

*The Washington Post*

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Associated Press

Soviet workers fight muddy conditions on the Siberian pipeline, a key part of their nation's energy program.

## *Soviets Face Economic Slowdown*

United Press International

A marked reduction in the Soviet Union's economic growth appears "almost inevitable" in the next 10 years and the most serious problem it faces is a looming oil shortage, the Central Intelligence Agency reported yesterday.

The report said the slowdown will make it "much more difficult" for the Soviets to pursue three key objectives: catching up with the United States in military strength, steadily expanding its industrial base, and meeting minimal consumer expectations for improved living conditions and welfare.

The report, released by Congress' Joint Economic Committee, said the situation also will "pose hard choices for the leadership which can have only limited relations with Eastern Europe and the West."

"We conclude that a marked reduction in the rate of economic growth in the 1980s seems almost inevitable," said the report. "At best, Soviet GNP (gross national product) may be able to continue growth at a rate of about 4 per cent a year through 1980, declining to 3 to 3½ per cent in the early and mid-1980s.

"These rates, however, assume prompt strong action in energy policy, without which the rate of growth could decline to about 3½ per cent in the near term and to 2 to 2½ per cent in the 1980s."

The report emphasized that the figures used were average. "In some years, performance could be better, but in others, worse, with zero growth or even declines in some years and a bad crop year coincide," the study noted.

Long-standing problems in the Soviet economy are likely to intensify and will be complicated by two new factors—"a sharp decline in the working age population and an energy constraint," the report said.

The study stressed that "the most serious problem" is a looming oil shortage. The CIA said Soviet officials long have favored increasing current output over developing new sources of oil, and production, therefore, is expected to fall.

The report said the Soviet Union is banking on new supplies of oil and alternate energy sources going into production after the mid-1980s.

"But most of these energy sources lie east of the Urals (mountains), far from major industrial and population centers," it said. "Their development will take years and require massive capital investment."

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**Soviet Economy Said Unwell**

SAN FRANCISCO, Aug. 5 (AP)—CIA Director Stansfield Turner said today the Soviet economy is in trouble.

Details will be made public in Washington next week, the admiral said in his first speech since being named Thursday by President Carter to control all the nation's intelligence-gathering agencies.

Speaking at a luncheon of the 13,000-member Commonwealth Club, Turner said the CIA estimates "that Soviet production of oil will fall markedly in about 1980 . . . (this will have a major impact on the world's economy."

He said Russia's economic troubles hinge in part on its oil problems and on "demographic factors which are going to slow the rate of growth of the labor force."

He went on, "In neither case . . . are we predicting that the Soviets' economic problems are insurmountable; what we're simply saying is that some of the characteristics of the Soviet economy—its rigidity, its adherence to a false economic philosophy, some of the indicators of its performance in the recent past—lead us to believe that the Soviet leadership is going to be facing some very difficult periods."

*The New York Times, 9 August 1977*  
**C.I.A., in a Report to a Congressional Committee,  
Predicts an Economic Slowdown in Soviet Union**

WASHINGTON, Aug. 8 (AP)—The Central Intelligence Agency is forecasting a slowdown in the Soviet Union's economic growth in the 1980's, partly because of a predicted oil shortage.

The study, titled "Soviet Economic Problems and Prospects," was made public today by the Joint Economic Committee of Congress. It says Soviet leaders must make difficult choices in the years ahead, including a decision on whether to cut military expenditures.

The study says that in the next 5 to 10 years long-standing factors that have retarded the Soviet economy will be aggravated by a decline in the growth of the working-age population and reduced oil production.

"In the 1980's the rate of growth of the labor force is expected to drop sharply (to less than 1 per cent beginning in 1982) because of the depressed birth rates of the 1960's," the C.I.A. reported.

But it said "the most serious problem

is a looming oil shortage," with production beginning to fall off in the late 1970's or early 1980's.

"The current level of oil production is close to the estimated maximum potential of 11 million to 12 million barrels per day," the study said. "By 1985 oil output is likely to fall to between 8 million and 10 million barrels per day."

**Most Energy Resources East of Urals**

The C.I.A. said the Soviet Union was counting on new supplies of oil and other energy sources such as coal, natural gas and hydroelectric power by the mid-1980's. But it noted that most of these energy sources lay east of the Urals, far from major industrial and population centers.

"Their development would take years and require massive capital investment," the report added.

It said that with opportunities for conservation less evident in the Soviet Union than in the West, the Russians would probably have to rely on cutting oil ex-

ports to Eastern Europe, importing substantial amounts of oil from non-Communist countries, and severely rationing oil to domestic users.

While oil exports of \$4.5 billion accounted for almost one half of the Soviet Union's hard-currency earnings last year, the report said, Soviet oil imports by 1985 could cost \$10 billion at today's prices and "largely foreclose the import of other goods from the West, including badly needed Western technology."

Some Western experts on the Soviet economy have challenged the prediction that the Soviet Union will have to rely on heavy oil imports by the mid-1980's.

Representative Richard Bolling, a Missouri Democrat who is chairman of the Joint Economic Committee, and Senator William Proxmire, Democrat of Wisconsin, who heads a subcommittee that requested the study, called the conclusion "surprisingly pessimistic with regard to Soviet economic prospects through the next 10 years."