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## SOVIET DEFENSE INDUSTRIES GET NEW LABELS

Radio Moscow announced on 3 March 1965 that on 26 February the Presidium of the Supreme Soviet had ordered the transformation of several state committees into ministries. The changes made were as follows:

- USSR State Committee for Aviation Technology -  
All-Union Ministry of Aviation  
Industry
- USSR State Committee for Defense Technology -  
All-Union Ministry of Defense  
Industry
- USSR State Committee for Radioelectronics -  
All-Union Ministry of Radio  
Industry
- USSR State Committee for Shipbuilding -  
All-Union Ministry of Shipbuilding  
Industry
- USSR State Committee for Electronics -  
All-Union Ministry for Electronics  
Industry
- USSR State Production Committee for Machine-  
building - All-Union Ministry  
for Machine Building

At the same time, the chairmen of the former committees -- Demutlov, Sverlov, Kalaykov, Butova, Zhukin, and Slavsky, respectively -- were given the title of minister but retained in effectively the same positions. It was also announced that the old Ministry of General Machine-building, merged with the Ministry of Defense Industries in May 1957, was being reconstituted, with Afanashev as minister.

The significance of this re-designation -- it could hardly be called a reorganization -- lies in the fact that the institutions are all obviously concerned with defense technology and production. Their new names represent a clear increase in formal organizational stature, and the move might be interpreted as a gesture of militancy in a tense international climate. In fact, however, it represents an organizational retreat from the great economic reform of May 1957, or, to put it more accurately, the explicit recognition that one aspect of that reform simply never worked out.

When Khrushchev presented his proposals on economic reorganization and decentralization in 1957, he exempted certain institutions from the wholesale dissolution of ministries that was to take place.

The following industrial and construction ministries shall be preserved: Ministry of Aviation Industry, Ministry of Ship-building Industry, Ministry of Radio Industry, Ministry of Chemical Industry, Ministry of Machine Building, and Ministry of Transport Construction. It is proposed that the Ministry of Defense Industry be merged with the Ministry of General Machine Building....<sup>2</sup>

(Exemption supplied)

This exception to the general plan was interpreted by some as a concession to the military authorities, particularly Zhukov, who insisted that the industrial suppliers of defense goods retain their ministerial characteristics, that is centralized control and extensive vertical integration.<sup>3</sup> It was especially the latter feature of the old system that Khrushchev wanted to destroy, for the tendency of the

1. Pravda, 8 May 1957.
2. Soviet Strategy in the Nuclear Age, Raymond L. Garthoff, (Praeger, New York, 1958), p. 36.

ministries to acquire direct administrative control over all their supplies was, if a natural outgrowth of the main for plan fulfillment, a usefully inefficient procedure. Khrushchev's remarks make it clear, however, that he was trying to limit this concession to five while imposing his new scheme in substance.

The above ministries should be preserved in order to effect a more even transition to the new type of management (decentralized), without relaxing centralized supervision over the development of these branches of our industry, while carrying out our reorganization of the management of industry and construction. However, these ministries should be fundamentally reorganized. They must plan the development of their respective industries and ensure the requisite technical level of production as well as draw up plans for research and design and supervise their execution. These ministries must be relieved of direct management of enterprises concerned, and in this connection their central staffs must be considerably reduced.

*[Emphasis supplied]*

The law enacting the proposals provided that "enterprises and organizations which fall under the all-Union ministries of the Aviation Industry, Defense Industry, Radio Industry..." be transferred "to the direct jurisdiction of the appropriate economic councils of the economic administrative regions," in effect to the sovkhoznosi, "according to a list approved by the USSR Council of Ministers." The functions of these truncated ministries were specified as "planning...and seeing to high technical standards..." but it was provided that these functions "be carried out by the ministries through the economic councils..."<sup>3</sup> If this language has any meaning, these ministries became state committees in all but name and were subject to the same decentralization that was applied throughout the economy.

It should be noted, however, that the reorganization did not apply to the Ministry of Medium Machine-building, which deals with atomic energy, even though Khrushchev had specified it in his original proposal. Evidently he had been persuaded to leave this critical industry centralized and insulated from the rest of the economy, i.e., self-sufficient regarding supplies.

3. Pravda, 11 May 1957.

In December 1957, the ministries specified above, except for Medium Machine-Building, were formally converted to state committees under the Council of Ministers.<sup>4</sup> This completion of the reorganization occurred, significantly, after Khrushchev had been deposed.

The point of the reorganization was to break up the multitude of vast ministerial empires that had grown up under Stalin. Under pressure for plan fulfillment, each ministry had sought to acquire administrative control over its material inputs so as not to be caught short by some kind in the plan or supply system. As is well known, the result was that plant X of a given ministry would order bolts from thousands of miles away through inter-ministerial supply even though plant Y across the street but under a different ministry had a surplus of bolts. Defense industries, which were under the greatest pressure for results, were probably most prone to this disorder. As an optimist, Khrushchev felt that the dismantling of these hierarchies and the improvement of interbranch communication would improve efficiency, in defense industries as well as in other branches. As pessimists, those who objected felt that if the defense industries were decentralized and subjected to the vagaries of supply prevalent in the economy at large, weapons output would suffer; if the old system was inefficient, at least it was productive, i.e., the goods got produced.

Under the new system the state committees were supposed to have no direct administrative responsibilities -- those devolved upon the uzavkhodai -- but were to oversee technological innovation and promote branch-line efficiency. The non-administrative character of the committees was underscored by their names: Aviation Technology, for example. But the fulfillment of these functions required corresponding powers and, consequently, administrative authority began almost immediately to filter back to the center, to the state committees. Hence, arose the frequent complaints about chairmen of state committees who acted like the ministers of old.

Since the urgency of output in the defense industries was no less than before, it proved most difficult to subordinate them to the new system as had been planned. Apparently, they continued to manifest vertical integration

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4. Pravda, 21 December 1957.

and other inefficiencies characteristic of the old system. It was very likely this feature of the defense industry to which Khrushchev alluded in April 1963 when he complained:

There are considerable reserves for increasing production even in the defense industry. But poor use is being made of these reserves because defense plant production is closed, and this means that any shortcomings and faults in the work of these enterprises are also closed to criticism. (Sair in the hall. Applause.)

The defense industry is coping successfully with its tasks of creating and producing modern armaments. But these tasks could be solved more successfully with less expenditure.<sup>5</sup>

Khrushchev did not retreat formally from the system adopted in 1957. In 1963, even the Ministry of Medium Machine-building was abolished and replaced by the USSR State Production Committee for Medium Machine-building.<sup>6</sup>

It seems relatively clear that, by the very nature of their function, the defense industries were never really decentralized under Khrushchev. Output remained more important than efficiency in these branches, and they therefore had to remain as invulnerable as possible to the supply bottlenecks plaguing the rest of the economy. The administrative autonomy resulting from this situation also rendered these industries relatively more invulnerable to the reforming impulses of the First Secretary, a fact which no doubt irritated him.

The formal reconversion of these industries to ministerial status is a result of the inherent inadequacies of the 1957 reform and the peculiarities of defense production itself. The new leaders, being men of both administrative experience and a practical cast of mind, recognize that these industries must remain more or less insulated from the rest of the economy. They recognize that in Soviet defense industries, as well as in those of the United States, for that matter, efficiency must not be pushed to the point where it jeopardizes total output.

5. Pravda, 24 April 1963.

6. Pravda, 15 March 1963.

Is it possible to read this latest measure as a move toward abolishing the sovsarkhoz system as a whole?

Possible, but not necessary. The Soviets must eventually develop an improved system for combining branch integration with better inter-branch communication, and the sovsarkhoz may well be discarded in the effort. But frankly recognizing that the defense industries are a special case hardly constitutes by itself a move in this direction. The Soviet regime is in the process of experimenting with a variety of economic innovations from which severe temporary dislocations may possibly result. It has been found expedient at this juncture to provide for the defense industries to be as centralized and autonomous as possible until the new systems have been tried and tested in the economy at large.

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