Approved For Release 2007/02/08 : CIA-RDP91T01172R000[redacted]0040025-9

OCI No. 2714
Copy No. 35

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
29 December 1954

State Dept. review completed

CD/ED

TO: Deputy Director (Intelligence)

SUBJECT: Khrushchev's speech at Soviet construction conference

1. The keynote speech of First Party Secretary Khrushchev at the Soviet construction conference, given on 7 December 1954 but not published until 28 December, appears to emphasize more strongly than usual that the further development of heavy industry is the main task of the USSR's economy.* This strengthens recent speculation of the American Embassy in Moscow that policy differences over the relative emphasis to be given heavy and light industry may be emerging among Soviet leaders, perhaps as a result of efforts to determine the economic policies which the USSR should pursue if the rearmament of West Germany becomes a reality.

2. The embassy comments that on the same day Khrushchev's speech was published, the editorial of the Communist Party newspaper Pravda followed the identical line of emphasizing the vital role of heavy industry, while of 25 December the government newspaper Izvestia reiterated its emphasis on consumer goods and the need to stimulate the "creative initiative" of the people. This follows earlier speculation by the embassy that articles in Pravda and Izvestia on 21 December contained the same kind of differences.

3. The fact that Khrushchev rather than some other Soviet leader gave the main address at the construction conference suggests that he may now be assuming top level responsibility over this vital segment of the Soviet economy. From Stalin's death in March 1953 to the Spring of 1954, Khrushchev acted primarily as the regime's major spokesman for the new agricultural program. After April 1954, publicity connecting him with agriculture fell to a very low level. Since September, however, publicity on Khrushchev's activities in other fields has markedly increased: e.g., his trip to China and tour of the Soviet far eastern regions, the issuance over his name of the decree moderating the anti-religion campaign, and now his prominence at the construction conference.

---

*Because there is room for argument in interpreting the nuances of phraseology, pertinent excerpts from Khrushchev's speech, as well as other selected Soviet official statements made during the past year and a half concerning the relative priority of heavy industry versus light industry and agriculture, are appended to this memorandum in a chronological listing.

Approved For Release 2007/02/08 : CIA-RDP[redacted] FOR DECLASSIFICATION ACTION

#25

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

This document has been reviewed by the CIA and a classification retained only because it contains information received from another government agency. The document may be declassified subject to approval by the other agency(s) concerned.

25X1

Reviewer: [redacted] Date: 18 Sept 78

Document No. 25
No Change in Class. ☐
☐ Declassified
Class. Changed to: TS S C
Auth: HR 70-2
Date: _____ By: _____

25X1

void 18 Sept 78 [redacted]

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

4. There is little new economic information in Khrushchev's speech. The need to improve construction methods and reduce costs was discussed in great detail, and numerous architects, planners, and building organizations are criticized by name for failures in this field. Khrushchev strongly advocated the maximum use of precast reinforced concrete in construction, both in order to reduce costs and to save steel and timber--items in relatively short supply. Another point stressed in the speech was the need to standardize planning and designing in construction, eliminating the tendency of architects to make a separate plan for each building and stamp their artistic personality thereon by adding costly frills and ornamentation. Also, in many parts of the speech, Khrushchev emphasized the need for more and better housing, although very little attention was devoted to the construction of plants to produce consumer goods. As an interesting sidelight, Khrushchev mentioned that in his visits to other countries, he had noticed the use of concrete railroad ties in Czechoslovakia and many concrete posts in China. He asked, "Why do we not learn" from the Czechs and the Chinese.

5. It should be noted that the Associated Press report of Khrushchev's speech is erroneous in its major conclusion. This report states that 402 new factories, and an additional 200 open-air or field type factories, are to be constructed in the next three years. The report states that this "factory building drive" might be connected with the recent declaration of Bloc nations that they would increase their armed forces and set up a joint command if the accords for West German rearmament were ratified.

6. Both Khrushchev's speech, and a Soviet decree published in August 1954, state clearly that the 402 new factories and the additional 200 small open-air plants are in the construction materials industry only, and are to produce precast ferroconcrete. The decree also stated that about three-fourths of the output of these plants is to be used for construction in agriculture or housing. This is a much more modest program, and one of a different purpose, than the "factory building drive" described by the Associated Press. The evidence available to us suggests that Soviet leaders may right now be reassessing their economic policy, but that no actual reorientation of the economy has yet begun.

HUNTINGTON D. SHELDON
Assistant Director
Current Intelligence

25X1

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

A T T A C H M E N T

Selected Soviet statements during past year and a half concerning relative importance of heavy industry versus light industry and agriculture. (For Khrushchev's most recent statement, see the last item.)

Malenkov, 8 August 1953 (speech before Supreme Soviet)

> "We shall continue to develop, in every way, heavy industry. ... We must always remember that heavy industry constitutes the foundation of our socialist economy. ... Now, on the basis of the success achieved in the development of heavy industry, we have all the conditions for organizing a sharp rise in the production of consumer goods. ... We are able, and therefore we must -- in the interests of insuring a more rapid increase in the material and cultural levels of the life of the people -- force the development of our light industry by every means."

Khrushchev, 3 September 1953 (speech before the Central Committee, C.P.S.U.)

> "The most vital and important task of our national economy in the present stage is, while continuing to the utmost to develop heavy industry, to secure a steep increase of output in all branches of agriculture and sharply to increase the supply of foodstuffs to all the people of our country within the next two or three years. ... On the basis of a powerful growth of our socialist industry, the leading factor in our national economy, /we must solve the problem/ of creating an abundance of agricultural produce."

Khrushchev, 23 February 1954 (speech before the Central Committee, C.P.S.U.)

> "The session of the Central Committee of the C.P.S.U. has set the most vital nationwide tasks, on the basis of a mighty advance of socialist industry, to satisfy fully in the course of the next two or three years the growing needs of the population of our country for foodstuffs."

Khrushchev, 6 March 1954 (speech to voters as candidate for Supreme Soviet)

> "Now that a powerful industry has been set up in our country, the Communist Party and the Soviet Government have the possibility--without relaxing their attention to the further development of heavy industry, which is the fundamental basis of the Soviet economy--of developing the light and food industries at an increased pace."

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

Malenkov, 12 March 1954 (speech to voters as a candidate for Supreme Soviet)

> "Profiting by the results of industrialization, our Party has posed the task to insure in two or three years a sharp upsurge of consumer goods production."

Khrushchev, 26 April 1954 (speech before Supreme Soviet)

> "Our most important task for the near future is to organize a steep upsurge of agriculture, to raise sharply the production of consumer goods ... definitely raise the living standard of the workers, without slackening attention toward the development of heavy industry which is the basic foundation of the Soviet economy."

Malenkov, 26 April 1954 (speech before Supreme Soviet)

> In this speech, Malenkov made no single reference concerning the relative importance of heavy industry, light industry, and agriculture. In different paragraphs, he stated that each of these economic sectors was rapidly growing.

Soviet press and radio, May through November 1954

> Generally, editorials and articles in the Soviet press and radio during this period called for a sharp upsurge in consumer goods and agricultural output, whithout sacrificing heavy industrial growth in any way. Saburov, chairman of Gosplan, in his 7 November speech on the anniversary of the Bolshevik Revolution, stated: "Basing themselves on the successes achieved in the development of heavy industry and transport, the Party and Government have worked out a wide program for the upswing of the production of consumer goods so as to satisfy sufficiently within the next few years the growing needs of the working masses."

Pravda and Izvestia articles, 21 December 1954

> The American Embassy in Moscow commented that Pravda on this date emphasized the need for continued growth in heavy industry and only incidentally discussed consumer goods, while Izvestia emphasized the consumer goods program and mentioned heavy industry only in passing. (The full texts of these articles are not yet available to the Office of Current Intelligence.)

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9

Khrushchev, published 24 December 1954 (discussion of Soviet agriculture held three months earlier on 25 September with British fellow-traveler John Bernal)

> "We are not reducing our attention to the development of industry. We do not sacrifice industry to agriculture. The development of all branches of industry will continue in accordance with the plan, while the development of heavy industry will also in the future receive the main attention."

Khrushchev, published 28 December 1954 (speech to Conference of Soviet Construction Workers, made several weeks earlier on 7 December 1954)

> "Only by the further development of heavy industry will we be able to promote all the branches of the national economy, continuously increase the well-being of the people, and insure the inviolability of the frontiers of the Soviet Union. This is the main thing, the further development of heavy industry. ... Relying on the achievements in the development of heavy industry, the Party and the Government are paying considerable attention to the expansion of the production of consumer goods. ... Developing heavy industry in the future, we shall strengthen tirelessly the might of our country, struggle for the further upswing of the national economy, and for the increase of the well-being of the people. In this great self-denying work in the construction of communism, a great part belongs to the numerous army of builders."

Approved For Release 2007/02/08 : CIA-RDP91T01172R000300040025-9