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USTINOV'S ECONOMIC EMPIRE-III

On 6th April 1963, Pravda published a long article by V. Dymshits, the Chairman of the Sovnarkhoz USSR, describing the present duties and problems of his organization in some detail. The Sovnarkhoz USSR is an important cog in the immense economic machine now controlled by D.F. Ustinov.

In the course of the Pravda article, Dymshits announces that Gosplan USSR is henceforth to be responsible for both long-term and current economic planning. This is significant because previously it had been thought in the West that Dymshits would retain current planning as one of the functions of his organization.<sup>1</sup> The net result of the change is a considerable increase in the influence of P.F. Lomako, a Deputy Chairman of the Council of Ministers USSR, who is the head of Gosplan USSR, and a corresponding reduction in the importance of Dymshits himself, who holds the same rank as Lomako in the Council of Ministers USSR.

Evidently some redefinition of the functions of the Sovnarkhoz USSR has been necessary. It may perhaps best be described in a paragraph from the Pravda article which states:

"The CC, CPSU and the Council of Ministers USSR have found it necessary for the Sovnarkhoz USSR to concentrate its attention and efforts on plan fulfillment, which is to be achieved by the most rational and effective use of materials, labor, finance, natural resources, and by the removal of superfluous costs and losses in production."

Dymshits also gives the first authoritative indication of the cost of the exceptionally harsh winter to Soviet industry. He reports that a number of steel plants and power stations have experienced difficulties during the first quarter of the year, and that it was necessary to allot them an additional 3,000,000 tons of coal and 710,000 tons of heating oil to prevent interruptions in their working. Clearly this unexpectedly heavy fuel consumption will have raised the costs of the industries affected by a substantial amount,

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<sup>1</sup>See "Ustinov's Economic Empire", Background Information, B.I. 18 March 1963, pp. 2-3.

but there is no evidence at present that the USSR intends to follow Poland's example in drastically increasing her coal, gas and electricity prices. In the Donbass coal stocks have been ominously large for several years past, and the opportunity to move some of them must have been welcome to the mining industry.

In writing of his general problems, Dymshits reports that instructions from the Party emphasize production at the lowest cost. "The times have passed when it was possible to fulfill the plan by using any method, and thereby become a hero." As in foreign policy, rationality is more in favor than heroism at present, and Dymshits reminds his readers that factories are expected to increase their "profitability". In this connection it is noteworthy that the influence of Professor Liberman has now reached Siberia, where a correspondent of the London Times (29 March 1963) was recently told by a factory manager in Irkutsk that the merits of the Liberman proposals are being studied there to see how far they may be applicable to local conditions. The trend is cautious, but unmistakable.

If this is on the whole a positive development, Dymshits concludes his article with an unpleasant sting in the tail. He complains that important factories are still being held up by failure to deliver minor parts on time, and says:

"It is necessary to increase the responsibility of factory directors and heads of supply and sale organizations for the observance of delivery schedules, particularly where inter-republic deliveries are concerned."

In view of the continuing trend towards harsher penalties for economic failures, it may not be long before a few directors are exemplarily removed and punished for offences under this heading. Such a campaign would not solve the problem, which is largely the result of over-ambitious planning, but it might save Gosplan some "face" by providing a few convenient scapegoats. If the harsh winter has had a seriously adverse effect on the first quarter's production of heavy industry, such a red herring might be all the more welcome to the Party.

r.r.g.