

In the same year even Premier Khrushchev complained that as of January 1 there were many millions of square feet of completed factory space that could not be used because the machinery required for them just wasn't available, while at the same time in other parts of the country there were the equivalent of hundreds of millions of dollars worth of machinery of various kinds standing idle because the factories and mines for which this machine was designed were not yet ready.

At about the same time G. I. Voronov, a Communist party Presidium member, said: "Who does not know that the national economy suffers great difficulties with the supply of metals, that the supply of pipes is inadequate, that insufficient supplies of new machinery and mineral fertilizers for the countryside are produced, that hundreds of thousands of motor vehicles stand idle without tires, and that the production of paper lags?"¹

In 1964 *Izvestia* itself was complaining that the small town of Lide, close to the Polish border, had first been inundated with boots, and then with caramels—both products of state factories. Complaints by local shopkeepers that they were unable to sell all these goods were brushed aside on

¹ See *New York Times*, Oct. 29, 1961.

the ground that the factories' production schedules had to be kept.

Such examples could be cited endlessly, year by year, down to the month that I write this. They are all the result of centralized planning.

The most tragic results have been in agriculture. The outstanding example is the famine of 1921-22 when, directly as a result of collectivization, controls, and the ruthless requisitioning of grain and cattle, millions of peasants and city inhabitants died of disease and starvation. Revolts forced Lenin to adopt the "New Economic Policy." But once more in 1928 more "planning" and enforced collections of all the peasants' "surpluses" led to the famine of 1932-33, when more millions died from hunger and related diseases. These conditions, in varying degree, come down to the present moment. In 1963 Russia again suffered a disastrous crop failure. And in 1965, this agrarian nation, one of whose chief economic problems in Tzarist days was how to dispose of its grain surplus, was once more forced to buy millions of tons of grains from the Western capitalist world.

Problems in Industry

The industrial disorganization has been less spectacular, or better concealed—at least if we pass over

that in the initial phase between 1918 and 1921. But in spite of extravagant claims of unparalleled "economic growth," Russia's problems of industrial production have been chronic. Since factory output goals are either laid down in weight or quota by the planners, a knitwear plant recently ordered to produce 80,000 caps and sweaters produced only caps, because they were smaller and cheaper to make. A factory commanded to make lampshades made them all orange, because sticking to one color was quicker and less trouble. Because of the use of tonnage norms, machine builders used eight-inch plates when four-inch plates would easily have done the job. In a chandelier factory, in which the workers were paid bonuses based on the tonnage of chandeliers produced, the chandeliers grew heavier and heavier until they started pulling ceilings down.

The system is marked by conflicting orders and mountains of paperwork. In 1964 a Supreme Soviet Deputy cited the example of the Izhora factory, which received no fewer than 70 different official instructions from nine state committees, four economic councils, and two state planning committees—all of them authorized to issue production orders to that plant. The plans for the Novo-Lipetsk steel mill took up 91 volumes com-

prising 70,000 pages, specifying precisely the location of each nail, lamp, and washstand.

Yet in 1964, in Russia's largest republic alone, deliveries of 257 factories had to be suspended because their goods were not bought. As a result of the consumer's stiffening standards and increased inclination to complain, \$3 billion worth of unsellable junk accumulated in Soviet inventories.²

Remedial Measures

Such conditions have led to desperate remedial measures. In the last couple of years, not only from Russia but from the communist satellite countries, we get reports of massive decentralization programs, of flirtations with market mechanisms, or more flexible pricing based on "actual costs of production" or even on "supply and demand." Most startling, we hear that "profits" is no longer a dirty word. The eminent Russian economist, Liberman, has even argued that profit be made the foremost economic test. "The higher the profits," he has said, "the greater the incentive" to quality and efficiency. And equally if not more miraculous, the Marxian idea that interest represents mere exploitation is being quietly set aside, and in an effort to produce

² For the foregoing and other examples, see *Time*, Feb. 12, 1965.