THE SOVIET FIVE YEAR PLAN

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Quality rather than quantity

BY DAVID LASCELLES, RECENTLY IN MOSCOW

NEWS of the Soviet Union's bumper harvest probably came too late to affect the final version of the new Soviet Five Year Plan (1976-80) which the Supreme Soviet approved at the end of October. But it must have raised the spirits of the men in the Kremlin who earlier this year were grappling with the worst harvest disaster in a century, and a foreign debt rising by $6bn. a year.

It has also prompted the now sizeable Western business community in Moscow to take a more optimistic view of Soviet economic prospects. Some even predict an upsurge of Soviet imports from the West.

The harvest follows the latest six-month Soviet trade figures which showed exports to the West are rising much faster than corresponding imports. Swiss bankers have reported an increase in Soviet gold sales. On the other hand, the USSR has severely reduced its borrowing from the Eurocurrency markets this year, and has been in no hurry to use the cheap Western government credits available to them. (According to one Soviet banker these now amount to $15bn.)

Whether or not the prospects are brighter, the USSR is still taking a cautious view of the future. Although the final version of the Plan differs slightly from the draft put forward at the Party Congress in February, it is still strikingly modest compared with previous Plans. National income, investment and industry are all to grow more slowly than before; targets of interest to the man in the street—wages, consumer goods and retail trade—are also lower.

Nicknamed the "Plan of quality" by Soviet commentators, it seeks to put the economy in order rather than achieve big strides forward. A better balance is to be sought between the flow of primary materials and output of manufactured goods; there is heavy emphasis on efficiency; the standard rather than the quantity of output is to be the yardstick.

A striking feature is the large investment allocation for agriculture, which Mr. Leonid Brezhnev admitted at the recent Party Plenum, had been difficult to find. Converted at the official rate of exchange, it comes to more than $50bn. a year, not counting the money needed to build dozens of fertilizer, protein fodder, and agricultural machinery plants.

Farming is to get 27 per cent. of all investment, against 25 per cent. in the last Plan, and 23 per cent. in the Plan before that. The final targets for meat and grain production are also higher than originally proposed. If the USSR achieves its 1980 harvest target of 235m. tons it could, by Western estimates, have a surplus of about 10m. tons. Whatever happens to meat production, it will still be a major importer.

Mr. Brezhnev did not say which sectors were kept short of funds to release the necessary investment for agriculture, but the load seems to be spread over industry, transport, communications and construction. That may explain why the final target for industry is at the lower end of the range proposed by the guidelines, and why the target for the important Group A industries (heavy engineering, etc.) is less than proposed in the draft.

GROWTH OF SOVIET KEY INDICATORS

	1971-75 Actual	1976-80 Draft	Final
National income (%)	28	24-28	26
Investment (%)	42	24-26	24
Industry (%)	43	35-39	36
— Group A	45.5	38-42	37
— Group B	37.4	30-32	32
Agriculture (%)	13	14-17	16
Wages (%)	24	20-22	21
Retail trade (%)	35	27-29	29
Foreign trade (%) (in real terms)	50	30-35	33.5
— with socialist countries	38	—	41
— with capitalist countries	92	—	31
Steel (m. tonnes)	25	19-29	27.2
Oil (m. tonnes)	138	129-149	149.2
Gas (bn. cu. m.)	91	111-146	145.7
Coal (m. tonnes)	77	89-109	103.7
Electricity (bn. kWh.)	297	302-342	341.4
Grain (m. tonnes)*	181.5	215-220	221.5
Meat (m. tonnes)*	14	15-15.6	15.5-16

* average annual production

Even so the key targets—steel, oil, gas, coal, and electricity — are all in the higher range. Energy will be a major export over the next five years.

Although the final targets for wages are exactly as proposed, there is some good news for the consumer. Group B industries (light industry and food processing) have been allotted the maximum target, as has the retail trade. This indicates the Kremlin is anxious that living standards should not bear the full brunt of the industrial slowdown.

On foreign trade, Mr. Brezhnev said the Soviet Union's dealings with other socialist countries will grow faster than with the West, revising the trend of the last Plan period when trade with capitalist countries led the field pushing Comecon's share of the total turnover down to barely 50 per cent. in 1975.

But the foreign trade targets are more political than economic. It would not do for Moscow to plan a faster tempo of trade with capitalist than with socialist countries. Soviet officials admit there is little doubt that trade turnover will greatly exceed targets, particularly if the West climbs out of recession in the next year or two.

One of the main tasks for those who deal in foreign trade, Mr. Brezhnev said, is to make far better use of expensive imported equipment. Western machinery is often reported to be rusting on building sites after factories are finished, and equipment not properly used once installed.

But irrespective of targets, the Plan still aims eventually to put the Soviet Union ahead of the U.S. According to the Planning Minister Mr. Nikolai Baibakov, Soviet national income in 1980 is intended to be about 85 per cent. of what the American national income was in 1975. Soviet industrial production is to be 9 per cent. higher than the U.S. figure for 1975, and agricultural production about the same.