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PODGORNY'S SPEECH IN BAKU

A.N. Podgorny's speech on May 21st in Baku, Azerbaijani SSR, was noteworthy for three main reasons. Firstly Podgorny, who is a full member of the Presidium and who now appears to be responsible for cadres policy in the Secretariat of the C.C., CPSU, made a statement which strongly implies that he, like Khrushchev in the autumn of last year, believes the priority of heavy industry to be more relevant to the past than the present or future. Here are his words, in which the use of tenses is all-important:

There was a time when the Soviet people deliberately accepted certain material restrictions in the interests of the priority development of heavy industry and the strengthening of our defence capacity. This was fully justified, because it is precisely production which is the material basis for the growth of culture and of the welfare of our people, and a defenceless socialist state would have been inevitably crushed by imperialism.

Now with each passing year our social wealth is multiplying and the necessary conditions are being created better to satisfy the ever-growing cultural and domestic ambitions of the working people. Year by year the state is allotting more and more funds and resources to housing, to development, to the health and municipal services and if, in this exceptionally important field we still encounter serious difficulties, including

some in Azerbaijan, it is primarily the consequence of an inability to organize the work properly, and sometimes of obvious negligence or an inattentive attitude to people.

[Emphasis supplied]

By using the past tense in his references to the priority of heavy industry, Podgorny is clearly supporting the precedent of Khrushchev who addressed the Presidium, Council of Ministers USSR and Gosplan in September last using these memorable words:

Whereas in the first 5-year plans and in the post-war years we laid the main stress on the development of heavy industry and for strengthening our defensive capacity, now, when we have a mighty industrial base, when defence is at the proper level, the party sets the task of swifter development of consumer goods.....
(Pravda, 2 October 1964)

Podgorny's repetition of the same theme eight months later is a strong indication that this was not one of the issues leading to the fall of Khrushchev.

The second significant passage in Podgorny's Baku speech is the one in which he deals with the importance of profitability. After claiming that the gross output plan of the USSR was over-fulfilled by 3% in the first four months of 1965 and that the volume of industrial production is now 9% higher than a year ago, he went on:

All this creates the necessary prerequisites for the successful solution of new tasks. They are known to you, comrades. They are primarily the problems of the profitability of industrial and agricultural production, of ensuring stable and high harvests, raising the productivity of livestock, carrying out a broad housing programme and many others.

The interest in this passage is that it shows Podgorny to be a supporter of Professor Liberman's theories, just as the previous one quoted above places him firmly in the goulash

1) Pravda, 22 May 1965.

rather than metal-eating class at present.

The third extract from the Podgorny speech which is noteworthy is the sentence announcing that the C.C., CPSU, and the Council of Ministers USSR are now studying ways of improving the organization and management of industry. The New York Times to-day reports that these problems may be discussed at a C.C. Plenum within the next two months, in which case it seems that Podgorny may be taking over Khrushchev's former role as the man who talks about the future agenda long before it has become official -- a dangerous precedent to follow.

When the Plenum takes place, it is likely to approve the new draft laws concerning the rights of enterprises and directors, which have been in the discussion stage for several years past. These drafts, to judge by an article in Soviet State and Law (no. 4, 1965, by A.E. Lunev, a Doctor of Law), will reduce the present excessive degree of centralization and allow greater freedom of manoeuvre in executive decisions to the factory managers.

For example, at present a director is not allowed to dispose of the proceeds of his above-plan profits without the permission of the Sovnarkhoz (national economic council) controlling his area. This rule is likely to be changed for the better. The break-down of the factory's wage-fund is currently specified in minute detail by higher authority, but here too more elbow-room is on its way.

Another improvement probably contained in the drafts would make it possible for a manager to sell unnecessary stocks or write off obsolete equipment without first having to obtain Sovnarkhoz approval.

Soviet State and Law admits frankly that it is now impossible to manage the whole of Soviet industry from Moscow, and suggests that therefore the legal powers of such agencies as the Supreme Sovnarkhoz USSR and the Sovnarkhozy of the Union Republics should be defined. Such a move would assist in decentralizing the economy.

In areas where there is a large concentration of similar factories, management agencies such as trusts, firms etc. would be set up on the spot by large-scale mergers. This would streamline management as well as decentralizing it, but it implies acceptance of the risk of parochialism.

Lunev's article also advocates reorganizing the management of state farms, firstly by establishing a Union Republic Ministry of State Farms and secondly by enlarging the rights of state farm directors. He argues that the economic and administrative independence of the state farms should be legally formalized

in order that they can take account of local conditions in planning their work.

As regards the kolkhozy, Lunev suggests that the decisive role in management should be played by the farm administration, reporting to the local Soviets. But the responsibility for bringing about a uniform scientific and technical policy in kolkhoz work should rest with the Ministries of Agriculture in the Union Republics and in Moscow.

If most of the reforms proposed by Lunev are embodied in the decisions of the forthcoming Plenum, as seems probable, there will be a significant increase in the degree of independent action allowed to Soviet managers. It also seems likely that in the long term an improvement in economic efficiency, and a concomitant slight reduction in Moscow's political control over the factories, will ensue.

r.r.g.