

# RADIO FREE EUROPE *Research*

## COMMUNIST AREA

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●USSR: Economy

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### INDICATIONS OF THE 1970 PLAN

(See end for summary)

In its attempts to give itself a minimal "democratic" face-lift, the Presidium of the Supreme Soviet has this year begun to release a few scattered figures in advance of the winter session which starts on December 16th. This technique is of some interest in that it has never been used before, and in that it gives potential opponents of the shape of the plan some small opportunity to rally their forces before the formal session takes place. In this sense the new policy constitutes a small step forward, which should be given some attention.

The information released so far includes the following:

The draft 1970 plan provides for 740 billion kilowatt-hours of electricity, "almost" 610 million tons of coal, and 115 million tons of steel. (1)

It also aims at 152 billion rubles of trade turnover, a boost of 17% in domestic services to the population, (2) 45 million children in the ten-year schools, and a school-building program to provide for "almost" one and a half million more children.

These few indices are minimal but by no means negligible. They confirm the impression reported in an R.F.E. Research report issued last week (3) that the 1970 electric power target, already reduced three times since 1961, will be underfulfilled by a substantial margin. (The last official figure for 1970 was 830 billion kilowatt-hours, given by the Minister of Power,

(1) Radio Moscow, 2 December 1969.

(2) Radio Moscow, 3 December 1969.

(3) "More Slippage in the Electric Power Program," 26 November 1969 by r.r.g.

P. Neporozhny, in the Financial Times of 6th August 1968).

The new 1970 plan figure of 740 billion kilowatt-hours constitutes an 8% growth rate by comparison with the 1969 plan target (687 billion kilowatt-hours).

Since power output usually grows a little faster than total industrial output, this probably implies a 1970 industrial output growth target in the area of 7%.

### Coal

The 1970 coal target was given in the 5-year plan directives as 665-675 million tons (only about three quarters of Soviet coal is hard coal). The new 1970 target of "almost" 610 million tons therefore implies a shortfall of about 10% compared with the earlier plan, as in the case of electric power, but it also means the recommencement of slow growth for the industry after

several years of stagnation:

#### Soviet Coal Output (million tons)

<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969 (p)*</u>	<u>1970 (p)*</u>
586	595	594	595.3	610

\*) (p) stands for planned figure

### Steel

If the 1970 steel target reported above is not raised during the December session, it will mean that the industry is to experience its biggest slow-down for well over two decades. During 1968 and 1969, steel output has been rising at the respectable rate of about 5,000,000 tons per annum, but in 1970 the growth is apparently to be of little more than 2%. The "metal-eaters" have not fallen on such hard times for many a year.

#### Soviet Crude Steel Output (million tons)

<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969 (p)</u>	<u>1970 (p)</u>
96.9	102.2	107	112.6	115

- (1) Radio Moscow, 2 December 1968.
- (2) Radio Moscow, 3 December 1968.
- (3) "More Slippage in the Electric Power Program," 26 November 1968 by T.T.S.

Clearly the USSR is going to import steel on a growing scale during the seventies, as the deliveries of steel pipe for the long gas lines to West Europe begin to assume large proportions, and the New York Times recently reported "heavy" Soviet buying from West European mills. (4) This is one industry in which the emphasis seems to be changing fast from quantity to quality.

#### Retail Trade

On 3rd December 1969 Radio Moscow reported that retail trade turnover this year will probably amount to about 143 billion rubles, and that in 1970 it should come to about 152 billion rubles. This suggests that the growth of retail sales is to continue to slow down, as has been the case in each year since 1967.

#### Retail Sales -- Per Cent Increase over Previous Year

<u>1961-66 average</u>	<u>1967</u>	<u>1968</u>	<u>1969 (p)</u>	<u>1970 (p)</u>
6.5	9.3	9.0	7.5-8.4	6.3

Since industrial wages were only planned to grow by 3.3% in 1969, there is not likely to have been much inflationary pressure this year, if the target for retail sales was even remotely approached as is probable. The fact that the 1970 plan provides apparently for a further slow-down in the expansion of retail sales is an indication that wages next year will probably not be permitted to rise by more than a modest proportion, perhaps in the area of four per cent.

Summary: For the first time the Presidium of the Supreme Soviet has begun to release a few scattered figures concerning the 1970 plan in advance of the winter session starting

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(4) 20 November 1969.

Clearly, the Soviet Union is going to be a growing state during the seventies, as the deliveries of steel pipe for the gas lines to West Europe begin to resume last year. The New York Times recently reported "heavy" Soviet buying from West European mills. This is one industry in which the Soviet Union has a clear advantage.

on December 16th. Presumably this is an attempt to improve the "democratic" image of the Supreme Soviet, but it has the real advantage of allowing opponents of the plan's outline to lobby before the annual ritual of rubber-stamping takes place. The figures released point to major under-fulfillment of the 1970 targets for electricity, coal and steel, and to yet another decrease in the expansion of the retail trade. The growth of the steel industry in 1970 is apparently to be the smallest in any year since World War II -- a distinct blow to the "metal-eaters."

r.r.g.

These industrial figures were only planned to grow by 3.3% in 1970, which is an unlikely target for retail sales was even more heavily depressed than in 1969. The fact that the 1970 plan provided for a 1.5% increase in further slow-down in the expansion of retail sales is an indication that there was more than a modest percentage of growth in the retail trade in 1969.

Summary: For the first time the President of the Supreme Soviet has begun to release a few statistics on the economy since the 1970 plan is a source of the winter session starting

(4) 20 November 1969