

# RADIO FREE EUROPE *Research*

## COMMUNIST AREA

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### COMECON'S LONG-TERM PLANS FOR THE NEXT DECADE

(See end for summary)

An unusually informative article in Novoye Vremya (No. 8, 1969) provides the broad outlines of the long-term plans for the USSR, Poland, GDR, Bulgaria, Rumania and Czechoslovakia between 1970 and 1980. It does not give the individual plans of the various countries, but it does establish an aggregated outlook showing the basic trends. Its author is V. Simchera, a senior research analyst at the Institute for the Economics of the Socialist World System of the Academy of Sciences, USSR.

Long-term plans, he reports, are being made in the USSR, Poland and the GDR for the period 1971-1985, whereas in Bulgaria, Rumania, Hungary and Czechoslovakia only the next decade (up to 1980) is now being forecasted. As usual, Yugoslavia is well ahead of the rest of Comecon, and is said to be making its plans up to the year 2000!

The countries which are more dependent on foreign trade, such as Czechoslovakia, Hungary, Bulgaria, Rumania and the GDR seem likely to have more difficulty in making accurate plans for ten years ahead than nations such as Poland, the USSR, and the M.P.R. where population growth and demographic movements loom larger in determining the shape of things to come.

Simchera deals only with his preliminary findings and the long-term development trends, because not all of the Comecon countries have as yet finalized their perspective plans. He foresees accelerated growth of the non-productive sphere, a faster improvement in living standards,

and an increase in the rate of return from production.

On the negative side, he suggests a continued decline in the birth rate, a further slow-down in the growth of manpower reserves (which in the GDR are not assumed to grow significantly during the next fifteen years), and increased difficulty (and expense) in obtaining raw materials.

For the "European socialist" countries and the "socialist" world system the rate of growth of national income after 1970 is supposed to increase to 7.5% p.a., nearly twice the 1961-1965 rate. One may therefore assume that in 1961-65, the rate of growth of national income was approximately 4% p.a. This is interesting, because an authoritative Soviet journal, Narody Asii i Afriki (No. 1, 1969) has just published the economic growth rates of the main capitalist countries in 1960-65. Of course, economic growth rates are not identical with the growth of national income, but they are close enough to provide a reasonable basis of comparison in an impressionist study.

The Soviet magazine (Narody Asii i Afriki) has been trying to explain away the phenomenally high growth rates shown by Japan since the war, a subject which is worrying Soviet propagandists greatly at present. (1) In doing so, it presents the following table of capitalist growth rates:

	<u>1960-65 % p.a.</u>
USA	4.7
Britain	3.4
France	5.1
W. Germany	4.9
Italy	5.2
Japan	9.6

Hence it seems that the USSR is now ready to concede, on the basis of its own data provided by Novoye Vremya and Narody Asii i Afriki, that most of the major industrial countries were growing faster in the early sixties than the average of the "socialist" world system. Such frankness may be unusual, but it is nevertheless welcome when it appears.

(1) For example, see the similar article in Mirovaya Ekonomika i Mezhdunarodnaya Otnosheniya, No. 5, May, 1969, pp. 53-63.



Simchera's next forecast concerns industrial growth rates in 1971-80. They are expected to be about 9-10%, compared with 8.7% planned for 1968-70 and 7% achieved in 1961-65. The 1961-65 figure, although appreciably better than the comparable performance of the USA, Britain or France, does not match the growth of manufacturing industry over a much longer time span in Japan, W. Germany or Italy. For these three countries the industrial growth rate from 1951 to 1968 was 14.6%, 7.3% and 8.3% respectively. (2)

Simchera's forecast of agricultural growth in the seventies is that it will reach about 4% p.a., compared with 2.6% in 1961-65. But granted the flight from the land, which will almost certainly continue in most of the European "socialist" countries, and the unpredictability of the weather a decade ahead, it seems likely that this estimate is more than usually hazardous.

Employment is expected to grow annually by 1.5-2% p.a., and material resources by 7-8%. Labour productivity is forecast by Simchera to grow at 6-7% p.a., which seems to suggest that the higher of his estimates for industrial growth (10%) is likely to be well out of reach. He also foresees the capital intensity of labour rising at 5-6% p.a.

### Investments

The investment structure is to continue to change in favor of consumer goods, with the ratio of capital goods to total output declining from 70-75% at present to 65-70% in the next decade. The lower of the latter two figures (65%) coincides closely with the present share of heavy industry and chemicals output to total output in the West, which for the USA was about 64% in 1965, and for Britain 65%.

Similarly non-production investments are planned to grow faster than capital investments, the respective figures being 8-10% in the first case and 8% in the second. The service trades are also to benefit in the distribution of the labor force, with their share rising from 10-20% at present to 20-30% by the end of the seventies.

### Faster Growth of Consumption

As regards consumption, Simchera specifically limits his observations to the Comecon countries (presumably

- (2) Mirovaya Ekonomika i Mezhdunarodnaya Otnosheniya, No. 5, 1969, page 53.

because this aspect is likely to fare none too well in China, Cuba and the smaller Asiatic communist countries). He reports a growth of the "consumption fund" of 4% p.a. in 1961-65, planned to rise to 4.9% p.a. in 1966-70 and to 6.5% p.a. in the next decade. Importantly, he also reports that "individual consumption will grow faster than overall consumption." (3) The economists are clearly going to have more say in shape of the future plans than the ideologists.

Moreover it is high time for economists to begin to assert themselves. Even though the "consumption fund" growth of 4% p.a. in 1961-65 was a reasonably good performance, it was left in the shade by comparison with Japan, where real family income increased on average from 44,000 yen in 1956 to 110,000 yen in 1966, (4) i.e. by 150% in ten years.

To take another example from the capitalist world, the official West German index of real weekly wages (four person household, medium income group) rose from 93.5 in 1961 to 116.5 in 1965, which is also appreciably faster than the modest 4% p.a. growth for Comecon consumption claimed by Novoye Vremya.

To sum up, the most significant aspects of the "socialist" world plans for the next decade are that they provide for a decline in the proportion of capital goods to total output, a faster growth of non-productive than of productive investment, and an increase in the percentage of the labor force allocated to the service trades. Moreover, individual consumption is scheduled to grow faster than total consumption.

Summary: The plans for Comecon and the "socialist" world in the 1970-1980 time-span provide for an accelerated growth of the non-productive sector, faster improvement in the growth of the "consumption fund," a decline in the proportionate share of capital goods in total output, and an increase in the proportion of the labor force allotted to the service trades. Soviet statistics from authoritative journals suggest that in 1961-65 the USA, France, West Germany, Italy and Japan all had higher growth rates than the average of the "socialist" countries. They also provide grounds for the belief that real wages rose much faster in Germany and Japan in 1961-65 than in the communist countries.

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(3) Emphasis supplied - r.r.g.

(4) World Marxist Review, March 1969, page 96.