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Vol. 14-

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Department of External Affairs

File No. 50028-B-40

Volume FOURTEEN (14)

From MAY 1-1963

To AUGUST 21, 1963

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R. W. [Signature]
DATE / DATE:
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**MacMillan Office Appliances
Company, Limited**

309 ATHLONE AVENUE, OTTAWA

File No. _____ Vol. _____

50028 B 40

For subsequent correspondence on JIC Semi-Annual
review of trends in communist bloc policy including
Communist China see file 50028-B-1-40.

Sino-Soviet Bloc Economic Activities in
Underdeveloped Countries since early 1956.

see file 50028-B-2-40

Salt Hydrographic charts, etc 50028-B-5-40
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*Excerpts from the 976th JIC Meeting
August 21/63*

XII.

ANNUAL REVIEW OF ACTIVITIES
IN THE SOVIET NORTH

(SECRET)

22. ~~The~~ ^{The} Committee considered CANADIAN JIC 1424/1(63) of 8 August, 1963 on the above subject prepared by JIS.

? (CSC 2106-1 (JIC), JIR 2-20-1 of 8 Aug 63)

23. The Committee:

- (a) amended and approved the paper as CANADIAN JIC 1424/2(63) of 21 August, 1963; and
- (b) authorized the following distribution:

IPC (13)
Chairman, JIC
for Australian High Commissioner

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DEPARTMENT OF NATIONAL DEFENCE
JOINT INTELLIGENCE COMMITTEE
JOINT STAFF

Our file ref.....
CSC 9-27 (JIC)
CSC 1462-2 (JIC)

CONFIDENTIAL
(Enclosure RESTRICTED)

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

TO: *Mr. [unclear]*
Mr. [unclear]
Mr. [unclear]
OTTAWA, Ontario,
19 August, 1963.

50028-13-40	
2	46

MEMORANDUM TO THE JIC:

SOVIET-CANADIAN AIR LINK

Enclosure: (1) European Division letter dated
12 August, 1963.

Enclosure (1) was received from the Chairman, JIC
and is forwarded to members for information.

2. In a covering note the Chairman stated that it seems obvious that Semyonov would not raise the matter of a Soviet-Canadian air link without specific consultation between the Embassy and Moscow in contradiction of what he said to Mr. Seaborn. It would appear that now traffic between the USSR and Canada would not merit a terminal service between Montreal and Moscow. On the other hand, the USSR has been anxious to inaugurate a scheduled service with the United States and indeed this would be operating had it not been for a deterioration in the relations of the two countries.
3. It would appear possible that the commencement of a civil air service between the two countries would be one of the bilateral matters to be discussed between them shortly. Under the circumstances, the USSR may be raising this matter with us in order to nudge the Americans into further discussions. It is also likely that the United States would not be prepared, if international developments permitted, to see a Canadian terminus harvest North or Central American traffic which would have only a small Canadian content.
4. There may well be additional factors which influence views about this question, and it is possible that Montreal might profit as an intermediate airport between a North American terminus elsewhere and Moscow.

AM/2-5459/jr
Enc.

cc: JIS(2)

[Signature]
(A. Malysheff)
LCDR, RCN,
Secretary.

EXTERNAL AFFAIRS
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DEPARTMENT OF EXTERNAL AFFAIRS

TO: Economic Division

August 12, 1963.

FROM: European Division

SUBJECT: Soviet-Canadian Air Link

The First Secretary of the Soviet Embassy, Mr. Semyonov, called on me on August 9 concerning a number of small bilateral problems. At the end of the conversation, he brought up in a very tentative way the old question of an air link between Canada and the Soviet Union.

2. Mr. Semyonov said that they had been thinking within his Embassy, and so far without any specific consultation with Moscow (sec), about the possibility of a direct air link between Moscow and Canada, probably Montreal. The Soviet Union now had reciprocal air agreements with a large number of Western European countries but their only link with the Western hemisphere was their flight between Moscow and Havana. It seemed to the Embassy that the amount of traffic which now went back and forth between the Soviet Union and not only Canada but also the United States, Mexico and other points in Latin America, would more than justify the opening of other Western hemisphere - Moscow air links. The Embassy had no specific views as to whether there should be a non-stop flight from Montreal to Moscow or whether it might be with a stop-over at some Western European capital, but this was a matter of detail. Did I think that there would be an interest in Canada in a reciprocal air agreement, initially perhaps with one flight each way per week by each of the two airlines involved, (Aeroflot) from the Soviet end and either TCA or CPAL from the Canadian end?

3. I told Semyonov that the first question was whether either Canadian carrier would consider the commercial prospects sufficiently interesting that Canada should enter into such an agreement. I had no idea what the present thinking of the airlines might be on this matter but I would make some very informal inquiries and try to let him know in due course.

4. As civil air matters fall within the jurisdiction of your Division, I would suggest that you might take the matter from here. Would you be prepared to initiate the necessary informal inquiries, not only with the airlines but probably even before that with the governmental departments and organizations concerned? If so, I shall be glad to be able to let Semyonov know in due course what the initial soundings have revealed.

5. Our initial reaction is that, while the amount of Soviet-Canadian business would almost certainly not be sufficient to justify the establishment of such an air link, it might become commercially interesting if it became possible in this way to tap at least the American and possibly also the Mexican market. This, of course, is something on which the judgment would have to rest primarily with the commercial airlines concerned.

J. B. SEABORN
EUROPEAN DIVISION.
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DL(2)/G. Hampson/cmd

c.c. Mr. Hooper

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Ottawa, August 15, 1963.

Secretary,
Joint Intelligence Committee,
Department of National Defence,
Ottawa, Canada.

I attach a copy of a memorandum (classification Restricted) on a conversation between Mr. Seaborn of this Department and Mr. Semyonov, the First Secretary of the Soviet Embassy.

To be brief, Mr. Semyonov asked Mr. Seaborn whether Canada would be interested in a reciprocal air agreement for one flight weekly between Montreal and Moscow by Aeroflot and another by a Canadian airline to be named in the agreement.

It seems obvious that Semyonov would not raise such a matter without specific consultation between the Embassy and Moscow in contradiction of what he said to Mr. Seaborn. It would appear that now traffic between the USSR and Canada would not merit a terminal service between Montreal and Moscow. On the other hand, the USSR has been anxious to inaugurate a scheduled service with the United States and indeed this would be operating had it not been for a deterioration in the relations of the two countries.

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- 2 -

CONFIDENTIAL

It would appear possible that the commencement of a civil air service between the two countries would be one of the bilateral matters to be discussed between them shortly. Under the circumstances, the USSR may be raising this matter with us in order to nudge the Americans into further discussions. It is also likely that the United States would not be prepared, if international developments permitted, to see a Canadian terminus harvest North or Central American traffic which would have only a small Canadian content.

There may well be additional factors which influence views about this question, and it is possible that Montreal might profit as an intermediate airport between a North American terminus elsewhere and Moscow.

Would you please bring the attached memorandum to the attention of JIC members for their information.

J. J. MCCARDLE

J.J. McCardle,
Defence Liaison (2) Division.

DEPARTMENT OF EXTERNAL AFFAIRS

MEMORANDUM

Economic Division
TO:
.....
European Division
FROM:
REFERENCE:
.....
Soviet-Canadian Air Link
SUBJECT:

Security	
August 12, 1963.	
Date	
File No. 50028-B-40	
2	—

The First Secretary of the Soviet Embassy, Mr. Semyonov, called on me on August 9 concerning a number of small bilateral problems. At the end of the conversation, he brought up in a very tentative way the old question of an air link between Canada and the Soviet Union.

2. Mr. Semyonov said that they had been thinking within his Embassy, and so far without any specific consultation with Moscow (sic), about the possibility of a direct air link between Moscow and Canada, probably Montreal. The Soviet Union now had reciprocal air agreements with a large number of Western European countries but their only link with the Western hemisphere was their flight between Moscow and Havana. It seemed to the Embassy that the amount of traffic which now went back and forth between the Soviet Union and not only Canada but also the United States, Mexico and other points in Latin America, would more than justify the opening of other Western hemisphere - Moscow air links. The Embassy had no specific views as to whether there should be a non-stop flight from Montreal to Moscow or whether it might be with a stop-over at some Western European capital, but this was a matter of detail. Did I think that there would be an interest in Canada in a reciprocal air agreement, initially perhaps with one flight each way per week by each of the two airlines involved, (Aeroflot) from the Soviet end and either TCA or CPAL from the Canadian end?

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4. As civil air matters fall within the jurisdiction of your Division, I would suggest that you might take the matter from here. Would you be prepared to initiate the necessary informal inquiries,

CIRCULATION

DL(2)
Moscow
Washington

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J.B. SEABORN

European Division.

Our file ref.....



DEPARTMENT OF NATIONAL DEFENCE

CSC 7-17 (JIC)
CSC 1322-1 (JIC)

JOINT STAFF

RESTRICTED
(Enclosure SECRET)

OTTAWA, 7 August, 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

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MEMORANDUM FOR THE JIC:

MAIN TRENDS IN SOVIET FOREIGN POLICY

Reference: (a) CSC 7-17, CSC 1322-1 (JIC) of
10 July, 1963.

Enclosure: (1) Canadian JIC comments on
US NIE 11-63 dated 22 May, 1963.

Enclosure (1) is forwarded for your information.

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(A. Malysheff)

LCDR, RCN,
Secretary,

Joint Intelligence Committee.

Enc.

HLB/2-5459/1c

cc: JIS (2)
SOJIR
SOCI
JICLO(W) (for your personal information only)

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EXTERNAL AFFAIRS
REGISTRY

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CSC 7-17 (JIC)

CSC 1322-1 (JIC)

Comments on US NIE 11-63 dated 22 May 1963
"Main Trends in Soviet Foreign Policy"

JIB: In para 19 this NIE states that "it is also conceivable that Khrushchev will react to present frustrations in the opposite way, that is, by focusing upon a major agreement with the West, rather than a major encroachment against it, as the means of restoring movement to Soviet policy and scoring a personal triumph". The paragraph concludes "we think it very unlikely that he will proceed in this direction, although we cannot entirely exclude this possibility".

Since Khrushchev has clearly decided upon this course which the NIE regards only as an outside possibility, detailed comment seems unnecessary. The NIE will presumably be completely revised.

Such a revision should, in our view, take account of the increasing Soviet interest in trade and economic matters, particularly the 1964 UN Conference on Trade and Development, as well as Khrushchev's agreement on a test ban and his request for negotiations on a non-aggression pact.

XA, DNI, DMI, DAI, DSI, RCMP, CB NRC: No comments.

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DEPARTMENT OF STATE
BUREAU OF INTELLIGENCE AND RESEARCH

Research Memorandum
RSB-108, August 7, 1963

TO : The Acting Secretary
THROUGH: S/S
FROM : INR - George C. Denney, Jr. *b.c.d.h.*

SUBJECT: Khrushchev Steps Up Drive for Economic Reforms

Khrushchev's remarks at the Soviet-Hungarian friendship rally July 19 stressing the development of chemicals as the panacea for Soviet economic problems marks the latest in a series of recent efforts to reassert his influence over economic policy. This paper attempts to assess the significance of Khrushchev's latest initiatives in the economic sphere.

ABSTRACT

The Soviet central press on June 4 reported that a "recent" meeting on the USSR Council of Ministers had discussed Khrushchev's proposals of five basic guidelines for drafting the economic plan for 1964-65 and the following years. Although billed by the Soviet press as involving a fundamental revision of planning principles, the guidelines were in fact no more than a repetition of old Khrushchevian formulas seeking greater economic efficiency and discipline, which he had last spelled out in detail at the closing session of the RSFSR conference on industry and construction, held April 22-24. On June 21, in his speech at the CPSU Central Committee plenum on ideology, Khrushchev unexpectedly digressed from his main topic for another lengthy review of familiar economic problems, and strongly underscored the urgency of a speedy implementation of his guidelines; he stressed in particular the need for bringing order in the investment field and for immediate top-priority development of the chemical industry as the key to greater overall efficiency as well as to increased output of agricultural commodities and industrial consumers' goods. And on July 19, again somewhat out of context, he returned to the same theme.

GROUP 4

Downgraded at 3 year intervals;
declassified after 12 years

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- 2 -

Khrushchev's stepped-up initiative appears to be motivated by at least two factors. One is the apparent resolution of the issue of the basic orientation of military policy in favor of streamlining and modernization of the armed forces, posing the prospect of continuing stringencies on the economy and behooving the most efficient use of available resources. The other is Khrushchev's heightened concern over the stagnation in agriculture and lack of progress of his reform program, strengthening his determination to insure the inclusion of the program's essential objectives in the two-year (1964-65) and five-year (1966-70) plans now in preparation.

The fact that on June 21 Khrushchev felt the need to restate the same problems and answers for the third time in two months, at a top-level -- and somewhat unusual -- forum, and the tenor of his recent pronouncements indicate, however, that resistance to some basic aspects of his program continues to persist at both policy-making and policy-implementing levels. In particular, the size of future investment in the chemical industry apparently is still a matter of controversy, although there is evidence that the priority for chemical fertilizers has been upgraded. The controversy is not likely to be resolved until the forthcoming plenum on the chemical industry, announced by Khrushchev without specifying when it will be convened.

Also at issue remain some basic aspects of the economic reorganization launched by the November 1962 plenum. Khrushchev's severe criticism of Gosplan in his June 21 speech indicates that he will seek tighter Party controls over its activities, particularly in the sphere of investment planning. His lack of mention of the Supreme Economic Council and other indications raise doubts as to the current status of that agency, created in March as the top Soviet economic organ. There are also indications of continuing opposition within the Party apparatus against its newly assigned role entailing direct involvement in economic management, increased responsibilities, and decreased prestige. What remains clear, however, is the regime's intent to tighten discipline on the production level, including stricter punitive measures, which was strongly voiced by Khrushchev on April 24 and echoed by Party Secretary Ilyichev and Trade Union Chief Grishin in their June plenum speeches.

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- 3 -

Guidelines Reviewed

Khrushchev's proposals of five basic guidelines for future economic planning, submitted to the USSR Council of Ministers early in June, summed up the main facets of his program of economic reforms which had last been thoroughly aired by him at the closing session of the RSFSR conference on industry and construction, held April 22-24. Specifically, they reasserted the need for top-priority development of the chemical industry and other "progressive" industrial branches; concentration of investment resources on key projects already under way to speed up their completion; large-scale modernization of existing plants rather than construction of new ones; fuller utilization of existing production capacity; and speedier practical application of scientific and technological discoveries.

All these objectives, aiming to transform the Soviet economy into a model of efficiency and discipline and to insure Soviet economic and political supremacy, have been part and parcel of Khrushchev's reform program for a number of years. Chemicals have been on the top-priority list since the May 1958 CPSU Central Committee plenum which set forth an ambitious development program for the chemical industry that was later incorporated in the Seven-Year Plan (1959-65). 1/ Concentration of investment resources on key projects, long of concern to the regime, has commanded Khrushchev's increased attention especially since the 22nd CPSU Congress (held in November 1961), which was followed by a marked tightening of centralized controls over investment. The large-scale technological modernization program was launched by the 21st CPSU Congress (held in January 1959), and it was spelled out in considerable detail by the June 1959 and July 1960 plenums on technology.

Status of Reform Program

Despite a series of measures taken in recent years to spur its implementation, the program has been seriously lagging in all its facets.

1. The Seven-Year Plan calls for a threefold increase in the overall output of chemicals, the same increase in the production of fertilizers, a fourfold increase in synthetic fibers, and a sevenfold increase in plastics. Speaking at the May 1958 plenum, Khrushchev described the chemical industry as a "decisive" branch of heavy industry, key to greater economic efficiency as well as to increased supply of consumers' goods. He warned that to relax its priority would mean to lag behind in the race with the US for economic supremacy and to lose the gains already won at great cost.

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- 4 -

The chemical industry, although advancing rapidly from a relatively small base, 1/ continues to fall far short of the growth rates required to achieve the Seven-Year Plan goals. The overall output of chemicals, which reached an index of 161.5 during the first four years (1958=100), would have to grow at an average annual rate of 23 percent during 1963-65 to reach the planned index of 300. Similarly, the output of chemical fertilizers would have to grow at an average rate of 26.5 percent to achieve the original 1965 goal (now apparently revised upward), that of synthetic fibers at 40 percent, and production of plastics at nearly 56 percent. Investment in the chemical industry during the four years of the Seven-Year Plan amounted to slightly more than 3.5 billion rubles, or only about 35 percent of the total of 10.0-10.5 billion planned investment for the entire seven-year period.

In the construction sphere, the chronic malpractice of spreading resources over too many projects, leading to long delays in their completion and an unproductive "freezing" of capital for long periods, has continued despite sustained regime efforts to limit the number of new starts. In the last four years, the number of uncompleted projects destined for productive purposes (i.e., excluding housing, public buildings, and other "unproductive" projects) reportedly rose from 160,000 to 195,000, while their value increased from 17.5 to 27 billion rubles. In his June 21 speech Khrushchev squarely laid the blame for this situation on USSR Gosplan, 2/ accusing it of violating directives by following traditional patterns in allocating investment resources, perpetuating their wasteful dispersal, and neglecting modern industrial branches which promise maximum economic effect.

Khrushchev's severe censure of Gosplan indicates that the slow implementation of his reforms is at least partly the result of opposition within the top echelons of economic bureaucracy, where resistance to novel

1. The size of the Soviet chemical industry can be illustrated by the following comparisons: In 1962, USSR production of chemical fertilizers in terms of net nutrient content amounted to 50 percent of US output; of sulfuric acid to 34 percent; synthetic fibers, 28 percent; and plastics, 14 percent. On a per capita basis, the figures are even less favorable to the USSR: fertilizers, 42 percent; sulfuric acid, 30 percent; synthetic fibers, 23 percent; and plastics, 12 percent.

2. In his April 24 speech, Khrushchev divided the blame among Gosplan chairman Lomako, Gosstroy (State Committee for Construction) chairman Novikov, and Supreme Economic Council chairman Ustinov.

CONFIDENTIAL

CONFIDENTIAL

- 5 -

approaches apparently continues strong. 1/ Resistance to innovations, which has held down the pace of technological modernization, has also been evident on the operational level. Plant managers, concerned with the fulfillment of the production plan, avoid innovations since their introduction entails risks, as well as losses in working time, output, and bonuses, at least at the outset; and workers oppose new technology since its introduction entails higher output norms and often reduced pay. The measures taken so far -- including bonuses for introducing new technology -- have been ineffective in overcoming this resistance.

Economic Impact of Program Lag *

The persistent lag of the program, with its depressing effect on productivity, has precluded achievement of some major Seven-Year Plan goals and it has increasingly jeopardized the regime's longer-term objectives which were largely predicated on a timely implementation of the reforms. The inadequate investments into agriculture and into industries supporting agriculture have been a major, though by no means the only, factor behind that sector's virtual stagnation since 1958. Continuing neglect of light industry has contributed to a steady and rapid decline in the growth of its output -- from 9 percent in 1959 to 4 percent in 1962, and to 3 percent during the first half of 1963 2/ -- threatening a gross underfulfillment of that industry's Seven-Year Plan goals and further intensifying inflationary pressures. The slow pace of modernization of the construction materials industry has led to a decline in the growth of that industry's output from an annual rate of 22 percent in 1959 to 9 percent in 1962 and to 6 percent in mid-1963, aggravating the country's construction problems and causing serious shortfalls in the housing construction program. In machine-building, lack of cheap, efficient substitutes for scarce metals has perpetuated wasteful production of obsolete types of machinery and equipment.

Next to the increased claims on the country's resources by the military establishment, which have been evident over the last three or four years, the slow pace in effecting the desired reforms has no doubt been a main factor behind the general tautness in the economy and the recent marked slowdown in economic growth. While Soviet GNP during 1951-58 grew at an estimated average annual rate of 6 to 7 percent, its pace has since registered a steep decline to less than 4 percent in 1962. The resulting difficulties in meeting its extensive commitments,

1. A major case in point has been the question of the extent of Gosstroy's authority in deciding about new construction projects. Despite Khrushchev's repeated advocacy of the need for concentrating the authority in Gosstroy, decision-making about new construction projects apparently continues to be dispersed among a number of agencies.

2. Official Soviet data.

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CONFIDENTIAL

- 6 -

aggravated by shortages of more valuable food products, led the regime in 1962 to adopt a number of highly unpopular measures, including steep increases in retail prices for meat and dairy products (June), a ban on private housing construction in major cities (August), a suspension of the income-tax reduction program (September), and an unannounced default on the promise of a further one-hour reduction in the workweek. At the same time, the regime in 1962 made a determined effort to hold the lid on wage increases, with the result that urban real wages, according to official figures, registered the smallest increase since the launching of the Seven-Year Plan and may in fact have dropped below the previous year's level.

After four and a half years of the Seven-Year Plan, the Soviet economy presents a pattern which differs sharply from that envisaged by the plan. Its most pronounced features are a nearly complete stagnation in agriculture, an ever-widening gap between the lagging consumer-oriented sectors and the rest of the economy, and a low level of efficiency, except for top-priority sectors. This situation has prompted the regime's decision, announced on March 13, to redraw the plan for the remaining two years of the seven-year period and to start work on the plan for 1966-70. The stated purpose of this action was to redress or reduce the accumulated imbalances in the economy by directing major efforts to the development of the lagging sectors. The tenor in which it was announced suggested, however, that it may have been intended as a move toward economizing in the civilian sector in order to help finance increased expenditures in the military sector.

Motives for Stepped-Up Drive

Ten weeks after the announcement that the plan for 1964-65 was being reworked, Khrushchev submitted his proposals of five basic guidelines for future economic planning to the USSR Council of Ministers, suggesting that his approaches to economic problems were not sufficiently heeded in whatever preliminary work Gosplan had done on the two-year plan. The Council, however, failed to adopt the guidelines as binding and merely "proposed" them to Gosplan. Subsequently, the guidelines were circulated to lower Party and economic organs in the form of a joint Party-government letter which has not yet been published.

These indications of opposition to basic aspects of Khrushchev's program were confirmed by his June 21 speech which made it clear that his guidelines had not yet been adopted as policy. Khrushchev's stepped-up initiatives thus seem to be motivated mainly by a determination to insure that the basic objectives of his program are given a concrete form in the two-year and five-year plans now in preparation.

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- 7 -

His emphasis on the need for an immediate massive shift of resources to chemicals production and concentration of investment resources on key projects nearing completion reflects a desire to obtain quick results in order to salvage at least some of the goals, particularly in agriculture and light industry, which would otherwise fall far short of fulfillment.

Status of Resource Allocation Issue

Indications accumulated in recent weeks suggest that the issue of the basic orientation of Soviet military policy, brought to the fore by the Cuban incident, has been resolved in favor of streamlining and modernization of the armed forces. 1/ The resolution of this issue implies that a specific decision on the extent of resource allocation to the military establishment has also been made -- at least in terms of the order of magnitude. That such a decision has in fact been made is suggested by Khrushchev's allusion in his June 21 speech to the high but unavoidable cost of maintaining the armed forces at the level of the latest achievements in science and technology. The modernization of the armed forces, despite the savings from possible future reductions in their size, poses the prospect of continuing stringencies on the civilian economy, and behooves the most efficient use of resources available to the civilian sector.

Perhaps for this reason, no decision has apparently been made as yet on future allocation of resources within the civilian sector, except for a higher priority assigned to fertilizers (see RSB-105, July 31, 1963). In particular, the size of future investment in the chemical industry is still a matter of controversy which may not be resolved until the forthcoming plenum on that industry, announced by Khrushchev without specifying

1. The strongest among these is an article in Communist of the Armed Forces, No 10 (signed to the press on May 7, 1963), which states in part: "In connection with the new, qualitative definition of the means of armed combat, there has occurred a change of views on the quantitative side of military affairs. Soviet military science, depending on the dialectic law of the transformation of quantitative changes into qualitative, is resolving in a new way many questions concerned with the construction of the army. 'In our times,' emphasized N. S. Khrushchev, 'the defense capability of a country is defined not by how many soldiers we have under arms or by how many people we have in soldiers' greatcoats. Leaving aside general political and economic factors..., the defense capability of a country is defined by the firepower and delivery capabilities available to that country.'"

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- 8 -

when it will be convened. This conclusion is borne out by Khrushchev's statement on June 21 to the effect that by the time of the plenum he hoped to have more detailed materials on the relative effectiveness of capital investment, indicating that he will need to justify his demands for greater allocations to the chemical industry by facts and figures. It is also supported by Khrushchev's July 19 statement that the "billions of rubles" required for the development of the chemical industry "will be found."

The higher priority for chemical fertilizers implied in Khrushchev's June 21 speech and confirmed by a Moscow radio announcement on July 18, 1/ is in line with the regime's stepped-up drive to improve agricultural output, the need for which seems unquestioned within the leadership. The extra resources to boost the supply of fertilizers, however, will apparently have to come from the civilian rather than military sector.

Economic Reorganization Continues

Khrushchev's recent pronouncements on economic subjects and other evidence indicate that the economic reorganization, launched by the November 1962 plenum, continues to be a matter of improvisation and controversy within the leadership. His severe criticism of Gosplan for not being capable of handling planning work alone indicated that he will seek tighter Party controls over its activities, particularly in the sphere of investment planning. His lack of mention of the Supreme Economic Council and the fact that the Council was not represented at the early June ministerial meeting raises doubt as to the current status of that agency, which was created in March as the top Soviet economic organ.

Uncertainty as to the future course of the reorganization and opposition to some of the measures announced in November 1962 are also reflected in the current status of the issue of the Party's role in the economy. At the November plenum, Khrushchev strongly advocated direct involvement of Party organs in economic management, citing in support a "newly discovered" Lenin dictum on the "primacy of economics over politics." In his April 24 speech, however, he cautioned that Party organizations should not take upon themselves the functions which are not appropriate to them and should not replace economic organs,

1. The announcement stated that the production of chemical fertilizers in 1963 will increase by 7 million metric tons instead of the originally planned 2.7 million.

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- 9 -

stressing that "Party committees are organs of political and organizational leadership of the masses." This shift in emphasis, already apparent at the March 11-12 agricultural conference (see RSB-58, April 22, 1963), appeared to signify Khrushchev's backtracking on a point which has evidently met strong resistance within the Party apparatus as well as among the economic bureaucracy. A number of articles published since then indicate that the question of the extent of the Party's direct involvement in economic management is still unresolved.

What does remain clear, however, is the regime's intent to squeeze more out of the economy by tightening labor discipline instead of increasing material incentives which it is as yet unprepared to grant. Echoing Khrushchev's April 24 statement in which he lumped errant and tardy workers with economic criminals, Party Secretary Ilyichev and Trade Union chief Grishin indicated at the June plenum that such workers may in the future be partly or wholly deprived of their vacations and face other punitive measures.

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LIMITED OFFICIAL USE 3
DEPARTMENT OF STATE
BUREAU OF INTELLIGENCE AND RESEARCH

Research Memorandum
RSB-105, August 6, 1963

TO : The Acting Secretary
THROUGH: S/S
FROM : INR - George C. Denney, Jr. *G.C.D.*
SUBJECT: Fertilizers in the USSR - Their Importance, Availability,
and Requirements

Agricultural chemicals in general and commercial fertilizers in particular will play an important role in discussions at the forthcoming CPSU Central Committee chemical plenum, the date of which is yet to be announced and at which Khrushchev is to deliver the official report. Any decisions taken or withheld in this matter will obviously affect agricultural prospects. They will also have a bearing on the position of Khrushchev, who is known to have been pressing for greater allocations to agriculture. 1/ This paper has been prepared to facilitate the analysis of developments at the plenum. It is based on material available through July 15, 1963.

ABSTRACT

Khrushchev in his speech at the June CPSU Central Committee plenum singled out fertilizer as a means of boosting agricultural output. There are also other indications which suggest that the regime has decided to increase industrial support for agriculture. However, the extent of such support has apparently not yet been determined, as evidenced by recent conflicting statements, much less the source for such funds as may be allocated.

Commercial fertilizer is one of the most important physical factors in raising yields. Although the USSR is the world's second largest producer of commercial fertilizer, it uses only a third as much per unit of area as the US and is still further behind Western European countries. Consequently, even priority requirements go unsatisfied at present.

1. The costs to the economy of greater allocations to agriculture will be discussed in a separate memorandum.

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- 2 -

The inability of Soviet agriculture to show any meaningful increase in total agricultural output since 1958 and the drastic shift to more intensive and demanding crops have heightened the need for additional inputs, including fertilizers. Large-scale expansion of the fertilizer industry could be intended either as a corollary to Khrushchev's less promising measures or, at least partially, as a substitute for them.

Increased Industrial Support Likely

The two-year plan (1964-65) in preparation at least since March -- when adopted -- is likely to embody significant departures from the original goals in a number of areas and provide for increased industrial support for agriculture. Recent indications to that effect are:

(1) In his June plenum speech, released in an abbreviated form on June 29 after an eight-day editorial lag, Khrushchev singled out fertilizer as a means of boosting agricultural output. While his advocacy of greater industrial support for agriculture is not new, the stress on fertilizer following the headlong "anti-grassland" campaign of 1961-62 could possibly indicate that he has obtained further commitments of resources for this branch.

(2) The Soviet Minister of Agriculture, I. Volovchenko, in an article published a few days after the June plenum, gave a figure for fertilizer availability by 1965 which implied an increase of roughly one-third over the original goal of the Seven-Year Plan (see p. 140).

(3) The need for more fertilizer has been emphasized repeatedly in Soviet journals during the past year or so. These statements were climaxed by the publication early this year of an article which is remarkable for its candor and its sound approach to agricultural problems. Though marked "in the nature of a discussion," its appearance is indicative of the existence of what might be termed a powerful "lobby" in favor of greater inputs into agriculture in general and chemicals in particular.

(4) Finally, inauspicious crop prospects for 1963, for the fifth year in a row, must have added considerable urgency and force to the arguments in favor of what in all Western countries has been one of the most important single sources -- if not the most important -- of raising agricultural production.

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- 3 -

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The Case in Favor of Fertilizer

As mentioned earlier, Soviet journals have discussed at considerable length benefits to be derived from wide-scale use of agricultural chemicals, particularly fertilizer; data have been published indicating the existence of extensive studies which may have been prepared at the behest of Khrushchev. Additional supporting data will undoubtedly be presented at the forthcoming chemical plenum.

It has been stated that an additional 20 million tons of fertilizer would bring an increase of about 15 percent in the annual value of total agricultural production. 2/ The additional quantities of grain, cotton, and sugarbeets are estimated at 2.4 billion rubles, one-third of the estimated total of 7.3 billion. 3/ The estimated increases under specified crops are as follows:

1. Throughout the report reference is made to gross tonnage in terms of standard units. Nitrogenous fertilizers calculated in terms of ammonium sulphate (20.5 percent N); potash in terms of 41.6 percent of K₂O; phosphate fertilizers in terms of 18.7 percent of P₂O₅; phosphate meal in terms of 19 percent of P₂O₅; boron magnesium in terms of 7.5 percent of H₃Bo₃; and boron fertilizers in terms of 10 percent of H₃Bo₃. (Narodnoye Khozyaystvo SSSR v 1961 Godu, p. 219.)
2. N. Baranov, Ekonomika Sel'skogo Khozyaystva, No. 11, 1962, p. 51, and I. Busdalov in Voprosy Ekonomiki, No. 1, 1963, p. 69.
3. At state purchase prices, Baranov, op. cit. p. 51.

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- 4 -

Expected Increment From 20 Million Tons of Commercial Fertilizer ^{1/}

	Thousand Metric Tons
Raw cotton	650
Flax fiber	80
Grain, including corn	30,000
Potatoes	16,000
Sugarbeets	over 4,000
Milk (from increased feed)	27,000

Source: Baranov, Ekonomika Sel'skogo Khozyaystva, No. 11, 1962, p.50.

1. Considerably different estimates of expected increments were given by P. Bobrovskiy in Voprosy Ekonomiki, No. 2, 1963, p.64, although the ruble value quoted by him is almost identical with Baranov's (7.5 billion as compared with 7.3 billion). Bobrovskiy spoke about increments to be derived from the "effective utilization" of 31 million tons. It is not clear to what base year the increments refer.

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- 5 -

Expected Increment Per Hectare
From Application of Specified Amounts of Fertilizers

	a/ Amount in quintals			Total	Increment Quintals per ha.
	Nitrogen	Phosphates	Potash		
Cotton (unginned)	7.0	4.0	0.25	11.25	10.0
Sugarbeets	3.5	4.0	2.00	9.50	70.0
Flax fiber	2.0	3.2	1.50	6.70	1.45
Hemp (straw)	2.5	2.5	2.00	7.00	12.0
Sunflower	0.1	0.7	0.10	0.90	2.0
Potatoes	2.0	2.0	1.50	5.50	60.0
Vegetables	2.5	3.0	1.40	6.90	80.0
Grain (excluding corn)	2.0	0.5-1.5 ^{b/}	1.50 1.50	7-8	8.0
Corn for grain	2.0	0.5-1.5	0.5-1.0	3-4.5	6.0
Feed roots	2.0	3.0	2.0	7.0	120.0

a. Standard weight; see footnote, p. 3.

b. Plus three, minus phosphate meal.

SOURCE: N. Baranov, Ekonomika Sel'skogo Khozyaystva, No. 11, 1962, p. 55.

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- 6 -

In any case, the basic premise is correct, namely that application of fertilizer is one of the most important physical factors -- if not the most important -- in raising yields. An earlier OECD study for Western Europe indicated that about half of the increase in West Europe's crop output in 1952-53 over prewar levels could be attributed to increased use of commercial fertilizer. 1/ Roughly the same order of magnitude is indicated in a Soviet study; according to the latter 40-50 percent of an increase can be attributed to commercial fertilizer, 20-30 percent to other farm practices, and 20 percent to improved seed material. 2/ The impact of commercial fertilizers obviously varies from area to area, with higher returns obtained in non-black-soil areas and other regions with low natural soil fertility. 3/

Application of fertilizers increases the benefits derived from other farm practices and thus raises total efficacy of additional investments. Several writers have also referred to fertilizers as being a significant labor-saving device. 4/

1. Here quoted from U.S. Department of Agriculture Report No. 102, "Technological Factors in the Expansion of Agricultural Production in West Europe," October 1957, p. 14.
2. The All-Union Institute of Fertilizer and Farm Practices, as reported by P. Bobrovskiy in Voprosy Ekonomiki, No. 2, 1963, p. 63.
3. N. Baranov, Ekonomika Sel'skogo Khozyaystva, No. 11, 1962, p. 51.
4. For details see, for example, Voprosy Ekonomiki, No. 6, 1962, p. 17; Finansy SSSR, No. 5, 1961, p. 21; Ekonomika Sel'skogo Khozyaystva, No. 11, 1962, p. 51; and Ekonomika Sel'skogo Khozyaystva, No. 1, 1963, p. 41.

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002408

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- 7 -

According to Soviet statements, raising of fertilizer output by 20 million tons would boost agricultural output by 7.3 billion rubles, and would entail an expenditure of over 3.5 billion rubles; of this, new capacities would account for the expenditure of approximately 2 billion rubles, production expenses for 1.3 billion, the balance being transportation and other costs. 1/ Another estimate stated that capital investment needed to produce 2 million tons of fertilizer amount to about 250 million rubles. 2/

These statements imply an investment of 100 and 125 rubles respectively per ton of fertilizer mix. (Khrushchev recently quoted figures which implied only 53 rubles per ton of nitrogen capacity 3/ -- a figure believed to be too low by specialists.)

Capital investments in the fertilizer industry are said to pay for themselves in one to two years for cotton production, two to four years for grain, and three years for potatoes. 4/

The above and other data quoted by Soviet writers and specialists may or may not represent a realistic appraisal. 5/ At the moment this is beside the point. The data are noteworthy as an indication of the preoccupation with and study of the problem. Undoubtedly they have been and will continue to be a factor in the recent and forthcoming policy decisions.

It would be incorrect, however, to assume that fertilizers, no matter how abundant, could or would solve all Soviet agricultural ills. Furthermore,

1. Voprosy Ekonomiki, No. 1, 1963, p. 70.
2. Voprosy Ekonomiki, No. 6, 1962, p. 20.
3. June 21, speech, published on June 29, 1963.
4. Voprosy Ekonomiki, No. 6, 1962, p. 17.
5. A forthcoming study of USDA will deal with an evaluation of likely gains from increased fertilizer inputs.

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- 8 -

just as application of fertilizer enhances the benefits of other measures, a well-rounded complex of agricultural practices is needed to make the best use of fertilizers. Expanded availabilities of fertilizers also require extensive soil studies, a complementary expansion of storage and transportation facilities, machinery for applying the chemicals, etc. ^{1/} In some areas where the need for fertilizers is greatest, prior large-scale liming is an indispensable prerequisite; this operation has been sorely neglected throughout the whole postwar period.

Corollary or Substitute for Other Measures?

For the time being it is not clear whether a quickened pace of the fertilizer industry is intended as a corollary to less promising Khrushchevian panaceas or whether the latter will be diminished in scope. The two approaches to raising output are not mutually exclusive. On the contrary, a larger acreage under the more intensive and demanding crops advocated vigorously since 1961 by Khrushchev requires greater fertilizer inputs. It has been estimated by a Soviet scientist that, taking into account the new composition of sown crops, 45-47 million tons of fertilizers are needed for 1965 (N. Baranov, Pravda, March 5, 1962). This is almost identical with the figure given by the Minister of Agriculture last June (See below).

On the other hand, given the difficulties and disappointments experienced as a result of the precipitous expansion of the more demanding crops, it is not impossible that pressure to continue with their expansion may be relaxed, at least until required quantities of machinery and fertilizer become available. Commenting on this problem, a recent article stated: "The existing quantities of commercial fertilizers are inadequate to maintain soil fertility at approximately the same level. Given the increased share of intensive crops (corn, sugarbeet for feed, etc.) in the sown acreage, input of available fertilizer cannot replenish the expenditure of soil nutrients by the soil" (emphasis added). ^{2/} The author went on to spell out: "It is known that under intensive crop rotations, the output per hectare of land increases [Khrushchev's thesis], but to a larger extent available stocks of nitrogen, phosphates, potash and other elements are used up." The latter axiom is known to all farmers. Khrushchev never openly acknowledged its existence; in fact at times he almost implied that the contrary is the case.

1. For details see Voprosy Ekonomiki, No. 2, 1963, particularly pp. 66-69, and Voprosy Ekonomiki, No. 6, 1962, p. 20.
2. I. Busdalov, Voprosy Ekonomiki, No. 1, 1963, p. 69. The article was marked "for discussion."

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- 9 -

Requirements Versus Availabilities

The Soviet Union is the second largest producer of commercial fertilizer in the world, ranking immediately behind the US. Its current output (17 million tons in 1962) compares with 1960 world total consumption of about 100 million tons. 1/ On a per hectare basis, 2/ the USSR lags far behind Western European countries with an intensive agriculture. It is also behind the US, where fertilizers are used much less intensively than in Western Europe. Khrushchev, quoting data supplied him by the Central Statistical Office, gave the following figures on fertilizer use in 1959: 3/

USSR	51.7 kgs. per hectare of arable land					
US	163.5	"	"	"	"	"
France	405	"	"	"	"	"
England	646.7	"	"	"	"	"
Western Germany	989	"	"	"	"	"

1. In comparable standard units. Soviet estimate of the world total as per Voprosy Ekonomiki, No. 6, 1962, p. 16.
2. The amount of fertilizers per unit of cropped arable land is generally used as a rough measure for purposes of comparison, even though such a comparison does not tell the whole story. The composition of sown acreages is obviously important. Thus, a country having a large concentration of crops requiring high application of fertilizers is less well off than a country with a lower concentration of such crops, even though their per hectare rate of application is identical. The quality of the commercial fertilizer; the correct balance of the chief plant nutrients; the rates of application of manure and, where necessary, of lime, peat, etc.; the manner in which fertilizers are stored, transported and applied also affect the comparison.
3. Khrushchev theses to January 1961 plenum, Stroitel'stvo Kommunisma v SSSR i Rasvitie Sel'skogo Khozyaystva, Vol. 4, p. 254.

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002411

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- 10 -

Although the domestic fertilizer industry has been growing rapidly, supplies continue to lag seriously behind requirements. Roughly 80-90 percent of total output is channeled to agriculture. The remainder is used for industrial purposes; relatively small amounts are exported. 1/

Output and Deliveries of Chemical Fertilizers
(Of standard units)

	Output	Deliveries to Agriculture	
	Million tons	Million tons	Kgs. per ha. of arable land
1940	3.24	3.16	17.4
1945	1.12	a/	a/
1950	5.50	a/	a/
1953	7.00	6.57	35.2
1956	10.94	9.43	43.4
1958	12.42	10.63	48.8 b/
1961	15.35	12.07	51.5
1962	17.3	c/	

a. Not available.

b. Calculated (deliveries divided by arable land).

c. In 1963 agriculture will receive 20 million tons, which is 16.2 percent more than in 1962, according to an editorial in Teknikha v Sel'skom Khozyaystve, No. 1, 1963, p. 2. However, V. Dymshits gave the identical figure as being the plan for industrial output (Pravda, December 11, 1962, p. 2).

SOURCE: Narodnoye Khozyaystvo v 1961 Godu, Moscow, 1962, pp. 219 and 380; SSSR v Tsifrakh v 1962 Godu, Moscow, 1963, p. 93 and N. Baranov in Ekonomika Sel'skogo Khozyaystva, No. 11, 1962, p. 53.

1. The difference between output and deliveries to agriculture appears to specialists too large to be accounted for by industrial uses and exports. Some storage and transportation losses between the factory and the farm may be reflected in the above mentioned difference.

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002412

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- 11 -

Somewhat more than half of all commercial fertilizers delivered to agriculture is used for industrial crops, cotton, sugarbeets, fiber flax, and hemp. These crops receive relatively high inputs. On the other hand, the requirements of potatoes and other vegetables go unfilled by a wide margin, and grains and grasslands still receive virtually nothing. 1/ As a recent Soviet review put it: the domestic industry "does not satisfy even priority requirements of agriculture."

Not all commercial fertilizer available to agriculture is fully utilized. Absence of bags, negligent loading and unloading, and poor or nonexistent storage facilities make for large losses; these have been estimated to range between 17 and 25 percent. 2/ In addition, it has been estimated that fully one-third of all fertilizer is used inefficiently. 3/

1. Phosphate and potash requirements are covered by 37 percent and nitrogen requirements by 12 percent for potatoes; vegetables other than potatoes receive 20 percent of the needed nitrogen, and 40 percent each of phosphates and potash; grain crops receive only 2 percent of the needed nitrogen and 8 percent of the needed phosphate. Feed crops receive even less, and these only phosphate and potash. (N. Baranov, op. cit., p. 54)
2. Obviously no precise estimate can be made. According to one source, transport losses alone average about 17 percent (Voprosy Ekonomiki, No. 1, 1963, p. 14). A 1956 sample study of the Central Statistical Office of the USSR and studies carried out by the State Chemical Committee in 1960 and by the Institute of Economics in 1962 indicate an overall loss of about 25 percent of fertilizers received from the factories (Voprosy Ekonomiki, No. 2, 1963, p. 66). A lower figure — 15-20 percent — was given by another writer based on "numerous studies carried out in the course of a number of years" (Voprosy Ekonomiki, No. 6, 1962, p.20.)
3. Investigations carried out by the Dokuchaev Soil Institute in a number of regions indicate that one-third of fertilizer input "did not influence yields; the soil simply did not absorb it" (Voprosy Ekonomiki, No. 2, 1963, p. 67). A similar figure was given in an earlier issue of the same journal (No. 6, 1962, p. 21), quoting a soil study by A. Sokolov published in Pochkovedenie, No. 9, 1961, p. 31.

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- 12 -

Reduction of the tremendous waste implied in these estimates would obviously be an important source of additional fertilizer inputs. It cannot be achieved without more packaging material, greater storage and transportation facilities, and extensive soil studies (to ascertain the requirements of different soils and areas). 1/

Fertilizer Goals Through 1966

The original Seven-Year Plan called for an output of 35 million tons of fertilizer in 1965, of which 31 million were to be made available to agriculture. A relatively recent publication 2/ gave the following annual breakdown for the plan:

	Million M. Tons	Percent Increase Planned / Over Preceding Year
1963	20.0	plus 16.2
1964	25.5	" 27.5
1965	35.0	" 37.3
1966	41.0 <u>a/</u>	" 17.0

- a. First year after the end of the Seven-Year Plan period. The figure of 41 million for 1966 was apparently first announced by Khrushchev in November 1962. See also Voprosy Ekonomiki, No. 2, 1963, p. 64.

The rate of growth during the first four years of the current plan period averaged 8.6 percent per annum, which, it has been stated, is in

1. Currently two-fifths of all superphosphate is transported in bulk, without packaging; existing storage facilities are below one million tons, whereas seasonal supplies of fertilizer amount to several million (Voprosy Ekonomiki, No. 2, 1963, p. 66).
2. Ekonomika Sel'skogo Khozyaystva, No. 11, 1962, p. 17.

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002414

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- 13 -

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excess of the planned level of 7.5 percent per annum. Another official, V. Fedorov, Chairman of the State Chemical Committee of the Council of Ministers, indicated that output of fertilizer during the first three years of the plan had exceeded planned levels by 1.7 million tons. 2/

These figures — assuming that they refer to the original and not to lowered goals — are indicative only as far as plans for the first half of the plan period are concerned. Prospects for the second, and more ambitious half, were not bright. According to Fedorov, the plan for capital investment was not being achieved, with plans for new capacities in 1959-61 met by only 44 percent — the same figure quoted later by Khrushchev at the November 1962 plenum. 3/ Fedorov also indicated that original investment plans were revised downward by almost 250 million rubles during the first three years of the plan period and that allocations of material-technical resources to the fertilizer industry had been inadequate. As a result, only 9 new factories were started, instead of the 20 that had been originally scheduled. Only after the government had reviewed the situation, Fedorov reported, did Gosplan draft a proposal to raise allocations for chemical fertilizer and pesticides plants by 38.5 million rubles 4/ and to construct in 1962 three new plants.

1. N. Fedorenko, Chairman of the Scientific Council, "Economic Problems of Chemicals in the Economy," Academy of Sciences of USSR, writing in Kommunist, No. 4, 1963, p. 39.
2. Izvestiya, March 3, 1962.
3. Another Soviet writer stated that commissioning of fertilizer capacities was "several million tons" behind plan as of January 1962 (E. Savinskiy, Voprosy Ekonomiki, No. 6, 1962, p. 18).
4. The same figure was given in Stroitel'naya Gazeta, May 9, 1962.

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- 14 -

It has also been reported last year that in 1963 fully half of total planned investments for the chemical industry was to be used for expanding output of fertilizers and pesticides. Total 1963 planned investment for the chemical industry announced early this year amounts to about 1.7 billion rubles. One-half of this amount (0.85 billion) would enable construction of additional fertilizer-producing capacity of anywhere between 6.8-8.5 million tons annually. 1/ This is more than needed to reach the original 1963 goal of 20 million tons.

The ability of the domestic industry to reach the 1965 goal has been seriously doubted, even after account has been taken of imports of equipment for the industry from abroad contracted for in recent years.

Despite what appears as lack of realism in the 1965 plans, I. Volovchenko, the Minister of Agriculture, recently stated that "we will have by 1965" 47 million tons. The official position of the writer and the prominence given to his article, leave no doubt that the above figure is an official one. Compared with the original goal of 35 million, the 47 million tons would indicate an upward revision of fully one-third. Taking into account the supplementary assignment of 2.7 million tons, 2/ the increase would amount to one-fourth. This would still be a sharp increase, even if it were contemplated to boost domestic supplies by imports. However, the possibility cannot be ruled out that Volovchenko's high figure is not comparable to that contained in the Seven-Year Plan. It could conceivably be boosted by much larger quantities than originally planned of phosphate meal, a cheap and much less effective plant nutrient, or possibly other products which heretofore have not been classified as fertilizers at all. 3/ In any case,

1. The range was obtained by applying the two previously mentioned figures — 2 and 2.5 billion rubles respectively — as equivalent to the construction cost of a 20-million ton additional capacity.
2. V. Fedorov, Chairman of the State Chemical Committee of the Council of Ministers, gave a total of 37.7 million tons in Izvestia, March 10, 1962. However, as recently as last April, V. Dymshits, Chairman of the All-Union Sovmarkhoz, still referred to 35 million tons as being the 1965 goal (Pravda, April 6, 1963).
3. Thus, for example, whereas normally lime and oilseed cake are not regarded as fertilizer, the First Five-Year Plan included them in the grand total (Platiletniy Plan Narodno-Khozyaystvennogo Stroitel'stva SSSR, Vol. II, p. 344, Moscow, 1929). See footnote on page 3 for definition of fertilizers currently in use.

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002416

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- 15 -

the existence of the higher figure for 1965 would indicate a breakthrough in the controversy regarding an upgrading of priorities for agriculture even though chances for its realization are nil.

Conflicting and Ambiguous Statements by Khrushchev

Khrushchev has discussed the fertilizer problem several times recently, first at the June 1963 plenum (even though ideology was the main topic) and twice with visiting foreign dignitaries.

At the plenum his remarks on agriculture were brief and their emphasis was exclusively on the importance of fertilizers, which, he said, "is clear to all," adding "Here I am not divulging any secrets." He chose to stress that "it is now necessary to pursue the policy of not expanding the (cropped) arable area but improving the standards of land husbandry and of more intensive methods of agriculture." In this connection he criticized a Belorussian request for funds to drain 555,000 hectares, comparing the cost of this operation (106 million rubles) with that of expanding nitrogen-producing capacities (by 2 million rubles). He unequivocally expressed himself in favor of the latter.

Khrushchev also mentioned fertilizers in recent talks with a visiting Western diplomat, indicating that the Soviet Union is now purchasing whole fertilizer plants from Poland and Czechoslovakia and that the current practice of not using fertilizers for grains would change.

On another recent occasion, Khrushchev asserted to a Western visitor that Soviet agricultural problems could be solved by the construction of plants for the manufacture of chemical fertilizers, so that in five years "the USSR would outproduce the US. Assuming that Khrushchev spoke of outproducing the US in fertilizers and not in agricultural output, 1/ Soviet output of commercial fertilizer would have to be raised to an estimated 40 million tons by 1968.

1. This statement was made in connection with solving the agricultural problem, which Khrushchev is reported to have maintained could be done by the construction of plants for the manufacture of chemical fertilizers. In the first conversation cited above, Khrushchev is reported to have spoken about the possibility of competing with capitalist countries on world market in about seven years and in ten years possibly facing the problem of having to restrict production.

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- 16 -

This is only some 15 percent above the level which, according to the Seven-Year Plan, was to have been achieved by 1965, i.e. three years earlier. It is also out of line with the official 1970 goal of 77 million tons.

If this latter statement of Khrushchev's is to be taken at face value, it can only be interpreted as a lower (and realistic) evaluation of Soviet capabilities. The figure of 40 million tons of commercial fertilizer possibly implied by Khrushchev for 1968 is seemingly in contradiction to his Minister of Agriculture's recent statement that 47 million tons "will be available" by 1965 (see p. 14).

The erratic statements and goals are listed below.

Year	Output Million m. tons	Date of Source	Source
1962 actual	17.3	1963	USSR Statistical Yearbook
1963 official plan	20.0	Dec. 11, 1962	V. Dymshits, Chairman of the All-Union Sovnarkhoz, in <u>Pravda</u>
1965 official plan	35.0	February 1959 and November 1958	Seven-Year Plan and Khrushchev Thesis on Plan
1965	(47.0) ^{a/}	June 1963	I. Volovchenko, <u>Izvestia</u> June 26, 1963
1966	45.0	March 1962	V. Fedorov, CPSU Plenum
1966	41.0	November 1962	Khrushchev at CPSU Plenum
1968	(about 40) ^{b/}	July 1962	Khrushchev in private conversation
1970 official plan	77.0	July 1961	Draft of 20-Year Program approved at XXI Party Congress in October 1961

a. See p. 14.

b. Rough estimate of order of magnitude involved in "outstripping" US.
US output is expressed in comparable terms -- a highly problematic figure.

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INTELLIGENCE BRIEF

PREPARED FOR: J.I.C.

BY: J.I.B.

SUBJECT: Progress of the Soviet Economy in the First
Half of 1963.

SOURCE: Soviet Press

DATELINE: July, 1963

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4	

1. The mid-year report of Soviet economic activity suggests that progress in 1963 is unlikely to be any more rapid than last year, when the rate of growth in national income fell to the lowest level registered since 1945. Although no figure for national income has been given, the data released on industrial production suggest that the 7 per cent annual rate of growth laid down in the annual plan has probably not been achieved during the first half year. The gross value of industrial production, however, reached a record level, despite the handicaps of a reduced rate of commissioning of new productive assets, a hard winter and attendant transport and supply problems. In keeping with traditional policy, the indices showing the least favourable progress are those relating to the consumer goods sector, especially consumer durables and the food industry.

2. Industrial production in the first six months of 1963 is reported to have risen 8.5 per cent over the first half of 1962. The net or real rise remains unknown since the claimed increases in production are given in terms of gross output. While this is 0.5 per cent greater than the annual rate set for 1963, it is 1.5 per cent below the increase achieved for January-June 1962. There are grounds for believing, however, that gross industrial production in the last half of 1963 may rise above the rate reported for the first six months. Hard winter conditions in the early months of the year undoubtedly hampered activity throughout industry and some of this ground may be made up in the latter part of the year.

3. The absolute outputs of primary areas of industry such as metals, fuels, power and the engineering industry seem to reflect a reasonably successful half-year level of activity. Mid-year outputs of iron ore, steel, rolled ferrous metals, oil, gas and coal are all at or near the half-way target of the annual plan, although the plan for pig iron was not completely fulfilled. Engineering products output rose by 14 per cent, 1 per cent lower than last year's mid-year figure but 2.5 per cent above the planned annual rate. A few products destined for primary industries and transport showed either no change in levels of production or registered a drop. Among the latter was equipment for the metals and oil industries and diesel locomotives - the last down 5 per cent compared with 1962. The output of tractors

-2-

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for both industrial and agricultural uses was up 17 per cent to a total of 159,000 units. Soviet agriculture thus appears likely to get the 236,000 tractors allocated under the annual plan, the largest number ever supplied in one year. Passenger vehicle and truck production rose by 2 per cent or some 6,000 units, bringing total output for the half year to 293,000 units.

4. Home appliance production moved ahead, although in the case of television sets, refrigerators and washing machines, the rates of growth were all below those of mid-1962, while the output of sewing machines was only 85 per cent of the 1.6 million units achieved in the same period last year. Production of durable consumer goods (appliances, clothing, furniture etc.) and of foods was noticeably depressed compared with the first half of 1962. The gross value of commodities manufactured by light industry was off 1 per cent, while the gross value of goods handled by the food industry was down 4 per cent.

5. A further increase of 2.1 million hectares in the area sown to agricultural crops is reported to have resulted from the continuing reduction in land area devoted to hay and other grasses. Livestock numbers are up compared with 1962, a 4 per cent increase being registered in the number of cattle owned privately.

6. Rail, river, road and pipeline transport facilities handled very nearly the volume of traffic called for by the 1963 half-year plan, in spite of last winter's traffic problems. It is possible that any shortfalls in traffic loads experienced in the first quarter of the year were made up in the second quarter by a somewhat more intensive use of the overall transport facility.

7. State investment in new fixed capital was up 7 per cent compared with 1962, a small rise compared with last year's half-year increment of 25 per cent. This year's statistical release again called attention to various long standing ills of the building-construction industry and, in particular, to the continuing practice of starting an excessive number of building sites relative to available construction resources. Investment in the chemical industry increased by 15 per cent over the first six months of 1962. At least some part of this improvement is almost certainly in the mineral fertiliser industry and while it will hardly make an impression on the scale of expansion recently suggested by Khrushchov for that industry, should at least guarantee the attainment of the 1963 plan for 20 million tons.

8. Retail sales through state and cooperative shops and stores again increased but by 3.7 per cent less than last year. Residential housing construction appears to have decreased compared to last year. However, the severe winter makes the first six months of any year in the USSR an unreliable guide to annual achievement.

-3-

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DISTRIBUTION

Briefing Officer	1 to 3
External Affairs	4 to 8
DMI	9
DNI	10
DAI	11 and 12
DSI	13
CB	14
RCMP	15
Mr. R. L. McGibbon	16 and 17
Mr. Fish for E.I.C.	18 to 22
Mr. J. Langley - XA	23
File	24 to 26

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DEPARTMENT OF STATE
BUREAU OF INTELLIGENCE AND RESEARCH

Research Memorandum
INR - 29, July 31, 1963

TO : The Secretary
THROUGH: S/S
FROM : INR - George C. Denney, Jr. *H.C.D.*
SUBJECT: Communist Attacks on the Peace Corps

The general lines of communist treatment of the Peace Corps, depicting it as a cover for espionage and a neocolonialist effort at penetration, have been maintained more or less since the Corps's inception. The themes used in Soviet media were summarized in our Research Memorandum of April 12, 1963 (RSB-61); here, the treatment from Moscow, Peiping, and Havana is amplified in more detail and related to attacks by communists in the free world.

ABSTRACT

Local communists have generally criticized the Peace Corps with less vehemence than other US activities, but attacks have occurred with varying frequency and may be increasing. The contents of such criticism usually follow the general themes used in broadcasts from Moscow, as well as from Peiping and Havana, but with some local improvisation. The most common themes relate the Peace Corps activities to CIA, to "imperialist" penetration, or to ill-defined military aims; allegations of racism and improper behavior are also made.

So far there has been only one case, Ghana, where communist attacks have impeded the expansion of the Peace Corps program, but in some areas -- particularly Africa, possibly Indonesia -- this kind of criticism may justify increasing concern and preparation for counteraction.

GROUP 4

Downgraded at 3 year intervals;
declassified after 12 years.

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Method of Coverage

The basic lines of attack are first enunciated by Moscow, Peiping, and Havana and then repeated with only slight regional adaptations by local communist and front groups. The major themes seem to originate in Moscow, but Peiping frequently has taken novel approaches and has occasionally introduced material not covered by Soviet broadcasts. Moscow's coverage has been worldwide, but recent patterns indicate a concentration on Africa, where the Soviets seem to believe the major efforts of the Peace Corps are focused; Peiping directs most of its broadcasts and publications to Asia and in so doing draws on specific Asian experiences of past colonialism; and Havana speaks to Latin America.

Communist treatment of the Peace Corps (PC) has followed certain general lines: For the most part it alleges that the Corps is a cover for espionage and intelligence collection by the CIA or a "neocolonialist" effort at penetration, and Corps volunteers are said to have undergone military training with the support of the Pentagon. Initial bloc broadcasts frequently showed grudging respect for the motives of the volunteers themselves but discredited the organization as a whole because of the alleged aims of penetration and domination of its directors. To substantiate this claim, bloc broadcasts have frequently stated that Peace Corps Director Sargent Shriver was previously a high-ranking agent of the CIA and that he continues to serve that agency. Another approach has been to term the PC a "neo-missionary" organization -- a last-gasp attempt of imperialism to use the method of penetration first practiced by religious missionaries. Moscow has broadcast this message largely to Africa, Peiping to Asia. Havana has used a regional variation inferring that the PC has secret ties with the Catholic Church.

The allegations listed above are constantly repeated with only slight alterations. In addition, communist discussion of the PC has made the most of various incidents or activities reported in media outside the bloc or of statements which, when associated with the PC, serve to discredit it. Thus, an article written in the summer of 1961 for the New York Daily News, discussing the possible use of army engineers as teachers and volunteers in the less-developed areas in which they were posted, was immediately picked up by the Moscow press and radio and treated as an indirect reference to the Peace Corps. Shortly thereafter Peiping developed the line by stating that the PC volunteers would follow the regulations of the PC during the day and become assassins at night.

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- 3 -

Trends in Bloc Treatment

Some notion of the variations in the level of attention given to the PC in the propaganda from Moscow can be obtained from the figures in Table 1. These represent broadcasts of three minutes or more in length in which the Peace Corps is the main theme; they do not include shorter broadcasts, broadcasts from other bloc countries, or broadcasts in which the Peace Corps is mentioned only as one of a group of anti-American themes -- the latter are probably more common than full-length broadcasts on the theme.

Table 1

Number of Moscow Radio Items Dealing with the Peace Corps, by Month

	<u>1962</u>	<u>1963</u>
January		1
February		31
March		17
April		6
May	4	10
June	3	7
July	7	6 (as of 7/22)
August	8	
September	20	
October	14	
November	1	
December	6	

Source: FBIS

There does appear to be some tendency to give increased attention to the Peace Corps, though the change is uneven and the subject remains a minor one in Moscow's overall output.

Some of the themes featured at particular times are as follows: Throughout the fall of 1961 Moscow and Peiping played up the Marjory Michelmores incident and the reaction her criticism as a Peace Corps

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- 4 -

volunteer in Nigeria had aroused among Nigerian students; statements made by the students at that time are still being utilized in Moscow broadcasts. In February 1962 discussion of the PC analyzed the significance of the doubled Peace Corps appropriation, claiming that this showed the American imperialists' belief in the efficacy of the PC as a new tool for colonialist penetration. Peiping issued strident calls for vigilance.

A slight increase in condemnations of the PC marked its first anniversary in March 1962. During the latter part of 1962 communist propaganda began attacks on the PC volunteers themselves -- a marked departure from their tendency to attack only the directors and sponsors of the corps. Statements were made that the PC volunteers were highly paid, that they had diplomatic immunities and privileges and that they were the children of "big American businessmen" (one statement said only children of the rich could afford to work without salary). Further, it was claimed that they were badly prepared, that they spent most of their time in restaurants and bars, and that they had little or no understanding or tolerance for cultures other than their own.

An intensification of propaganda activities has been evident in 1963. Moscow and Havana have shown a tendency to play up statements made in countries which are recipients of PC aid, with the expectation that such statements will carry more weight than those originating in Moscow. In actuality many of these comments have been fed to the local press by bloc sources. Special attention is paid to any "official" statements, such as the resolution taken by the Afro-Asian Journalists' Conference in April 1963 condemning the PC as one of many imperialist activities, and to the reluctance of various UN agencies to use PC volunteers.

The year 1963 has also shown a drop-off in broadcasts from Peiping and an intensification of Moscow's efforts to Africa. Broadcasts have described the special training centers where PC volunteers are allegedly taught to conceal their normal racist attitudes toward black people. Negro Corpsmen are described as being "bought off" for propaganda purposes so that the Americans can conceal by a hypocritical front the hopeless plight of their Negro population. African sources are quoted as terming the PC "a black smoke from the White House." Several lengthy broadcasts to Africa have lumped all US activities together as various aspects of a sinister plan to capture the wealth and peoples of Africa. The PC is just one part of the plot; other participants include USIA, with its multifarious activities, and AID, as well as various church and missionary groups, among them Operation Crossroads and Moral Rearmament.

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- 5 -

More virulent than the broadcasts describing this vague plot have been those made in May and June of this year attempting to tie in the PC with the eruption of racial violence in Birmingham and other southern cities. Mention has even been made of a resolution condemning the PC volunteers as imperialist spies which was proposed, but failed to be adopted, at the Afro-Asian People's Solidarity Conference in February 1963. With crude sarcasm the Soviet pronouncements have questioned how any African could possibly believe that the young students in the PC² who come from a nation of racists notorious for its mistreatment of its Africans really want to aid the Africans. Some of the broadcasts have gone so far as to say that the PC volunteers are merely paving the way for US overseers who will make slaves of the African population. Inferences of this general nature are likely to be made whenever racial problems in the US make worldwide headlines.

The development of Peace Corps organizations in other countries has recently received general attention from Moscow and is likely to receive more in the future. In October 1962, at the International Conference on Human Skills in the Decade of Development in Puerto Rico, an International Peace Corps Secretariat was established with its headquarters in Washington. Since the establishment of the Secretariat, several Western nations have launched their own PC's, the latest being that of West Germany.

Although the Soviet bloc seems to have neglected the Puerto Rico conference, considerable attention has been paid to the launching of each new PC. The Dutch and German PC's were attacked with particular venom. In the case of the Dutch program, broadcasts were beamed to Indonesia alleging that the arrival of Dutch volunteers would mean the return of colonial activists in disguise. In both cases, the implication was made that the whole PC idea is a shady plot representing the collaboration of Western imperialists. As each new PC is announced -- and there are several in the planning stages -- this allegation is likely to be repeated.

Local Communist Activities

To date the PC has been remarkably free from attacks by local communists in the countries where it has set up programs. Such attacks as have occurred have not resulted in cutbacks of actual or planned activities of the Peace Corps except in Ghana. A few governments may possibly have been influenced to some degree to plan PC activities on a smaller scale than might have been the case in the absence of communist criticism. With these exceptions,

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- 6 -

the expansion of the PC has proceeded without effective interference from either local communists or from the Sino-Soviet bloc. However, as is indicated below, the increase in anti-PC material broadcast by Moscow to Africa has been paralleled by a step-up of newspaper statements and official resolutions against the PC made by communist-dominated or anti-Western African organizations which may presage a more difficult situation in the future.

In the noncommunist countries of the Far East, the PC has not become a significant target for criticism by communist or front groups except in Indonesia. Although attacks by the Communist Party of Indonesia (PKI) calling the PC a neo-imperialist plot of the CIA have not resulted in the curtailment of planned programs, they have in at least one instance prevented a project request from reaching the negotiation stage. This occurred when an intercepted letter from the Minister of Higher Education to the Foreign Minister proposing the use of 150 PC science and math teachers became the subject of extended newspaper polemics between PKI and anticommunist groups. The arrival of the first contingent of PC volunteers (17 physical education teachers) in May of this year was marked by communist-instigated demonstrations at the airport. This opposition is likely to continue and attempts will undoubtedly be made to spread it. In Thailand attacks on the PC have been made over the clandestine radio, the Voice of the Thai People, but without effect.

In the Near East and South Asia, Moscow and Peiping have set the guidelines for the occasional sniping by local groups but without any impact on local governments or PC programs. To date communist anti-PC propaganda in India has been conspicuous by its almost total absence. Of particular interest is the fact that both communist party organs and communist-line newspapers like Link and Blitz have refrained from attacking the PC virtually since its inception. In Ceylon, the PC was the subject of considerable controversy when the first contingent of volunteers arrived there in September, 1962 before formal governmental negotiations on their entry had been formalized. Since that time, the only major attack on the PC was made by Marxist organizations when the US suspended aid to Ceylon. Protests against the PC were made not only in urban areas but also in small towns in the interior, where anti-PC posters were displayed. In Nepal and Pakistan local newspapers of communist persuasion have sporadically repeated the Moscow line. In Iran the "National Voice of Iran," a clandestine radio station located in the bloc, has frequently repeated Moscow's spy and subversion themes; such broadcasts were noticeably stepped up in the fall of 1962.

CONFIDENTIAL

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- 7 -

In Iraq procommunist groups cast minor aspersions on the PC during the Qasim regime, but no attacks on the PC have been noted since the fall of Qasim in February 1963. Local communists in Cyprus have also been silent since the arrival of the first PC volunteers in August 1962. Prior to that time ineffectual attacks had been made by local communists using Moscow and Peiping themes.

In Latin America Radio Havana supplements Radio Moscow and local communists are provided with materials by the Cuban government-financed Prensa Latina news agency. Prensa Latina releases attacking the PC are frequently repeated in papers in Colombia and Ecuador. However, the only sustained, significant communist criticism of the PC in Latin America has been made in Chile and Peru. Communist organs in both of these countries, in addition to echoing the Moscow-Havana line, have made specific accusations directed at the local PC projects. The PC volunteers were accused of poisoning the children being fed in Arequipa, Peru, which led to the resignation of the women hired to prepare the food. Other accusations have stated that PC workers are taking away jobs needed by the local populace or that they have come for the sole purpose of prying into Peruvian affairs. In Bolivia, where attacks have been less frequent, the Bolivian Labor Federation passed a resolution in May 1962 against the PC because of its stated fears that the PC would sharpen the problem of unemployment, and in May 1963 the communist-line paper *Unidad* attacked the PC and the Alliance for Progress, repeating the Moscow line that the PC workers are spies in the service of Yankee imperialism. In some instances, leftist elements other than the communists have attacked the Peace Corps -- in Brazil, for example, Governor Leonel Brizola of Rio Grande do Sul state. In other instances, however, leftist groups generally considered anti-US have praised the work of the Peace Corps while continuing to criticize practically all other aspects of US policy. This has been particularly noticeable in Bolivia.

In Africa Moscow, in its continually increasing broadcasts attacking the PC, has emphasized that the Corps is an imperialist and espionage instrument, and it has also criticized individual PC volunteers as being unprepared, bad mannered, intolerant of African cultures, etc. The Soviets have also been anxious to link criticism of the PC with issues of concern to the Africans which are easily exploitable. For example, Moscow has questioned how the Peace Corps can really be in favor of peace and the independence of African nations if it refuses to give aid to the black Africans of Angola and South Africa who are "struggling for independence from the colonialists."

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- 8 -

In addition to its own criticisms, Moscow has been quick to repeat the statements made by African communist-influenced organizations and newspapers. For example, Moscow made extensive use of the denunciation of the PC by the Youth League of the Uganda People's Congress, and of the resolution passed by the Afro-Asian Journalists' Conference which condemned the PC as part of the imperialist and neocolonialist activities of the Western powers. In general discussions of the need of Africans to beware of the PC, Moscow frequently quotes various African newspapers which report local discontent with the presence of the PC. Most of these statements are undisguised repeats of the Moscow line, and in some instances the local African papers have translated whole articles directly from Soviet publications. In Mali the newspaper of the National Labor Union of Mali, which frequently reprints bloc news service materials, repeats the Moscow claim that the PC is just one aspect of US colonialism. The communist organs of Zanzibar, Morocco, and Uganda have also attacked the PC as a tool of the CIA. Publications in Basutoland and Ethiopia have published highly critical articles on the PC -- presumably prepared by communist-line sources.

Only in Ghana has the attack on the Peace Corps met with significant, measurable success. In late September 1962 the Soviet Ambassador to Ghana requested that PC activities in Ghana be limited. In early December, after some vacillation, Nkrumah ordered that further PC teaching programs be limited to the science and mathematics fields -- thus eliminating history and geography. Although the Soviet interference did not limit the program numerically, it represents a new type of anti-PC activity which could present serious obstacles. The Soviets have continually attempted to show that the PC works against Ghana's friendship with the socialist countries and against its own development. And for the most part their words have not fallen on deaf ears. Both the Spark (published by the government's Bureau of African Affairs) and the Evening News (Convention People's Party organ) have repeated undiluted versions of Soviet criticisms of the PC; the former actually repeated verbatim an attack on the PC published in the Soviet weekly the New Times but attributed to "an observer."

There are indications that attempts by both Moscow and local groups sympathetic to communism to discredit the PC will continue and will be intensified in the countries of Africa. This is especially likely if the Soviets feel that some of their programs, such as the educational and cultural exchange programs, are failing to increase bloc influence in Africa.

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- 9 -

CONCLUSIONS

Because the PC is a US Government-sponsored project with appeal to the underdeveloped countries, it has been and will continue to be a target for cold-war diatribes, especially in countries where Soviet influence is significant or anti-American sentiment is strong. To date the commotion produced by communist-sponsored demonstrations or newspaper campaigns has not caused any serious setback to the PC. Typically, the PC volunteers have quietly slipped into the villages, letting the storms blow themselves out in the urban centers. The PC policy of nonretaliation to press attacks and of letting its accomplishments speak for themselves has generally been a successful one so far.

More notable than the existence of criticism from communist quarters is the fact that such attacks have been limited in number and location and are often vague and mild in tone. The basic reason for paucity of communist criticism is that PC activities are popular in the countries where they have been observed and that PC methods have been largely successful in avoiding local frictions and projecting the desired image. Also contributory are the newness of the program in time and the novel aspects of it which do not fit communist preconceptions. It is likely that Moscow's tacticians have had difficulty deciding how to handle the PC and are uncertain of the importance of its political impact, so that local communists have not been given a strong Soviet lead to follow.

If the attacks on the PC should reach a point where counteraction is required, this should be approached with special caution. The PC image and methods have proven their value, and these could be jeopardized by overzealous efforts to publicize PC activities via US media.

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Our file ref.....
CC 1374-1(JIC)

DEPARTMENT OF NATIONAL DEFENCE
JOINT INTELLIGENCE COMMITTEE
JOINT STAFF

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OTTAWA, Ontario,
15 July, 1963.

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ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

DMI
JIB

File
[Signature]

ROAD CAPACITIES IN BULGARIA

Enclosure: (1) SHAPE 0470.2/17 of 21 June, 1963.

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1. Enclosure (1) received from ACNMR, SHAPE, is forwarded for information and retention.
2. Your attention is invited to paragraph 3 of Enclosure (1).

[Signature]
(E. A. Cureton)
A/Secretary,

Joint Intelligence Committee.

Enc.

EAC/2-5459/jr

Chairman, JIC

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DEPARTMENT OF NATIONAL DEFENCE
JOINT INTELLIGENCE COMMITTEE
JOINT STAFF

CSC 7-17 (JIC)
CSC 1322-1 (JIC)

RESTRICTED
(Enclosure SECRET)

OTTAWA, Ontario,
10 July, 1963.

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CHIEFS OF STAFF,
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MAIN TRENDS IN SOVIET FOREIGN
POLICY

Enclosure: (1) US NIE 11-63 dated 22 May, 1963
on the above subject.

Enclosure (1) is forwarded for your consideration.

2. It is requested that members' comments, if any,
reach the Secretary by 31 July, 1963.

E. A. Cureton
(E. A. Cureton)
A/Secretary,

Joint Intelligence Committee.

Enc.
EAC/2-5459/jr

cc: CCOS
~~Chairman~~, JIC (no enclosure)
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NO ENCLOSURES

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DEPARTMENT OF STATE
BUREAU OF INTELLIGENCE AND RESEARCH

Research Memorandum
RES-19, July 8, 1963

TO : The Secretary
THROUGH: S/S
FROM : INR - Thomas L. Hughes *Thomas L. Hughes*
SUBJECT: Shortcomings in Soviet Transportation

Soviet speeches and publications provide a considerable amount of information on the problems besetting the transportation industry despite its rapid strides in recent years. This report discusses the major transportation deficiencies of the USSR as seen through Soviet eyes during the period 1961-63.

ABSTRACT

The volume of traffic handled by Soviet freight carriers is about equal to that of the US but from an economic and technical viewpoint performance falls far short of Western standards. Government programs call for a major shift from the high cost, over-burdened railroads which now handle about four-fifths of all traffic. This is to be accomplished principally by large-scale construction of highways and pipelines, greater use of waterways, and the fullest application of modern methods and technology.

Impeding the industry's progress are the widespread waste in the use of resources, bad planning, inadequate coordination and other deficiencies. As a consequence, transportation, and related government agencies have been subjected to frequent and detailed criticism by Khrushchev, other officials, technicians and experts.

The railroads, as well as other fields of transportation, are generally well supplied with modern equipment, but efficient use is prevented by low labor productivity, resistance to innovation, inadequate supervision and a host of related problems. The unduly heavy traffic load of the railways is attributed in part to the failure to develop river shipping to the extent possible, uneconomic crosshauls, and delays in construction of alternative transportation routes. Moreover, passenger movement by rail is often uncomfortable and inconvenient.

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- 2 -

In motor transportation the increase in hard surface roads falls far short of meeting the requirements resulting from the extremely rapid rise in freight and passenger traffic. Inland waterways are often utilized well below capacity despite their relatively low cost and their availability in many areas served by railroads. River and canal navigation is characterized by a considerable amount of idle fleet time, many accidents, insufficient loading of vessels and irregular schedules.

Most government-owned steamship companies on maritime routes have been severely reprimanded for failure to establish regular cargo lines or to adhere to schedules. The companies have also been accused of faulty organization and poor safety records.

In aviation, despite impressive Soviet accomplishments at home and abroad, most domestic lines seem to operate on an extremely uneconomic basis. Most frequently mentioned defects in the air transportation system are the idle craft awaiting servicing or replacement of parts, excessive consumption of fuel and breakdowns of ground equipment.

Oil and gas pipeline construction and operation have apparently escaped any serious criticism.

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- 3 -

TABLE OF CONTENTS

	<u>Page</u>
I. Introduction	4
II. General Deficiencies	4
III. Rail Transportation	9
A. Productivity and Innovation	9
B. Construction of New Lines	9
C. Laying of Track, Ties and Rails	10
D. Locomotives and Rolling Stock	12
E. Organization and Coordination	14
F. Crosshauls and Comfort	15
IV. Highway Transportation	16
V. Inland Waterway Navigation	17
VI. Maritime and Caspian Sea Transportation	21
VII. Civil Aviation	27
VIII. Pipelines	29

TABLES

Table 1 - US Public and Private Inter-City Transport Performance, by Type of Transportation, 1961 and 1962	7
Table 2 - USSR Transport Performance, by Type of Transportation, 1961 and 1962	8

MAP

Map 1 - Principal Railroads and Rivers of the USSR	30
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002437

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- 4 -

I. INTRODUCTION

In 1962 the USSR achieved a total freight transportation performance that was slightly in excess of that of the US (2,118 billion versus 2,027 billion ton-kilometers). If maritime transport which is excluded from US statistics is deducted from the USSR's, both countries' performance was approximately equal. (See Tables 1 and 2)

Despite the great progress made in transportation since the end of World War II, Soviet officials and experts are dissatisfied. While there is much boasting about the achievements of applied Marxism-Leninism in this field, it is tempered by extensive criticism. Much of it is directed at costly mistakes in planning and the execution of projects but Communist "self-criticism" also tends at times to take planners and workers to task for conditions which are beyond their control.

This paper will discuss the various types of complaints voiced in Soviet publications and speeches during the period 1961 to 1963. Principal sources are Khrushchev's address of May 10, 1962 to the railway workers' conference and articles by Railway Minister Beshchev and other officials and experts in Gudok (a publication issued by the Soviet railways), the Economic Gazette and similar sources.

II. GENERAL DEFICIENCIES

Soviet domestic transportation is still dominated by the railroads which handle nearly 80 percent of the traffic, compared with only about 40 percent in the US and Western Europe. Attempts in the USSR to raise very substantially the relative shares of highways, inland waterways, and pipelines have thus far failed.

One reason for this situation is the still incomplete highway network particularly in Kazakhstan and Siberia. Another contributing factor is the delayed development of river shipping, particularly combined river-rail transport. The latter category of problems is blamed by Khrushchev and others on the inertia of supervisory railway personnel. To the extent that the staff permits shipments to continue on the railroads while parallel river routes are available, the criticism is justified. On the other hand, some of the complaints derive from topographic and climatic conditions, e.g. the scarcity of East-West river connections, the "wrong" direction of most Siberian streams (running South-North instead of North-South), and the icy conditions limiting service on Siberian streams for the greater part of the year.

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- 5 -

The failure to use the most economic means of transportation, the lack of coordination and the consequent enormous waste of resources were cited in a recent study by V. Petrov, the Deputy Director of the Soviet Institute of Overall Transport Problems.^{1/} To stress the importance of this problem, he contrasts the dominance of the railways in 1961 with the plans for the period about 1980, as shown in the following tabulation:

Soviet Transport Performance ^{2/} (in percent)		
Type of Transport	1961	1980
Railways	78.4	55.0
Inland waterways	5.3	5.5
Sea	8.0	16.0
Motor vehicles	5.3	8.5
Pipelines (oil)	3.0	15.0
Total	100.0	100.0

^{1/} Air transport is insignificant in both years.

Petrov adds that various measures will permit the USSR to reduce considerably the volume of railroad shipments, e.g. the movement of petroleum and products chiefly via pipelines and the consumption of large quantities of coal by electric power plants at the mine site.

The difficulty of achieving this diversion from the railroads has been pointed out by one of the Soviet's principal oil transportation specialists.^{2/} In the first four years of the Seven-Year Plan, he notes, the shipment of petroleum products by railroads increased considerably more than planned, causing a loss to the country's economy of the equivalent of \$170 million.

^{1/} See Gudok, Moscow, December 8, 1962, translated in Joint Press Reading Service (JPRS) 18,456 of March 31, 1963, pp. 19 ff.

^{2/} N. Iezhen, Chief of the Liquid-Freight Shipment Division of the Main Administration of Traffic, in "Cheaper Methods of Shipping Petroleum," Gudok, op cit, JPRS 18,056 of March 11, 1963, pp. 19 ff.

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002439

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- 6 -

Lezhen blames these losses mainly on the uncoordinated construction of new refineries and oil pipeline connections and on the neglect of inland waterways. In the case of pipelines, he claims that Gosplan, the planning agency, customarily erects refineries long before the necessary pipelines are completed, thereby adding new oil traffic to the already overburdened railroads. The Irkutsk and Novoyaroslavskiy refineries, for example, began operating in 1960 and 1961, respectively, but pipelines will not be built for them until near the end of the Seven-Year Plan (1965). Moreover, oil should now be shipped to a much greater extent on rivers, e.g. the Volga between Gorkyi and Yaroslavl, instead of the railroads they parallel. Greater use of rivers will be even more feasible in the future when icebreakers reduce the winter period of inactivity on major streams to three months per year.

The situation is not different with respect to the haulage of dry cargo. According to Minister Kuchkin,^{1/} the cost of transporting dry cargoes on the Volga in self-propelled cargo vessels is about half the cost on the railroads running along the same river. Because of the lack of mechanized piers at enterprises along the river, however, an enormous quantity of cargo is shipped by rail and an excessive amount of transshipment is required even during navigable periods.

Kuchkin states that at present 18 million tons of coal, 7 million tons of metals and up to 60 million tons of other cargo are transported by railroads paralleling the waterways of the Volga basin. This is not normal, in the view of the Minister, since only 20 percent of the traffic capacity of these river routes is being utilized. Savings from the growth of river shipments under the Seven-Year Plan would amount to the equivalent of \$260 million for the Volga-Kama Basin.

With the use of the Volga waterways at the same percentage of capacity as the railroads, contends another expert,^{2/} the cost of river shipments would be cut in half and would not exceed 30 percent of the cost of rail movement. The development of mixed railroad-water shipments in the Volga-Kama Basin would permit the USSR to save about 1 billion rubles in capital investment in railroads by 1970.

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1. S. Kuchkin, Minister of the River Fleet, RSFSR, in "Increasing the Role of River Transport in the Unified Transport Network of the Country," River Transport, Moscow, June 1962, JPRS 16,142 of November 13, 1962, p. 44.
 - 2/ Engineer N. Makhotkin, in "Maximum Development of Mixed Railroad-Water Transportation," ibid, August 1962, JPRS, loc cit, p. 79.

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- 7 -

Table 1. US PUBLIC AND PRIVATE INTER-CITY TRANSPORT PERFORMANCE,
BY TYPE OF TRANSPORTATION, 1961 AND 1962

(in billions of short ton-miles)

Type	Year				Increase (in percent)
	1961		1962		
	Amount	Percent	Amount	Percent	
Rail, including express, mail, and electric	570.0	42.96	600.2	43.03	5.3
Motor transportation of property	313.1	23.60	331.9	23.79	6.0
Waterways, including Great Lakes	209.7	15.80	220.0	15.77	4.9
Pipelines (oil)	233.2	17.57	241.8	17.33	3.7
Airways (domestic revenue)	0.9	0.07	1.1	0.08	17.3
Total, short ton-miles	1,326.9	100.00	1,395.0	100.00	5.1
metric ton- kilometers	1,937.3		2,036.7		

SOURCE: Interstate Commerce Commission, Transport Economics, February-March 1963.

NOTE 1 short ton-mile = 1.46 metric ton-kilometers.

UNCLASSIFIED

002441

UNCLASSIFIED

- 8 -

Table 2. USSR TRANSPORT PERFORMANCE, BY TYPE OF TRANSPORTATION, 1961 AND 1962
(in billions of metric ton-kilometers)

Type	Year				Increase (in percent)
	1961		1962		
	Amount	Percent	Amount	Percent	
Rail	1,566	78.4	1,646	77.7	5.1
Motor	106	5.3	113	5.3	6.6
Inland waterways	106	5.3	110	5.2	3.8
Sea	159	8.0	173	8.2	8.8
Pipelines (oil)	60	3.0	75	3.6	25.0
Airways	1	<u>insig</u>	1	<u>insig</u>	<u>insig</u>
Total	<u>1,998</u>	<u>100.0</u>	<u>2,118</u>	<u>100.0</u>	6.0

SOURCE: Official Soviet statistics.

NOTE 1 metric ton-kilometer = 0.685 short ton-miles.

insig Insignificant.

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002442

UNCLASSIFIED

- 9 -

III. RAIL TRANSPORTATION

A. Productivity and Innovation

Soviet railway men are working better than their counterparts in the US, declared Khrushchev in his pep-talk of May 1962 to the railway workers' conference, but labor productivity appears to be higher there. And yet it should be higher in the USSR, "because we know that a more highly organized society -- a socialist, communist society -- can be victorious only on the basis of higher labor productivity."^{1/}

Later in his speech Khrushchev said that "some" (presumably meaning very many) working people have a bureaucratic attitude toward new methods. "...They give you the most detailed explanations for everything. But the main cause for a slow introduction of new achievements is a deep-rooted unwillingness to change what has already been established, to eliminate what is old and out-dated -- although everybody knows that a rapid introduction into production of inventions and rationalizers' proposals is one of the great reserves for a further and an even more rapid development of industry and transportation." Khrushchev also criticized harmful bureaucratic attitudes toward innovation in factories, apparently seeking to influence the railways to insist on better industrial products.

B. Construction of New Lines

Railway Minister Beshchev has criticized the work of transport builders by stating that, while they have been increasing the volume of construction and installation operations year after year, this kind of work is still beset by major shortcomings. "The funds assigned by the State are not always fully utilized and many important projects are not put into operation on schedule. Not infrequently, individual managers succeed in getting larger allocations of capital investment without paying much attention to their proper utilization. As a result, in a number of cases material and financial resources are dissipated on the construction of many projects at the same time, and the plans of activation of these projects are not being fulfilled satisfactorily."^{2/}

^{1/} An article in Gudok, October 5, 1961, JPRS 12,684 of February 26, 1962, p. 2 f states that in the vast underdeveloped region of Kazakhstan, labor productivity will have to be increased by 60 percent to meet Seven-Year Plan tasks.

^{2/} Railway Transport, Moscow, January 1962, JPRS 13,867 of May 25, 1962, p. 22.

UNCLASSIFIED

002443

UNCLASSIFIED

- 10 -

Work on some rail lines essential to the development of Soviet Asia has not even been started, but no scapegoat has so far been held responsible. Thus plans to link Guryev and Astrakhan on the North end of the Caspian Sea have been mentioned repeatedly. It was stated not so long ago that this connection would have to be built "in the long run" in order to bring the Caucasus and Southern Ukraine considerably nearer to Kazakhstan and Soviet Central Asia, and expedite the development of the oil deposits between the Volga and the Urals. It was also declared in Gudok, on October 5, 1961^{1/} to be "economically expedient" to build the Kungurad-Makat railroad line, which will shorten by more than 1,000 kilometers the route from the Soviet Central Asian republics to the Central USSR.

At the end of 1961, the publication related the truly "bewildering" story of a new 96-kilometer line in Siberia which was allegedly ready for operation but in fact failed to have all the facilities necessary for normal operation. One expert had to report that the communications network was not installed because the station buildings were not yet ready. Another related that in a certain station "on the spot where the electric power station ought to have been, we saw only a snow-covered pit."^{2/} Similar but less dramatic imperfections were reported on other lines; in one case only 26 of 125 kilometers of automatic blocking could be accepted.^{3/}

According to the sources, the principal reasons for the construction deficiencies appear to be inadequate financing, lack of supervision of the subordinate agencies on the part of the ministries, insufficient training and/or the misuse of working crews and young specialists.

C. Laying of Track, Ties and Rails

Once the construction of a rail line has been definitely decided upon and the track, ties and rails have to be laid, none of these tasks is performed correctly, according to Khrushchev. At present, he said in May 1962, railways lay tracks directly on the rail bed. With the increase in speed and loads, bumps grew stronger, causing great harm to both rolling stock and the track.

1/ See page 9 footnote 1/.

2/ Vitrynkin, "Shoddy Construction of the Mikhun-Syktyvkar Railroad Line," Gudok, Moscow, December 21, 1961, JPRS 13,587, of April 27, 1962, p. 88 ff.

3/ Loc cit, March 22, 1962, p. 3, JPRS 14,605 of July 26, 1962, p. 26 ff.

UNCLASSIFIED

002444

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- 11 -

Earlier in his speech, Khrushchev extolled the merits of a new machine for packing track ballast, a machine "which quickly does the work that previously required hundreds and thousands of people." Quite obviously there are few such machines in current use. Khrushchev urged that they be used in urban railroad building as well, "because it is painful to see workers, particularly our women, armed with crowbars and packing the ballast by hand under the railroad ties."

Track laying in the USSR came in for rather severe criticism by Railway Minister Beshchev a few months before Khrushchev's talk.^{1/} The main shortcomings are, he declared, the often old-fashioned conduct of track work and the slowness shown in modernizing the technology of operations and utilizing advanced know-how. The introduction of a progressive technology of track repair, the efficient utilization of the intervals in-between train runs to carry out track work, and the mechanization of the labor-consuming production processes are among the most urgent problems of track management.

Year after year, the Minister went on, the railroads are being increasingly equipped with new track-laying machines, electric ballasters, gravel-cleaning machines, and tank hoppers, but on individual sections this equipment is not completely utilized. Such an attitude cannot be tolerated, Beshchev stated. It is the task of trackmen to assure strengthening of track, especially on the routes being converted to the new types of traction; a more efficient utilization of new and used rails; the introduction of complex mechanization; an increase in the rate of laying of long track rails, reinforced-concrete crossties and new types of boltings, and in the rate of conversion of track to a crushed-rock base. Conditions must also be created, he added, "under which the families of the workers of these stations would live in well built houses and not in railroad cars."

The propaganda for long rails as indispensable to railway development was taken up by Khrushchev himself in May 1962. He spoke admiringly of 80 meter rails but stated that in the USSR almost half of the rails continued to be rolled in 12.5 meter lengths and that rail sections longer than 25 meters were made abroad but not in the USSR. Some comrades, Khrushchev went on, maintain that short rails are of greater advantage, and should be welded at the works and transported to where they are to be laid. To his "bewilderment," however, the Minister of Transport Construction -- who was present at the meeting -- was laying new lines before assembling a considerable quantity of 12.5 meter rails. The Minister should use either long rails or have 12.5 meter sections welded together before starting work on new railways.

1/ Beshchev, "The Railroads between 1960 and 1980; their Technical and Financial Development," Railroad Transport, Moscow, No. 1 of January 1962, pp. 1 to 17, JPRS 13,867 of May 25, 1962, pp. 9 to 26.

UNCLASSIFIED

002445

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- 12 -

Providing the rail lines with advanced signaling equipment encounters similar difficulties, according to Gudok.^{1/} Automatic blocking and centralized dispatching cannot be built without a high-voltage line powering the automatic facilities and the high-voltage line itself, in turn, cannot be built without reinforced concrete or wood poles. Instead of these poles, however, the workers frequently are provided with rough coniferous logs from which bark and fibers were not removed, logs which do not meet the dimensional requirements of the State standard and are often defective.

D. Locomotives and Rolling Stock

Major shortcomings have been reported in the case of the Moldavian Railroad with respect to construction, conversion from steam to diesel traction and utilization of locomotive and rolling stock. The heads of the railroad, Gudok states, fail to demand of the subcontractor organizations a punctual activation of the projects under construction. Of the 75 projects planned for 1961, only 35 were completed as of December 1, 1961. The work relating to converting the railroad to diesel traction is progressing very sluggishly.^{2/} The training of locomotive and repair brigades in servicing diesel locomotives has been lagging.

Moreover, the utilization of rolling stock leaves such to be desired. Car turn-around time in the first 11 months of 1961 increased by about 9 hours compared with the same period in 1960. The daily locomotive run has decreased; stop-over time of steam locomotives at turn-around points and at intermediate stations has increased. The number of breakdowns of locomotives en route and repair work have increased. The reason for this is the low quality of technical inspections which, moreover, are conducted irregularly. At certain depots the number of defective steam locomotives exceeds the norm, and their off-ground repair time is excessive. Thus, because of unsatisfactory inspection and repair of the rolling stock provided for loading, the number of train stoppages resulting from defective conditions of rolling stock has recently increased.

The Moldavian Railroad, the criticism continues, has not yet eliminated the shortcomings which have to be overcome to improve the processing of export and import freight and to accelerate traffic. The fulfillment of planned tasks by all enterprises and organizations in 1962 should be assured. Attention should be paid primarily to raising the level of performance, improving the utilization of locomotives, rolling stock, and other facilities.

1/ Gudok, Moscow, February 1, 1962, JPRS 13,867, op cit, p. 68.

2/ Gudok, Moscow, January 10, 1962, p. 3, JPRS 13,867, op cit, p. 115.

UNCLASSIFIED

002446

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- 13 -

The chiefs of the railroad and of the locomotive, rolling stock, and power management service were asked to improve the technical condition of rolling stock. They were to put a stop to violations of deadlines for delivering locomotives to wash-and-repair stations, to improve the quality of the repair and technical inspection of locomotives and rolling stock, and to shorten their unproductive stop-over time.

A few weeks later the sloppy unloading of petroleum cars, entailing the wastage of valuable products, was denounced again, as had been done, without success, four years earlier both in Pravda and in Gudok.^{1/} The residues are drained into old, forsaken pits or gullies, or burned. In 1960 alone, the draining pool in one station of the Kuybyshev Railroad accumulated about 12,000 tons of various petroleum products from the residues. Only a part of them could be successfully given away gratis to local organizations, while the lion's share ended up in the gully.

The Kazakh Railroad is blamed particularly for failure to assure either prompt loading or unloading of cars in its various depots. This is true not only for oil tank cars but for coal, ore and "tremendous quantities" of agricultural products. As a consequence the daily shortage of rolling stock tendered for loading exceeds 2,000 cars while the daily lag in unloading approaches 10,000 cars.^{2/}

While despatchers and other depot-workers are responsible for the inefficient handling of bulk freight, the long delays in transporting small-size shipments are due largely to faulty planning in developing the country's container fleet which has not grown as fast as it should. For this reason covered cars had to carry more than 5 million shipments of this type in 1958 and about 7.4 million in 1961. This entailed sorting on the way many times, diverting thousands of people and hundreds of cranes and automatic loaders to this work.^{3/}

1/ Ibid, February 6, 1962, JPRS 13,867, p. 80.

2/ Gudok, Moscow, September 19, 1962, JPRS 16,310 of November 23, 1962, p. 62 f.

3/ Gudok, Moscow, January 11, 1963, JPRS 18,456 of March 31, 1963, pp. 49 ff.

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002447

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- 14 -

E. Organization and Coordination

In his speech of May 1962, Khrushchev held poor coordination of (a) the work of various kinds of transportation and (b) the organizations of the Ministry of Foreign Trade, responsible for the fact that in 1961 an average of about 15,000 freight cars were idle each 24 hours on railway sectors adjacent to frontiers and ports. In this respect he echoed Minister Beshchev who found intolerable the inefficient turnover of rolling stock still occurring on very many railroads.^{1/} An excessive rolling stock fleet, he stated, tends to accumulate on frontier and port railroads, a circumstance which also restricts the use of loading equipment. At many stations the stop-over time of rolling stock is excessively long, and incomplete or "underweight" trains are made up regularly.

Speaking about centralized dispatching, Gulok ^{2/} says that its widespread introduction has made it possible to convert many field stations and sidings to automatic control from a single switch-point. But there has been no change at all in the sorting yards, although these determine the performance of sections and even entire divisions of the railroad. Thus, a paradox occurs: a track siding where at best two switchmen are on duty has become automated, whereas a sorting yard, with its large volume of operation and tens of switchmen every shift, still lacks any automation.

Important and costly errors in rail transport organization, denounced by Khrushchev in May 1962, were caused in his view by the continuance of too many industrial sidings, excessive paper work, the outdated system of accounting and defects in transportation planning. A total of 290 sidings, he reported, had been taken over by the Donets and Moscow railways in recent years, freeing, in 25 stations of the Donets railway alone, nine locomotive depots, reducing the staff by over 200 and cutting costs by about 700,000 rubles. Khrushchev thought it was high time to hand over the bulk of the sidings of the industrial enterprises -- maybe all of them -- to the Ministry of Railways, and at the same time to close many little-used sidings, cul-de-sacs, and branch lines.

1/ The Minister mentioned many of the guilty railroads, from Odessa to Azerbaydzhan to the Far East, in Railroad Transport, Moscow, January 1962, JPRS 13,867, op cit, pp. 9 ff.

2/ Vertel, "Duplication and Red Tape in Modernizing the Kazakh Railroad," Gulok, February 23, 1962, JPRS 14,266 of June 25, 1962, p. 15.

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002448

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UNCLASSIFIED

- 15 -

The Central Committee of the party, the Chairman went on, has reports that railway lines are receiving very large numbers of orders, instructions, and telegrams. For example, in 1961 the North Caucasian Railway received from the Ministry 140,000 telegraphic instructions, that is, 385 telegrams per day. It would be difficult even to read them, to say nothing of their fulfillment. Administrations and branches are not lagging behind the Ministry. For their part, they too dispatch scores of thousands of instructions and telegrams. It has frequently been said that one must issue fewer orders but carry out more live, concrete, organizational work.

But, Khrushchev said, if the accounting system is not reviewed and simplified, no orders can help. When there is a column on the form, it must be completed. Thus work on filling in forms and producing reports goes on. Workers on the spot must be given an opportunity to engage more in production and not in reading circulars and telegrams whose volume can only hamper work.

In the same vein, several experts have asserted that railway accounting in the USSR is faulty, the present system not being able to cope with this "exceptionally large and complex problem." 1/

F. Crosshauls and Comfort

Errors in planning (for which the railroads would not seem primarily responsible) were mentioned twice in Khrushchev's speech to railway workers. He made the general statement that "one must begin to deal seriously with the improvement of the planning of transportation, and not allow the unnecessary freight transportation which is, unfortunately, taking place now. Only a one percent reduction of the present transportation costs would mean an economy of about 200 million rubles each year."

1/ Engineer-Economist, A. Filatov, "Improvement Needed in Working Out Railway Income (Revenue)," Gudok, Moscow, January 18, 1963, JPRS 18,456, March 31, 1963, p. 64 ff. Also Y. V. Larionova, "The Role of Profits in Strengthening the Self-Support of Railroad Divisions" Railroad Transport, Moscow, December 1962, JPRS 18,599, April 8, 1963, pp. 57 ff.

UNCLASSIFIED

002449

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UNCLASSIFIED

- 16 -

Earlier he had given some examples, stating that "some goods are being transported from Odessa to Vladisvostok, while the same goods are being transported from Vladisvostok to Odessa." He maintained that the Railway Ministry "must to some extent help the Gosplan in a correct and economically expedient division of industry into regions, because the railwaymen can see better than anyone else both wise and unwise transportation."

Turning to passenger traffic, Khrushchev described their plight as follows: "Large numbers of passengers accumulate at main line stations and intermediate stations, particularly in the summer. The sale of tickets is very complicated. There are many complaints from the public also regarding suburban and local trains. In selling tickets for suburban trains, it is essential, evidently, to introduce on a wider scale automatic ticket machines. The Ministry of Railways and the administrations of railways should also take care to reduce the time of changing trains by passengers and to better organize direct communication along the shortest routes, bypassing larger junctions or passing through large railway junctions without stopping. It is imperative to take constant care of improving catering for passengers on the railways, and to set up more cafes and dining rooms so that the passengers can enjoy the service of public catering."

"Travel by train must be a form of rest for people so that people can leave the train in a good mood. The Ministry of Railways, trade unions, and trading organs must step up the elimination of shortcomings in the servicing of passengers and introduce "Bolshevik order" in this important field."

IV. HIGHWAY TRANSPORTATION

Soviet highway transportation analysts trace the delayed and unequal development of this mode of carriage back to the Czarist regime from which the Soviet Union inherited an exceptionally backward road system. In 1914, states V. A. Bochin,^{1/} Russia had only 24,300 kilometers of cobble-stone and gravel roads, situated primarily in the western border regions of the state. Now, the author notes, the road economy of the country is rapidly developing. The extent of roads with a hard surface in 1957, in comparison with 1913, increased more than nine times. He claims that the Soviet Union had 4,297 inter-city bus lines with a total length of 445,800 kilometers in 1959. Truck postal routes extending over 300,000 kilometers have been organized.

However, he says, road building lags far behind the growth of motor hauls. It is necessary to eliminate this disproportion as soon as possible.

^{1/} V. A. Bochin, Prospects of Developing and Improving the Highway Network, Moscow, 1960, JPRS 9,228 of May 3, 1961, pp. 7 ff.

UNCLASSIFIED

002450

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UNCLASSIFIED

- 17 -

Soviet statistics show that hard surface highways have increased in length from 155,300 kilometers at the end of 1945 to 235,900 kilometers at the end of 1958, or by 0.54 times. During this period freight turnover increased 15.4 times, while the number of passengers on inter-city bus lines in 1957 was 82 times more than in 1945. By the end of 1962 the paved road network was gaining about 20,000 kilometers per year and had exceeded 300,000 kilometers,^{1/} but had still not caught up with the growth of motor hauls. This lopsided development made for rapid deterioration of the road network.

One of the more convincing explanations of this state of affairs is that attempted by A. A. Nikolayev.^{2/} His criticisms may be summarized as follows. In many regional bodies, organized technical supervision of road building is largely lacking. While the right method would be to stop the practice of dividing the financial resources among too many projects and to concentrate all resources on the decisive road lines, it seems to be the desire of every collective farm to build an automobile road for its own use. This leads to useless spending and to the final results which are mere segments, rather than complete roads. These sections of road are generally of a very inferior quality, which does not permit the addition of an improved covering.

Khrushchev in his May 1962 speech referred only briefly to highway transportation stating that "over 200 million tons of freight were being carried by railways at distances up to 50 kilometers, whereas it would be more economical to carry a considerable part of that freight by trucking."

V. INLAND WATERWAY NAVIGATION

In river traffic, which is mentioned rather frequently in the USSR's trade press, the inadequate organization of ports and piers continued to delay the work of the river fleet and caused increased demurrage of ships during 1961.

1/ Lazarenko in Gudok, Moscow, February 22, 1963, JPRS 19,160 of May 13, 1963, p. 25. Also, U. N. Economic Commission for Europe, Annual Bulletin of Transport Statistics for Europe, Geneva, 1962, p. 35.

2/ Greater Possibilities for Improving the Road Network of the RSFSR, Moscow, October 1960, JPRS 12,481 of February 9, 1962, pp. 1 to 9.

UNCLASSIFIED

002451

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UNCLASSIFIED

- 18 -

Fifty percent more time was spent in port by ships awaiting cargo than had been planned. The transit fleet was badly processed particularly in South Moscow, Rybyshev, Omsk, Leningrad, and certain other ports. Ships' crews made frequent complaints to port workers.^{1/} In a case study of "bottlenecks" on the middle Volga, "poor work organization and the absence of efficient leadership" were held responsible for the many shortcomings in shipping and shipbuilding.^{2/}

In another magazine, the following principal defects of river navigation were listed: idle fleet time and accidents, unfilled quotas by a considerable number of vessels, departures from ship working schedules. These factors contributed to higher haulage costs and deterioration of other economic indicators. There is no justification for the fact, says the paper, that in the Ministry as a whole during the past year, norms were exceeded as follows: tugs, by 11.2 million power-days; self-propelled vessels, by 14.2 million tonnage-days; and (non-self-propelled) barges, by 50.6 million tonnage-days.^{3/}

Another author summarizes his lengthy accusations^{4/} by stating that river transport resources are far from being utilized adequately owing to serious defects in haulage, planning and the organization of fleet and port operations. The data quoted by him tell not only of unjustifiably long stays in port but also of the rather low planning norms in river transport operations. They prove that port workers, ships' crews, and the dispatching apparatus are not mobilized to accelerate ship turn-around and make haulage more economical. Moreover, a Volga shipping line was planning in advance for a large group of steam vessels in working condition to remain idle for one-third of a navigation season, although efficient ship operation by use of tugs would have been possible all the time. The author adds that to date major vessels are being built only for the Volga, and even those are inadequate in number.

^{1/} Water Transport, Moscow, December 28, 1961, JPRS 13,587 of April 27, 1962, p. 204 f.

^{2/} Ibid, April 24, 1962, JPRS 14,842 of August 14, 1962, p. 73.

^{3/} River Transport, April 1962, JPRS 14,842 of August 14, 1962, p. 87.

^{4/} Engineer Pokrovskiy, ibid, pp. 93-102.

UNCLASSIFIED

002452

UNCLASSIFIED

- 19 -

As illustrated in an article by A. Barakin things were even worse on the USSR's "minor" rivers (most of them with a navigable length of several hundred kilometers.)^{1/} He reported many cases of underfulfillment by steamship companies of performance quotas: Volga United (tons carried, 95.6 percent of quota, ton-kilometers only 82.4 percent); Moscow (61.7 and 86.5 percent of quotas respectively); Northwest (45.7 and 62.8 percent); Amur (25.8 and 19.8 percent); and Lena (99.4 and 85.9 percent). These shortfalls were caused largely by the lack of proper attention of steamship company managers to cargo haulage on minor rivers rather than by high quotas. The Yenisey fleet, for example, over-fulfilled the 1960 quota by more than 50 percent.

At the end of 1962 Minister Kuchkin severely criticized the administrative, technical and commercial performance of river transportation.^{2/} Far from all the branches of the Ministry, he complained, are working as the interests of the fleet required. And this may explain the great disruption in the work of river-transportation. The Ministry is not fulfilling the assignments established by the Seven-Year Plan for increasing ship movement of bulk cargoes -- grain, coal, lumber, metal, ore, and cement. Thirteen steamship companies have failed to meet the targets of the Plan in shipments or in cargo turnover. Many ports are not holding to the assigned volumes of cargo processing, and a considerable number of ships are not fulfilling their tasks. The fleet is losing much time in cargo operations and in waiting for them.

The great delays of the fleet which arise because of inadequate coordination of the work of ships, ports, and wharves are seriously hampering shipments. Kuchkin charged that leading workers of the Ministry -- Comrades Nikolayev, Arkhipov, and Mayorskiy -- are organizing shipments inadequately, are not devoting the needed attention to the development of permanent cargo lines and are controlling the activities of the steamship companies poorly. The organizational revision carried out in the basins has not been completed. Important branches of transportation, such as the ports, are working irregularly. In the operational administrations of the Ministry, instability and protection of the steamship companies predominate. The Main Administration of shipments, headed by

1/ A. Barakin, River Transport, Moscow, August 1961, JPRS 12,489 of February 16, 1962, p. 192.

2/ S. Kuchkin, Minister of the River Fleet, RSFSR, Water Transport, Moscow, December 20, 1962, JPRS 19,174, of May 14, 1963, p. 24 f.

UNCLASSIFIED

002453

UNCLASSIFIED

- 20 -

Comrade Arkhipov, calls many specialists every month from their places of work to develop technical plans. People are hindered in their normal work, and these plans are sent to the basins only after much delay. It would be more rational to transfer the development of the technical plans to the steamship companies themselves. Under these conditions, the specialists of the Ministry would have greater opportunities for solving future problems.

There are also shortcomings in the activities of the Administration of Cargo and Commercial Work. This administration is not doing well in the development of new cargo flows and is not providing the needed control over the safe and high-quality transportation of the cargoes.

Much is also imperfect in the technical operation of the fleet. Because of poor engine tune-ups, a number of ships are operating at a reduced number of runs and their capacities are inadequately used, which leads to an over-expenditure of fuel. An efficient system of heat-engineering control is not being achieved in the entire fleet.

Somewhat earlier other experts had taken the Ministry to task for various shortcomings, e.g. the failure to make the most efficient use of modern cargo motor ships -- because of the reduction in speed, lower norms of cargo operations in comparison to non-self-propelled tonnage, and also the increase of runs in ballast.^{1/} Another writer complained about a marked failure to fulfill the plan for shipment of lumber in ships by the Volga United, Kama, Sukhona, and all the eastern steamship companies.^{2/} At the same time a railway and an inland navigation expert remarked in a joint article that "in spite of the great annual growth of transit shipments, the traffic capacity of the Volga-Don Ship Canal is less than 50 percent used."^{3/}

Later a transportation economist denounced the considerable amount of delay experienced by the fleet. In the 1961 navigation season, time underway was reduced and unproductive port time was increased. Port time when in tow increased by 10.9 percent in comparison to 1960. The non-self-propelled dry-cargo fleet was underway with cargo only 20.7 percent of the operating time.

1/ River Transport, Moscow, September 1962, JPRS 16,695 of December 17, 1962, p. 2.

2/ Ibid, p. 8.

3/ Ibid, p. 11.

UNCLASSIFIED

002454

UNCLASSIFIED

- 21 -

More than 17 percent of the total operating time of the fleet was spent in delay awaiting cargo operations, and this percentage was increased in comparison to 1960. As a result of the failure to fulfill the average norm for processing cargo, delays above the plan amounted to 40 million tonnage-days, causing a loss of 1.3 billion-ton-kilometers of transport production and 5.5 million rubles of income. Special attention should be devoted to reducing the so-called empty runs of the ships. In the 1961 navigation season, he said, they amounted to 26 percent in the self-propelled cargo fleet, and 37 percent in the non-self-propelled cargo fleet.^{1/}

VI. MARITIME AND CASPIAN SEA TRANSPORTATION

In October 1961, the Minister of the Maritime Fleet, Bakayev, boasted of his successes. Sailings of Soviet vessels to ports of underdeveloped countries have increased sharply, he wrote. Haulage volume between the Soviet Union and these countries during the last decade has increased more than 30 times. New maritime transport routes have sprung up to Ghana, Guinea, Morocco, Costa Rica, and other nations. An unceasing flow of Soviet merchant ships makes the round trip between ports in the Baltic and Black Seas and Cuba. A regular USSR-India line is operating successfully. In conjunction with the youthful fleet of the Indian Republic, Soviet vessels regularly carry large quantities of equipment and materials to India. More than 500,000 tons of various cargoes were carried for the construction of the Bihai metallurgical combine alone. Soviet vessels are delivering materials and equipment for construction of the UAR's Aswan Dam, a stadium and industrial enterprises in Indonesia, an electric power station on the Volta, and enterprises of the fishing industry and state agriculture in Ghana.^{2/}

The same Bakayev, however, was one of the two agency heads -- the other being the Minister of Foreign Trade -- accused by Khrushchev in his May 1962 speech of having wasted government money in the Cuban trade. Primary responsibility seems to have rested with the Foreign Trade Ministry for erroneously chartering a foreign vessel to carry the cargo which was supposed to return on a Soviet vessel that had brought goods to the new satellite. Khrushchev called this a "rather ugly incident" of two ministers assuming responsibility for the same task.

1/ Ibid, November 1962, JPRS 18,973, of April 30, 1963, p. 15 f.

2/ Maritime Fleet, Moscow, October, 1961, JPRS 12,489 of February 16, 1962, p. 108.

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002455

UNCLASSIFIED

- 22 -

But there are also more basic complaints. V. Fadeyev, an important Leningrad port manager, thinks that the fleet has been developed at the expense of ports. In his opinion, it would be worthwhile to transfer to port development part of the capital investment funds previously earmarked for the fleet. These funds would be repaid a hundredfold. The Leningrad Maritime Port Collective, he reported, welcomes the new Party Draft Program which draws attention to the disproportion between fleet and port development that makes it impossible to fight against the enormous demurrage of maritime vessels.^{1/}

Officials of the Maritime Fleet Ministry tend to make Sovfracht, the chartering agency -- which up to August 1962 was administered by the Foreign Trade Ministry and thereafter by Bakayev's Ministry -- responsible for much of the maladministration and most of the delays in ports. Sovfracht, states one Riga official, is obliged to supply the port with instructions, specifications, and cargo lists not later than two days prior to the start of loading. Actually, this regulation, which is of decisive importance for the normal and uninterrupted handling of vessels, is being systematically violated.

A Norwegian motorship, the "Tove Lilian," for example, steamed into the port of Riga on November 3, 1961 and began loading the next day but did not finish until November 26. Instructions were received until the 22nd, that is, almost to the time of the vessel's departure. Another motorship, the "Lydia," arrived for loading on November 14, remained idle an entire week, and was able to cast off her moorings only on December 9. In this case, also, instructions concerning the handling of the vessel were coming in two weeks after the start of loading. There seems to be no lack of similar examples in the work of the Riga Sovfracht office.^{2/}

One week later another Baltic port administrator joined the attack against Sovfracht, part of an intra-mural fight between the two ministries. He began rather innocently by explaining that "every year the volume of processing of export and import cargoes in the various parts of the Baltic basin increases. Not infrequently, especially during the winter, the port workers cannot cope with their tasks, which leads to long demurrage of ships and railroad cars. One of the reasons for demurrage, the author explains,

1/ Water Transport, Moscow, September 19, 1961, JPRS 12,684 of February 26, 1962, p. 46.

2/ Boradayenko, Chief of Inflat, Riga, ibid, February 17, 1962, JPRS 14,266 of June 25, 1962, pp. 107 ff.

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- 23 -

is the inadequate quantity of covered warehouse space in the ports and the widespread usage of direct transloading between rail and ship. "For this purpose," the author says, "it is of prime necessity to have a timely order for shipping import cargo that has arrived from the sea and instructions for loading export cargo arriving in railroad cars."

But then he explains that "here all depends upon the capability of the local offices of Sovfracht which have no responsibility for delays of ships and railroad cars and, as a rule, are in no particular hurry." In general, the author holds, these offices are unneeded middlemen between the ports and the foreign trade associations, an extra link that at present only delays the development of foreign trade.^{1/}

A fact-finding task force of several expert trade journalists had much to criticize on winter repair of river tankers in the basins near Astrakhan on the Caspian Sea. There was much that "distressed" the visiting team even at one of the larger plants. In general, they stated, this enterprise will have to do a great deal of fleet modernization work. On one ship, automatic processes will have to be installed; on another, more innovations are required to lighten the work of rivermen and to improve operational specifications of motor ships. They found that not all equipment needed to complete this work had arrived on schedule.

In another plant, critical equipment stood idle for long periods. For example, in the metalsmith shop, an electro-hydraulic press was not operated for one-half year. "It will lie this winter also since no motor has been picked up for it," the task force noted.

A boiler-welding shop was being built at another plant. The building had been erected but had no roof. Equipment had already been installed but was getting rusty under the open skies.

Pneumatic techniques had not been extensively introduced at the same enterprise. Shears and chisels were still operated manually. Labor-consuming operations, such as mounting and dismounting rudders and capstans,

^{1/} I. Freydmann, ibid, February 24, 1962, JPRS 14,605 of July 26, 1962, p. 90.

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- 24 -

were being done by hand. Boiler installation and laying of heating pipes had been unduly delayed. The boiler works, therefore, would scarcely be ready soon, and the steam plant available to the factory would be of limited capacity. Also, the problem of delivering water to the factory and of housing the workers had not been solved.^{1/}

Toward the end of 1962 practically all major (state-owned) steamship companies were severely reprimanded by the Deputy Ministers of the Maritime Fleet. According to D. Zotov,^{2/} the leaders of the Baltic Steamship Company deserve a serious reproof. The failure of the Baltic workers to fulfill their semi-annual plan for shipments on foreign voyages is explained primarily by delays from the number of ships in repair. In April and May 1961 alone, the losses of operating time exceeded 500,000 tonnage-days. Delays of ships in ports, especially at Leningrad and Kaliningrad, were reflected in the work of the steamship company.

The fleet of the Baltic Steamship Company operates to a considerable degree on foreign trade lines supposedly with stable cargo flows. Nevertheless, only a few ships are placed in operation on regular cargo lines according to a schedule. The schedule is frequently disrupted because of delays of ships, and the late completion of repairs. Ships delivered from these lines to repair shops are not replaced by other ships of the same quality, and the lines come to a standstill for a certain period. D. Zotov pointed out that long ago the Black Sea Steamship Company, which carries most of the Ministry of the Maritime Fleet cargo, should have organized regular lines operating in accordance with a schedule. But such lines have not yet been created.

The tanker fleet of the same company is not being used satisfactorily, he said, ships have not been presented for cargoes in a uniform manner, especially in the third ten-day period of the month, control of technical conditions of the ships is badly handled, the tankers are not assigned to regular lines, the principle of placing ships in port for repairs without removing them from operation is ignored, and there is a high accident rate. All this leads to

1/ Water Transport, Moscow, November 16, 1961, JPRS 13,285 of April 2, 1962, p. 131 ff.

2/ D. Zotov, "Raising the Level of Fleet Operational Work," Maritime Fleet, Moscow, September 1962, JPRS 16,657 of December 1962, p. 46 f.

UNCLASSIFIED

002458

UNCLASSIFIED

- 25 -

great losses in carrying capacity and testifies to the low level of economic administration.

Zotov is equally critical of the Far Eastern Steamship Company. The basic reasons for the failure of this company to fulfill the plan for transportation were the poor state of readiness of the ports and fleet for the navigation season, the lack of contact between adjacent steamship companies and ports, and the unsatisfactory operational activity in the basin. All this, in the final analysis, led to great delays for ships and railroad cars in the ports of Vanino, Vladivostok, and Nakhodka; this had a serious effect on the carrying capacity of the fleet and its regular operation. The administration of the Far Eastern Steamship Company, its chief, Comrade Malakhov, the operational workers, and the dispatcher organization are devoting little attention to the efficient organization of fleet movement and the servicing of the fleet in the ports. They have failed to mobilize the ports to achieve a sharp reduction in the time spent by ships in port for cargo and auxiliary operations. And it is no accident that 23 percent of the ships in the ports of the Far Eastern Steamship Company are loaded or unloaded with delays.

The Far Eastern Steamship Company has an adequate fleet for the delivery of cargoes to Kamchatka, Magadan, Sakhalin, and the Kurile Islands, and to all the distant points on the Pacific Coast. There is also enough cargo shipped on these lines. Zotov makes the further point that one important factor in the effort to earn currency must be to obtain return shipment of cargoes between foreign ports. Unfortunately, he states, in recent times the steamship companies have relaxed their attention to this important part of their work. As a result, ships have passages in ballast, and lose operating time in vain, expending fuel to no purpose.

A few months later Zotov's senior colleague, Savinov,^{1/} underscored the former's criticisms by declaring that major shortcomings in the work of maritime transport are the poor development of ship movements on regular lines, obsolete methods of voyage planning, and serious negligence in the organization of commercial operations.

1/ Y. Savinov, First Deputy Minister of the Maritime Fleet USSR, Maritime Fleet, Moscow, January 1963, JPRS 19,005 of April 30, 1963, p. 53. f.

UNCLASSIFIED

002459

UNCLASSIFIED

- 26 -

Savinov reminds his readers that the November 1962 Plenum of the Central Committee of the Communist Party called for a deeper grasp of economics and the processes of production, for daily control over the fulfillment of the plans proposed and, as Khrushchev said, a holding "of observations under the most powerful magnifying glass, under the light of criticism, of everything that hampers our advance ahead." Unfortunately, this cannot be said about the dispatcher apparatus of the Far Eastern Steamship Company, which is not devoting adequate attention to the correct organization of the operational process, or the efficient use of the fleet and ports. The chief of the service of shipments and fleet movements of this steamship company, Comrade Nagnibeda, has a poor grasp of the voyage assignments that are being worked out and controls their fulfillment badly. He has been content with the great delays of the fleet that are occurring in the ports of Nakhodka, Vanino, and Vladivostok.

Savinov also echoed Zotov's complaints about the Economic Administration of the Black Sea Company and the delays in Baltic ports. He deplored the high accident rate aboard the ships, which occurs chiefly because of violations of the navigation rules, weakening of discipline among some of the crews and the workers of shore organizations, and inadequate control over the activities of shiphandlers and engineers.^{1/}

Passenger transportation on the Caspian line, Krasnovodsk-Baku, recently connected by a train ferry, has been taken to task by a member of the Communist Party Central Committee.^{2/} Traffic in vessels, once abundant, he says, has dropped sharply because the Caspian Steamship Company takes poor care of passengers, not desiring to notice the changes occurring in people's demands. Having paid eight (sic) rubles, a passenger is transferred by air from Krasnovodsk to Baku in 50 minutes instead of a 13-hour sea voyage. This alone, to say nothing of the type of service, attracts passengers to the airlines.

^{1/} Zotov had this to say about the high accident rate: while in the first half-year the number of accidents to ships in the Murmansk and the Danube steamship companies was reduced, in such steamship companies as the Caspian, Black Sea, and Far Eastern, the number of extraordinary occurrences has not been reduced, which has inflicted great losses upon the national economy; collisions of ships, groundings, damages to main engines, loss of propellers and fractures of propeller blades once again testify to the fact that in the fleet discipline is still being poorly maintained, and the standards demanded of ship handlers and control over their work are inadequate.

^{2/} A. Mukhamedov, Krasnovodsk, Water Transport, Moscow, January 6, 1962, JPRS 13,867, op cit, pp. 266 ff.

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002460

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- 27 -

But how are things on sea routes? Let us take, for example, the Krasnovodsk marine passenger terminal, says the committee member. Its workers try to serve the passengers well, but they can do little. The schedule for the movement of passenger vessels is worked out without taking the railroad schedule into consideration. As a result, passengers arriving in Krasnovodsk in the morning by the Tashkent train must wait for a ship until the evening of the following day. This is tiresome and inconvenient, since, at the marine passenger terminal, there are no sleeping rooms, no plumbing, no water taps, and no central heating. Food in the restaurants at the terminal and on board the ships is expensive and tasteless. Moreover, at the present time, the author states, Krasnovodsk is not even ready to receive the railroad ferry, "Sovetskiy Azerbaydzhan," although only a few days remain before the ferry is to be placed in operation.

VII. CIVIL AVIATION

At first sight one might conclude from Soviet surveys of this branch of transportation that it could boast of unending progress with no deficiencies. Thus, a Soviet publication recently stated that few branches of technology have developed in the Soviet Union as rapidly as aviation.^{1/} Technically, it claimed, the USSR now surpasses the civil aviation of the most advanced capitalist states. The gigantic airliner, TU-114, TU-104, IL-18, and AN-10, are altering radically the concept of people's speed and bringing closer not only remote regions but also countries and continents. The writer goes on to declare that the Soviet Union has outstripped all the capitalist countries with developed aviation, including the United States, not only in rate of growth of passenger air transportation but also in absolute size of the annual increment in this traffic. For the period from 1952 to 1960 the volume of Soviet air passenger traffic increased more than eight-fold, while in the US the increase was less than 2.5 times. From the beginning of the Seven-Year Plan in 1959 the annual increment in performance by planes of the Soviet Civil Air Fleet has been approximately 35 percent.

To the outside observer, it would appear that the Soviet Union has been moderately successful in establishing direct air communications with various countries, particularly in the Near East^{2/} and Africa and in getting overflight and landing rights. And since it proved difficult to obtain similar rights to Cuba, they established their own route via Murmansk. In a boastful article on

^{1/} Civil Aviation, March 8, 1963, Moscow, November 1962, JFRS 18,032 of March 8, 1963, p. 163 f.

^{2/} E.g. Iraq and Syria. See Pravda, Moscow, January 4, 1963, JFRS 18,056 of March 11, 1963, p. 53.

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002461

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- 28 -

the first flight to "the Island of Liberty" last January, Gudok stated that a TU-114 would make one flight a week between the Soviet Union and Cuba. The route, 10,800 kilometers long, passes over the neutral waters of the Atlantic Ocean, along the shores of Greenland, Canada, and the US. This is one of the most complex international aviation routes, the article noted. In the North Atlantic region strong winds blow constantly and hurricanes rage. They are especially bothersome on the route to Havana, when the aircraft have to overcome head winds. The TU-114 would cover the distance to Cuba in 17 hours flying time, and on the way back with a tail wind would be almost 3 hours faster. Moscow-Havana was the 29th international airline route served by Soviet airliners.^{1/}

However, once the political propagandists have had their say, a rather different story is told by engineers and transportation economists. According to Soviet sources, most domestic airlines seem to be in the red. On the important Donetsk-Moscow Line, for example, gross revenues do not cover operating costs on any of the ten routes flown by IL-12 aircraft. And as for the IL-2 aircraft flying on the same routes, they would have to carry a 120 percent payload in order to operate profitably. The same applies to almost every other line. Airport expenditures turn out to be so high that the subdivision at Donetsk, while fulfilling the planned targets, still operates unprofitably. Ton-kilometer performance in August 1962 was said to be disproportionately low compared to the level of airport expenditures, which absorb all the revenues.^{2/}

Two months later it was stated authoritatively that "better financial administration was needed in Soviet civil aviation." Reserves for increasing productivity were being used poorly. It was considered favorable when the growth in productivity overtook that in funded investment. However, in 1961, it was pointed out, productivity increased by only 44 percent over 1959 levels compared with 57 percent for funded investment during the same period. The latter is explained by the enormous growth in main production funds; the former by the relatively low level of mechanization and automation of labor-consuming processes as well as shortcomings in the organization of the use of labor resources.^{3/}

1/ Gudok, Moscow, January 8, 1963, JPRS 18,456 of March 31, 1963, p. 99.

2/ I. Finkelshteyn, Civil Aviation, Moscow, August 1962, JPRS 17,067 of January 9, 1963, p. 85.

3/ S. Kosobreyev, senior expert of the State Economic Council USSR, Civil Aviation, Moscow, October 1962, JPRS 17,553 of February 11, 1963, p. 131.

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- 29 -

As further evidence that no great improvements have been made the following list of serious shortcomings in USSR aviation (as of 1961) may be cited from an article by another high Soviet official: idle aircraft awaiting technical servicing or replacement of particular pieces of equipment, uneconomical consumption of fuel in taxiing and engine warm-up, breakdown of ground equipment because of careless treatment, the burning of airport lights during broad daylight, unjustified dispatching of airliners arriving at airports, to make a second circuit, the sending of agricultural aircraft on excessively long flights, and the overcautiousness of meteorologists causing the return of aircraft to the airport of origin from almost the halfway point.^{1/}

VIII. PIPELINES

Thus far pipeline transportation has escaped the biting criticism of Soviet transportation officials. Soviet oil pipelines go back to the turn of the century while nearly all gas pipelines have been built since World War II. In 1961 the oil and gas networks totaled 20,000^{2/} and 25,000^{3/} kilometers, respectively. Each system is to reach more than 40,000 kilometers by the end of 1965; another 50,000 kilometers of oil pipelines and 120,000 kilometers of gas pipelines are to be added by 1980. At that time the relative share of oil pipeline transportation, based on ton-kilometers, should have quintupled (page 5 above), reaching almost the same percentage which the US had attained in 1961. (Table 1)

1/ G. Schetchikov, First Deputy Chief, Main Administration of the Civil Air Fleet, Civil Aviation, Moscow, September 1961, JPRS 12,489 of February 16, 1962, p. 278.

2/ Gudok, Moscow, January 28, 1962.

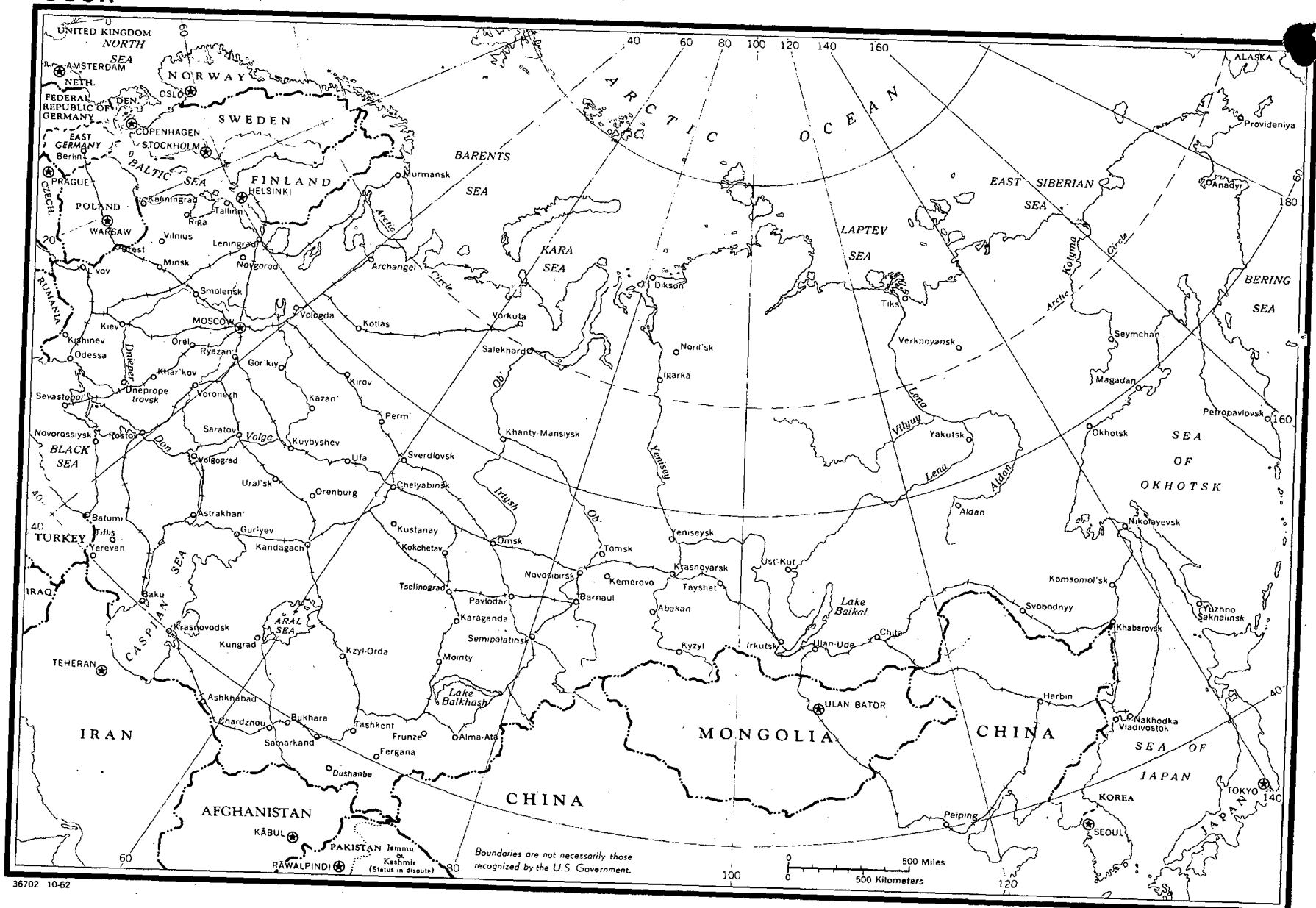
3/ Pravda, Moscow, February 13, 1962.

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PRINCIPAL RAILROADS AND RIVERS OF THE USSR

USSR



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DEPARTMENT OF EXTERNAL AFFAIRS, CANADA.

NUMBERED LETTER

TO: THE UNDER-SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, OTTAWA, CANADA.

FROM: OFFICE OF THE HIGH COMMISSIONER FOR
CANADA, CANBERRA, AUSTRALIA

Reference: Your telegram DS-49 of September 7,
1960

Subject: Australian JIC Current Intelligence

Report No. 26 of June 28, 1961 - Kuwait:

Annexation Threat by Iraq; Singapore; Merger
with the Federation of Malaya and British
Borneo; Japan: Self-Defence Forces; Pakis-
tan: Relations with India.

SECRET

Security:

No: 397

Date: July 4, 1961

Enclosures: - 8✓

Air or Surface Mail: Air

Post File No: 11-2-1-7

Ottawa File No.

50028-B-40

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JUL 19 1961

file

Internal
Circulation

CCOS (for
Joint Indications
Room) Ottawa.

D

Distribution
to Posts

We enclose extracts from Australian JIC
Current Intelligence Report No. 26/1961 of June
28, 1961, not transmitted by telegram.
2. An extra copy is enclosed for CCOS (for
Joint Indications Room) Ottawa.

High Commissioner

1951 JUL 19 AM 11:27

EXTRACT FROM AUSTRALIAN JIC CURRENT
INTELLIGENCE REPORT NO. 26/1961 OF
JUNE 28, 1961.

KUWAIT: ANNEXATION THREAT BY IRAQ

CONFIDENTIAL

Begins:

"General Kassem's claim to Kuwait as an "integral part" of Iraq seriously threatens United Kingdom (and Western) interests and prestige in the Persian Gulf. (See Note). A state of emergency has been declared in Kuwait.

"Kassem has claimed that the majority of the people of Kuwait (total population some 200,000) are Iraqis, and that there is no border separating the two countries. He is reported to have said that Iraq will proceed to "integrate" Kuwait by "initially peaceful steps". He is reported further to have denied the legality of the treaty concluded on 19th June between the United Kingdom and Kuwait to replace a Treaty of Protection dating from 1899. (Under the new treaty, Kuwait became an independent sovereign State while retaining links of friendship and consultation with the United Kingdom.) It is possible that Kassem hopes to use this claim to bolster internal support for his regime.

"Should Iraq resort to force we believe that the United Kingdom, if so requested by Kuwait, would intervene under the treaty arrangement. It seems more likely, however, that Kassem will use methods short of force in his attempt to annex Kuwait. It is certain that any attempt to do so will be resisted by the Kuwaitis themselves (who are considerably more prosperous than the Iraqis); they have already been assured of support by the UAR, Saudi Arabia, Iran and Jordan, which have in any case shown marked antipathy towards the present regime in Iraq.

NOTE:

"The United Kingdom and the United States have large investment holdings in Kuwait, which contains about a fifth of the world's proved oil reserves and which at present produces about 70 million tons of crude oil per annum. The Kuwait Oil Company is jointly owned by the British Petroleum Company and the Gulf Oil Corporation (United States). The company's concession is valid until the year 2026. About two-fifths (20 million tons) of United Kingdom oil requirements are obtained from Kuwait, while Australia derives about 11.4 per cent of her oil imports from the Sheikdom. In the short term the loss of this oil to the free world would cause embarrassment, particularly to the United Kingdom, pending the organization of supplies from alternative sources. In addition the United Kingdom would suffer a major long-term financial and economic loss and the sterling area balance of payments would be adversely affected. The loss would, of course, be relatively less important to the United States." Ends.

EXTRACT FROM AUSTRALIAN JIC CURRENT
INTELLIGENCE REPORT NO. 26/1961 OF
JUNE 28, 1961.

SINGAPORE: MERGER WITH THE FEDERATION OF MALAYA
AND BRITISH BORNEO

CONFIDENTIAL

Begins:

"The Singapore People's Action Party government has sought to give substance to the vague proposal contained in Tunku Abdul Rahman's recent statement favouring political and economic co-operation between Malaya, Singapore and British Borneo (CIR No. 23/1961). The PAP has stated that, at the 1963 constitutional talks with the United Kingdom, it will ask for complete independence through merger with the Federation of Malaya or through merger with a wider federation.

"The PAP has apparently decided to commit itself definitely in this way in order to put pressure on Malaya and the United Kingdom to bring to reality the concept of a wide association and in order to increase its political appeal at the Telok Anson by-election on 15th July." Ends.

EXTRACT FROM AUSTRALIAN JIC CURRENT
INTELLIGENCE REPORT NO. 26/1961 OF
JUNE 28, 1961.

JAPAN: SELF-DEFENCE FORCES

CONFIDENTIAL

Begins:

"On 2nd June the Japanese Diet amended the laws relating to the establishment and chain of command of the Self-Defence Forces. The amendments provide for:

- (a) the re-organization over the next two years of the Ground Self-Defence Force. At present this force consists of six divisions and four mixed brigades. These are to be re-organized into 13 divisions which will be reduced from 12,000 to 9,000 in some cases, and to 7,000 in others. The re-organization will make possible the assignment of tank and artillery companies to the infantry regiments, thus creating highly mobile units;
- (b) an increase in the authority of the Chairman of the Joint Staff Council by vesting him with some of the functions previously exercised by the Director-General of the Defence Agency, including the responsibility for joint plans and joint operations;
- (c) a five per cent increase in the total establishment of all forces. The new authorized establishment of the three forces is as follows (old strengths given in brackets):

Ground Self-Defence Force	171,500 (170,000)
Maritime Self-Defence Force	32,097 (27,667)
Air Self-Defence Force	38,337 (33,225)"

- Ends.

EXTRACT FROM AUSTRALIAN JIC CURRENT
INTELLIGENCE REPORT NO. 26/1961 OF
JUNE 28, 1961.

PAKISTAN: RELATIONS WITH INDIA

CONFIDENTIAL

Begins:

"Relations between Pakistan and India have deteriorated since the relative "peak" of September, 1960, when Mr. Nehru and President Ayub had friendly discussions at the signing of the Indus Waters Agreement (CIR No. 39/1960). At that time, President Ayub appears to have expected - with little reason, however - at least some response to his overtures for substantive discussions on Kashmir.

"Lack of progress of any kind has been followed by a change of tactics by Pakistan. Restraints have been removed from the press which has reverted to campaigns of vilification and recrimination against India, and the Pakistan Government is making it plain that, while the Kashmir dispute is unsettled, it will attempt to force India to change her attitude by all practicable means.

"Pakistan's present tactics may reflect disillusionment, but they may equally have been influenced by what Pakistan interprets as the partiality of the United States towards India." Ends.

D.L.(2)/S.Grey/ms

DEPARTMENT OF EXTERNAL AFFAIRS
MEMORANDUM

Handwritten signatures and initials

TO: THE UNDER-SECRETARY

CANADIAN/UK/US EYES ONLY

Security ..S.E.C.B.E.T.....

Date ..July. 3.. 1963.....

FROM: D. L. (2) DIVISION

File No.		
50028 B-40		

REFERENCE:

SUBJECT: Possible Soviet Nuclear Weapons Stockpiles (1962 - 1972)

Attached is a recently prepared memorandum by the Directorate of Scientific Intelligence on the above-mentioned subject. The conclusions, on page 4, are as follows:

- (i) at present the bulk, possibly 75 to 80%, of Soviet fissile material production is assigned to higher-yield thermonuclear weapons stockpiled for the Soviet Long Range Air and Strategic Rocket Forces.
- (ii) at present the total Soviet nuclear weapons stockpile probably consists of not more than 2000 fission weapons and not more than 4000 thermonuclear weapons, with the total number probably not exceeding 5000.
- (iii) the current vigorous expansion of Soviet fissile material production capacity will probably continue for another 2 to 3 years before levelling-off. This could result in a tripling of the Soviet nuclear weapons stockpile during the next five years, with a further doubling during the subsequent five-year period. Thus an overall increase in numbers of Soviet nuclear weapons by a factor of six or more may occur during the coming decade.

CIRCULATION

Mr. R. Campbell
D.L.(1) Div.
European Div.
Disarmament
Div.

...2

002471

CANADIAN/UK/US EYES ONLY

SECRET

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2. The substance of this memorandum will appear in a JIC paper "Soviet Atomic Warfare Capabilities", currently under preparation.

W. H. G. [illegible]

J. J. McCardle
Defence Liaison (2) Division

VA - 3 copies

Our file ref...CSC..7-17...(JIC)



DEPARTMENT OF NATIONAL DEFENCE

JOINT STAFF

RESTRICTED
(Enclosure SECRET)

OTTAWA, 25 June 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

File copy

50028-B-40	
2	4/8 file

MEMORANDUM TO JIC

KLB

LIKELY SOVIET COURSES OF ACTION

Reference (a) CSC 7-17 (JIC) of 11 June 63.

Enclosure (1) Directorate Comments on
CANADIAN JIC 467(63) of 7 June 1963.

Enclosure (1) is forwarded for consideration. This paper will be discussed at the meeting of JIC on 26 June 1963.

(A. Malysheff)

LCDR, RCN,

Secretary,

Joint Intelligence Committee.

cc: CJS
JIS(2)
SOJIR
SOCI

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EXTERNAL AFFAIRS
REGISTRY

JUN 28 3 52 PM '63

S E C R E T

LIKELY SOVIET COURSES OF ACTION - CANADIAN JIC 467 (63)

The following amendments have been suggested:-

Page 6, Para 11. - It is highly doubtful that every "modern nation-state" has the complementary objectives, no matter how modified, listed under (a), (b) and (c). The paragraph could be deleted entirely. (DA)

Page 6, Para 12. - As related to (a) above, not only is the Soviet Union "no exception", but it is one of the few nations to which para 11 applies. The concern of the USSR for its "territorial integrity and sovereignty" can hardly be termed "pathological". This concern is natural to all "modern nation-states".

The meaning of "supra-national control" is not understood. Surely control is at its highest level now. (DA)

Page 10, Para 17. - last sentence - This might contain a conclusion. The following wording is suggested: "Similarly, by emphasizing the grave risks of escalation, the Soviets probably will attempt to avoid a direct confrontation of Soviet and Western forces in a limited war." (DA)

Page 10, Para 18, Line 4 - Suggest "quantity and quality of its armed strength" be replaced by "capabilities of its armed forces." (DA)

Page 12, Para 22, Line 7 - after "territory" add "but it would seek to limit the degree of control". (Editorial)

Page 16, Page 29, Line 22 - between "foreign" and "aid" insert "economic and military". (JIB)

Page 23, Para 41, Lines 16 - 18 - read: "Almost the only remaining means available to the Soviet Union to apply pressure on the Chinese are the withholding of spares for previously supplied military equipment and of petroleum products, especially aviation gasoline". (JIB)

Page 25, Para 44, Lines 1 - 5 - delete and insert:
"While the opportunities for direct Communist action in North America would be more limited than in Latin America and a general gradualist, evolutionary policy even more in order, the Soviet Union would probably lend at least covert support to local movements using violent tactics if, as appears to be extremely unlikely during the next five years, such movements meet with a large measure of success." (RCMP)

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S E C R E T

- 2 -

Page 26, Paras 46, 47 - We would prefer to delete these paragraphs and substitute the following:

46 - "The progress of the Soviet economy has a twofold bearing on the extension of Soviet influence abroad. Firstly, and perhaps in the long run more importantly, there is the so-called "demonstration effect" on the leadership and peoples of the under-developed countries. The undoubted strength and power of the economy of the USSR today serves as a consistent advertisement for the communist system, especially when it is presented in terms of growth since the Revolution and the social costs are skillfully played down. To the leaders of the under-developed world, the appeal of a system which has brought the USSR from what is presented as a relatively backward and primitive country to one of the foremost powers in the short space of half a century is undeniable and while it is not argued that this is in any sense a motivating factor in internal economic decisions, it must be borne in mind in any discussion of Soviet influence abroad."
(JIB)

47 - "Secondly, and more obviously, the strength of the economy must to some degree affect the allocation of resources to foreign aid and trade programmes. Currently, competition for scarce resources, both of materials and skills, exists and will continue to exist throughout the period of this paper. The growing demands of increasingly complex defence systems and a prestigious space programme vie with the traditional communist aim of an ever-expanding array of producer's goods, while at the same time a rising pressure for the satisfaction of consumer demands is felt. As a result of these and other problems, although the economy has continued to grow rapidly, it has done so at a declining rate over the past few years. In the long run, this is bound to necessitate a searching and continuous look by the Soviet leadership at the apportionment of resources among growth industries, defence and space programmes, the consumer and foreign trade and aid. While the last of these is a minor fraction of economic activity compared to the other three, it may nonetheless appeal to some elements of the régime as a prospective area for curtailment of expenditures."
(JIB)

47A. - "A basically autarkical approach has prevented trade outside the bloc from assuming a major role in development plans; thus a full scale attempt to meet deficiencies by imports financed by foreign loans or by a major export drive would seem not to enter into Soviet calculations."
(JIB)

General -

Reduction in the length of the paper would be desirable. This might be accomplished by removing paragraphs that have only relatively minor significance, and by adopting a briefer style of expression.
(DAI)

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Ottawa, June 24, 1963

Our file: 50028-B-40
Your file: CC 1374-1(JIC)

*file
fwd*

Lt. Cdr. A. Malysheff,
Secretary,
Joint Intelligence Committee,
Department of National Defence,
O t t a w a

¹¹
Soviet Publication of Military
Strategy by Marshal V. D. Sokolovskiy

With reference to your letter of June 18,
we have no comments to offer on Marshal Sokolovskiy's
theses.

J. J. MCCARDLE

J. J. McCardle
Defence Liaison (2) Division



Our file ref.....
CC 1544-5 (JIC)

DEPARTMENT OF NATIONAL DEFENCE
JOINT INTELLIGENCE COMMITTEE
JOINT STAFF

CONFIDENTIAL
ENCLOSURE SECRET

OTTAWA, Ontario,
19 June, 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

DNI
DMI
DAI
DSI
JIB
CB NRC
Chairman, SMIG(S&T)
Chairman, SMIG(P&O)
Chairman, EIWG

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C. G. BROWN

CURRENT SOVIET ELECTRONIC EQUIPMENT
ASSOCIATED WITH
AIRCRAFT AND MISSILES

Reference: (a) CC 1544-5 (JIC), of 8 Mar 63.

Enclosure: (1) SG 262 (Final) of 15 May 63.

Enclosure (1) is forwarded to holders of SG 253/2
and to SMIG(S&T), SMIG(P&O) and EIWG.

2. One copy, in addition to the file copy, is held
by the Secretary and will be available on request.

(A. Nadyshcheff)
LCDR, RCN,
Secretary.

Enc.

AM/2-5459/jr

cc: J. J. McCardle, Esq.,
Dept. of External Affairs. (no enclosure)
RCMP (no enclosure)

22

NO ENCLOSURES

EXTERNAL AFFAIRS
REGISTRY

JUN 21 11 05 AM '63

Our file ref.....

CC 1374-1 (JIC)



DEPARTMENT OF NATIONAL DEFENCE
JOINT INTELLIGENCE COMMITTEE
JOINT STAFF

CONFIDENTIAL

OTTAWA, Ontario,
18 June, 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

MEMORANDUM TO THE JIC:

gln

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SOVIET PUBLICATION "MILITARY STRATEGY"
BY MARSHAL V. D. SOKOLOVSKIY

Enclosure (1) SHAPE 1500/17 dated
28 May. 63.

It is requested that comments on enclosure (1)

be forwarded to reach the Secretary by 8 July, 1963.

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Action

(A. Malysheff)
LCDR, RCN,
Secretary.

Enc.

AM/2-5459/jr

cc: JIS(2)
CJS (no enclosure)
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SOCI " "

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EXTERNAL AFFAIRS
REGISTRY

Jan 21 11 05 AM '63

N A T O C O N F I D E N T I A L

SUPREME HEADQUARTERS ALLIED POWERS EUROPE
PARIS, FRANCE

1500/17

28 May 1963

SUBJECT : Soviet Publication "Military Strategy" by Marshal
V.D. SOKOLOVSKIY

TO : See Distribution

General evaluation of the Soviet publication "Military Strategy" edited by Marshal SOKOLOVSKIY and any comments you may care to make would be greatly appreciated by this headquarters.

FOR THE ASSISTANT CHIEF OF STAFF INTELLIGENCE:

C.R.W. NORMAN
Colonel, British Army
Co-ordDISTRIBUTION

'G' (Less MFA ICELAND)

TEXT FRANCAIS AU VERSO

N A T O C O N F I D E N T I A L

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N A T O C O N F I D E N T I A L
GRAND QUARTIER GENERAL DES FORCES ALLIEES EN EUROPE
PARIS, FRANCE

1500/17

28 Mai 1963

OBJET : Publication Soviétique "Stratégie Militaire"
du Maréchal V.D. SOKOLOVSKIY.

DESTINATAIRES : Voir Diffusion.

Tous commentaires que vous pourriez fournir sur l'évaluation
générale de l'ouvrage soviétique "Stratégie Militaire" du Maréchal
SOKOLOVSKIY seraient grandement appréciés par cet Etat-Major.

POUR LE SOUS-CHEF d'ETAT-MAJOR, RENSEIGNEMENT.

Signé :
C.R.W. NORMAN
Colonel, Armée de Terre Britannique.
Co-ord.

DIFFUSION

'G' (Excepté MFA ICELAND)

ENGLISH TEXTE ON REVERSE.

N A T O C O N F I D E N T I A L

NA - 1-3.

Our file ref.....

CSC 7-17 (JIC)



DEPARTMENT OF NATIONAL DEFENCE
JOINT INTELLIGENCE COMMITTEE
JOINT STAFF

RESTRICTED
(Enclosure SECRET)

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

OTTAWA, Ontario,
11 June, 1963.

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MEMORANDUM TO THE JIC:

LIKELY SOVIET COURSES OF ACTION

Reference: (a) CSC 7-17 (JIC) of 28 Dec 62.

Enclosure: (1) CANADIAN JIC 467 (63) of 7 June, 1963.

Enclosure (1) which has been prepared by the Department of External Affairs is forwarded for comments which should reach the Secretary by 21 June, 1963.

E. A. Cureton

(E. A. Cureton)
Acting Secretary,
Joint Intelligence Committee.

Enc.

EAC/2-5459/jr

cc: JIS (2)
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EXTERNAL AFFAIRS
REGISTRY

JUN 18 11 14 AM '63



TO: THE SECRETARY OF DEFENSE
FROM: THE SECRETARY OF DEFENSE
SUBJECT: [illegible]

RE: [illegible]

DATE: [illegible]

TIME: [illegible]

PLACE: [illegible]



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[illegible]

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Canadian JIC 467 (63)

June 7, 1963

LIKELY SOVIET COURSES OF ACTION

	<u>Paragraph</u>	<u>Page</u>
OBJECT	1	1
SUMMARY	2	1
INTRODUCTION	11	6
COURSES OF ACTION OVER THE NEXT FIVE YEARS		
A. Strategy and Security Considerations	17	9
B. The Soviet Union, Eastern Europe and the Sino-Soviet Bloc	23	12
C. Soviet Political Influence Abroad	28	15
(i) Europe and the West	31	17
(ii) Middle East	34	19
(iii) Africa	37	20
(iv) Asia	39	22
(v) Latin America	43	24
(vi) North America	44	25
(vii) United Nations	45	25
D. Extension of Soviet Influence Abroad by Economic Means	46	26
(i) Aid to Underdeveloped Countries	48	27
(ii) External Trade	50	27
(iii) CMEA	52	29

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Canadian JIC 467 (63)

June 7, 1963.

LIKELY SOVIET COURSES OF ACTION

OBJECT

1. The object of this paper is to suggest what courses of action the Soviet Union is likely to follow during the next five years.

CONCLUSIONS

2. Apart from the prime objective of maintaining its territorial integrity, the USSR seeks to extend its influence among other nations for a variety of ideological and national reasons. In attempting to do so, the Soviet Union faces a number of external and internal deterrents to the unrestrained pursuit of an expansion of influence. The major limitation consists of the military strength of the West and the nature of modern war, and their influence on Soviet strategic thinking and the possible use of Soviet military power. Further limitations stem from the difficulties of extra-territorial control as demonstrated most dramatically by the Sino-Soviet dispute. At the same time there is often a resistance, on the part of many of the non-aligned countries, to the undue extension of Soviet influence and communist penetration. A final limitation stems from the continuing and possibly chronic domestic Soviet problems relating to its social, political and economic development. Despite these limitations, the Soviet Union will remain a direct challenge to Western interests. During the period covered by this paper, the USSR is likely

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- 2 -

to be ruled by leaders dedicated to the ultimate triumph of communism but not at the risk of imperilling the integrity of the homeland. Any estimate of likely Soviet courses of action during the next five years should be based on this premise. (Paragraphs 11-16).

3. The main threat to the security of the Soviet state is a deterioration of international relations which might lead to global war. Although such a global war might be resorted to in the most desperate circumstances, it cannot be considered a likely instrument of policy. At the same time, present Soviet strategic thinking seems to preclude the possibility of limited East-West war because of the danger that such a war would rapidly escalate into a major nuclear conflict. Simultaneously with the maintenance of its deterrent forces, the Soviet Government is likely to seek some measure of agreement on disarmament or collateral measures, as well as on such potential danger spots as Central Europe, either by threats of counter-action or by negotiation. (Paragraphs 17-22).

4. There are areas of instability in the Soviet "zone of control" and this fact limits the opportunities for further extensions of Soviet influence. Albania's defiance of Moscow and the Sino-Soviet conflict are but examples. It is unlikely the Chinese challenge will goad Khrushchov into seeking significant compromises with the West or into substantially increasing the risk of war. The dispute may, however, inhibit Moscow from taking initiatives and may lead to a stance of greater intransigence. (Paragraphs 23-27).

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- 3 -

5. The concept of "peaceful co-existence" is a dynamic policy designed to achieve Soviet and communist foreign policy objectives without incurring unacceptable risks to the integrity of the Soviet state. This policy, pursued through a wide variety of strategic, economic, diplomatic, propaganda and clandestine instruments, is likely to remain a central factor governing Soviet courses of action. It is unlikely to be abandoned despite such discouragements as growing prosperity and cooperation in the West, the failure of a number of newly-independent countries to reject outright all Western influence, and the outlawing and persecution of communists in some countries receiving aid from the Soviet Union. (Paragraphs 28-30).

6. The Soviet Union will continue attempts to weaken Western military strength and to impede the economic development and political cohesion of Western Europe and North America. Through a variety of top level exchanges it will work for the elimination of the Western military presence in Berlin, the recognition of East Germany, the prevention of the acquisition of nuclear arms by West Germany and its demilitarization, the withdrawal of U.S. forces from Europe, and the prevention of closer economic and political association between Western Europe and North America. (Paragraphs 31-33).

7. The USSR will continue to exploit opportunities for the extension of influence in the Middle East but will probably refrain from military intervention in the belief that the long-term trends and the gradual elimination of direct Western control in the area are working in its

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favour. While we anticipate the Soviet Union will employ diplomatic and economic means to maintain and expand its influence, it is conceivable that the extension of "Arab socialism" as a solution to the problems of the area, could frustrate Soviet aims. In Africa, the USSR will lend partial support to the advancement of extreme left wing forces. At the same time, it may cooperate with existing regimes headed by the "national bourgeoisie" in which it will encourage "progressive" forces to lend support in the hope of influencing policies in an anti-Western direction. (Paragraphs 34-38).

8. Soviet action in Asia will likely be directed toward the restoration of relations with Communist China and the restoration of Soviet prestige and leadership among Asian Communist governments and parties. At the same time there is likely to be a determined effort to improve its position vis-à-vis the non-communist Asian nations. (Paragraphs 39-42).

9. While the political instability, economic backwardness and chronic anti-Americanism in Latin America would appear fertile grounds for the extension of Soviet influence, we believe the USSR would not be anxious to assume further economic and military obligations similar to those in Cuba. Instead the Soviet Union is likely to advise some local communist forces not to make open bids for power but to infiltrate non-communist groupings and to generate popular pressures for leftist policies. The USSR would, however, probably feel obliged to lend support to successful local movements using violent tactics. (Paragraph 43).

10. Although the Soviet leaders are confronted

with a number of domestic economic problems, foreign economic and military aid is likely to remain as an instrument of Soviet policy. The limited impact of earlier economic aid programmes may provoke a more cautious attitude, but where Western influence can be diminished by such aid, the resources are likely to be forthcoming. Military aid may continue to occupy an increasingly important place in Soviet policy. Foreign trade will continue to expand in an effort to diminish Western interests in the less-developed countries, and as a means to gaining foreign exchange earnings to finance limited imports of industrial commodities needed in the economy. The USSR will probably seek to balance its deficiencies in economic bargaining power by vigorous political action in, for example, the 1964 U.N. Trade Conference and the Economic Commission for Europe. At the same time, attempts will continue to strengthen the Council for Mutual Economic Assistance, a process which may reduce the East European countries freedom to trade with the West at the same time as it helps to raise their standards of living. (Paragraphs 46-52).

INTRODUCTION

11. Every modern nation-state has as a prime objective the maintenance of its territorial integrity and sovereignty. Closely interwoven with this objective but in varying degrees and sometimes in modification, are the following complementary objectives:

- (a) the increase of its direct control over additional territory or population;
- (b) the increase of its wealth, either for the whole population or for a part of it;
- (c) the increase of its influence and prestige in areas and among peoples over which it does not have direct control.

The prime objective is essentially defensive. Territorial integrity is protected by the state's own military power and/or by alliances which add the strength of others to the national military power. The additional objectives are essentially offensive or dynamic. They may be pursued by conquest, by non-military extension of jurisdiction, by colonization, by industrial expansion, by trade and foreign investment, and by cultural or ideological pre-eminence, by example or by penetration.

12. The Soviet Union is no exception. Its major objective is the maintenance of the territorial integrity and sovereignty of the Soviet state. As a country which has comparatively recently assumed its present territorial configuration, and as one which has suffered particularly heavily from invasions which threatened not only its territorial integrity but also its political-social-economic system, it is almost pathologically concerned with that integrity and sovereignty. The USSR, in comparison with

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- 7 -

more secure and mature states, has not yet reached the stage where it can begin to contemplate the transfer of certain aspects of national sovereignty to supra-national control.

13. The Soviet Union also displays to a particularly marked degree a desire to achieve all the other objectives. The national impetus for their achievement is considerably increased by the impetus of a strong dynamic ideology, communism. These attributes of the ideology spring from a conviction that the inevitable course of historical development is towards a communist system, that this system best provides for the maximization of wealth and for its equitable distribution, and that it is the historical and even predestined duty of existing communist states to hasten the advent of communism in other states. In other words, the Soviet Union aspires to the maximum extension of the "world socialist system" and, as the leading "socialist" country, feels that it must accept responsibility for the success of international communist objectives.

14. The complementary objectives in the case of the Soviet Union exhibit a markedly messianic quality, both nationally and ideologically. Fortunately, however, there are a number of external and internal deterrents to the unrestrained pursuit of these objectives. The basic limitation is, of course, the need to maintain the integrity and sovereignty of the Soviet state, not only as a national entity ("Mother Russia") but as the heartland and inspiration of international communism. The Soviet Union is not ruled and is unlikely to be ruled within the period of time covered by this paper, by leaders whose megalomania is such

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- 8 -

as to lead them to incur serious risks to the integrity of the homeland in pursuit of any of their dynamic objectives. In purely external terms the deterrent consists of the immense military strength of the United States and its allies, with their determination to resist the achievement of at least the foreign policy aspects of Soviet complementary objectives. In logical and psychological terms, the limitation is the nature of modern war, its influence on Soviet strategic thinking and on the possible use of Soviet military power.

15. There are further limitations on the Soviet pursuit of its objectives. One derives from an increasing realization of the difficulties of extra-territorial control. This has been demonstrated most dramatically by the emergence of China as a communist country sufficiently strong to express openly an independent view of the "world socialist system" and of the strategy and tactics best suited to achieve it. The reality of the limitation has also been demonstrated by the successful defiance of the Soviet Union by such communist countries as Albania and Yugoslavia; as well as, to a lesser degree, by the increased freedom of manoeuvre sought by and allowed to the Eastern European countries in their internal affairs since the XX Party Congress. Another limitation stems from the resistance of many of the non-aligned countries, on national or ideological grounds, to the undue extension of Soviet influence and communist penetration. A final limitation stems from the continuing and possibly chronic internal Soviet problems relating to its social, political and economic development. Despite undoubted progress in many fields, the USSR has yet to demonstrate that the communist system is best able to provide for the rapid improvement in the wealth and welfare of its own citizens, let alone serve as the ideal example for the people of other countries.

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- 9 -

16. It is not the internal application of communist principles which is at the root of the rivalry with the West, however much we may deplore or disagree with Soviet domestic policy. It is rather the expansionist aspect of the Soviet state and of communism in both the territorial and the ideological sense. In examining likely Soviet courses of action within the next five years, the basic question should be whether Soviet communism has lost or is likely to lose its dynamic, expansionist quality. It may be agreed that Soviet concern for the protection of its territorial integrity, given the current and prospective balance of East-West military force and the nature of modern warfare, and the limitations on the attainment of its complementary objectives, could lead the Soviet Union to seek a genuine settlement with the West over such crucial matters as disarmament and central European security, in order to concentrate on internal and intra-bloc development. This may eventually happen and there is already evidence to suggest that, as it matures and develops, the Soviet Union is becoming increasingly aware of the dangers of too aggressive a foreign policy. Although the USSR may have less of the pure messianic fervour of Communist China, it has not yet abandoned its belief in the eventual triumph of communism and its chosen role in pursuing this objective. Thus the USSR will remain a direct challenge to Western interests and any estimate of likely Soviet courses of action should therefore be based on this premise.

COURSES OF ACTION OVER THE NEXT FIVE YEARS

A. Strategy and Security Considerations

17. The Soviet Government is probably convinced that the United States will not deliberately initiate war within

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- 10 -

the next few years, largely because of the ability of Soviet missile and bomber forces to inflict unacceptable levels of damage on Europe and North America. The Soviet leaders are aware that a general war would result in the devastation of the Soviet Union on a scale vastly greater than that suffered during the Second World War. Although such a global war might be resorted to in the most desperate circumstances, it cannot be considered a likely instrument of policy. Present Soviet strategic thinking seems to preclude the possibility of limited East-West war involving Soviet forces by emphasizing that such a war would rapidly escalate into a major nuclear conflict.

18. Because of its concern with territorial integrity and its mistrust of Western intentions, the Soviet Union may be expected to go on devoting a very high proportion of its resources to improving the quantity and quality of its armed strength. Within the next five years, however, it is conceivable that increases in the Soviet ICBM capability when combined with improvements in the flexibility and mobility of Soviet field forces, may permit some reduction in the number of men under arms.

19. The Soviet Union maintains a huge standing army which is more in line with the traditional requirement for the defence of a huge land mass, particularly the open plains in western Russia and eastern Europe. This is partly a reflection of a failure thus far to resolve completely the question of the proper proportion of nuclear and conventional forces. There is also evidence that Soviet military theorists believe that war can drag on in spite of the devastating power of modern weapons and that fighting on the ground will require a large army. The large army may also be a result

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of a continuing policy of pressure in central Europe, of possible concern over the stability of the eastern European communist regimes, and, although there is no present threat from China, of latent uneasiness over Chinese intentions towards Soviet Asia.

20. Despite the commitment of advanced types of military equipment and of large numbers of military personnel in Cuba, both before and since the autumn crisis of 1962, we believe the Soviet Union will be hesitant about extending such commitments where it is at a severe logistical disadvantage and will withdraw from them if their maintenance appears to entail a risk of war which would touch the USSR. Soviet support for so-called "wars of national liberation" in areas where the Western commitment is heavy, is likely to be limited to logistic, subversive and propaganda support.

21. Should Soviet military power be substantially increased by a scientific breakthrough, this would certainly be exploited to the full. Depending on the degree of immunity to itself resulting from such a breakthrough, the Soviet Government could make war, limited or global, an instrument of foreign policy. However, a scientific breakthrough of such magnitude would be unlikely to occur during the time period covered by this paper.

22. The main immediate threat to the security of the Soviet state is a deterioration of international relations which might lead to global war. Simultaneously with the maintenance of its deterrent forces, therefore, the Soviet Government is likely to seek, either by threats of counter-action or by negotiation, some measure of agreement on disarmament or collateral measures, as well as on such potential danger spots as Central Europe. General and

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- 12 -

complete disarmament will be given continued emphasis by the Soviet Union, although the Soviet leaders may consider it necessary to downgrade or even withdraw from international negotiations in this field from time to time. It is not excluded that the Soviet Union would agree to a test ban treaty and a limited degree of control and verification on Soviet territory because of its fear that control would be used for espionage purposes. It will continue to urge the adoption of a non-aggression pact between NATO and the Warsaw Pact powers. It may be prepared to consider specific regional schemes for safeguards against surprise attack in critical areas like Central Europe but, in the absence of a general disarmament programme, will resist plans involving Soviet territory. The USSR has already proposed agreements to prevent the spread of nuclear weapons and for denuclearized zones in Central Europe and elsewhere. To some extent such agreements may, in the Soviet view, aim at denying these weapons to China as well as West Germany.

B. The Soviet Union, Eastern Europe and the Sino-Soviet Bloc

23. Khrushchov is attempting to encourage initiative, energy and imaginativeness in all areas of Soviet society in an effort to free it from the deadening hand of conservatism and bureaucracy without weakening Party control or permitting criticism of the basic tenets of the communist system. He is doing so in the realization that he must allow greater freedom to encourage the rapid development of the Soviet

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economy. This course has its dangers, however, as encouragement given to freedom of thought and greater contact with those Western ideas on which he would draw, have a tendency to over-reach the bounds of Party control which are considered essential for the maintenance of the system. Hence the fluctuations of relaxation and re-assertion of control, as in the field of the creative arts. The desire for greater contact with the outside world and the fear of its undue influence on the Soviet population has its reflection in, and to some extent is a governing factor in, the vicissitudes of greater openness or reserve toward the West.

24. There are areas of instability in the Soviet "zone of control" and this fact limits the opportunities for further extensions of Soviet influence. Albania's defiance of Moscow is essentially a part of the wider problem of Sino-Soviet relations and will probably continue as an irritant to the Soviet authorities as long as differences persist between the Chinese and Russians. The affront of West Berlin has been partially reduced by the erection of the sector border wall but it can be assumed that the Soviets will continue attempts to alter the status of West Berlin, to stabilize the East German regime, to prevent West Germany from acquiring nuclear weapons, and in the long term, to neutralize West Germany in an attempt to prevent it from exercising a detrimental influence on East Germany. The Soviet-Yugoslav rapprochement has to a considerable extent removed the problem of an heretical communist state on the peripheral area of Soviet control and may lead to even further cooperation. It is unlikely, however, that the rapprochement will lead to Yugoslavia's full re-integration into the bloc.

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25. The increasing freedom of action permitted the Eastern European countries in the conduct of their internal affairs in the last few years does not appear to have led to any significant wavering of their support for Soviet foreign policy moves. The increasing freedom is likely to continue and the regimes thereby may become more acceptable to the populations. Except in the unlikely event of severe internal unrest or an attempt by one of the Eastern Europe countries to adopt a foreign policy stance in opposition to that of the Soviet Union, we do not expect a re-imposition by Moscow of Stalinist-type controls over the satellites.

26. The major source of instability within the Sino-Soviet bloc is, of course, the Sino-Soviet dispute which is analysed in detail in another paper. Our estimate is that the consequences upon the struggle for a "world socialist system" would be such as to make both Moscow and Peking pause and refrain from an open split. Each side has more to gain by eroding the other's position in the movement in order to achieve leadership of the whole of it. We therefore expect the current ideological war of attrition to continue in Soviet and Chinese propaganda and in Communist-front organizations during the foreseeable future, although attempts may be made to call temporary truces to mutual recriminations, to see whether bilateral talks can resolve differences, or even to paper over the cracks at a new meeting of Communist Parties. We believe, however, that Khrushchev would not hesitate to cut off the Chinese if this were required by the Soviet national interest or to save his own position, or again to save the Soviet position in the international Communist movement. For their part, the Chinese can be expected to exploit any

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- 15 -

national or international difficulty in which Khrushchev may find himself.

27. We do not believe that the Chinese challenge in itself is likely to move Khrushchov along the path of significant compromises with the West; nor will he allow himself to be goaded by Chinese criticisms alone into increasing the risk of war with the West. It may, however, inhibit Moscow from taking initiatives and may lead to a stance of greater intransigence to deflect Peking's charges that the Russians are soft towards the "imperialists".

C. Soviet Political Influence Abroad

28. The concept of "peaceful co-existence" which is the touchstone of the Soviet attitude to the non-Communist world, has many facets. It embraces two important current doctrines -- (a) that war between the communist and capitalist states is avoidable, and (b) that violent revolution is not an essential step in the creation of a communist state. The first derives from the correlation of forces in the world, the mutual deterrents -- and the recognition that thermonuclear war would effectively destroy Soviet achievements. The second derives from the conviction that the contradictions in the capitalist system will eventually bring about its piece-meal disappearance; that the material achievements of the communist system will exert a strong magnetic attraction; and that particularly in the new and less-developed countries social-economic development will be sufficiently "progressive" (agrarian reform, a large state sector in the economy, etc.) that there need be no armed clash between the proletariat and the vested capitalist interests.

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29. "Peaceful co-existence" does not mean a policy of "live and let live" between the communist and the non-communist world. It is rather a means of giving the Soviet authorities the freedom to compete with the Western powers and to erode their strength, cohesion and resistance to communism by any means short of war. It includes the removal of all remnants of colonialism and help in the emancipation (not only political but also economic) of newly-independent countries. The object is that Western influence be replaced by Soviet, and that the domestic structure approximate the Soviet one (single party, large state sector in the economy, etc.) so that they become increasingly dependent on and aligned with the USSR. It does not preclude a continuation of the internal "class struggle" -- which includes subversion of non-communist governments, local communist party and "front" activity, political demonstrations, and strikes in key sectors of the economy. In pursuit of its policy of "peaceful co-existence", the Soviet Union makes use of a wide variety of strategic, economic, diplomatic, propaganda and clandestine instruments: the existence of Soviet military might, foreign aid and trade, diplomatic activity through its embassies and at international conferences and meetings, propaganda designed to discredit the West and non-communist regimes and to extol Soviet achievements, and the traditional clandestine activities of penetration, subversion and espionage. It is, in short, the dynamic policy designed to achieve Soviet and communist foreign policy objectives without incurring unacceptable risks for the integrity of the Soviet state.

30. The policy of "peaceful co-existence" and the convictions on which it is based are subjected to a

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number of severe strains -- the growing prosperity and cooperation of the capitalist countries; the failure of a number of newly-independent countries to reject outright all Western influence, to welcome increased Soviet influence unhesitatingly and to accept as necessarily valid for their needs a social-economic structure along communist lines; the outlawing and persecution of communists in countries aided by the Soviet Union; and situations evolving to a large extent beyond the control of the Soviet government or of any major power. But "peaceful co-existence" is such a broad and flexible policy in its means that it remains a central factor governing Soviet courses of action. Its abandonment would mean either the abandonment of the dynamic aspect of Soviet foreign policy on the one hand, or the acceptance on the other of an attitude of intransigent and active hostility to the non-communist world, with all the attendant risks. Neither would appear a likely possibility.

(1) Europe and the West

31. The Soviet Union will pursue the general objective of weakening the military strength and impeding the economic development and political cohesion of Western Europe and North America. At the same time, it will seek Western acceptance of the permanence of the East-West demarcation line. More specifically, it will work for the elimination of the Western military presence in West Berlin; the recognition of East Germany; prevention of the acquisition of nuclear arms by West Germany and its demilitarization; withdrawal of U.S. forces from Europe; and prevention of the closer association of other European powers and North America with the European Economic Community.

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32. To achieve these objectives, there will be a continuing Soviet attempt to extract concessions from the West through negotiations, probably interspersed with warnings as to the dire consequences which will flow from Western failure to accept Soviet demands. The first preference will be to seek a solution to European and other problems directly with the U.S.A., making use of a continuous Moscow-Washington dialogue (which has the additional advantage of reducing the chances of war due to misunderstanding) to reach at least limited agreements which can then be presented as faits accomplis to reluctant allies on either side. Alternatively, the USSR may seek to achieve similar solutions through meetings at the foreign minister and summit levels, through direct negotiations with West Germany, or possibly with France with a view to seeking a "European" solution to Central European problems which would contribute to the exclusion of the American presence in Europe.

33. Due in part to the memory of American firmness over Cuba and in part to the erection of the Berlin wall which has stopped the East German exodus, the Soviets are not pressing for an early solution to the Berlin problem. The present situation is not, however, satisfactory to them, and they may therefore be expected in due course to renew the pressures by such measures as interference with access routes, threats of armed intervention and the signature of a separate German peace treaty. But unless the East German regime were in danger of collapse and the Soviet leaders judged that Western intervention was imminent, it is unlikely that the Soviet Government would deliberately carry out any military threat or that it would take any steps which carried a grave risk of a major armed clash.

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(11) The Middle East

34. The USSR continues to recognize the importance of Arab nationalism and to base its policy on the opportunities offered by the existence of wide-spread poverty in conjunction with decadent regimes or outmoded social systems. It has avoided any commitments towards Israel and has provided assistance to the Arab countries without apparent concern for the effect on Arab-Israeli tensions. The USSR also seeks to exploit the difficulties encountered by the West in maintaining direct control over its interests in the area. Accordingly, Soviet policy consists in supporting nationalist regimes, whether radical or reformist, providing substantial economic and military aid, and encouraging Middle East governments to reduce Western influence.

35. Continuation of Soviet economic and military aid in the face of extreme local anti-communist action suggests that the Soviet Union prefers at this stage to increase its contacts with existing regimes and to develop its presence in the area in a respectable way rather than by lending overt support to "progressive" forces. Occasional propaganda outbursts against individual governments have not been followed by more concrete actions such as the breaking of diplomatic relations or a drastic reduction of aid or trade. Unless the countries concerned adopt a strong anti-Soviet policy, it is unlikely that the over-all pattern of Soviet Middle Eastern policy will change.

36. The USSR probably considers the long-term trends in the Middle East to be in its favour, with the gradual elimination of direct Western control, continued political instability and the emergence of social and economic problems which will offer increasing opportunities for

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the extension of Soviet influence. It may, however, become less confident of this development if the extension of "Arab socialism" gives promise of a solution to the basic social and economic problems of the area and eliminates conditions which provide fertile grounds for the increase of communist influence. Increasing Arab unity may also work against its interests. Meanwhile, we anticipate that the USSR will employ primarily diplomatic and economic means to maintain and extend its present influence. Its propaganda is likely to be directed for the most part to the projection of a desirable image of the Soviet Union and, in some instances, to the exacerbation of differences with the West. In the event of a crisis leading to Western military intervention, the USSR would doubtless resort to military threats and political pressures. We think it unlikely, however, that it would actually intervene, since it would judge that such Western action, if left to take its course, would damage rather than advance the Western cause. Indeed, it is difficult at this point to envisage circumstances in which the Soviet position in the area would be better served by large-scale military intervention than by limited military support. With regard to the non-Arab countries of the region and especially Iran, the USSR can be expected to take further steps to loosen ties with the West.

(111) Africa

37. As in the Middle East, the Soviet Government is undoubtedly conscious of the opportunities offered by African nationalism, by anti-Western sentiment and by the social and economic problems of the continent. Its

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present lack of knowledge of the African scene, will nevertheless for some time be an impediment in its attempts to turn these opportunities fully to Soviet advantage. The Soviet Union has suffered rebuffs in the ex-Belgian Congo and in Guinea, and these have probably taught the lesson that excessive zeal arouses national sensitivities.

38. We expect that over the period envisaged the Soviet Union will continue to concentrate on strengthening and extending its diplomatic representation, on responding with alacrity to statements of specific economic and military needs by newly-independent African states, and on propaganda designed to embarrass the West. Some overt activities may increase in favour of the advancement of extreme left-wing forces (e.g. in the trade union movement) and of pan-African and Afro-Asian organizations which have no connection with the Western world. At the same time, the Soviet Union may be expected to cooperate with existing regimes headed by the "national bourgeoisie" in which it will encourage "progressive" forces to lend support in the hope of influencing policies in an anti-Western direction. However, improved relations between the West and the African countries or the suppression of local communist parties would cause the Soviet Union to protest such policies even while maintaining diplomatic and economic relations. The Soviet Union will probably encourage the efforts of the newly formed Organization of African Unity established at the Addis Ababa Conference, towards ending colonialism in Africa while playing down the aim of the Organization to promote economic stability and cooperation throughout the continent.

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(iv) Asia

39. In the Far East two inter-dependent problems are of primary importance to the Soviet Union. These are the restoration of relations with Communist China and the restoration of Soviet prestige and leadership among Asian Communist governments and parties. A third problem which stems to a substantial degree from the first two is the maintenance or, in some cases, the restoration of its position vis-à-vis non-communist Asian nations.

40. In seeking solutions to these problems the Soviet Union faces a difficult task because the Chinese possess a number of natural advantages over the Russians in their dealings with fellow-Asians. These are geography, race and the common experience of poverty and economic backwardness, which the Chinese are exploiting to the full. Fear of Chinese expansionism may encourage receptivity to Soviet advances amongst some Asian countries and in any event the Soviet Union will try to capitalize on such fears at every opportunity. Relying in large measure on its superior ability to provide economic and military aid, it will attempt, in its efforts to displace Western influence in the area, to ensure that this is replaced by Soviet rather than Chinese influence. It can be expected to continue assisting India both economically and, in a limited way, militarily, as long as serious hostilities are avoided. It will also continue to encourage the Indonesians in their efforts to assume the leadership of the "newly emerging anti-imperialist forces", especially in situations of the types exemplified by Malaysia and Portuguese Timor.

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41. The Soviet Union will be inclined to continue its attempts to moderate extreme Chinese policies. It is a question, however, whether Soviet views any longer influence Peking's policy decisions, especially in Asia. The Soviet leaders are well aware of this situation and, in the light of more important aspects of the Sino-Soviet dispute, will probably be less and less inclined to attempt to influence the Chinese on Asian affairs, and instead will concentrate on what is important in terms of communist doctrine and Soviet national interest. While the USSR would probably assist China if it were the object of an external attack, it is unlikely to give China any support for "foreign adventures" and might not even come to the assistance of the Chinese in a serious crisis in the Taiwan Strait if it clearly had been initiated by the Chinese. The only remaining means available to the Soviet Union to apply pressure on the Chinese are the withholding of military assistance and petroleum products. In each case the efficacy of their application would be less important in the future than it would have been in the past and, therefore, the Soviet Union is unlikely to apply such sanctions except as a last resort.

42. In Japan, through diplomatic and direct political action, the USSR will continue to exploit anti-US and anti-militarist elements. It will also continue to take advantage of the Japanese interest in expanded trade and to exploit Japanese resentment at American attempts to control or limit trade with the Soviet Union. Its propaganda will support these actions and will include threats concerning the consequences of foreign bases on Japanese soil. Attempts will no doubt be made to regain the influence which has been lost to the Chinese within the Japanese Communist Party.

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(v) Latin America

43. The political instability, economic backwardness and chronic anti-Americanism in Latin America provide the Soviet Union with opportunities that are particularly attractive because of the strategic position of the continent in relation to the USA. Cuba, now a Communist state almost completely dependent on the Soviet bloc for its economic survival, will provide the Soviet Union with the advantages of a beach-head of communism in the Americas. These advantages may, however, be partially counterbalanced by the drain which Cuba imposes on Soviet economic and military resources. Moreover, the way in which Cuba was treated by its Soviet protector last October as a pawn in the East-West power struggle aroused resentment in Cuba (now at least partially overcome by Castro's red-carpet treatment in the Soviet Union) and may impress other Latin American states with the dangers of too heavy a reliance on the USSR. For the Soviet Union, the Cuban pattern of revolution founded on guerrilla activities may not always appear to be reconcilable with the Soviet gradualist tactics of advising some local communist forces not to make open bids for power but to infiltrate non-Communist groupings and to generate popular pressures for leftist policies. Gradualist tactics are likely to prevail throughout most of Latin America during the next five years. The Russians in any event will avoid a commitment in the area which runs the risk of another direct confrontation with the USA. They would, however, probably feel obliged to lend support to successful local movements using violent tactics, and thus there may be exceptions to their general gradualist, evolutionary policy.

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(vi) North America

44. Since the opportunities for direct communist action in North America are limited, we believe that Soviet policies will be restricted to encouraging the acceptance of the "peaceful competition" thesis through propaganda and increased cultural and trade contacts. Soviet propaganda directed against Canada will concentrate on the dangers to Canadian independence and security deriving from the "domination" of its economy and defence by the USA.

(vii) The United Nations

45. In recent months, the Russians have not pressed their "troika" proposal for the Secretary-Generalship, concentrating instead on increased Soviet bloc representation on the Secretariat. They are likely to continue refusing to pay their assessments for U.N. peacekeeping operations, which they maintain are illegal. They will attempt to re-assert the primacy of the Security Council, where they can wield the veto, over what they regard as incursions on its powers by either the General Assembly or the Secretary-General. Soviet membership in the UN is probably considered profitable and worth the small Soviet contribution to the regular budget of the organization. It is likely that the Russians look forward to a day when their influence in the UN will equal or even surpass that of the Americans. In the meantime, they can be expected to exploit every opportunity to make full use of the United Nations as a propaganda forum and as an instrument to help achieve their political goals abroad.

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D. Extension of Soviet Influence Abroad by Economic Means

46. The progress of the Soviet economy has an obvious bearing on the extension of Soviet influence abroad. An attempt is being made to sustain an increasing defence burden and a prestigious space programme parallel with the rapid creation of the physical base of a mature industrial society. At the same time, Khrushchov is trying to provide an increasing standard of living and to have something left over for economic assistance to under-developed countries. All of these economic goals are considered necessary for the attainment of foreign policy objectives.

47. Despite continuing rapid economic growth, there are some depressing influences on the economy: the failure to reconcile the need for flexibility in an increasingly complicated economy with the doctrine of detailed central planning and administrative price-setting; and relative stagnation in agriculture with its adverse effects on the rate of growth of per capita income. Present indications suggest a decreasing rate of growth. Any serious attempt to overcome stagnation in agriculture would require a reallocation of resources which would have its effect on progress in other branches of the economy unless defense expenditures were to be reduced. Also, a basically autarchical approach has prevented trade outside the bloc from assuming a major role in development plans; thus a full-scale attempt to meet deficiencies by imports financed by foreign loans or by a major export drive would seem not to enter into Soviet calculations.

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(i) Aid to Underdeveloped Countries

48. The Soviet Government appears to have been disappointed by the limited impact of its economic aid programmes and it seems likely that Soviet economic aid policy may be more cautious in the future. While the USSR has the resources to expand its aid programmes considerably if it judges that the results are likely to justify the effort, there are many demands on Soviet resources and the diversion of additional resources to foreign aid will be even more carefully scrutinized in the future. On the other hand, aid programmes will not be completely abandoned; such action would, of course, have a bad effect on the Soviet image abroad. Soviet aid is likely to be directed to fields where Western influence can be diminished or where existent free enterprise arrangements can be damaged. The emphasis will be on strengthening local state enterprises.

49. In contrast, military aid may continue to occupy an increasingly important place in Soviet policy, because it tends to lead to indirect political power by making the recipient country's armed forces dependent on the USSR.

(ii) External Trade

50. New trade agreements and the heavy repayment commitments of major recipients of Soviet aid should assure a continuing expansion of Soviet trade with the major underdeveloped countries. The Soviet Government will not, however, develop large consumer markets or become critically dependent on supplies from overseas. This will limit Soviet trade possibilities and will mean

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that efforts will continue to be concentrated on a few commodities and areas, particularly where Western interests may suffer damage and where the Soviet Government can pose as the champion of the under-developed countries against Western exploitation.

51. The USSR will continue to trade with the industrial nations of the West primarily to provide assistance to its own development plans. It will seek to expand its exports of commodities capable of earning foreign exchange in order to maintain its imports, but is unlikely to engage in the deliberate disruption of world commodity markets. Generally speaking, the USSR will lack the resources to exert political influence on Western states by direct economic means. The USSR now appears to have accepted the fact of the continued existence of the European Economic Community and to have decided to concentrate attention on keeping open Soviet bloc trading possibilities with the Common Market and on warning of the dangerous political results of what it interprets as West German dominance of the EEC. The USSR will remain extremely sensitive to measures designed to restrict its trade with Western countries and, quite apart from its need for particular commodities, will continue its efforts to eliminate Western discrimination against it. In order to gain recognition as a world trader, the Soviet Government will probably seek to balance its deficiencies in economic bargaining power by vigorous political action in, for example, the 1964 United Nations Conference on Trade and Development and the Economic Commission for Europe.

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(iii) CMEA

52. The Soviet Government will continue to encourage economic integration within its bloc by strengthening the executive organs of the Council for Mutual Economic Assistance (CMEA), by engaging in cooperative investment programmes particularly in the field of energy, by encouraging industrial specialization schemes in eastern Europe and by other such policies. This process may be expected to face such problems as the elaboration of a coherent price system for planned economies and conflicting national interests among member countries. Although progress in CMEA in some sectors may be slow, economic integration and a division of labour among the communist countries would gradually increase the dependence of the smaller states on the Soviet Union, and in some cases reduce their freedom to trade with the West, at the same time as it helps to raise their standards of living.

Our file ref.....



DEPARTMENT OF NATIONAL DEFENCE

CSC 1860-2 (JIC)

CSC 1824-1 (JIC)

JOINT STAFF

RESTRICTED

(Enclosure SECRET)

OTTAWA, 6 June, 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

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MEMORANDUM FOR THE JIC:

SOVIET INTERDICTION OF ALLIED COMMUNICATIONS
PART IV - ASSESSMENT OF THE LIKELY EFFECTS
ON ALLIED TRANSANTIC COMMUNICATIONS.
PART V - RECOMMENDATIONS FOR COUNTERMEASURES.

Reference: (a) CSC 1860-2, CSC 1824-1 (JIC) of 27 May 63
(b) Minutes of the 964th meeting, Item XIII

Enclosure: (1) Copy of letter to Major-General Thuillier.

Enclosure (1) is forwarded for the information
of members.

E. A. Cureton

(E.A. Cureton)

Acting Secretary,

Joint Intelligence Committee.

Enc.

EAC/2-5459/1c

cc: CJS
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Secretary, JTC

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DEPARTMENT OF NATIONAL DEFENCE

CSC 1860-2 (JIC)

CSC 1824-1 (JIC)

JOINT STAFF

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C O P Y

OTTAWA, 6 June, 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

Major-General L. deM. Thuillier, CB, OBE,
Coordinator of Communications-Electronics Policy,
c/o Joint Intelligence Committee,
LONDON, England.

Dear General Thuillier:

Reference is made to your letter EXT.327 of 12 December, 1962 under which were forwarded copies of Parts IV and V of the study "Soviet Interdiction of Allied Communications".

The Joint Intelligence Committee and the Joint Telecommunications Committee have studied Parts IV and V and have agreed with the conclusions. It was considered however, that the means of control of trans-Atlantic communications would need further detailed study.

To this end, and in anticipation of further development of the control of communications question, the matter will be investigated further with the Canadian Emergency National Telecommunications Organization which is an interdepartmental body fulfilling a planning role in peacetime and functioning as an executive agency of Government in controlling and administering the national telecommunications systems in war.

I am sending a copy of this letter to Dr. Karl Weber in Washington, D.C. U.S.A.

Yours sincerely,

(E.A. Cureton)

Acting Secretary,

Joint Intelligence Committee.

cc: Dr. Karl Weber
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EXTRACT FROM MINUTES OF THE 964th MEETING OF THE JIC
HELD ON WEDNESDAY, JUNE 5, 1963

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✓ XV.

CANADIAN PARTICIPATION IN
INTELLIGENCE GATHERING OPERATIONS

(SECRET)

21. Capt. Murdoch referred to the invitation received from Admiral Lawrence, ONI for the Canadian maritime forces to participate in operations which would be designed to gain intelligence on Soviet Northern and Baltic Fleet Units during their summer exercises, and the fact that the JIC at its 943rd meeting strongly endorsed such participation.

(CSC 1485-1 (JIC))

22. Capt. Murdoch advised the Committee that he had now informed ONI that CANCOMARLANT has been authorized to deploy up to three Argus MP aircraft to participate in monitor exercise subject to no overflight of Soviet or Bloc territory.

23. The Committee noted Capt. Murdoch's report.

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EXTRACT FROM MINUTES OF THE 964th MEETING OF THE JIC

HELD ON WEDNESDAY, JUNE 5, 1963

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✓XIII. SOVIET INTERDICTION OF ALLIED COMMUNICATIONS (SECRET)
PART IV AND PART V.

17. The Committee considered a letter from the Secretary, Joint Telecommunications Committee commenting on Parts IV and V of the British Study of "Soviet Interdiction of Allied Communications."

(CSC 1860-2 (JIC), CSC 1824-1 (JIC) of 27 May 63)

18. The Committee:-

(a) noted the reply from the JTC;

(b) amended and approved a draft letter to Major General L. de M. Thuiller, Coordinator of Communications Electronics Policy, London, indicating that while the Canadian JIC and JTC agreed with the conclusions of Parts IV and V of the Study it was considered that the means of control of trans-Atlantic communication would need further detailed study and that the matter would be investigated further with the Canadian Emergency National Telecommunications Organization.

ACTION: Acting Secretary.

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CONFIDENTIAL

June 5, 1963.

Dear Geoff,

I should be grateful if you could obtain for us from the CIA an additional copy of NIS 26 Section 52. You might also, at the same time, find out whether Sections 54 and 56 are available and, if so, whether one copy of each can be supplied to us for use in D.L.(2) Division.

Before you send on Section 52, you might show it to Basil Robinson and ask him how he would explain the photograph (Figure 52-6) on page 52-9, as questions are being asked by members of the Department to whom this publication is being circulated. You will understand John Timmerman's special interest.

Yours sincerely,

OK'd by Mr Timmerman

J. J. MCCARDLE

J. J. McCardle
Defence Liaison (2) Division

G. C. Cook, Esq.,
Canadian Embassy,
Washington, D.C.,
U. S. A.



CONFIDENTIAL

**THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA**

United States Embassy,
Ottawa, Ontario, Canada,
June 3, 1963.

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Dear Jim:

Please find attached one copy of a Library of Congress publication entitled "SOVIET RUSSIAN - Scientific and Technical Terms".

I have passed copies of the above to JIB, DSI and RCMP. Having one extra copy left over, it occurs to me that CBNRC might be interested in such a listing. If you agree, please feel free to pass the document to that organization.

Sincerely yours,

RK
Rolfe Kingsley
Attache

Attachment: a/s

*Refer copy with
enclosure to CBNRC
while.
K.B.*

*Done
6/6/63
ms*

JJ
J.J. McCardle, Esquire,
Defence Liaison (2) Division,
Department of External Affairs,
Ottawa.

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EXTRACT FROM MINUTES OF THE 963rd MEETING OF THE JIC

HELD ON WEDNESDAY, MAY 29, 1963

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SOVIET LIKELY COURSES OF ACTION, CANADIAN JIC 467(63)

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✓ 9. The Chairman invited Mr. B. Seaborn of the Department of External Affairs to speak to the Committee on the preparation, by External Affairs, of the draft of the paper "Soviet Likely Courses of Action", CANADIAN JIC 467(63) which was due on 1 April, 1963. Mr. Seaborn informed the Committee that several drafts of the paper had been prepared and submitted for comment to the External Affairs Sino-Soviet panel. The drafts were prepared through the expedient of updating the previous paper on this subject and it had become evident that the final draft had grown overly long and suffered from a poor arrangement of content. He suggested that, given the additional time required, a completely revised and reorganized draft could be produced which would result in greater clarity and usefulness of the paper. He indicated that the reorganization of the draft could be accomplished in time to present it for JIC consideration in not more than three weeks.

(CSC 7-17 (JIC))

10. The Committee:-

- (a) noted Mr. Seaborn's remarks,
- (b) agreed to allow the time for the reorganization of the paper,
- (c) noted that the draft would be ready for JIC consideration on 12 or 19 June, 1963.

11. The Chairman reported to the Committee that the draft of the paper "Sino-Soviet Relations", CANADIAN JIC 464(63), should be in the hands of members by 31 May, 1963.

(CSC 1145-1 (JIC))

ACTION:

JIS
XA



DEPARTMENT OF NATIONAL DEFENCE
JOINT INTELLIGENCE COMMITTEE
JOINT STAFF

Our file ref.....
CSC 1860-2 (JIC)
CSC 1824-1 (JIC)

SECRET

OTTAWA, Ontario,
27 May, 1963.

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ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

MEMORANDUM TO THE JIC:

SOVIET INTERDICTION OF ALLIED COMMUNICATIONS
PART IV - ASSESSMENT OF THE LIKELY EFFECTS
ON ALLIED TRANSLANTIC COMMUNICATIONS.
PART V - RECOMMENDATIONS FOR COUNTERMEASURES.

Reference: (a) Minutes of the 942nd Meeting, Item IX.
(b) CSC 1860-2 (JIC), CSC 1824-1 (JIC) of
25 January, 1963.

Enclosure: (1) CSC 2240-5 of 27 May 63.
(2) Draft letter to Major-General Thuiller.

Enclosures (1) and (2) are forwarded for consideration
of members. In accordance with reference (a) the JTC was
requested to:-

- (a) comment on Parts IV and V from a DND
point of view, with particular emphasis
on Conclusions,
- (b) where necessary, seek the views of interested
civil departments of the government through
appropriate interdepartmental channels.

2. The subject has been included on the agenda of the
meeting on 29 May, 1963, when the Committee will be asked to:-

- (a) note the reply from JTC at enclosure (1),
- (b) consider the draft letter at enclosure (2).

Enc.
AM/2-5459/jr

cc: CJS
JIS (2)
SOJIR
SOCI

(A. Nelysheff)
LCDR, RCN,
Secretary.

EXTERNAL AFFAIRS
REGISTRY
May 20 2 29 PM '63

S E C R E T

Our file ref CSC 2240-5.....



DEPARTMENT OF NATIONAL DEFENCE
JOINT TELECOMMUNICATIONS COMMITTEE

OTTAWA,

27 May 63

Secretary, JIC

Soviet Interdiction of Allied
Communications - Parts IV and V
Reference (a) CSC 1860-2 (JIC)
CSC 1824-1 (JIC)

1. The JTC has considered Parts IV and V of the paper, "Soviet Interdiction of Allied Communications" and has decided that a reply should be sent to the UK authorities through the JIC stating agreement to the conclusions in Parts IV and V but that the means of co-ordinating Trans-Atlantic Communications circuits would need further study. The JTC will propose the setting up of a working group within the Emergency National Telecommunications Organization (ENTO) to study co-ordination. ENTO is an interdepartmental body which in peacetime has a planning function and in war would function as an executive agency of Government in controlling and administering the national telecommunications systems. Within ENTO there are a number of committees and sub-committees one of which is suitable for dealing with this subject.
2. As you can note the JTC decision does not provide, so far, all of the information you were seeking, particularly, with reference to para 3(b) of your letter. However, some time, (probably two to three months) will elapse before the results of the ENTO Working Group's consideration are available and you may wish to make an interim reply to Maj-Gen Thuiller. Accordingly, I am sending you this report on progress on this subject to date.

(W.C. Maclean) W/C

Secretary

Joint Telecommunications Committee

S E C R E T

D R A F T

SECRET

OTTAWA, Ontario,
27 May, 1963.

Major-General L. de M. Thuiller, C.B., O.B.E.,
Coordinator of Communications Electronics Policy,
c/o Joint Intelligence Committee,
LONDON, England.

Dear General Thuiller,

Reference is made to your letter EXT. 327 of
12 December, 1962 under which were forwarded copies of Parts
IV and V of the study "Soviet Interdiction of Allied Commun-
ications".

The Joint Intelligence Committee and the Joint
Telecommunications Committee have studied Parts IV and V and
have agreed with the conclusions. It was considered however,
that the means of control of trans-Atlantic communications
would need further detailed study.

To this end, and in anticipation of further develop-
ment of the control of communications question, the matter will
be referred to the Canadian Emergency National Telecommuni-
cations Organization which is an interdepartmental body fulfill-
ing a planning role in peacetime and functioning as an executive
agency of Government in controlling and administering the
national telecommunications systems in war.

(A. Malysheff)
LCDR, RCN,
Secretary.

Our file ref.....



DEPARTMENT OF NATIONAL DEFENCE CSC 7-17 (JIC)

JOINT STAFF

CONFIDENTIAL

50028-B-40

OTTAWA, 17 May, 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

50028-B-40	
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MEMORANDUM FOR THE JIC:

ECONOMIC INTELLIGENCE STEERING COMMITTEE
THE SOVIET BUDGET 1963

Reference: (a) CSC 7-17 of 9 April, 1963

Enclosure: (1) Canadian JIC comments on
BR EIS(63)5(FINAL) dated 12 March,
1963 on the above subject.

Enclosure (1) is forwarded for your information.

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(A. Malysheff)

LCDR, RCN,

Secretary,

Joint Intelligence Committee.

Enc.

AM/2-5459/1c

cc: JIS (2)
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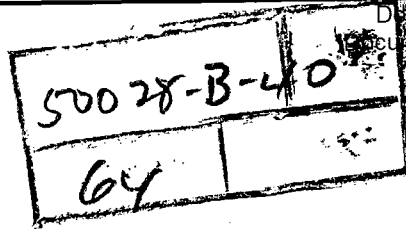
CSC 7-17 (JIC)

Comments on BR EIS(63)5(FINAL) dated 12 March, 1963
"Economic Intelligence Steering Committee - The Soviet
Budget 1963"

JIB: This paper is the final version of JIB annual Soviet budget report. The principal conclusions (see Summary & Conclusions) are couched in terms similar to JIB(0)'s summary in its report on the Soviet economy in 1962. Neither the rate of growth, nor the structure of revenues and disposition of funds in 1962 point the way to new trends of policy or changes in priorities.

No new light has been shed on the defence vote increase of 1961, though the 1962 Budget confirms the changed pattern. The principal conclusions of JIB(L) on that increase (i.e., a large measure of budget reshuffling, and a smaller measure of real increase) still stand. The renewed increase (1962) in the rate of growth of the Investment section of the National Economy category of the budget is held by the British to suggest that difficulties associated with the real increase in defence expenditures have been largely overcome. It is perhaps somewhat early to suggest this solution, in view of Soviet emphasis on difficulties of fulfilling investment plans.

XA, DNI, DMI, DAI, DSI, RCMP, CB NRC: No comments.



CONFIDENTIAL
(CAN/UK/US EYES ONLY)

EXTRACT FROM MINUTES OF THE 961st MEETING OF THE JIC

HELD ON WEDNESDAY, 15 MAY, 1963

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✓ XI.

PUBLICATION OF CANADIAN JIC 462/1(63)
IN THE CANADIAN ARMY INTELLIGENCE
REVIEW

(CONFIDENTIAL)
(CAN/UK/US EYES ONLY)

19. The Committee considered a memorandum dealing with a DMI request for permission to publish CANADIAN JIC 462/1(63) of 6 March, 1963, "The Military Aid Programme of Soviet Bloc Countries and Communist China", in the Canadian Army Intelligence Review.

(CSC 1145-1 (JIC) of 10 May 63)

20. Mr. Bowen, noting that the issue hinged on the release of CAIR to Australia, indicated that the classification CAN/UK/UK EYES ONLY on CANADIAN JIC 462/1(63) was for the purpose of preventing its distribution throughout NATO and that there was no JIB objection to making the material in the paper available to Australia.

21. After discussion the Committee agreed that:-

- (a) CANADIAN JIC 462/1(63) of 6 March, 1963 may be published in CAIR,
- (b) the origin of the paper was not to be disclosed in CAIR,
- (c) the paper itself would not be forwarded to JIC Australia.

ACTION:

DMI

CONFIDENTIAL

EXTRACT FROM MINUTES OF THE 960th MEETING OF THE JIC

HELD ON WEDNESDAY, 8 MAY, 1963

52028-B-40

[Handwritten signature and initials]

✓ IX. ANNUAL REVIEW OF ACTIVITIES
IN THE SOVIET NORTH

(CONFIDENTIAL)

16. The Committee considered a memorandum calling for the preparation of a paper on the above subject with a cut-off date of 1 June, 1963.

(CSC 2106-1 (JIC) of 17 Apr 63)

17. The Committee agreed that a paper on the above subject would be prepared and that:-

(a) the paper would retain the same object, scope and format as CANADIAN JIC 1348/2(62),

(b) ~~the cut-off date~~ would be 1 June, 1963,

(c) the first draft would be prepared by JIS from members' contributions which would be due to reach the Secretary by 17 June, 1963,

(d) the first draft would be circulated for members' consideration by 26 June, 1963.

ACTION:

Members
Secretary.

Our file ref.....



DEPARTMENT OF NATIONAL DEFENCE

CC 1747-1 (JIC)

RESTRICTED

JOINT STAFF
JOINT INTELLIGENCE COMMITTEE

(Enclosure
CONFIDENTIAL)

OTTAWA, 7 May, 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

Nath Doe

50020 5	1/2
64	<i>Jim</i>

→ J.J. McCardle, Esq., (1)
Dept. of External Affairs.
DNI (3)
DAI (1)
RCMP(1)
JIB (1)
CB NRC (3)

D-2	
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2	C. BROWN
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7	1/2
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10	1/2

SOVIET BLOC MERSHIP INDEX AND DECODE

Reference: (a) CC 1747-1 (JIC) of 21 Mar 63

Enclosure: (1) SACLANT Serial 3800/262/1(63)
dated 24 Apr 63

Enclosure (1) is forwarded for your information. Your attention is invited to para 2. Any amendments to this publication should be forwarded to the Secretary as they become necessary.

A. Malysheff
(A. Malysheff)
LCDR RCN,
Secretary.

Enc.

AM/2-5459/1c

cc: DMI (no enclosure)
DSI "

EXTERNAL AFFAIRS
REGISTRY

MAY 7 2 20 PM '63

XA - 3 copies 50028-B-10

Our file ref.....

CSC 1316-1 (JIC)



DEPARTMENT OF NATIONAL DEFENCE
JOINT INTELLIGENCE COMMITTEE
JOINT STAFF

CONFIDENTIAL

OTTAWA, Ontario,
3 May, 1963.

ADDRESS REPLY TO
CHAIRMAN
CHIEFS OF STAFF,
OTTAWA

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K. D. BROWN

MEMORANDUM TO THE JIC:

SOVIET PIPELINE SYSTEM

Enclosure (1) LOSTAN 4892 of 24 Apr 63.

Enclosure (1) was received from CJS(W) and is forwarded for information.

2. CR(62)55, Item 5 records the agreement of the North Atlantic Council that:-

- (a) member countries, on their own responsibility, should, to the extent possible,
 - (i) stop deliveries of large-diameter pipe (over 19") to the Soviet bloc under existing contracts,
 - (ii) prevent new contracts for such deliveries,
- (b) the Council would keep the situation under observation and review as appropriate.

Enc.
AM/2-5459/jr

cc: CJS
JIS(2)
SOJIR
SOCI

(A. Malysheff)
LCDR, RCN,
Secretary.

9

EXTERNAL AFFAIRS
REGISTRY

MAY 7 10 43 AM '63

CONFIDENTIAL

C O P Y

CONFIDENTIAL

DEPARTMENT OF THE ARMY
STAFF COMMUNICATIONS OFFICE

NATO

MESSAGE

PRIORITY
NATO CONFIDENTIAL

FROM: SGREP PARIS FRANCE

TO: SGN WASH DC

INFO: SACEUR PARIS FRANCE

NR: LOSTAN 4892

241536Z APR 63

NATO CONFIDENTIAL

Subject: Soviet Pipeline System

Reference: CR(62)55 Item 5

1. Under any other business council meeting 24 April US representatives raised subject in accordance with NAC decision para 16(1)(B) of reference. Whilst noting the official position of UK Government regarding control of sale of large diameter pipe to Soviets US representative stated he understood UK firm South Durham Company is likely to resume negotiation with Soviet team at present visiting UK on sale of large diameter pipe to Soviets. In view of recent action taken by Germany to stop delivery with dramatic political results the general success of NATO policy in para 16(1)(A) of reference and fact that deliveries from Sweden and Japan had largely been prevented the US representative felt that the NAC should discuss political and propaganda consequences of a contract being signed between the Soviet and the South Durham Company.

2. Following discussion in which majority of delegations supported US concern and voiced grave consequences to NATO of lack of solidarity on this issue Secretary General suggested problem was more political than economic. He would discuss the matter personally with delegations concerned and raise it again in NAC at an early date for discussion.

ACTION: SGN

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NATO CONFIDENTIAL

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C O P Y

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68

EXTRACT FROM MINUTES OF THE 959th MEETING OF THE JIC

HELD ON WEDNESDAY, 1 MAY, 1963

File
KB

✓ IX.

ANNUAL REVIEW OF DEVELOPMENTS
IN POLICIES OF COMMUNIST COUNTRIES

(CONFIDENTIAL)

14. The Committee considered CANADIAN JIC 463/1(63) dated 26 April, 1963 on the above subject, which had been prepared by JIS from members' contributions and from members' comments on CANADIAN JIC 463(63) of 8 April, 1963.

15. The Committee:-

(a) amended and approved the paper as CANADIAN JIC 463/2(63) of 1 May, 1963;

(b) authorized the following distribution:-

INTELLIGENCE POLICY COMMITTEE

Under-Secretary of State for External Affairs

Chairman, Chiefs of Staff

Secretary to the Cabinet

Deputy Minister, Department of National Defence

Chief of the Naval Staff

Chief of the General Staff

Chief of the Air Staff

Chairman, Defence Research Board

President, National Research Council

Deputy Minister of Finance

Commissioner, Royal Canadian Mounted Police

Secretary to Cabinet Defence Committee (Secretary)

Director of Communications Security (3)

Chairman, JIC

for Canadian Missions Abroad (29)

JIC Australia (10)

JIC New Zealand (9)

Mr. R. Kingsley (see and return)

Mr. D. McCarthy (see and return)

DNI

for Flag Officer Pacific Coast (2)

Flag Officer Atlantic Coast (2)

Maritime Commander Pacific

Maritime Commander Atlantic

DMI (2)

for Army Commands (4)

Army Staff College (4)

ATOB

Major-General Survival

DAI (2)

for AOC's Operational Commands (5)

RCAF Staff College

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EXTRACT FROM MINUTES OF THE 959th MEETING OF THE JIC

HELD ON WEDNESDAY, 1 MAY, 1963

DSI (2)
for SA (CNS)
SA (CGS)
SA (CAS)
COR
DRB (5)
RCMP
JIB (5)
for JIBLO London
JIBLO Washington
CB NRC
EIC (5)
JPC (6)
for Members, JPS (3)
CJS
JIS (M)
JIS (JIB)
SOJIR
SOCI
JICLO(W)
for USIB (34)
JICLO(L)
for UK JIC (15)
JS/DSS
Commandant, NDC (4)
Chairman, CJS London
Chairman, CJS Washington
for ACOS(L) SACLANT
ACNMR SHAPE for ACOS(I) SHAPE
NORAD

ACTION: JIS
Secretary