of growth to be too low. As is known, in his report to the congress, Comrade N.S. Khrushchev based his assumption on the fact that these were exactly the tempos of the development of the American industry in recent years.

Official American statistics show that during the seven-year period the average annual growth of industrial production in the United States amounted to 1.5 percent. When one considers the data for all post-war years--1945-1953--the average annual growth of industrial production in the United States in this period was about 0.5 percent.

Even when one adds the estimated results for 1959 published in the American press, that is a period when U.S. production increased after last year's crisis, the average annual speed of growth of the U.S. industrial production amounts to 1.2 percent, that is again less than two percent.

It is not accidental that the New York Times, in a report published by this paper on Jan. 29, 1960, wrote that Khrushchev displayed excessive politeness in speaking of an annual U.S. production increase of two percent, while actually, according to the report the speed of the annual economic growth of the United States in the period following the end of the Korean war was an average of less than 1.5 percent.

If, as Dulles did, one compares the data on the speed of growth of the industrial production for the period after 1939, including the years of the Great Patriotic War, it results that the annual average speed of growth of industrial production during 1939-1950 in the USSR was 11.4 percent and in the United States 2.9 percent. If one disregards the World War II period which, as acknowledged by Dulles, "stimulated industrial growth in the United States" but were "disastrous for the Soviet Union" it results that during the 11 pre-war years and the 12 post-war years the average speed of growth of production in the USSR was 16 percent while in the United States it was 2.3 percent.

Remark No. 4:

Dulles asserts without proof that the socialist countries account for some 25 percent of the world's industrial production and not for one-third. Dulles obviously forgets such indisputable facts as that in 1958 the countries of socialism accounted for about one-third of the world's production of pig iron, steel, tractors, woolen fabrics, 47 percent of the world's coal output, almost 40 percent of the world's sawed timber, some 40 percent of unprocessed cotton

fibers, and almost one-half of the world's grain resources.

Remark No. 5:

Dalles grossly exaggerates the difference between the living standard of the working people of the USSR and the United States. It is true that at present the living standard in our country is still lower than that in the United States, which was not subjected to foreign occupation and during this century did not wage war on its own territory.

But even if the individual wages of Soviet workers, reduced to comparable prices, are as yet still lower than the wages of American workers, the working people of the Soviet Union have a number of advantages which the American working people do not have--absence of unemployment and confidence in the future, which is lacking for millions of American workers and their families; the lowest apartment rents in the world, which account for only four to five percent of the general budget of a workers family, while the rent for apartments of an average American family as gathered, for example, from data published by the National Committee of the U.S. Democratic Party, amounted in 1955 to about one-third of the pay of an industrial worker who worked during the whole year; free schooling, including higher education; free medical aid, and a number of other privileges and advantages at state expense, of which American workers cannot even dream.

In the USSR there exists no such situation as in the capitalist countries where a lion's share of the national income, created by the working people, is appropriated by the monopolists and other non-working groups of the population. The whole national income of the USSR belongs to the working people and is used in their interests.

Comrade N.S. Khrushchev, speaking over U.S. television on Sept. 27, 1959, noted justly, in addressing the American people, that "even though we are not so rich as you, we are on the right road to achieving the highest living standard in the world."

We touched only on some, most noticeable, errors contained in Dulles' speech--a review of all errors would take too much space.

We will specifically refrain from discussing the unproved assertions regarding the planned speed of development of USSR agriculture and the confusion of concepts of industrial production, gross national product, and national income contained in his speech. We also do not want to enter into a dispute with Mr. Dulles on the period within which our country will catch up with the United States. It is already remarkable that the chief of the U.S. Central Intelligence Agency acknowledges the concreteness of such prospects and consoles himself only with the assertion that this moment, which will be unpleasant for him, will arrive somewhat later than we assume.

At the end of his speech Dulles said that it is necessary "... (PRAVDA ellipsis) to acknowledge honestly the sobering results of the Soviet economic program and the astounding successes which they achieved during the past decade... (PRAVDA ellipsis) If Soviet industry continues as before to grow at an annual rate of eight to nine percent during the next decade, as they predict, the difference between our two economies will be narrowed to a dangerous degree in 1970, if our own speed of industrial growth is not considerably stepped up as compared with the current level."

Undoubtedly Mr. Allen Dulles will be forced in the next few years to correct his prognosis of the economic development of the Soviet Union more than once, and to acknowledge new successes of the USSR and all socialist countries in the peaceful economic competition with capitalism.

NO, YOUR PROPHECIES WILL NOT COME TRUE, MR. ALLEN DULLES

OUR PEOPLE WILL ACHIEVE EARLY FULFILLMENT OF THE SEVEN-YEAR PLAN TASKS FOR THE DEVELOPMENT OF AGRICULTURE

Moscow, Sol'skoye Khozyaystvo, 29 November 1958:

Many statesmen, scientists, and economists of capitalist countries acknowledge that the Soviet economy is developing at a high rate. This was reflected also in a recent speech by Allen Dulles, Director of the Central Intelligence Agency of the US, at a meeting of the Subcommittee on Economic Statistics of the Joint Congressional Economic Committee. He said that the Soviet Union, in the short period of 30 years, has become the second greatest industrial power in the world, and called for "an honest appraisal of the truly sobering results of the Soviet economic program and the astonishing successes achieved by them during the past decade."

"The tasks of the Seven-Year Plan of the USSR," said Mr. Dulles, "must be taken seriously." Here he contradicted himself and expressed doubt in the feasibility of the Seven-Year Plan for agriculture. "We cannot see," prophesied Mr. A. Dulles, "any chance for the attainment of the agricultural goals of the Seven-Year Plan. Under average weather conditions, net agricultural production will probably not increase more than 18-20 percent by 1965, during the Seven-Year Plan period. This modest growth is much lower than the planned growth of 55-60 percent."

Mr. Allen Dulles' prophecy is mere tea-leaf reading. The materials published on this page serve as further confirmation that the Soviet people are in a position to fulfill the task of the Seven-Year Plan for increasing the total gross output of agriculture by 75 percent, and not just in seven years, but even earlier. The campaign for the early fulfillment of the Seven-Year Plan not only in industry but also in agriculture is a country-wide project. And there is no doubt that it will be crowned with victory.

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**YOU CANNOT HIDE THE SUN BEHIND A MITTEN;
YOU CANNOT KILL A FINE YOUNG FELLOW WITH A FABLE**

Moscow, Sel'skoye Khozyaystvo, 29 November 1958

We, the kolkhoz members of Ryazan'skaya Oblast, decided to write this letter when we learned about the recent speech made by Mr. Allen Dulles. American statesmen have finally begun to speak about a peaceful contest. That's better—let us talk about peace and about producing more pork, milk, and corn. Let us compete in the production of material goods for mankind, not in the armaments race, and not in the accumulation of lethal hydrogen bombs and missiles.

The Soviet people wish to live in peace with all nations, including the Americans. The Soviet Government, the entire Soviet nation is tireless in its struggle for peace and happiness on earth. This sincere longing for peace by our people was very well expressed by Nikita Sergeyevich Khrushchev, Chairman of the Council of Ministers USSR, during his trip to the United States of America. While in the United States, he expressed the thoughts of every Soviet individual, for which we are grateful to him.

And so we say, a peaceful competition. We have stated, and now state that in the next few years we will catch up with the United States and will surpass it in the per capita production of meat, milk, and butter. The Seven-Year Plan provides for an increase of 70 percent in gross agricultural production. The average annual increase in gross production in the USSR will amount to eight percent. You, Mr. Allen Dulles, like American capitalists in general, do not like this, and you reserve for us a turtle's pace in agricultural development. And as for Mr. Benson, the Secretary of Agriculture, he is of the general opinion that "Soviet farmers" will never attain the American level of agricultural production.

In reply to your statement we wish to quote a wise Russian proverb: "You cannot hide the sun behind a mitten; you cannot kill a fine young fellow with a fable."

We will explain the proverb with facts from our kolkhoz operations. There is in Russia a Ryazanskaya Oblast. It adjoins Moskovskaya Oblast and is in a way particularly distinguished. The soils here are podzolic sand and clay. We live and work on this land. In our Spasskiy Rayon, which we represent, there are 38 collective farms. How do they progress? During the period 1953-1958 we increased the production of milk over 300 percent; of meat, 100 percent; of eggs, 300 percent; and of grain and potatoes, 50 percent. Livestock numbers increased considerably. The number of cows, for instance, doubled during this period.

These are the rates of growth during the past few years. Now let us see what the Seven-Year Plan will bring. We are becoming stronger and are growing, not daily, but hourly. At the end of 1959, the first year of the Seven-Year Plan, we are computing the year totals. We do not wish to conceal the figures; they make us very happy. According to preliminary data of the rayon planning commission, gross agricultural production of the rayon increased 59.5 percent in 1959. We have created the necessary conditions for producing a still greater agricultural output in 1960 than in 1959.

What, after this, Mr. Allen Dulles, are your prognostications worth? You doubt that it will be possible to increase gross agricultural production at average of eight percent per year. But during the first year of the Seven-Year Plan Spasskiy Rayon had an increase of 59.5 percent, and in the production of meat, our kolkhozes have already in 1958 reached the level fixed for 1965. Spasskiy Rayon produced and sold to the state 6,885 MT of meat, almost 6,000 MT of which was sold by kolkhozes. The rayon had a yield of 74.3 sq of meat per 100 hectares (ha) of arable land.

One could say: "These are the achievements of one rayon, perhaps the best." No, our rayon is not the best in Ryazanskaya Oblast, and Ryazanskaya Oblast is not the best in the Soviet Union. Our growth, our achievements in increasing agricultural production are in many respects characteristic of the entire country.

It is known that Ryazanskaya Oblast as a whole recently pledged to produce 280 percent more meat in 1959 than in 1958, and to sell to the state 190,000 MT of meat, or 300 percent more than in 1958. The agricultural workers of the oblast have done well and are fulfilling their pledge with honor. (Our rayon had its pledge already fulfilled on 17 November.) The Soviet people have a tradition of leadership--to fulfill and to overfulfill accepted plans and pledges ahead of schedule.

Why did we advance so far in the first year of the Seven-Year Plan? The Soviet people say: it is good to follow the right path. We are traveling the right path, the communist path. Our own Communist party is leading us forward. This explains the rapid growth of the entire national economy and the magnificent upsurge of Soviet science and technology.

With every year the kolkhozes become stronger and stronger, and the life of the Soviet peasant better. We will take the liberty of quoting a few more facts. In 1953, the kolkhozes of Spasskiy Rayon had a cash income of 12.5 million rubles; in 1958, their income reached 48.5 million rubles, and in 1959, it will exceed 80 million rubles. The common indivisible funds of the kolkhozes increased from 20 million rubles in 1953 to 105 million rubles in 1959.

Such growth makes it possible every year to restore and supplement equipment, to do more construction, to increase the number of livestock, and to expand production. The kolkhozes of the rayon have 300 tractors in terms of 15-horsepower units, 132 grain and ensilage harvesting combines, and much other equipment. We have completely mechanized labor in field work; and mechanization is being introduced to an ever increasing extent on livestock farms. All kolkhozes of the rayon with the exception of three have been electrified. During the Seven-Year Plan, with the aid of electricity and new equipment, we shall convert to full mechanization and automation in animal husbandry, where all labor consuming work will be done with the use of machinery and electric drive systems.

Within nine and one-half months, the kolkhozes of Spasskiy Rayon have fulfilled two annual construction programs, that is, they have built twice as many cultural and communal, livestock, and

utility buildings as prescribed by the plan for the first year of the Seven-Year Plan. New clubs, nurseries, schools, bath houses, medical stations, and 770 individual dwellings have been built. Many animal enclosures have been constructed. All this in less than one year!

In 1959, the Krasnaya Kul'tura Kolkhoz has built a House of Culture in addition to livestock and other buildings. This beautiful large building with its white pillars has enhanced the kolkhoz village of Arganakovo and is a genuine center of culture. It has an auditorium seating 450 persons, a library, a reading room, and rooms for art work and for various group activities. In 1960, the kolkhoz will open a music school in the House of Culture for the children of the peasants. The village has secondary and primary schools, nurseries, medical stations, stores, television, electricity, radio, and water supply. The peasants are well off; they are not afraid of the future. They do not know the meaning of ruin or the sale of property on auction. Socialism has disclosed endless opportunities for happiness.

Good living conditions foster successful work. Soviet peasants work under conditions of creative enthusiasm. They have the inspiration and courage to go out and search tirelessly for new ways of increasing labor productivity and production, and of reducing production cost. All peasants are striving to shorten the period required for the completion of the Seven-Year Plan, to create abundance in our country as soon as possible, and to build up communism.

An ordinary Russian woman, Polina Ovechkina, works on the Vskhody Kolkhoz as a milkmaid. During 11 months of 1959 she obtained 5,600 kg of milk per cow from the group assigned to her. A remarkable achievement! Mariya Andrianovna Sudovykh, Hero of Socialist Labor and Deputy of the Supreme Soviet RSFSR, who had recently tended hogs, now directs a hog-raising farm at the Rossiya Kolkhoz. She has acquired rich experience which she imparts to her friends. The kolkhoz members who work on this farm have raised a huge number of hogs. During 11 months of 1959, the kolkhoz has produced 53 metric quintals of pork per 100 ha of plowland.

M.K. Dumnetsova, an agronomist, is chairman of the Krest'yanskiy Trud Kolkhoz. In 1959, in less than a year, this kolkhoz produced, under her leadership, 110 metric quintals of meat and 445 metric quintals of milk per 100 ha of land.

This is the truth about our kolkhoz life, and about our socialist agricultural growth rates. The truth is brighter than the sun. You cannot cover it up with anything; you cannot hide it anywhere. Why be afraid of this truth? Is it bad if we produce large quantities of meat, milk, and butter for our nation? We are trying to achieve this for ourselves, on our own land, and for the good of peace in the entire world. So let us compete to the end that our nations may live still better. The gain will be mutual.

**M. DIANOV, Chairman of the Zessiya Kolkhoz;
M. Merezova, Chairman of the Fakel Kolkhoz;
A. KANNEVA, hog-tender of the Krasnaya Kul'tura Kolkhoz; Ye. PRAVKINA, Calf-tender of the Kolkhoz imeni Lenin; I. Yurkov, Tractor Operator of the Proletarskiy Put' Kolkhoz; N. KAKHAROV, Chief Zootechnician of the Agricultural Inspectorate; N. KUPRIKOV, Chief Agronomist of the Agricultural Inspectorate; Ye. KORNAREVA, Chairman of the Rayon Planning Commission; P. MARIN, Secretary of the Spasskiy Rayon Committee CPSU.**

Ryazan'skaya Oblast.

YEFREMEVA SPEECH

**Moscow, TASS, Radioteletype in Russian to Europe,
25 December 1959.**

A simple Soviet peasant, Anna Yefremova, who has become famous as an excellent organizer and leader in communal farming, spoke today at the CPSU Central Committee plenum, and her speech aroused great interest. Anna Yefremova is a representative of the Ryazan Oblast, which in 1959 increased by 3.8 times the output of meat and tripled its sale to the state. She is at the head of the Kirov kolkhoz, which has sold 4.5 times more meat to the state than last year. In this farm, 173 quintals of meat and 346 quintals of milk have been produced per 100 hectares of land.

There is a remark I should like to make on a pronouncement by Allen Dulles, the United States intelligence chief, familiar to everyone, Anna Yefremova said. Mr. Dulles, she continued, doubts the possibility of the Soviet Union achieving the rates of agricultural growth planned by the 21st CPSU Congress. "I want to tell Mr. Dulles this: Take a closer look at the Soviet people's way of life. The situation in our Ryazan region alone provides ample evidence to indicate that our socialist agriculture is confidently stepping up the pace in its competition with the agriculture of capitalist America. To have increased production and to sell three times as much meat to the government as we did last year is no joke, is it? This has been done by Ryazan, which you, Mr. Dulles, seem to be still picturing in the state it was before the revolution."

REMARKS BY AN ECONOMIST

Moscow, Sel'skiye Khozyaystvo, 29 November 1959

The idea advanced by the USSR for peaceful economic competition between countries with different social orders meets with growing response from wide circles of the world's population. The attractiveness of this idea lies in the fact that it removes the threat of an annihilating nuclear war, and that it opens a new era of peaceful coexistence among the world's nations.

The whole world knows that the Soviet Union considers its basic economic problem to be to catch up with and overtake the most highly developed capitalist nations in their per capita production, in the shortest period of time in history. The decisive stage in translating this problem into reality is the introduction of the Seven-Year Plan for the development of the nation's economy which was approved by the 21st Congress of the CPSU. Thus, it is only natural that the world press, and scientists, public figures, and statesmen of all countries pay such great attention to the progress of the Seven-Year Plan.

Among other problems, the future development of agriculture in accordance with the Seven-Year Plan merits a great deal of attention. Mr. Allen Dulles also dwelt upon this subject in his recent speech at a meeting of the Joint Congressional Economic Committee.

Not troubling himself with any serious analysis of the problems involved, or stating proofs, he cast doubts on the specified rates of increase for gross agricultural production in the USSR during the next seven years. He took the liberty of asserting that the increase in agricultural production in the USSR during the Seven-Year period will hardly exceed 15-20 percent, instead of 70 percent as planned by the 21st Congress of the CPSU (and not 55-60 percent, as Mr. Dulles says.)

The average 8 percent annual increase in agricultural production envisaged by the Seven-Year Plan is unquestionably a great task. Such a rapid rate of development has never been known in the agriculture of capitalist countries throughout their whole history. Therefore, the main arguments of sceptics consist of historical references.

At one time, critics of the Soviet Five-Year Plans, in order to cast doubt upon the planned high rate of industrialization for the USSR, also appealed to historical experience, and asserted that history has no examples of such a high rate of industrial development. However, life itself has impartially and convincingly proved that tasks which are beyond the capability of the capitalist method of production can easily be shouldered by the new, more progressive socialist method of production. The unprecedented high rate of development has in short order led the USSR to second place in the world in volume of industrial production, and permitted it to set a goal for achieving first place in the world in the level of economic development of the country.

The high rate of economic development of the Soviet Union is not an accident or a specific national peculiarity of the USSR, but a natural development common to socialism. This has also been confirmed by the experience of other socialist countries. It is a well known fact that the development of the national economy in the People's Republic of China and in other countries of the socialist camp is proceeding at a rapid rate.

But perhaps the capacity for a high rate of development is not applicable to the entire socialist economy, but only to a part of it - industry? Perhaps this capacity is not characteristic of its other part - agriculture? This is just what those who doubt the potentialities for a rapid rate of development of socialist agriculture are trying to maintain either openly or by beating about the bush.

Before we turn to factual data let us dwell for a short time on the theoretical side of the problem. Rapid rates of economic development are inherent in socialist countries, because in socialism, as contrasted with capitalism, production undergoes uninterrupted and regular development, without anarchy

and crises in production which hinder the development of the economy and give rise to huge losses of the public wealth. The appropriation of part of the national income by parasitic classes is not known in a socialist society. It is known that such appropriation limits the rate of accumulation and expansion of production in a capitalist society. It is also well known that huge sums of money were extracted from agriculture in pre-revolutionary Russia to pay rent to the landowners, and that US agriculture shoulders a heavy burden in the form of land rent, mortgage payments, etc. A socialist society uses its entire national income for the requirements of its workers, for the expansion of its economy, and for the planned development of science and technology, which are powerful prime movers of production.

These and other important advantages of the socialist method of production predispose the capacity for higher rates of development in our economy. These advantages are inherent in the whole economy of socialism, both industry and agriculture.

It must be noted that socialist agriculture also has its own specific additional advantages which assure its superiority over capitalist agriculture. These advantages stem from a high concentration of production. Although the difference between capitalist and socialist countries in the degree of concentration of production is not so great in industry, the difference is substantial in agriculture. Suffice it to say that in 1958 each kolkhoz in the USSR had an average of 4,502 hectares of arable land, of which 1,881 hectares were sown, and each sovkhos had an average of 8,700 hectares of sown land. However, in 1954, an average farm in the US had 97 hectares of land in all, and only 2.7 percent of the total number of farms had over 400 hectares of land.

Consequently, there is no basis for assuming that the high rates of development in socialism are peculiar to industry alone and are not inherent in agriculture. Quite the contrary; capitalism is an exceedingly great deterrent to the development of productive forces in agriculture.

Let us turn now to the factual side of the matter. The transition from small-scale private agricultural

production to large-scale socialist production was completed in the USSR in about the middle thirties. The newly created socialist agriculture had only a few years for the peaceful development of its capacities prior to World War II. Moreover, it had to overcome enormous difficulties connected with the general low level of development of the economy of the country, the lack of experience and practice in conducting large-scale production, a shortage of equipment and manpower, and the resistance of hostile elements.

Even during that period, the period of its establishment, socialist agriculture demonstrated its capacity for the rapid development of production. From 1930 to 1940, the decade that included the stormy years of the breakdown of the old order and the establishment of the new, gross agricultural output rose 20 percent, and the output from land cultivation rose 23 percent. The entire increase in production is attributable to the second half of this decade; consequently, the average annual growth rate then amounted to about 4 percent. Certain individual branches of agriculture at that time were already demonstrating strikingly high rates of development.

From 1938 to 1940, the average annual gross output of sugar beets was 60 percent higher than from 1928 to 1932. During the same period, the gross output of raw cotton was 143 percent higher than from 1928 to 1932. The 1940 gross harvest of tea leaves was 50 times that of 1928.

The invasion by the German-Fascist hordes not only interrupted the growing development of agriculture, but also caused a sharp drop in agricultural production. Errors that were allowed to occur in the management of agriculture held up the recovery of agriculture during the postwar years and prevented it from starting on the road to a new upsurge.

The powerful forces hidden in large-scale agricultural production did not really begin to emerge until 1953, when the party eliminated the deficiencies and errors which were interfering with the development of agricultural production, and a

system of measures for assuring its rapid development was put into effect. Production growth rates reached a higher level than was ever before attained. From 1954 to 1958, gross output of agriculture was 35 percent greater than from 1949 to 1953, including 30 percent production increase from land cultivation, and a 43 percent increase from animal husbandry. Moreover, the growth rate has increased from year to year, with the result that gross output in 1958 was 30 percent higher than in 1953; this, according to our calculations, amounts to an average growth rate of about 8 percent.

The fact that this increase was universal in nature and that the high growth rates occurred in all branches, including grain production and animal husbandry, is of very great significance.

However, can it be that the sceptics are right in asserting that this growth rate was of a temporary nature and that in the future our agriculture will not only be unable to increase its growth rates further, but will even be unable to maintain the rates already attained?

Of course a larger volume of production is now covered by each percent of growth than was the case 5-6 years ago, and this most certainly will complicate the task of further increasing gross production. However, the potentialities and capacities for further rapid increase have also grown considerably during this time. USSR agriculture now has at its disposal much more powerful means of production, both equipment and other material means. This is illustrated convincingly by the following figures:

	<u>1955</u>	<u>1958</u>	<u>1968 in % of 1955</u>
Fixed capital of socialist agricultural enterprises (billion rubles)	149.5	248.9*	166
Power capacity of agriculture (million hp)	87.8	138.1	157
Tractors used in agriculture in terms of 15-hp units (thousand)	1,239	1,744	141
Grain combines (thousand)	318	500	157
Trucks (thousand)	424	700	165
Number of livestock at the end of the year (million)			
Cattle	55.8	70.8	127
Cows	25.2	33.3	132
Hogs	33.3	48.7	146
Sheep	99.8	129.9	130

* In 1957

Thus, agriculture entered the Seven-Year Plan period with equipment having a greater total capacity than 5 years earlier. Besides, during the years of the Seven-Year Plan, agriculture will be supplied by industry with new, technically better means of production on an ever increasing scale. In the seven-year period, agriculture will be provided with over a million tractors, about 400,000 grain combines, and millions of machines for the mechanization of various branches of production. Electrification of all sovkhoses and kolkhoses will be completed, and rural electric power consumption will be quadrupled during the period. Capital investment in agriculture will total about 500 billion rubles for the seven-year period, an amount almost twice that invested in the preceding seven years.

At the same time, there has been an increase in the skill, experience, and knowledge of the personnel responsible for these growing material and technical means of production. There is a steady rise in the creative initiative of the great masses of rural workers. This initiative is aimed at better utilization of land, labor, and means of production, and is directed toward a steady increase in the yield from the fields and the productivity of livestock.

Thus, both subjective factors (personnel) and objective factors (means of labor) of agricultural production, operating in the course of the Seven-Year Plan, will be sharply strengthened quantitatively and qualitatively. This strengthening cannot but be reflected in a decided rise in gross agricultural production.

The high rates for the further upsurge of agriculture are based on these powerful forces. The results of the first year of the Seven-Year Plan not only emphasize the feasibility of the planned rates but they indicate an actual possibility of fulfilling the Seven-Year Plan tasks ahead of schedule.

It is known that weather conditions this year were quite unfavorable. There was a long and serious drought in many parts of the country, which caused sizable losses. But even under these difficult conditions, real successes were attained.

While over-all data for 1959 are not yet available, preliminary data from individual oblasts, krais, and republics testify to the high rates of development of agricultural production in the first year of the Seven-Year Plan.

Great successes were attained in the production of meat, milk, and other livestock products. In the kolkhozes and sovkhozes of the Belorussian SSR, the 1959 increase in meat production will be about as great as in the preceding four years. Total meat production in the republic will rise 40 percent, and milk output 16 percent.

In the sovkhozes and kolkhozes of the Ukrainian SSR, meat production rose 30 percent and milk output 20 percent during the first nine months of 1959.

Unprecedented success in increasing the production of meat was achieved in 1959 by the workers of Ryazninskaya Oblast, who by 10 October had already delivered to procurement points livestock equal to three times the 1958 deliveries. Many other examples of higher output of meat, milk, and wool could be cited.

Many areas in the eastern regions, in the nonchernozem zone, and in other zones of the country have achieved increased production of grain, potatoes, vegetables, fodder crops, and livestock products. A record cotton crop has been harvested. Uzbekistan, the principal cotton-growing republic, had delivered to procurement points by 20 November 104,000 more tons of raw cotton than it had delivered in all of 1958, and delivery of cotton was continuing.

The first year of the Seven-Year Plan has been completed successfully in agriculture. Begun in 1959, the forward movement of socialist agriculture and animal husbandry toward the great goals set by the Seven-Year Plan will gather force and scope in the years to come. In fact, the movement forward will receive new impetus from the decisions of the next (22 December 1959) plenum of the Central Committee of the CPSU.

When he spoke about the long-range growth of agricultural production in the USSR, Mr. Allen Dulles set his wish before the fact. The Soviet people, utilizing the decisive advantages of socialist agriculture under the leadership of the Communist Party, will not only achieve the planned rates of growth in the output of agricultural and livestock products, but will also fulfill the tasks of the Seven-Year Plan ahead of schedule. -- M. Moiseyev, Corresponding Member, All-Union Academy of Agricultural Sciences
imeni V. I. Lenin

SECRET

WHAT DISTURBS ALLEN DULLES?

Moscow, Izvestia, 15 November 1959, p. 5

On 13 November the first special session of the Joint Congressional Economic Commission of the US convened in Washington to consider the report prepared by the commission entitled "Comparison of the Economic Indexes of the US and the USSR."

Just prior to this session the commission published the third and concluding part of its report. Based on the available facts, the commission reported the following conclusions:

"The Russian economy is already stronger than has been acknowledged by the majority of 'Western' specialists."

The development of the economy of the Soviet Union in the next 10 years will progress faster than the US economy.

Attending yesterday's session of the committee the Director of Central Intelligence of the US Allen Dulles was forced to point out the remarkable achievement of the Soviet Union in a number of fields of science and technology and particularly in the production of steel and heat-resistant metals, in the field of electronics and atomic energy, and in the mastery of cosmic space.

Speaking about the next period of economic development of the Soviet Union, Dulles particularly emphasized the progress of the USSR during the years 1950-1958. Concerning this period he declared that "Soviet industrial production which since 1950 has developed at a very rapid rate is now twice the rate of production of the US."

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Dulles declared that there is no reason to doubt that the Seven-Year Plan will be fulfilled on time.

There was a note of alarm in the report of A. Dulles when he concluded with the statement: "If the rate of Soviet industrial development remains at a level of 8 or 9 percent a year during the next 10 years, as is predicted, then by 1970 the difference between the two economies will be reduced to a considerable extent if our own rates of industrial development are not increased considerably (are not increased over the snail-like steps in which they are moving at present)."

U.S. AND SOVIET ECONOMIES

Moscow, Soviet North American Service in English,
15 November 1959

Investiya's Washington correspondent writes that the Joint U.S. Congressional Economic Committee is holding its first special session to discuss a report prepared by the commission. The report, which deals with a comparison of economic indicators in the United States and the USSR, points out that the Soviet economy will develop at a higher rate than the U.S. economy in the next 10 years.

The Director of the Central Intelligence Agency, Allen Dulles, who spoke at the session, was forced to admit that the Soviet Union has made great achievements in a number of scientific and technical fields, primarily in the production of steel, electronics, atomic energy, and in conquering outer space. Mr. Dulles went on to say that there should be no reason to doubt that the Soviet Seven-Year Plan will be fulfilled according to schedule.

Mr. Dulles stated that if the rate of development of Soviet industry remains at eight or nine percent annually for the next 10 years, as has been predicted, then the difference between the two economic systems by 1970 will be cut down to a minimum, or even more if the rate of development of U.S. industry does not speed up in comparison with the (Total) speed of today, concluded Mr. Dulles.

USSR ECONOMIC GAIN WORRIES U.S. CHIEFS

Kozlov Commentary

Moscow, Soviet North American Service in English,
15 November 1959

Economic development in the United States was discussed recently by Vice President Nixon in Wisconsin, by Governor Rockefeller at the New York Economic Club, and by Allen Dulles before a joint Congressional committee. A number of prominent U.S. economists have also discussed the subject recently.

Such an interest in Soviet economic affairs in the United States is something unnatural and is indicative of many things. It shows that since Nikita Khrushchev's visit many people in the United States have begun to understand that the way of peaceful competition is the only possible way to develop relations between the world's two largest powers. The distinct relaxation of international tension which has recently become evident, the forthcoming summit meeting, and the Soviet disarmament proposals --all of which open prospects for the consolidation of peace--concentrate all attention on competition between the USSR and the United States, not on the basis of the cold war but on a peaceful basis, particularly in the economic field.

Which social system does, in fact, provide more opportunities for satisfying all the basic needs of man? Which has a future. The public is now asking this, and Allen Dulles, Mr. Rockefeller, Vice President Nixon and many others in the United States are

hastening to answer. What answers can they give? They must naturally affirm that they favor the indisputable advantages of capitalism. However, to show that such advantages exist is no easy matter. It is no longer possible simply to say, as Mr. Nixon has said, that the United States will not yield first place to the USSR in economic competition. This is unproven; it is a mere declaration. In serious polemics, facts are required. Facts indicate that Soviet production, in its rate of development in many branches, is literally treading on the heels of U.S. production.

The USSR is moving forward by seven-league strides. Take for example, 1959 to 1960. In these two years, the USSR will attain an increase in steel production that the United States attained in 12 years. The production of electricity in the USSR will increase by 60 billion kilowatt hours. The United States requires five years for such a growth. During these two years, the production of crude oil in the USSR will increase by more than 13 million tons, although the United States took nine years to achieve this.

Such is the rapidity with which Soviet economy is moving, it can be expected that the United States will soon be overtaken. This rapid development is what enables us to rely on further economic successes in the USSR. That is why Mr. Rockefeller concentrated on rate of development in his speech at the Economic Club. He deliberately distorted the actual state of affairs in order to boost the system of free enterprise. He asserted that the present annual rate of development of production was six percent in the USSR and four percent in the United States.

Actually the average rate of increase in production in the USSR from 1952 to 1958 was 11.5 percent. During that period, production in the United States increased by only 1.6 percent per annum. Today U.S. economy, which has scarcely recovered from last year's depression, is again encountering serious difficulties. The index of industrial production in the United States is dropping and is now at about the 1956-57 level. Unemployment is still high.

The USSR on the other hand, which knows no unemployment or drops in production, expects this year to increase production by 11-12 percent. Next year a further rise in economy in every field is expected, as well as a further development of science and engineering, an increase in the output of many different kinds of consumer goods, and the biggest housing spurt since the establishment of Soviet rule.

Comparing the Soviet and United States rate of economic development, Mr. Rockefeller merely presented his wishes as reality. The actual fact is that the rate of development in the USSR is three to five times greater than in the United States.

Allen Dulles spoke of Soviet economy somewhat differently from Vice President Nixon or Mr. Rockefeller. His speech showed that the usual attitude in the United States to the prospect of economic development in the USSR is changing. Just last spring Allen Dulles described the Soviet Seven-Year Plan as humbug; now he considers it as a reasonable program.

He thinks now that Americans should honestly admit the sobering effects of the Soviet economic program and the astonishing successes achieved by the USSR in the last 10 years. While trying as usual to make propaganda for the alleged advantages of capitalism, Mr. Dulles called for a serious attitude toward the targets set in the Seven-Year Plan and for measures to be found which would help the U.S. economy in its competition with the USSR. The USSR is quite prepared, under conditions of peaceful coexistence, to test economic strength with the United States. We in the USSR are quite convinced that the socialist economy of our country will win the day in this peaceful competition. We are marching confidently toward the goal we have set ourselves: to insure for our people the highest living standard in the world by 1970. Let this contest between the two largest states in the world go ahead, but let it be a peaceful struggle without arms or intervention in one another's internal affairs, let it be a struggle for material welfare, for a happy life in the name of humanity.

Soviet Washington Reporter Commentary

Moscow, Soviet Home Service, 15 November 1950

Special meetings of the Joint Congressional Economic Committee have opened at the Capitol. The committee is comparing the development of economy in the USSR and in the United States. In preparing for these meetings a subcommittee published reports admitting that the Soviet Union could catch up with the United States in economic development if it goes according to plan. On the eve of the subcommittee's present session its chairman published another report whose main conclusion was that Soviet economy was even stronger than the United States had thought.

The subcommittee will examine comparable figures of present economic development in the two countries, questions of structure and organization of economy in the Soviet Union and in the United States, comparable data on the general tendencies in economy, and prospects for the next 10 years. Now, especially since the visit by N. S. Khrushchev, many people in America are beginning to understand that peaceful competition is the only way to develop relations between the two countries. This is also reflected in the fact that U.S. ruling circles are now forced to recognize the tempestuous development of Soviet economy and to give up their usual references to the propaganda nature of the Soviet Union's plans for economic development. Instead they are trying to find ways to answer the new Soviet challenge.

This position was indicated in a report by Allen Dulles, head of the U.S. Central Intelligence Agency. In his speech (words indistinct) and possibilities of the USSR and other socialist countries, he was in fact forced to recognize the strength and might of Soviet economy and of the socialist system. The Soviet Union, Dulles said, shows extraordinary skill in certain spheres. It is highly competent in such fields as steel production, in the smelting of metals, in electronics, aerospaces and cosmic technology, atomic energy, machine tool manufacture, etc. The fact that the USSR is lagging behind the United States in some other fields of economy does not mean that the Soviet Union is not capable of producing such things.

Going over to the assessment of the state of the USSR economy, Allen Dulles said that in a short period of 30 years, since 1928, the Soviet Union has become the second industrial nation in the world. There can be no question about this. The majority of Western specialists, Dulles continued, agree that during the period since 1950 industrial production in the Soviet Union has grown 8-10.5 percent annually. In the United States it has grown 2.6-3 percent.

In fact, Dulles spoke against the pet theory circulating in the United States which explains the high rate of economic development in the USSR by saying that it is going through a so-called early stage of development and that as the general volume of production grows and the economy of the Soviet Union develops these rates will allegedly fall. Not long ago such a theory was upheld for instance by U.S. Deputy Undersecretary of State Dillon in one of his speeches. The supporters of that theory compare the present period of development in the USSR with the early period of industrial development in the United States.

However, Allen Dulles said, they forget that before World War I the situation was exceptionally favorable for the United States and stimulated a rapid growth of its economy. There was an inflow of immigrants, a steady flow of capital investments, and little military expenditure. However, the period of development of the USSR up to 1928 was marked by wars, both external and internal, and by much destruction. If we disregard the 15 years from 1913 to 1928, and we believe this should be done, and assess the economic growth of the USSR from 1928 to 1958, we come to the unavoidable conclusion that the Soviet Union has in fact grown very fast. The speed of its growth was greater than the speed of growth of American industry.

Allen Dulles then advocated that the aims of the Soviet seven-year plan be taken seriously. Although Allen Dulles attempted to cast doubt on the successes in the development of agriculture in the

Soviet Union and on the correctness of the comparable data, he stressed in conclusion: We must admit honestly the excellent results of the Soviet economic program and the amazing successes it has achieved during the past decade. He also said: Should Soviet industry continue to grow 8-9 percent each year during the coming decade, as it is forecast, by 1970 the difference between our two economies will be considerably narrowed unless our own industrial development increases much faster than it is doing now.

Kayushin Commentary

**Moscow, Soviet North American Service in English,
16 November 1960**

(Summary) The Joint Congressional Economic Committee's study of economic competition between the USSR and the United States makes one feel that the public and political leaders of the United States are beginning to take a serious approach to the question of peaceful coexistence of the two systems. We may differ in our opinions in estimating the prospects for this competition and in who will win it, but this is not a question that can be decided by force. We are firmly convinced that differences of opinion on this question are no hindrance to businesslike cooperation and competition between our countries in a peaceful arena.

We are confident that in the coming seven years we will overtake the United States in many industries and that by 1970, and possibly earlier, we will have the highest living standard of any country in the world.

Speaking before the Joint Economic Committee, Allen Dulles admitted the higher rate of development of Soviet industry. Actually, the Soviet rate of industrial growth is three to four times higher than that of the United States. Recent industrial and agricultural successes give us confidence that we will emerge victorious in economic competition.

Allen Dulles believes it impossible that our agriculture will surpass U.S. agriculture. That is his own private affair. We are convinced that in competition in this sphere, too, we will emerge victorious. Our conviction is based on a scientific analysis of the economic development of our two countries during the past several years. The USSR has already overtaken the United States in several spheres of agriculture.

It is our earnest desire that all the means of every country be used for the peaceful development of economy and to raise the peoples' well-being. With this goal in view, the Soviet Government proposed its plan for universal and complete disarmament.

Meanwhile, the USSR is spending 87 percent of its budget to increase the people's living standards. It is not easy to conceive how much the people would receive if all countries stopped arms production and began competition in production of material blessings.

We trust that the members of the Joint Economic Committee after careful study of Soviet and U.S. economies and the prospects for their development will come out in favor of the only sensible road, the road of peaceful economic competition between the USSR and the United States, the road of friendship and cooperation between our two great peoples.

Chudinov Commentary

Moscow, Soviet African Service in French, 16 November 1951

Some U.S. politicians are ignoring the facts. They would like to prove that the USSR cannot catch up with the United States. They are trying all sorts of subterfuges and twisted figures to prove their point. Governor Rockefeller, for instance, told the Economic Club that the USSR could not catch up with the United States in the next 50 years. He made this strange assertion on the basis of figures known only to himself concerning the rate of expansion of the U.S. and Soviet economies. He declared that the rate of Soviet economic expansion is six percent annually and that of the United States four percent annually. We do not know where Rockefeller got his figures--we suspect they are the invention of his own imagination.

Not everyone in the United States is indulging in wishful thinking. Allen Dulles, head of the U.S. Central Intelligence Agency, said recently that according to most Western experts the rate of Soviet economic expansion since 1950 has been 10.5 percent annually. It is known that the rate of U.S. economic expansion in the same period was between two and three percent annually.

The rapid progress of a socialist economy is not left to chance. This is one of its fundamental advantages. The figures found in the Soviet plans are quite real and feasible. The target figures are not only achieved but are actually overfulfilled. The seven-year plan, for instance, envisages an average growth in industrial production of 8.6 percent annually. However, in the first year of the seven-year plan this figure will be about 11 percent.

These facts completely refute Rockefeller's fictions. In appraising the prospects of economic competition one must eschew wishful thinking. Intelligent politicians, economists, and newspapermen look facts in the face and come to grips with the economic measures needed to accelerate U.S. economic growth and emulate the undoubted success of the USSR. The advantages of socialism are clear to all Soviet people, who believe that our country will soon surpass the United States in peaceful economic competition.

Orlov commentary

Moscow, TASS, Radioteletype in English to Europe
23 November 1959

(Text) We know truth by comparison, it is said. This adage comes to mind when reading the records of the recent special meetings of the economic statistics subcommittee of the U.S. Congress. It is comparing the economic rate of development of the Soviet Union and the United States. These meetings, as well as the extensive research carried out by many prominent American bourgeois economists for these meetings, were largely marked by a kind of a self-criticism, a novel feature in the United States.

Some American newspapers regard this tendency as a result--highly advantageous to their country--of the increased interest the United States has been taking after Khrushchev's visit in the Soviet Union, in the extremely high pace of its economic development. The WASHINGTON POST AND TIMES HERALD writes that the communists attach great importance to what they call "self-criticism," and that now that the Soviet Union is rapidly moving on the world arena the United States for the first time resorts to its own version of self-criticism.

Speaking of self-criticism, the newspaper has also cited the speeches made at special meetings in Washington by more than 30 economic experts representing major American industrial associations and research organizations. Many of them were unanimous in pointing out that the economy of the Soviet Union proved to be much stronger and more dynamic than it was believed in the United States, and that in the next decade it would continue surpassing the United States in the annual margin of increase of industrial output. The majority of the speakers admitted that the Soviet Union is quickly overtaking the United States in its industrial output.

Some of the experts went even farther and admitted that Soviet economy could come abreast and even forge ahead of the United States. Characteristically, the number of prominent bourgeois economists doubting such an outcome of the historic economic competition between the two social systems is gradually shrinking as they study the achievements of socialist economy, its potential, and its realistic prospects of development.

The National Planning Association, a private organization of manufacturers, admitted that it was quite probable that the Soviets would make greater progress in attaining their goals than the United States.

A similar opinion was ventured by Petersen, vice chairman of the Economic Development Committee, an organization uniting 185 prominent American manufacturers and economists. He admits that the economy of the Soviet Union is developing at a much faster rate than that of the United States and might well outstrip it.

In order to compete more effectively with the Soviet Union in this field, Americans, Petersen says, should at least double their capital investment which, in his opinion, represents an extremely difficult task.

Public opinion in the United States and other countries gave even more attention to the report by the chief of the Central Intelligence Agency, Allen Dulles, who did not even try to conceal his anxiety over the results of comparison of the pace of economic development in the two countries. He urged American industrialists and economists to admit honestly the rather sobering results of the Soviet economic program and the amazing successes achieved by the USSR over the past decade. From this admission Dulles draws the conclusion that American industrialists should look for ways to step up the pace of economic development of their country.

However many American economists doubt the possibility of solving this task. On November 23 the New York Times published the conclusions of 11 economists who had taken part in a conference recently held by the National Industrial Conference Board. These specialists note that the pace of economic development in the United States is so low that, taking into consideration the growth of population over the past five years, there was actually no increase in per capita production.

The picture in the Soviet Union is entirely different, as the American experts could see. A considerable population growth is accompanied by incessantly increasing per capita production, resulting in a rapid rise of the material and cultural standards of the people throughout the nation.

Such a development in the Soviet Union is the result of the planned socialist economic system. It goes without saying that the process of comparison of the economic development of the two world social systems has not ended with the closing of the special meetings of the economic statistics subcommittee of the U.S. Congress. This process will continue for many years in most diverse forms showing ever more vividly and fully the superiority of the socialist economy.

31 DEC 1959

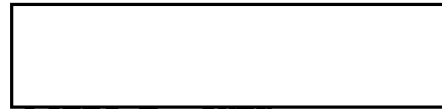
MEMORANDUM FOR: Director of Central Intelligence
THROUGH: Deputy Director/Intelligence *nah*
SUBJECT: Soviet Comments on Your Testimony
to the Subcommittee on Economic
Statistics

1. This memorandum with its enclosed statement on the scope, nature, and significance of Soviet comments on your testimony to the Subcommittee on Economic Statistics on 13 November is for your information and is in response to your request. We are attaching extra copies of the enclosed statement in case you wish to forward them to Congressman Bolling.

2. Most of the material herein has already been submitted to you in memoranda dated 3 December discussing the 13 November Pravda article and 18 December discussing the 29 November Sel'skoye Khozyaystvo presentation. These two articles are by far the most elaborate of the commentaries. The use of your testimony to support the Soviet propaganda thesis that there is a significant difference of

opinion among high US governmental officials concerning the Soviet Union is the principal additional material. (See paragraph 2 of enclosure.)

3. You may also be interested to know that, according to a TASS summary, a considerable part of the Sel'skoye Khozyaystvo commentary was apparently presented on 25 December to the Soviet Central Committee which was meeting primarily to discuss agricultural problems.



OTTO E. GUTHE
Assistant Director
Research and Reports

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Enclosure:

Analysis of Soviet Comments on Your Statement
(with Tabs)

I think this is a very good job and should be sent on to Bolling as is. Do you want to dictate a note to go with it or have Warner or me deliver it in your name?