

SOVIET ECONOMY REPLIES TO TIMES

Prof. L. A. Leontyev Charges Unfairness in Articles on Voznesensky's Book

OFFERS ADDITIONAL DATA

Author of Criticized Series Defends It and Answers the Points Raised

THE NEW YORK TIMES has received a letter from Academician L. A. Leontyev, Professor of Economics at the Moscow State University, discussing THE TIMES' reports on Sept. 23, 24 and 25 of the publication of an English translation of the book by Deputy Premier N. A. Voznesensky, "The Economy of the U.S.S.R. During World War II."

Professor Leontyev, who also holds academic posts in other Moscow institutions and, with Academician K. V. Ostrovityanov, is one of the outstanding Soviet economists of the present day, is the author of many studies in international and Soviet economies, chairman of a commission studying the political economy of socialism and former editor of Under the Banner of Marxism. His letter follows:

Moscow, Nov. 30, 1948.

Editor, NEW YORK TIMES, New York.

Sir, That the American people highly appreciate the heroism the Soviet Army displayed in the war against Nazi Germany and Japan, and that they recall with gratitude the great sacrifices the Soviet Union bore in the struggle to save humanity from fascist barbarism, is, we believe, something that goes without saying. It was therefore all the more a surprise to me and to many others among my countrymen to learn that the story of those great sacrifices and efforts in N. A. Voznesensky's book on the War Economy of the U.S.S.R. in the Period of the Patriotic War, recently published in an English translation in the United States, has called forth a veritable torrent of hostile comments in some American quarters.

Will Lissner, reporting these comments in THE NEW YORK TIMES of Sept. 23, 24 and 25, tried to cast doubt on the indisputable fact that in the late war the economy of the Soviet Union proved incomparably more stable and efficient than the economy of Nazi Germany.

Nazi Resources Cited

It is a fact known to all that in the Second World War Nazi Germany had at her disposal the resources of nearly all of Western Europe. In a speech published in the entire German press and broadcast to the whole world in the autumn of 1943, Funk, Minister of Economy in Hitler's Government, admitted that what Germany was receiving from her allies and from the countries she occupied doubled her national resources. And it should not be forgotten that, on the other hand, that period was the first period of the war—was the hardest for the Soviet Union, as our country's national economy had then sustained very heavy losses.

As stated in Voznesensky's book, 33 per cent of the Soviet Union's pre-war industrial output was produced in the territories which the Germans later overran. These huge losses could only be made good thanks to the immense efforts of Soviet workers and engineers far behind the lines, in the Urals, Siberia and Middle Asia, where they built up scores of new plants, expanded the output of existing plants and quickly put into operation the 1,360 plants removed from the areas which became the scene of hostilities.

Voznesensky points out in his book that, as the result of these labor efforts of the Soviet people, the Eastern sections of the Soviet Union produced as much war materials in March 1942 as the whole of the Soviet Union produced in the beginning of the war. In the years of the war many American observers expressed their admiration at the self-sacrificing efforts of the workers and technical personnel of Soviet industries.

No one can dispute the heroism of the Soviet people whose labor and sacrifices saved their country at the most critical juncture in its history. Will Lissner and those whose comments he quotes have enough sense and the other critics remark, during that early period the time lags between shipment in the United States and arrival in the Soviet Union were much greater than in the following years.

Lend-Lease in 1942 and 1943

Yet no one can deny that in 1942 and 1943 lend-lease deliveries to the Soviet Union could not be of material assistance if for no other reason than that, as Lissner himself and the other critics remark, during that early period the time lags between shipment in the United States and arrival in the Soviet Union were much greater than in the following years.

What grounds, then, have Lissner and those whose comments he quotes for waxing indignant over the comparison drawn by Voznesensky between the efforts of the Soviet people themselves in the production of war materials and the deliveries of the allies in the period when the Soviet Army fought singlehanded, and when the conditions for the armed struggle of the Soviet soldiers at the fighting front and for the efforts of the civilian population on the home front were the hardest? After all, those were the years when the Soviet Army inflicted a series of decisive defeats on Nazi Germany, which predetermined the outcome of the war and induced the allies, after long delays, to make a landing in Europe and open the second front in the West.

the allegations of Lissner and the other critics of Voznesensky's book that the Soviet Government "conceals" from the population the Lend-Lease aid rendered by the United States and Britain. These allegations do not become more truthful by being reiterated again and again. The fact is that both during the war and after its end the Soviet press widely published official reports on Lend-Lease deliveries. But by what right can anyone demand of Soviet leaders and economists that they should conceal the real truth, which is that the lion's share of the war materials the Soviet Army needed to defeat the enemy was produced by our own industries?

Objective Information

In our opinion, the cause of mutual understanding among nations would be best served by objective information. Lissner and the other critics of Voznesensky's book apparently think differently. For example, they keep bringing up the figures President Truman cited in a report to Congress, according to which American deliveries to the Soviet Union during the entire war period included 14,700 planes and 7,000 tanks.

But at the same time they studiously avoid mentioning that, according to figures officially announced by Generalissimo Stalin in his speech of Feb. 9, 1946, Soviet industries in the last three years of the war produced annually on an average up to 40,000 planes, 30,000 tanks, up to 100,000 mortars, 120,000 guns of all calibers, 450,000 machine guns, more than 3,000,000 rifles, over 240,000,000 shells, bombs and mines, etc.

A mere comparison of the respective figures thus shows clearly enough that the assistance of the Allies which, in spite of all fabrications to the contrary, the Soviet people and Soviet leaders have always appreciated, could only serve as a certain supplement to the output of the Soviet industries, which supplied the Army with the bulk of war materials needed for the attainment of victory.

In an effort to refute this incontrovertible fact, Alexander Gerschenkron [author and economist of the Federal Reserve Board] who claims to be an "expert," resorts to a trick which can only make anyone who is familiar with the elementary rules economic assessment smile. He declares that a comparison between the deliveries to the Soviet Union from the other countries and the output of Soviet industries is "meaningless" because the value of Soviet output is allegedly overstated. And it is overstated, he says, because added to the wartime output, which cannot be expressed in any pre-war prices, is old-type production measured in "1926-27 rubles." Yet it should be clear to anyone that expressing a part of the output in unchanged pre-war prices, which, as I well know, were lower than the wartime prices, does not increase, but on the contrary, reduces the total terms of value.

How are we to explain this misapprehension in regard to a simple question of economic science on the part of persons who claim to be expert economists? I think it may be explained by the incontrovertibility of the facts which they are trying in vain to refute.

Apparently, the same aim—to blacken the Soviet Union and its policy—explains the attempts to attribute to Voznesensky statements to the effect that peaceful cooperation between the Soviet Union and the United States is impossible, or that a war between them is inevitable. All that Voznesensky says in his book is that there exist in the United States influential aggressive circles openly pursuing a policy of preparing for and fanning a new world war—a fact which is today known to the entire world. Voznesensky points out that in order to avert this danger for a period of any duration it is necessary for the forces of democracy and peace to be closely united.

I believe that Americans who are known for their practical common sense, will easily understand that just because a man has taken an umbrella, you cannot impute to him the intention to bring on rain. Yet that is exactly the strange logic of the critics of Voznesensky's book who, without any grounds whatever, impute to him an assertion that lasting peace is impossible, which is just the opposite of what the book says.

Of course, Soviet people cannot close their eyes to the war propaganda carried on all the time by prominent political leaders in the United States and Britain. Some of them, as Churchill recently did in his speech at Llandudno, openly call for atomic war against the Soviet Union.

[In his speech, Mr. Churchill urged the United States not to destroy its atom bomb stocks and warned the Western World that only those bombs stood between freedom and Communist domination. He said that the "Western world will be far more directly to

reach a lasting settlement without bloodshed if they formulate their just demands while they have the atomic power and before the Russian Communists have got it, too.]"

We would naturally be very little concerned if those gentlemen were talking about seizing the moon. But they are talking about dropping atom bombs upon our cities, which we are now working hard to rebuild after the barbaric fascist invasion. They want to destroy millions of Soviet men, women and children. They are setting up numerous military, naval and air bases—and these bases are not in the neighborhood of the moon, but in the neighborhood of our country.

How can anyone expect the Soviet people to believe that the threats to use the criminal and barbarous atomic weapon against them are just the cooings of peace doves? What would the ordinary American say if some foreign power were setting up military bases on Labrador, on the islands of the Caribbean Sea, in Mexico and in the eastern part of the Pacific, and if at the same time leaders of that power kept talking about the need for an atomic war against the United States?

Lastly, the critics of Voznesensky's book impute to its author an admission that Soviet economy is subject to severe economic crises, analogous to major depressions in capitalist countries. One of the arguments adduced to prove this point is that, as Lissner writes, Voznesensky "devotes extensive analyses to the problems of economic balance, of the relationships between consumers and producers goods, of the relationships between consumption and the accumulation of profit for capital investments."

To me, as an economist, that is an example of very queer logic indeed. It is an ABC truth that there must exist a definite relationship between production and consumption, and between consumption and accumulation, in any economic organism. But the point is that in the countries of capitalist enterprise this relationship cannot be established in any other way than at the cost of periodically recurring crises (or depressions, as they are called in

Soviet side they have nothing tangible for comparison escape me.

His Data Called Inadequate

Moreover, the "respective figure" he cites are as inadequate as Mr. Voznesensky's accounting. American deliveries, he says, "included 14,700 planes and 7,000 tanks." But they also included 52,000 jeeps; 375,000 trucks; 415,000 field telephones; wire fifty clud 52,000 jeeps; 375,000 trucks; 415,000 field telephones; wire fifty times the circumference of the globe; hundreds of thousands of tons of armor plate, other metals, chemicals and other raw materials; \$500,000,000 of tools and equipment as well as entire factories in cargo lots.

There was indeed a remarkable development of Soviet munitions production in the Russian interior, as Professor Leontyev says. But what he fails to take into account is American aid in achieving it. As President Truman pointed out, to aid in this the United States lend-leased \$320,000,000 of machine tools, \$35,000,000 of metal-cutting tools, \$43,000,000 of petroleum-refining equipment and \$171,000,000 of electric generators.

Thus to the charge that Mr. Voznesensky's book "conceals" Anglo-American lend-lease aid (although it understates it as "imports"), Professor Leontyev can only reply that other Soviet publications reported it.

Professor Leontyev completely misses the point of Dr. Gerschenkron's argument that the value of Soviet production is overstated. Briefly, the argument is that the introduction into an output series based on 1926-27 prices of new commodities at current prices and, moreover, at prices based on the relatively inefficient and unduly high cost production of the first year of large scale output is inflationary.

Further corrections of certain of Professor Leontyev's statements are necessary. The news article of Sept. 23 merely reported without comment Mr. Voznesensky's view that "the economy of the Soviet Union proved incomparably more stable and efficient than the economy of Nazi Germany" and those of Sept. 24 and 25 did not mention the subject. Mr. Voznesensky indicts as war-planners "nations" and "states" and "the Government of the United States" and "capitalist United States of America, in alliance with its vassal states," not merely "circles." Regarding the possibility of "upheavals" in the Soviet Union, Academician B. G. Strumilin says: "Deviations from plan always take place in one or another degree" and Deputy Premier Voznesensky states explicitly, "It would be naive to deny the possibility of partial disproportions or difficulties in the course of development of the Soviet economic system."

Not only the exchange of objective information, but friendly discussion of differences serves the cause of mutual understanding among nations. In taking the initiative by joining the discussion of Mr. Voznesensky's book, the distinguished Soviet economist has taken a highly commendable step that one hopes will be emulated on other subjects, by economists in both countries.

WILL LISSNER
New York, Dec. 19, 1948

America). In the planned economy of the Soviet Union, however, these relationships are established without any upheavals. That is the story told in Voznesensky's book.

That this is so is best proved by life itself. I need not mention the fact that, despite the appalling destruction and economic damage caused to our country by the war, Soviet industry this year is producing at a rate of 17 per cent higher than in the pre-war year 1940. On the other hand, in the United States, which fortunately did not suffer from hostilities, the index of industrial output is lower than 80 per cent of the peak reached in 1943.

I should like to note in conclusion that the rancorous criticism leveled in some American quarters against Voznesensky's book, which tells of the heroic effort of the Soviet people in the second World War, is extremely deplorable from the viewpoint of mutual understanding among nations. Mutual understanding would be much better furthered if the critics of Voznesensky's book read in it, not what they want to read, but what its author has actually written.

Yours truly,
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Following is a letter to the Editor of THE TIMES from Mr. Lissner:

To the Editor of THE NEW YORK TIMES: Professor Leontyev invites the readers of THE TIMES to make a comparison between the Truman statement on American lend-lease deliveries to Russia and the Stalin statement of Soviet arms production from 1943 to 1945.

On the Truman side of the comparison we have quantities. On the Stalin side we have, in at least three instances, not quantities but rates, and not average rates but the average of the extreme upper limit of the range of rates. In the remaining four instances it is not clear whether Mr. Stalin had in mind averages of annual production or the total of three years' production.

How the distinguished Soviet economist expects his readers to effect a comparison when on the