

NOV 9 1964

SPOTLIGHT ON BUSINESS

Kosygin and the Russian Consumer

Twin Demands on the New Premier: More and Better Goods Plus Industrial Might

On the direct orders of Russia's new leaders, it was bread-and-circus time in Moscow this week. Black-booted workers swarmed over the public buildings, hanging bunting for Saturday's celebration of the 47th anniversary of the revolution. To the wonder of Muscovite housewives, wheat flour magically appeared for the first time in more than a year (at 31 kopecks a kilo, or about 16 cents a pound). More than 2,000 stores were taking orders for holiday food, drink, and gifts—and some were even offering home deliveries. Shops stayed open until 11 o'clock at night (they usually close at 9), and restaurants which have had to close at 11 kept their doors open as late as 3 a.m. There were rumors that prices of meat, butter, and even vodka would be slashed by as much as 30 per cent in time for the holiday. And in a final Lucullan touch, the regime assigned 250 assistants in Moscow food stores to advise housewives on how to set a gay holiday table.

In 47 years of Communism, the Soviet consumer had rarely had it so good. And if the new concessions, the crimson banners, and the festively lit streets still left him skeptical, he couldn't ignore the spurts of good economic news. Blazed in headlines across Pravda and Izvestia were claims of a record grain collection of 53.8 million metric tons from Kazakhstan and the Russian Republic alone (vs. 33 million metric tons last year), news of a new trade pact with France, news that a promising new incentive system based on factory profits had improved the efficiency of pilot plants and was being extended. Bad news—such as word that the country's industrial growth rate continued its decline, to only 7 per cent in the first nine months—was subtly but clearly linked to the "harebrained schemes" of the ousted Nikita Khrushchev.

Big Lever: The Kremlin's new bosses, party Secretary Leonid Brezhnev and Premier Aleksei Kosygin, are obviously giving top priority to their economic problems—and not without reason. In the view of CIA and State Department Kremlinologists in Washington, Russia's chronic economic troubles were the biggest single lever which Brezhnev and Kosygin used to topple Khrushchev from power. "But now," one top U.S. observer says, "Brezhnev and Kosygin have to deliver what Khrushchev failed to deliver. If they don't, they will be ousted the same way they ousted him. And they

are under just the same handicaps." As Washington sees it, the basic squeeze is one of priorities. Encouraged by a rising industrial growth in the late 1950s, Khrushchev began trying to improve the long-neglected consumer and agricultural sectors of the economy—even promising in 1957 that Russia would equal U.S. production of meat and butter by 1960. But almost immediately, things started going wrong. Disastrous weather and a welter of misguided reforms kept agriculture virtually stagnant for five years; Russian industry, inflexible to new technology, remained geared to the simpler demands of the 1930s and



Kosygin (wearing hat): "Logical"

developed more layers of bureaucracy and less real growth every year. There simply wasn't enough capital to meet the rising consumer hopes and at the same time maintain the industrial growth which every Russian leader since Lenin has regarded as the prime necessity in the race with capitalism.

In Moscow last week, 29 charges—a number of them economic—were leveled against Khrushchev's stewardship. But the incident that actually triggered the charges was Khrushchev's insistence, first in a speech to a joint meet-

ing of party and government leaders on Oct. 2 and then in a secret memorandum to the party Presidium on Oct. 8, that more capital should be allocated to agriculture and consumer goods—at the expense of heavy industry and the military budget. The proposals outraged the Russian conservatives whom Khrushchev himself has derisively called the "steel eaters," and they tipped the balance to force his resignation.

Logician: As Khrushchev's successor in the post of Premier, stolid, colorless Aleksei Nikolayevich Kosygin, 60, will have prime responsibility for the workings of the economy. His approach, as virtually all knowledgeable observers agree, will be sharply different. "Kosygin is a new kind of Soviet leader—not so much ideologue as realist," says Joseph Kahn of New York, a U.S. shipowner who talked with the new Premier earlier this year. "He's the kind of man to head up a major corporation like Ford or General Motors; he doesn't seem to be the type to run a political party. He seems to approach problems in terms of facts, in a pragmatic and very logical manner. If I was impressed with anything, it was his logical approach."

Kosygin rose to the top mainly through sheer dedication to his various jobs, starting as a workman in a Leningrad textile plant. He held ministerial rank under Stalin in textiles, light industry, and finance, and as Khrushchev's Gosplan director, in effect ran the industrial side of the economy. "He's respected and clever, but not a very winning man," said a long-time Western resident of Moscow. "He may have trouble building up a group of loyal followers in the Central Committee—and that's very important."

A precise, almost stuffy man (it was a rare unbending when he appeared in his shirt sleeves on a recent official visit to Afghanistan), Kosygin has been about as popular as the proverbial efficiency expert in his role as economic coordinator. In a recent factory visit, a worker recalls, "We were sure he was a troublemaker who was bound to poke his nose in every corner and claim things weren't being done right. And that's exactly what he did."

New Nepotism? Unsociable and reticent at parties, Kosygin takes only an occasional drink. He has kept his attractive wife, Klavdia, and daughter, Ludmilla, out of the public eye. His son, Andrei, is deputy chairman of the State Planning