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THE SITING PROBLEM IN SOVIET INDUSTRY

An article in the latest issue of Party Life (No. 12, 1962) takes up once again one of the perennial unsolved problems of the Soviet economy - the question of siting new industrial capacity. Ever since Khrushchev launched his great campaign to popularize Siberia at the 20th Party Congress in 1956, some of his difficulties in this respect have been growing increasingly apparent. The Party has never tired of repeating that the area east of the Urals possesses 90% of the USSR's power resources, three-quarters of its timber and the bulk of its non-ferrous, light and precious metals. These attractive statistics are then contrasted with the fact that the area has only 22% of the population of the USSR, and the inevitable moral is drawn that the ambitious young party official should go east as soon as possible - to a new factory, and a new industrial base.

Unquestionably the whole campaign derives added topical interest from the marked deterioration of Sino-Soviet relations since early in 1960, but at the present moment it is still being discussed mainly in economic terms, and since it began about four years earlier than the overt stage of the Sino-Soviet dispute, it would be mistaken to argue that there is any direct causal connection. Nevertheless, the long-term historical discrepancy between the underpopulation of the Soviet East (2.58 persons per sq. mile) and the magnitude of China's population density is such that whenever the development of Siberia is being advocated in Moscow, it seems certain that China is not overlooked by the Soviet planners.

The public argument of the latter for the intensified development of the eastern regions rests on cost estimates which try to show Siberia as a land flowing with coal, power, and alumina, etc. at rock-bottom prices. The object is to utilize these advantages on the spot, but that means the simultaneous construction of an adequate supply of consumer industries and the provision of an expanding population of long-term settlers.

It is the settler problem which is the main obstacle to rapid progress at the moment, since the necessary housing, services, schools etc. for a fast-growing number of residents are still not available. Moreover, despite Party Life's glowing account of how Eastern open-cast coal costs only one-tenth as much as the mined coal from Pechora, for instance, in fact the Kuznetsk basin is the only source of industrial coal in the whole Asian part of the RSFSR, and its coking coal reserves

are limited.¹ It may be partly for this reason that Brezhnev has recently announced the Soviet intention to construct a major oil pipeline from the "Second Baku" oilfield to the Far East,² although the foreign trade opportunities offered by such a project were probably given greater weight in the final decision to embark on it.

It is interesting to note that Party Life is by no means as eagerly optimistic about the Far East's development potential as it is about the area east of the Urals, i.e., Central Siberia. Prime costs for Far Eastern coal, timber, etc., are reported to be higher than in Central Siberia, and the additional transport charges make shipments from the Far East to the Western parts of the USSR an unprofitable proposition. Consequently the Far Eastern economy is to continue to be based on its traditional industries - gold, tin, lead, zinc, wolfram, hardwoods, paper, fish, furs etc. None of these would seem to have much growth potential.

The Western Regions

The European areas of the USSR, with 78% of the population, produce 85% of the industrial output. Their basic difficulty is the shortage of local fuel and power resources, which results in the fact that during 1960 alone, 55,000,000 tons of coal had to be imported from the East. In the long term these imports are expected to increase despite the transport costs, since the local fuels in the European areas are relatively expensive in terms of prime cost. The position is apparently more serious than it appears at first sight, because Party Life suggests that restrictions on the development of energy-consuming factories should be imposed not only in the European area but also in the Urals and in Transcaucasia.

Such a move, by limiting employment opportunities in these areas, might well in the long run force surplus labor to move to Central Siberia in search of work. In other words it looks as though administrative-economic methods may be used where propaganda has been a signal failure.

r.r.g.

¹Promyshlenno-Ekonomicheskaya Gazeta, 31 August 1958.

²Radio Budapest, 8 July 1962.