

order to finance imports of plant and equipment from the West. The result is that the portion of total Soviet trade that is carried on with other socialist economies, after declining from 65 percent in 1970 to 56 percent in 1975 and 1976, has now rebounded to 58 percent in 1977, 59 percent in 1978, and a planned 61 percent next year. Soviet trade with the advanced sector capitalist countries declined accordingly.

The EMS has the potential not only to reverse that trend by a rapid increase in Soviet-West European trade, but to unclog the USSR's chronic bottlenecks. That is what would result from a global application of EMS principles, i.e., long-term low-interest credits for industrial development, to East-West and triangular East-West-South trade.

An East-West trade policy of that sort is not, as the Brookings Institution would have it, doing favors for the Russians. As in the precedent of the 1922 Rapallo treaty between Soviet Russia and Germany, advantages are already accruing to West Germany and France thanks to their Soviet agreements: not only orders for industrial exports, but enhanced opportunities for political stability.

Corresponding agreements between the two greatest economies and greatest military powers, the USSR and the United States, could begin with the \$30 billion, 28-project "shopping list" the Soviets handed to U.S. businessmen at the Moscow meeting of the U.S.-USSR Trade and Economic Council this month.

Soviet President Brezhnev keynoted the Party Central

Committee plenum with his second major economic policy report to the Central Committee this year. As in his July plenum speech, which was devoted to agriculture, he defined both short-term and broad, long-term goals.

The Soviet economy, Brezhnev began, has reached "a stage which is new in essence — the construction and development of a number of territorial-production complexes, especially in the eastern parts of the country." These complexes are industry-centered urban growth areas, places in Siberia where entire new cities are under construction.

In the first three years of the current Five Year Plan, Brezhnev reported, these development projects will have been responsible for the entire national gain in oil production, almost all the increase in natural gas output, and a significant part of growth in the electric power industry, mining, and truck and tractor production.

Creation of these and other projects, however, has been limited by serious problems in basic industry: metals and fuel. Brezhnev said that investments would have to be concentrated in those two sectors to the tune of 23 billion rubles in 1979 (17.4 percent of a total of 132 billion rubles in planned capital investments), compared with 50 billion rubles over the preceding three years (13.7 percent of total).

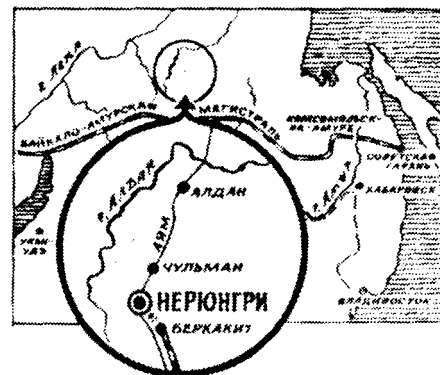
Together with the energy and metals sectors, Brezhnev placed transport as a priority for capital investments, as part of a policy to rectify the national investment structure. (A 26 to 27 percent portion of investments goes

City-building in the USSR

During 1978, the Soviet Communist Party Central Committee weekly Ekonomicheskaya Gazeta switched the focus of its cover stories away from single branches of industry viewed nationally, in favor of a series of feature articles on territorial-production complexes. Mentioned by Leonid Brezhnev in his speech this month as a radically new phenomenon in Soviet industry, these complexes are industrial expansion projects organized as integrated units. In most cases, they are new cities, built from the bottom up — a smaller version of the "nuplex" city-building concept.

Because urban construction "from scratch" will be increasingly featured

in Third World development under the expansion policies to be begun via the European Monetary System, the Siberian example is important to study. Here are sketches, using the material from Ekonomicheskaya Gazeta, of two city-building projects in Siberia:



The South Yakutsk complex

Centered on the new city of Neryungri, the area is at the north end of the most important cross-line shooting off from the Baikal-Amur Mainline (BAM), the second trans-Siberian railway, now under construc-

tion. Potentially the locus of Soviet-Japanese-American cooperation on a vast scale, when the multi-billion-dollar Yakutsk natural gas project eventually gets under way, the South Yakutsk complex at this time is based

to the inefficient agriculture sector, which is a serious drain but cannot be reduced without immediate undesirable effects on food supplies.) He then discussed transport at greater and leakage of grain and other farm products. A special Central Committee commission on transport was formed earlier this year.

Heteronomy and bottlenecks

Investments in 1979 will be dispersed over fewer projects, Brezhnev announced. This reflects, in part, an increased emphasis on modernization and reconstruction of existing capacity as opposed to building new plant, especially in the older industrial areas in the European USSR. It is also an assault on the heteronomy which prevails in the labyrinthine construction industry bureaucracies, where instances of building fences in vacant lots in order to fulfill plan targets of fence footage have been reported in the Soviet press. By reducing the number of construction sites, the plan aims to outflank such maneuvers and reduce the lead-time on new projects.

All of these measures were dictated by an aggravation of existing problems in the first three years of the plan.

"The situation is improving too slowly in capital construction," Soviet planning chief Nikolai Baibakov reported. "The volume of construction projects not completed is growing without justification, while the new capacity is going more slowly than planned. The plan is not being met for railroad transport of a number of im-

portant commodities. The targets for introduction of new technology in the national economy are not being met fully." Brezhnev stressed "the personal responsibility of leading economic cadres" at all levels, warning that "organizational measures" would be taken — i.e., heads would roll — if Central Committee decisions were not implemented promptly. He summed up the war on bottlenecks and bureaucracies:

"The question arises of how to explain that in spite of our clear and major successes in economic construction and the gigantic growth of the scale of our economy, we are unable for such a long time to free ourselves from those bottlenecks, which keep us from advancing ever more rapidly and dynamically. Each concrete shortcoming can be explained by individual reasons. But here, at the Central Committee plenum ... we must approach the essence of the question and look at what is fundamental. And what is fundamental is that the economic bodies, ministries, and agencies are slow in shifting the entire economy into the mode of intensive development.

Intensive development

"Intensive development" refers not only to the concentration of resources but to mechanization. The plan anticipates a drop-off in growth of available labor in the 1980s, when fewer young workers will be entering the work force, due to demographic patterns associated with the loss of 20 million Soviet citizens during World War II.

on coal mining. By 1983, the Neryungri coal cut will be producing four million tons of fuel coal and nine million tons of coking coal annually, up from the present two million tons total mined in the area. A coal refining factory has already been built. Coal from Neryungri is dispatched by the BAM and the Transsiberian to power stations throughout the USSR and to the Pacific Coast for export (the Japanese have invested in the railroad and will buy coal). A new power station is also under construction in the city itself. Other factories are slated for the next decade: a house-construction plant for 100,000 square meters of apartments per year, a reinforced concrete plant, a ceramics factory, a mechanization center for the coal industry, and food industry installations for meat, poultry, and dairy products.

The Tobolsk complex

Unlike Neryungri in the Far East, Tobolsk is one of the old cities of western Siberia. Situated on the Irtysh River, a tributary of the great Siberian River Ob, it is right in the center of the Tyumen district, where the greater part of increases in Soviet oil production has come from in this decade. The Tobolsk project hinges on a petrochemicals complex, in which West German investment is planned under the 25-year cooperation agreement of May 1978. Because of its geographical advantages, reports *Ekonomicheskaya Gazeta*, Tobolsk "was chosen to be the location of a new center of the petrochemicals industry"; supplies other than the locally extracted oil can be brought in by river. Hence a second



feature of the complex is the complete reconstruction and enlargement of the city's river port on the Irtysh. The refinery itself will be built in stages, so that it can supply semi-finished products before the entire range of processes is available in Tobolsk. A new power plant will simultaneously. On the opposite bank of the river will be "a new, modern city" to house the growing population of petrochemical workers.