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USSR: Economics

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SOVIET INVESTMENTS 1968 - 1969

(See end for summary)

A few more details on the Soviet capital investment program in 1968 have been provided by the latest issue of Vestnik Statistiki (1) to reach Munich. It provides the following table:

<u>Capital Investments</u>					
(comparable prices, billions of rubles)					
Year	Total	State, Co-operative	Kolkhoz	Private Housing	Volume of Building and Assembly Work
1960	35.9	30.0	3.2	2.7	24.0
1965	48.7	42.7	4.3	1.7	29.0
1966	52.4	45.8	4.9	1.7	31.1
1967	56.7	49.4	5.6	1.7	33.6
1968	61.5	53.7	6.3	1.5	36.4
1969 (plan)	65.2				

The first aspect of this table to meet the eye is the substantial decline in private housing investment, as being the only index to show a retrogressive movement, which has apparently continued throughout the decade.

Yet cooperative housing is now producing about 6,000,000 square meters a year, thereby to some extent reducing the load on the state's housing funds, and counteracting the inflationary pressures in the economy.

It is perhaps seldom realized in the West that even as late as 1968 about 30% of all the new accomodation built in that year was for private account:

Housing Construction (millions of sq. m.)				
Year	Total Built by State and Co-ops, Kolkhozy and Population	State and Co-ops	Workers and Employees Privately, or w/State Credits	Kolkhozy, Peasants and Rural Intellectuals
1965	97.6	63.2	16.1	18.3
1966	102.1	65.9	15.9	20.3
1967	104.5	68.7	15.6	20.2
1968	102.2	70.0	14.4	17.8

The record of housing investments (from all sources) in the sixties shows a steady decline until the fall of Khrushchev, followed by a sharp expansion since that date, with the 1969 planned figure being about 50% up compared with 1964 housing investment:

Housing Investments (All Sources - billions of rubles)									
60	61	62	63	64	65	66	67	68	69 (plan)
8.2	7.8	7.7	7.6	7.3	8.1	8.9	9.6	10.2	11.8(plan)

But the centralized housing investment target for 1969 amounts to only 6.7 billion rubles, so presumably this year a larger proportion of private, Kolkhoz and cooperative house building is expected than in any recent year.

Vestnik Statistiki has also released some more details on agricultural investments last year, as follows:

Capital Investment by State and Kolkhozy in Agriculture (comparable prices; billions of rubles)						
Year	Total	Pro-ductive	Share of State in Total	Share of Productive Investment in Total	Kolkhoz Investment	Kolkhoz Productive Investment
1960	5.9	4.9	2.7	2.2	3.2	2.7
1965	10.3	8.7	6.0	4.9	4.3	3.8
1966	11.4	9.5	6.5	5.3	4.9	4.2
1967	12.6	10.2	7.0	5.6	5.6	4.5
1968	14.1	11.4	7.8	6.3	6.3	5.1

From the table it can be seen that agricultural investment has more than doubled during the sixties.

In Baibakov's report on the 1968 plan at the 10 December 1967 session of the Supreme Soviet, he said:

State capital investments in agricultural productive construction in 1968 will add up to about 6.4 billion rubles, or 18% more than was allocated in 1967, and in the five-year period these investments will be 76% larger than in the previous five years.

The table shows that the 1968 target of 6.4 billions was slightly underfulfilled, at 6.3 billions. This would leave the first three years of the FYP 4 billion rubles short of the 21.2 billion rubles which, according to Brezhnev's report to the October 1968 Plenum of the C.C., C.P.S.U., had been originally earmarked for agriculture in 1966-68.

The planned figure for 1969 is 6.88 billion rubles but since the increase for 1967-68 was about 700 million rubles (6.35 billion in 1968, compared with 5.65 billion in 1967) the 1969 plan now looks like being overfulfilled. Supposing that it is not, state productive investment in agriculture would still have to reach 11.6 billion to attain Baibakov's revised figure stated at the October 1967 session of the Supreme Soviet of 35.7 billion rubles, not to mention the shortfall from the original figure of 41 billion rubles.

However, the total agricultural investment during the plan is appreciably more important than its subdivisions (one of the objectives of the economic reform was to encourage the producers to invest more themselves and thereby lessen their dependence on state investment).

The total agricultural investment planned for 1968 was about 14.2 billion. Now that Vestnik has reported a performance of 14.1 billions, it can be seen that the total shortfall in that year was remarkably small, at least partly because the kolkhozy overfulfilled their investment target. The table claims that they invested 6.3 billions during 1968, whereas their investment plan for 1969 is at present 6.4 billions. In this field they are almost a year ahead of plan.

1968 happens to be the mid-year of the 5-year plan period, which runs from 1966 to 1970. It might therefore prove also to be the average year in terms of the rate of total investment. If it does the total investment in agriculture during the five-year plan would be about 70.5 billions. And 70.5 billions are not much different from the 71 billion target figure which Brezhnev proclaimed in March 1966, despite all the additional strain imposed by the defense burdens of invading Czechoslovakia, reaching parity with the U.S. in land-based I.C.B.M.s, and quarreling with the Chinese both in Kazakhstan and on the Ussuri.

Summary: Some new and significant information on Soviet investment in 1968 has been released by Vestnik Statistiki. It appears that although private housing investment has been declining steadily since 1960, nevertheless almost a third of all the housing built last year was for the private sector. The magazine gives the total of Soviet agricultural investment last year as 14.1 billion rubles. 1968 was the middle year of the 5-year plan, and may well prove to be the average year for the rate of investment. If so, the agricultural investments for 1966-70 would total 70.5 billion rubles, a figure remarkably close to the one given by Brezhnev in March 1966 as the target (71 billions).

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