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SAG' MIR WO DIE STRASSEN SIND - II

(See end for summary)

A major victory in the perennial battle for resources has at last been won by the consumer lobby in the Kremlin (1). Moscow Radio on 12th March brought the Director of the All-Union Road Research Institute, Valentin Mikhailov, to the microphone to announce the first news of the long-term road construction program. It covers 1971-1980 and provides for the building of 40,000 kms of first-class roads a year by 1975. In 1980 the rate of construction is expected to attain 100,000 kms a year.

The quality will be such that cars can travel dangerously at about 150 km per hour, and lorries at about 105 kms per hour. In the first instance the aim is to build roads linking Moscow with the various capitals of the Republics and with cities which have a population of more than 500,000 (there are now about 28 cities in the latter category).

Work is going to start soon on the construction or improvement of the Moscow-Leningrad, Moscow-Minsk-Brest, Moscow-Kharkov-Simferopol, Kharkov-Rostov-Ordzhonikidze, and Moscow-Volgograd (ex Stalingrad) routes.

It seems, therefore, that the road-building lobby has won almost everything it asked for, with the proviso that there will be some delay (inevitable in any case due to the nation-wide shortage of the necessary machinery) in building up to the new target rates. Just over a year ago the revisionist economist V. Zaluzhny was demanding in Problems of Economics the adoption of both a medium-term (5 years) and a long-term (10 years) state plan for road-building,

(1) For the first paper on this topic see RFE Research report 9 February 1968.

and that battle has evidently been won. He also asked for a rate of construction of 45,000 kms of roads per year, and he has been granted eight-ninths of his request, which is probably a better result than most of the spending lobbies in Moscow can boast.

Zaluzhny thought that a tax should be imposed on petrol to pay for part of the cost, but in Mikhailov's announcement there was no mention of any new fund-raising measures. It looks at present as though the Kremlin has decided that the state budget can and should absorb the cost. If Mikhailov's targets are to be achieved the present rate of investment will have to increase at least threefold in the next six years, and by 1975 the rate of investment in building new roads should have reached almost the level of the annual cost of road repairs.

Since there are now only about 395,000 kms of hard roads in the entire Soviet Union, Mikhailov's plan is aiming at an expansion rate of almost 10% p.a. by 1975.

Last year Zaluzhny calculated the total annual loss to the economy caused by bad roads as about 2.7 billion rubles; it is therefore not surprising that the Kremlin has agreed to initiate an extremely costly investment program to reduce these losses and to make road transport more competitive with rail.

Summary: A medium and a long-term plan for state road construction has been approved for the first time in the USSR. It will almost treble the present rate of construction in six years, and increase it sixfold in eleven years. The investment implications are that the consumer and automobile lobbies have won a major and extremely costly victory. They have done so largely by pointing to the huge annual losses to the economy (close on 3 billion rubles a year) caused by the present dearth of good quality roads.

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