

Moscow Debates: Unlimited Energy Or Retrenchment

Soviet Academician Nikolai Basov took the floor at the Supreme Soviet session in Moscow Dec. 16, to report that "the USSR holds the leading position in research on controlled thermonuclear fusion (CTR)." Basov, who has just returned from touring the United States to boost Soviet-American collaboration in CTR work, stressed that mastery of fusion technology will "provide humanity with an inexhaustible source of energy."

Basov's upbeat report dramatized that the Soviet leadership is by no means united behind the policies reflected in the national economic plan for 1978, which was set by a Communist Party Central Committee plenum Dec. 12 and slated for approval by the Supreme Soviet. The chief presentation to the Supreme Soviet was a gloomy announcement by State Planning Committee (Gosplan) chief Nikolai Baibakov, outlining growth targets well below the pace originally charted for the 1976-1980 period.

Baibakov made clear that the Tenth Five Year Plan (FYP), which in its essential features was already an accommodation of the Soviet economy to the economic contraction in the West, is not being met in a number of important branches of industry and agriculture. The scaled-down 1978 program continues a trend which will prevent the achievement of anything like full-scale industrial application of CTR, which Basov and his allies consider feasible in the 1990s.

Supporting Basov, the advocate of pooling international efforts in science, are party and government layers who favor an interventionist foreign economic policy vis-à-vis the capitalist sector — the only real prospect for releasing the Soviet economy from its straitjacket. A victory for this outward-looking faction should entail several Soviet policy shifts immediately altering the world strategic situation: decisive support for a new world monetary system (possibly employing the socialist sector's transfer rouble) to make possible expanded world trade; a political alliance with progrowth capitalist forces; and a Middle East peace policy built on industrial development of the region.

But first the scientists, economists, and party officials of this tendency will have to defeat the present policy of succumbing to the ripple effects of Western economic collapse on Eastern Europe and the Soviet Union and blocking out the fact that a capitalist recovery is in the vital interests of the USSR.

The absence of President Leonid Brezhnev from the Supreme Soviet session, and reports that he is ill, indicate a fluid factional situation in which the battle — for

unlimited growth or increasing retrenchment — may intensify. Economic difficulties are rapidly becoming the pivot of open clashes, as was clear not only from Basov's remarks, but from the many criticisms of ministry- and enterprise-level incompetence with which Baibakov laced his speech and from a major series of articles in *Pravda* last month on economic performance.

Row Over Basov Speech At Supreme Soviet

Academician N.G. Basov's speech before the Supreme Soviet session was reported as follows by the Cuban wire service Prensa Latina Dec. 16:

The high level attained by the sciences in the USSR makes possible the intensive development of any research whatsoever and the rapid solution of complex scientific and technical problems... Basov said that the Soviet system creates optimal conditions for encouraging and raising the efficiency of the sciences...

The USSR holds the leading position in research on the problem of controlled thermonuclear fusion, which will provide humanity with an exhaustible source of energy.

The Dec. 17 issue of Izvestia, the government daily carrying summaries of Supreme Soviet speeches, glossed Basov's speech in a such way that his remarks on fusion were deleted. While including details of Basov's report on Soviet efforts to combat the flu, Izvestia condensed his references to atomic energy:

The draft State Plan for 1978, which we are discussing, provides for more than 21 percent growth of electric energy produced at atomic power plants. Furthermore, the 25th Party Congress stated that already now we should pay more attention to new, promising methods of obtaining electric energy. Our scientists have been working on this for many years.

Throughout 1976 and 1977 a continuing indication of the trouble Basov and his collaborators were meeting in their push for an all-out effort to achieve fusion power was a deemphasis on fundamental research in official proclamations. The Siberian branch of the Soviet Academy of Sciences was even chastized in a Central Committee resolution for underemphasizing research that has immediate practical results for industry (in favor of

basic research). Baibakov's 1978 plan report, in its section on the development of science and technology presented a similar contrast:

There will be continuation of basic research in the most important areas of the natural and social sciences. There will be an intensification of scientific research of an applied nature. (emphasis added)

Baibakov went to specify projects from the second category only. He motivated this emphasis with some urgency in the introductory portion of his report.

There has been a significant influence on the indicators of production efficiency by lags in fulfillment of plan assignments in the assimilation and introduction of new technology. Especially unsatisfactory in this regard were the Ministries of Ferrous Metallurgy, Petro-Chemicals, Chemicals and Construction Materials.

The 1978 Plan In The USSR

Planning chief Baibakov announced the second slowest growth target for industrial output since World War II — 4.5 percent. The Five Year Plan (1976-1980) had projected a 6 percent industrial growth rate for 1978. Now, with industrial output increases of 4.8 percent in 1976 and an optimistically estimated 5.8 percent in 1977, it will take better than 8 percent growth in both 1979 and 1980 to meet the overall target for 1976-1980 (See graph 1).

Although 1976 and 1977 saw overall industry growth targets met, they were missed in vitally important sectors, including steel. The steel plan has been steadily revised downward this year and last, until the 1978 plan calls for almost no growth at all (see graph 2): 152.6 million tons, after the 1977 target of 152.3 million tons. Projections from the 11-month 1977 results indicate steel output this year will be in the area of 148 million tons.

Baibakov spoke at length on the difficulties in steel, ordering the Ministry of Ferrous Metallurgy to wage war against metal wastage, down-time of furnaces and "infractions of labor discipline."

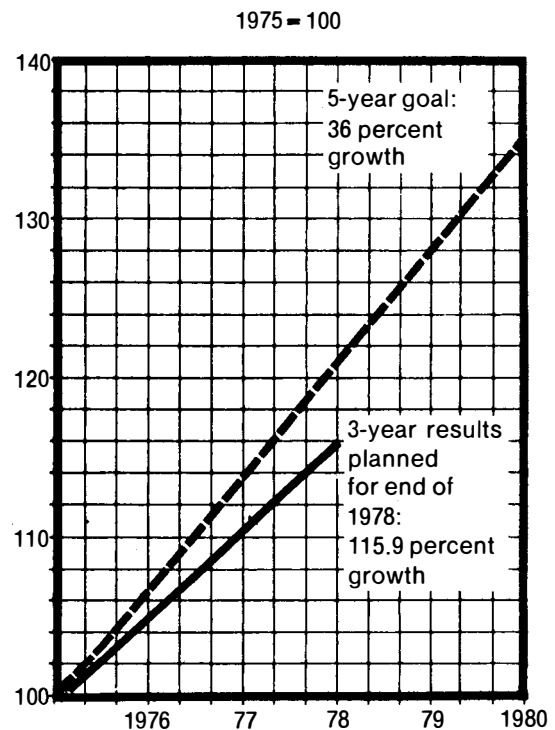
Turning to agriculture, Baibakov had to sum the 1976 and 1977 grain harvests together in order to avoid reporting a downward trend in 1977. The harvest this year, now estimated at 195.5 million metric tons of grain, made most distant the 220 million ton average sought for the Five Year Plan. 1976 and 1977 grain production averages to 209 million tons.

The Soviets are apparently trying to generate capacity to remedy the shortfalls in industry, by shifting the rate of capital investments. The 1978 plan calls for a 3.4 percent growth of capital investments, whereas 2.9 percent was the previously projected rate for next year. But increased investments are bound to go down the drain in the inefficient agriculture and construction sectors.

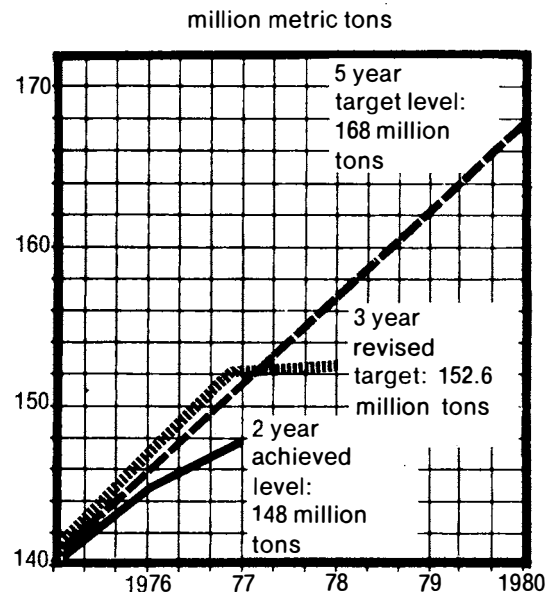
The plan, as it stands in Baibakov's summary, appears to write off hopes of correcting inefficiencies and bottlenecks through trade with the advanced sector in the West, even though Baibkov said frankly that, "economic ties with foreign countries are increasingly significant for the development of the Soviet economy." Indeed, Soviet trade with the West began to turn downwards in

1976 and has plummeted further in 1977. Of the planned 10 percent increase in foreign trade turnover for 1978, the majority will be with the socialist bloc countries.

Soviet Industrial Output: Plan and Results



Soviet Steel Output: Plan and Results



Open Debate In Pravda

The party paper *Pravda* sounded an alarm with a three-part series of articles Nov. 10-12 written by deputy editor and leading economist D. Valovoi, which opened an official debate on planning and plan implementation. Valovoi wrote a thorough indictment of the present system of industrial performance indicators, the criteria used to measure plan fulfillment, and bleakly warned that if radical changes are not made, some of the "most important" projects of the current FYP will not be completed.

Valovoi explained that the planning problem of aiming for "gross output" has not been erased, but only covered up, by numerous reforms of the indicators over the past ten years. "Gross output" targets aggravate bottlenecks throughout the Soviet economy: in the classic example, a plant produces big nails and meets its tonnage plan, when in fact industry needed nails of a different size. Valovoi cited the case of a motor-parts plant being supplied 200 kilograms slabs of metal from which to cut 30 kilogram parts, when it could much more efficiently have used 50 kilogram slabs.

"Gross output," preserved under such guises as "gross output sold," thus functions as a bias

against the introduction of available new technologies in industry. "The problem," wrote Valovoi, "is that the achievements of scientific and technological progress create favorable conditions for lowering the expenditure of living and embodied labor ... but (if these achievements are actually introduced) a *fall* in the rate of growth of production and productivity is registered, because these are determined on the basis of 'gross output'."

In the construction industry, bottlenecks in deliveries of building material constantly cause delays. Valovoi reported that the portion of capital investments going into projects not completed on schedule has risen from 69 percent in 1965, to 75 percent in 1975, to 80 percent last year.

Pravda appealed for debate of Valovoi's articles. Valovoi himself suggested the introduction of a whole array of performance indicators to circumvent "gross output" and its associated faults. But any solution limited to purely internal Soviet remedies, like tinkering with the system of indicators, is bound to fail. For the debate to result in anything besides the heads of some industrial managers rolling, it will have to be joined by supporters of Basov and taken into the realm of international programmatic solutions.