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### BREZHNEV ON ECONOMICS AND PARTY AFFAIRS

Summary: This paper describes the new elements in the economics and party sections of Brezhnev's speech. They were marked by a further increase in agricultural investment targets, by an ominous attack on "metal-eaters" who were accused of "subjectively" disrupting the consumer goods program, and by a clear echo of Poland ("a basic task of the TUs is defense of the legitimate rights of workers"). A purge of the Party is to be begun by exchanging Party cards, and future Congresses will take place every five years, thereby giving Brezhnev an extra year in office and enabling the Party to intervene more effectively in Government affairs.

Much more than a third of Brezhnev's speech was devoted to the economy, despite the fact that Kosygin is due to give the report on the 1971-75 plan. Much of what he said was already known from the draft directives of the 5-year plan,

but he also had some new information which sheds a vivid light on the present domestic problems of the CPSU.

He began by repeating the curious boast that the main directives of the 23rd Congress were fulfilled, although it is known that every major heavy industrial target except one was under fulfilled and that the same applies to some of the consumer targets. During his speech, he referred several times to the importance of both material and moral incentives, but always in that order. It would therefore be mistaken to postulate any split between him and Kosygin in this connection.

During the 5-year plan 1971-75, the minimum wage is to go up to 70 rubles a month, and improved wages are to provide for 3/4 of the real growth planned for incomes. In accordance with the "new class" image of the CPSU today most of the wage rises are going to the medium income groups, as well as to doctors, teachers, nurses, and tractor drivers (the wage aristocrats of the Soviet countryside).

Those working in the labor deficit areas (the Urals, the Far North, W. Siberia, Kazakhstan, the Far East, East Siberia and Central Asia) are also to be given wage rises as inducements to stay on the job, which happens too seldom at present for the health of the economy. The average wage in industry is planned to go up to 146 rubles a month (at present it is about 124).

One distinct surprise in the Brezhnev package is his announcement of the early repayment of 2 billion rubles in 1974-75 from the state loans which were stopped in 1958 under Khrushchev. These total about 26 billions, and were due to be repaid between 1977 and 1996. The new repayment dates are now 1974-1990. This measure seems likely to accentuate the present inflationary pressures in the economy, which are already acute due to the 46 billion rubles now in the savings banks (an average of 575 rubles per depositor). (1)

His whole package of wage increases, better pensions, loan repayments, child allowances for poor families (an echo of Poland?) etc. is to cost 22 billion rubles, compared with 10 billion which he handed out in this way in the 1966-70 period. Here again the new consumer priority will be badly needed in the face of the rising tide of paper money.

Consequently the 1971-75 plan provides for the consumption fund to grow by 40 %, and the accumulation (investment) fund to grow by 37 %. The margin is not wide, but it is both welcome and symbolic.

Discussing growth rate priorities, Brezhnev said that in 1970 Group "A" accounted for 74 % of total industrial output while consumer goods provided only 26 %.

The accumulated production potential, in the opinion of the C.C., gives us an opportunity to allow for some faster increase in the growth rates of Group B, which will permit us to ensure the planned increase in the prosperity of the workers.

Brezhnev has obviously come under heavy fire from his "metal-eaters," because he was extremely defensive about the change in priorities and spent much time in excusing and explaining it. He argued that the accelerated development of the means of production would continue, that the Party would not reduce the attention paid to heavy industry, it had made the country great, high rates of growth for it still preserve their significance, it maintains defense capacity "at the proper level," etc., etc. But granted all the flattery and the praise of Group "A" priority in the past, the fact remains that this is the first five-year plan to accord priority in growth rates to Group "B".

His message for the Marshals was both more flexible and more subtle. He said that the "Soviet Army has been provided today with all the types of modern military technology," and that further growth of the defense industry will largely depend on the international situation. This formulation matches the 1971 plan, which is the first for many years to provide no increase in the overt military budget, whatever may be happening as regards secret funds.

Brezhnev even found it necessary to dig up a Lenin quote with which to confront the heavy industry lobby:

Permit me to remind you of the words of Lenin, who said that in the ultimate analysis the manufacture of means of production is necessarily connected with the manufacture of consumer goods, because the means of production are made not for their own sake but only because more and more producer goods are required in the branches of industry making consumer goods. This, comrades, is the definitive instruction of our leader for our party.

(Emphasis supplied)



Brezhnev then told his heavy industrialists to follow the example of the defense industry, which, according to him, already delivers 42 per cent of its output for the civilian economy. If this is true, it is evident that the industry has substantial reserve capacity for its assigned role in the event of war. At all events Brezhnev was telling Group "A" to follow suit.

### Investments

On this front, Brezhnev produced yet another of his creeping inflations of agricultural investments, which are now up to 129 billions (83 state, and 46 Kolkhoz) in 1971-75. Poland is certainly having a marked effect on the plan, which in July 1970 provided for only about 120 billions for agriculture. He also gave new targets for investment in light industry (8.7 billions) and in the food industry (14 billions). The former is an increase of nearly 100 %, he claimed, but he gave no percentage growth for the food industry's allocation.

It is now possible to make a reasonably accurate estimate of the consumer-oriented investments of the plan, which evidently allow about 129 billions for agriculture, 23 billions for the light and food industries combined, about 60 billions for housing (in 1965-70 too this industry got 60 billions, so this estimate assumes no increase) and about 60 billions for services (also an estimate, assuming no increase). The consumer-oriented total would then be about 272 billions, out of an overall investment program of just under 500 billions.

His sharpest rebuke to the internal opposition came in a long condemnation of those who "subjectively" disrupt the consumer goods program:

Increased economic potential permits us to direct larger capital investments to consumer goods. Which is what we are doing. But, as in any other matter, success is not solely determined by objective factors. Subjective factors too are of great significance. In this connection the C.C. considers it important to direct the attention of planning and economic agencies, party Soviet and trade union organizations to the need for a serious change in their very approach to consumer goods. Behind us

are the long years of heroic history when millions of communists and non-party people deliberately made sacrifices and underwent privation, were ready to be content with bare necessities, did not think they had the right to demand special daily comforts. This could not but have its effect on the attitude to consumer goods, to their quality and variety. But what was explicable and natural in the past when other tasks were in the foreground is inacceptable, comrades, in present conditions. And if some comrades do not take this into account, the party has the right to see in such attitudes either a lack of understanding of the essence of its policy . . . or the desire to justify their inactivity."

(Emphasis supplied)

Nowhere else in the speech was such a strong threat uttered against people in high places in the USSR, and not since Khrushchev's attack on the "metal-eaters" in 1964 has the heavy industry lobby been so forcefully warned to change its approach. If its representatives do not heed Brezhnev's forceful and clear warnings, the forthcoming exchange of Party cards may well be used to remove them from the nomenklatura.

#### Confirmation of a Broader Role for the TUs

It will be recalled that in the Draft Directives there was evidence that the TUs have been given an expanded role in protecting the interests of the workers, presumably as a result of the fall of Gomulka and Loga-Sowinski. Brezhnev's speech confirmed this on the highest authority, for he made one remark in his passage on the trade unions which no Soviet Party leader has previously been heard to say:

The TUs take part in the teaching of a communist attitude to work and social ownership, they concern themselves with the satisfaction of the cultural and domestic needs of the workers and with their health. One of the basic tasks of the Trade Unions is the defence of the legitimate interests of working people . . ."

(Emphasis supplied)

Ever since Kronstadt the proletariat of the USSR has waited, previously in vain, for a General Secretary to say that.

### Party Affairs

Brezhnev is clearly bent on a purge of the Party ranks. For one thing it has grown too big (3,000,000 members have joined since 1966), and for another it is too bureaucratic (only just over 50 % of the new intake in the past five years were workers). Brezhnev said that the quality of candidates is now a main concern, and boasted that he had slowed down the annual rate of admissions to candidate membership from 760,000 a year under Khrushchev (1961-65) to 600,000 a year since 1966.

But even so the Party is still too big for his liking, comprising about 9 % of the adult population. And he is certainly aware of what happened in Czechoslovakia when the Party became big enough to encompass a large number of progressively minded communists. The current purge in the USSR is aimed at "those who infringe party or state discipline, abuse their official position, or defame the name of a communist by their misconduct."

### Politbureau Meets Once a Week

Brezhnev evidently had Gomulka's fall in mind when he disclosed, for the first time in many decades, that the Politbureau of the C.C. meets once a week regularly. (One of the most damaging charges against Gomulka was that his Politbureau had not met for about four months prior to the December riots). It examines "the most important and topical problems of the internal and foreign policy of the Party."

He also revealed more than any previous leader about the Secretariat, which "meets every day and concentrates on the selection of cadres and the checking of performance."

This information was designed to show how "democratic" the Party is, yet Brezhnev has never even bothered to explain why the present Congress is a year overdue. Such contempt for public opinion is scarcely the hallmark of a democratically run party.

Brezhnev paid a special tribute to the Party Control Committee of the Central Committee which, he said, "analyzes better the problems of party discipline, and reacts more



sharply to cases of wrong conduct by communists." This may have been routine praise, but to many it may have sounded like a polite way of preparing for the retirement of A. J. Pelshe, who is Chairman of the Committee and 72 years of age.

#### Exchange of Party Cards

Brezhnev's drive to eliminate the dead wood and the dissenters from the Party is to be conducted by an exchange of party membership cards, the first such maneuver since 1954. The new card, needless to say, will have a portrait of Lenin on it. Until the exchange has taken place, we can probably expect a period of quiescence within the party and a more than usually remarkable absence of criticism of the leading bodies.

#### Congresses Every Five Years

Brezhnev solemnly announced that one of the proposals made by many Party members before the Congress is that it should meet only once in five years, instead of once in four as set forth in the present Statutes. In fact this is what has happened during Brezhnev's rule since the previous two Congresses were in 1961 (Khrushchev) and in 1966 (Brezhnev).

The proposal is clearly the antithesis of democratization, since the nominally supreme organ of the Party will, in the future, have even less say in its policies than at present. But from Brezhnev's point of view it has the advantage of giving him, possibly, a year longer in office (should he keep his job until 1976), and of enabling the party to interfere still more in economic affairs and Government business because future Congresses will coincide with the inception of future 5-Year Plans.

His announcement was received with applause, and little or no resistance to it need be anticipated, since many of the C.C. and delegates are careerist enough to welcome the idea of an extra year in office, should they survive the party cards exchange, without the fear of being dropped in 1975.

#### Conclusion

Brezhnev's speech was a carefully balanced centralist effort, criticizing both the personality cult (i.e. Stalin) and subjectivism (i.e. Khrushchev). (2) His concluding attack on those who adopt "non-class, non-party positions" was immediately followed by a blast against dogmatists who

ignore the "great positive charges in our life."

On the internal scene, the only passage in which he lost his cool (and his balance) was the extensive warning to the "metal-eaters." They have been clearly threatened, and unless they eliminate the Party leader first, as they did when Khrushchev campaigned against them in 1964, he may well use his power and influence to make them either retire from the scene or begin to accept the new orientation of the economy.

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(1) Voprosy Ekonomiki, no 3, 1971, p. 47.

(2) RFE Research 22 January 1971 "Will the 24th Congress Begin Restalinization?" by r.r.g.