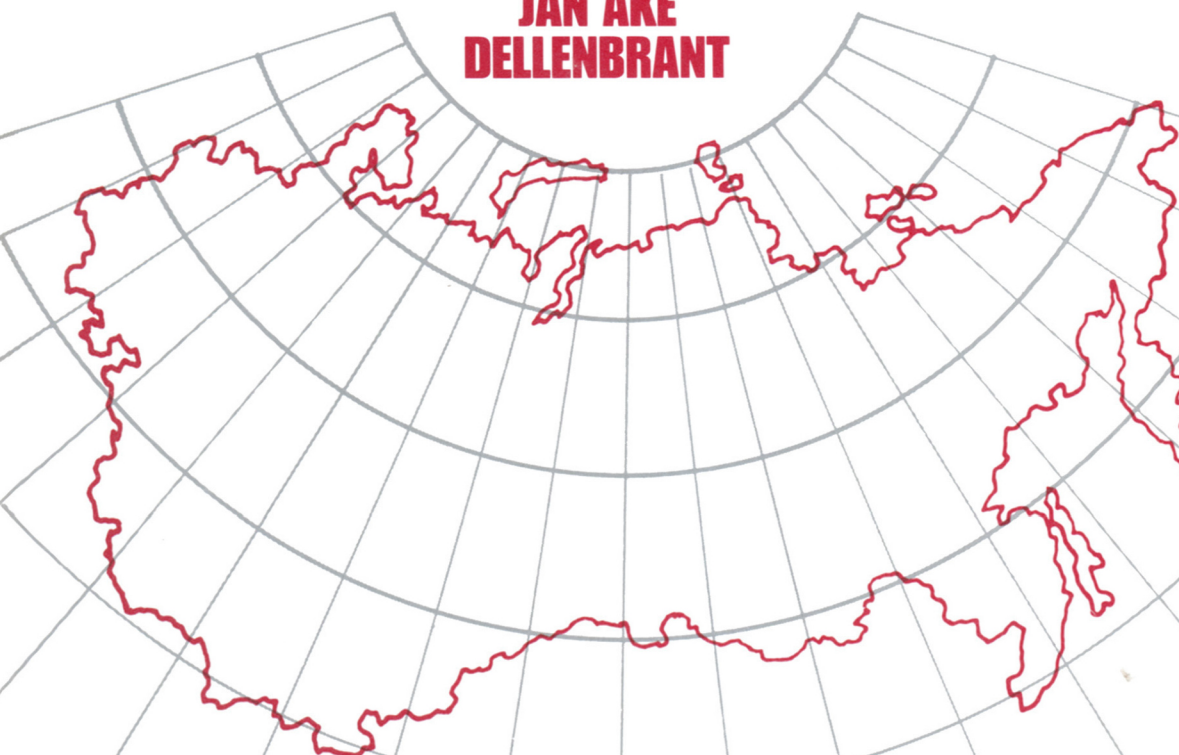


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**THE  
SOVIET  
REGIONAL  
DILEMMA**

**PLANNING,  
PEOPLE, AND  
NATURAL  
RESOURCES**

**JAN ÅKE  
DELLENBRANT**





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## FOREWORD

“To Moscow, to Moscow,” ends the second act of Chekhov’s play, “Three Sisters.” The longing to get away from the periphery to the big city, to culture, to material abundance and expectations of great opportunities, is the *leitmotif* in much of classical Russian literature; even today, after almost seventy years of Soviet rule, the longing to go to the capital, the big city, westward, is still present.

Centripetal forces have always been strong in the vast Russian, now Soviet state, which seems to regard it as axiomatic that a centralization of political and hence economic power as well is necessary to hold together this immense land with its hundreds of different nationalities, and the most varying social conditions and world outlooks.

Nowhere in Europe was the contrast between the capital cities and the provinces so great as regards the material standard, services, and culture as in Tsarist Russia during the period of industrialization. As Dellenbrant shows, the Soviet state’s doctrine of equal development has been able to change this situation only to a limited degree. As long as centralization remains fundamental to the political system and the latter maintains hegemony over the other facets of social life, it will probably be difficult to offset the vast implications of this circumstance, and reforms aimed at political and geographic polycentrism appear to be a long way off.

These factors notwithstanding, Dellenbrant shows how a growing debate concerning the geographic distribution of resources has been trickling forth, undoubtedly as a decision of central policy. Will bureaucratic centralism be given a chance to compete with other approaches to breaking down the ossified central administration in order to better meet the needs of a developing society, or is there now enough economic leeway to permit investment in the various regions even where such a course does not coincide with notions of how the produc-

tion apparatus can best be developed? Dellenbrant's study comes up with no evidence to support this thesis. Soviet communism has traditionally been an "urban ideology": the urban population, the industrial workers and the intelligentsia, have represented the vanguard of change, while the countryside and the peasants have represented reaction and an obstacle to development. Equalization brought about an increasing concentration of housing and services: peasants too should live in multistoried buildings in "rural cities" (*agroroda*) and leave their huts with bad sanitary conditions (bad because of failure to allocate the necessary materials) and their private plots.

The idea of a more even development within regions as well, which has been such an important issue in the Western discussion of regional policy, has never gained a foothold in the Soviet Union, nor do we have any quantitative material to illustrate the current state and future trends in this respect, other than aggregated data on urbanization.

In the West, regional policy involves combatting market forces with correctives in recognition of the political and economic need to spread economic activity, jobs, and welfare over a country's territory.

In the Soviet Union there are no market forces to correct, and it might be thought that the instruments of regional policy are simply part of the norms governing the management of a planned economy. This would mean that whether the goals of regional policy are achieved is mainly a question of the political willingness to do so. That this is not the case can of course be partly explained by the reluctance of the Soviet system to admit to conflicts of aims even where they exist.

At the practical level, the meager results are partly attributable to the omnipresent systems and rules of thumb that replace market forces. These include the price system, which is based on the theory of surplus value, which in principle attributes no scarcity value to raw materials, and therefore can be expected to be conducive to a skewed distribution in value after processing at the microlevel (and hence in the geographic distribution of financial resources) to the detriment of the raw material regions in the East. Such a skewed distribution can probably be only partially offset at most by central allocations of investments to these regions.

But how should regional balance be measured? This problem is found even in the West, with its open access to a wealth of data. In the absence of other material, Dellenbrant must rely on quantitative data on industrial investments in some areas of Siberia, while the effects of these investments on the employment and welfare of the regional popu-

lation can be evaluated only on the basis of periodical articles reporting on individual cases.

Scandinavian experience has shown how limited and indirect the effects of large industrial capital investments (especially after the installation phase) can be for a local population in the remote countryside without an industrial tradition (compare, for example, the employment calculations for the Swedish 1980 Steel Mill Project). Not only capital, but also a specialized work force, must be recruited from elsewhere, with considerable cost for moving, a marginal infrastructure, and a sliding wage scale, while the indigenous population is only indirectly benefitted, e.g., through the new demand for industrial maintenance work, service personnel, etc.

Dellenbrant validly asks to what extent the Yakuts benefit from the investments in the raw materials industry in Yakutia. Nor do higher wages necessarily guarantee access to welfare in a planned economy; rather it is the supply of goods and services via the regional Gosstab and local distribution apparatus, the housing standards, and the range of public services available (including culture and entertainment) that are the primary determinants.

Russian "immigrant laborers" can of course use their extra income and savings to purchase priority capital goods when they return to the western part of the country after several years living under the primitive conditions of Siberia, but the local population is virtually dependent on what is locally available.

There is insufficient statistical material to determine the living conditions in the Siberian regions. The units of analysis are essentially the Soviet republics, so that a study of this sort is limited from the outset.

Data from the Central Asian republics, however, confirm the Western consensus that over the short term it is easier to raise the level of consumption for a group or a region by means of transfers than to give them their own productive basis and a competitive employment for self-sustained prosperity.

The notion that the job should be moved to the worker instead of vice-versa seems to have its counterpart in the disinclination of the Central Asian population to geographic mobility. Both educational and cultural factors are at play here. The fact that a certain rapprochement (*sblizhenie*) has been achieved by raising the basic standards in Central Asia would seem to have eliminated the "push" effect, yet at the same time a "pull" effect is lacking. The willingness to move diminishes. Rises in standards, however, are not merely a tribute to the Party



program, they are also a growing political necessity to offset the attraction that the self-affirmation of the Islamic traditions in the Near East since the 1970s might have had on Persian and Turkish ethnic groups within the Soviet borders.

But this policy has its challenges and weaknesses. In a region where increased production and employment should be based on local initiative and small enterprises, the Soviet system's reliance on centralized administration and large industrial complexes is of no advantage. When the state's financial resources are under strain, regional policy comes under pressure (even in Western societies). The experience of Yugoslavia indicates that patience finally wanes even in a socialist society among those groups of the population who have had to forego an improvement in their own standards to finance that of others.

The success, or lack of it, of regional policy is therefore not merely a question of geographic distribution policy in the Soviet Union. It is also a reflection of the inability of the Soviet system to keep abreast of the times, or to adapt to new priorities and aspirations among the population in the various parts of the country, independently of the "nationality problem" that has long been such a politically loaded call to action.

The lack of a political response to the calls for decentralization and to regional ambitions for development are a problem in many Western democracies. New notions of what welfare means magnify pressure for a more just regional policy even in the East. But the evidence in Dellenbrant's book and elsewhere indicates that the prognosis for the Soviet Union must be relatively pessimistic: we may expect a weaker articulation of regional aspirations and a lower priority given to demands for regional equalization for a long time to come.

ANDREAS ÅDAHL

Minister to Sweden's delegation  
to UNESCO in Paris.



## PREFACE

This book is concerned with regional development, regional differences, and regional policy in the Soviet Union. There is considerable regional inequality in the USSR in respect to natural resources, manpower, and other resources, which gives rise to difficult priority problems for the political leadership. The size of investments in the different regions must thus be carefully weighed, especially if some measure of regional balance is to be maintained.

However, the distribution of resources is a controversial question in the Soviet Union. Representatives of the three major regions—Siberia, Central Asia, and the European USSR—are engaged in an unending effort to augment the flow of resources to their own regions. The activities of these persons—politicians, scientists, and journalists—must be seen in light of the fact that considerable regional differences still exist in the 1980s in the level of socioeconomic development.

In an earlier book, *Soviet Regional Policy: A Quantitative Inquiry into the Social and Political Development of the Soviet Republics*, I explored regional differences in the Soviet Union and the changes they have undergone over time. One important conclusion of that study was that absolute differences between the republics remained in the main unchanged throughout the period of the study, i.e., between 1956 and 1973. In the present study, *The Soviet Regional Dilemma*, I attempt to explain why the differences persist despite the fact that according to official doctrine they should actually have been eliminated.

Chapter 1 proposes a theoretical treatment of regional differences and regional policy. In Chapter 2, the questions posed in the study are defined and the available material weighed. The official Soviet view of regional differences is presented in Chapter 3 by a systematic review of the literature on the subject, and is then compared with the results of both Western and Soviet research.

The way administrative apparatus is organized is of major importance for the implementation of Soviet policy. This is dealt with in Chapter 4, in which various current organizational modifications, e.g., the territorial production complexes, are discussed.

The problem of regional development has been the subject of an extensive debate in the Soviet press, continuing into the 1980s. This debate is discussed in Chapter 5, with special attention given to arguments from representatives of the major regions of Siberia, Central Asia, and the European USSR. The problem of development in the Baltic region is also taken up.

At the 1981 Party Congresses at the republic and union levels, the problems of regional development recurred again and again with striking frequency, and guidelines were set at the Party Congresses for economic development during the five-year planning period 1981–85. Political decisions concerning the 11th Five-year Plan are examined in Chapter 6.

The implementation and the results of Soviet regional policy are dealt with in Chapter 7. Difficulties in implementing decisions within the Soviet organizational setting are discussed. The instruments and effects of regional policy are studied, and national and cultural factors are considered.

The study covers the last part of the Brezhnev period and the entire period in which Andropov was the Soviet Union's head of state. Developments after Andropov's death have been touched upon only briefly.

Soviet regional policy has been relatively neglected by Western scholars. Indeed the concept "regional policy" has very rarely been applied to the Soviet Union, nor have the objectives, means, and results of regional policy all been dealt with in one book.

That I have been able to undertake this task at all, and complete this book on the Soviet regional dilemma, is due in large measure to my talented colleagues on the present project. Throughout the entire period of the project, Adam Perłowski served as research assistant and was responsible for gathering the material from the Soviet press. He also carried out independent analyses of the data. Without Perłowski's knowledgeable contributions, this work could have been completed only with difficulty. Ulla Hagström, as research assistant, was responsible for administering the project and gathering Western material. Ewa Molin was the project's secretary. Lena Wallin performed secretarial tasks for the project in its earlier stages. Lars-Martin Åström analyzed the statistical material. Musja Veinger and Grejnim Goldin helped the

project director with the gathering of data. A good deal of the material was obtained from the Department of Soviet and East European Studies, where Czeslaw Rozenblat has been responsible for the press archives and Stefan Michnik is responsible for the library. I wish to thank all my colleagues for their outstanding contributions.

Colleagues from a number of universities have been generous with their valuable commentary, in particular, Professors Andreas Ådahl, Daniel Tarschys, Sten Berglund, Åke Andersson, and Thorolf Rafto. Sections of the book have been discussed in a number of seminars where I obtained valuable ideas from Anders Fogelklou, Peter de Souza, Ilmari Susiluoto, Jyrki Iivonen, Mats-Olov Olsson, and Ole Nørgaard.

A good part of the work was completed at a number of research centers outside of Scandinavia. Valuable visits were made to the Kennan Institute for Advanced Russian Studies, Washington D.C., and the Russian and East European Center at the University of Illinois, Urbana-Champaign. The project director also made several stimulating visits to the Bundesinstitut für ostwissenschaftliche und internationale Studien in Cologne and the Soviet Institute in Helsinki.

Trips to the Soviet Union also yielded a good deal of valuable material for this work, in particular trips to Siberia and Soviet Central Asia. In December 1983 I visited the Institute for Economics and Industrial Organization at the Novosibirsk Section of the USSR Academy of Sciences, where Academician Abel Aganbegian and Professors Alexander Granberg and Mark Bandman kindly made parts of their own research material available to me. In April 1984 I participated in a study trip to Uzbekistan and Turkmenistan, where I obtained valuable information from Dr. Dzhuma Bairamov, director at the Economic Institute of the Gosplan of the TSSR in Ashkhabad.

But the major portion of the work on this book was done at the Department of Soviet and East European Studies at Uppsala University as part of the project Regional Planning in the Soviet Union, sponsored with generous economic support from the Bank of Sweden Tercentenary Foundation. The faculty committee for social sciences at Uppsala University, the Siamon Foundation, and the Wallenberg Foundation also made valuable contributions.

Monterey, California



## 1. THE PROBLEM OF REGIONAL DEVELOPMENT

Regional analyses have acquired a greater importance in international research on the Soviet Union. The inadequacy of basing a scholarly study exclusively on aggregate data for the Soviet Union as a whole has become increasingly obvious. The increased attention given to regional conditions and regional differences should lead to more concrete descriptions of Soviet society. There is no doubt that regional variations exist in many areas in the Soviet Union. Differences in climate and natural resources constitute one dimension, and differences in the level of socioeconomic development another. The vast number of nationalities—more than a hundred—is a third dimension of major importance.

One of the most important problems Soviet leaders have to face in the 1980s is, according to the American Soviet studies scholar Seweryn Bialer, the distribution of capital investments and other economic resources among the different regions. This distribution of resources with the view toward creating a desirable balance among the regions is done through the existing planning system. But the economic system is beset by a variety of problems that make changes in the regional balance relatively impossible.<sup>1</sup>

Soviet leaders have developed a cautious attitude in the recent period with regard to changes in the planning system. Reforms have often been carried out as experiments, and moreover on a very limited scale. Results have therefore often been unsatisfactory and the leaders have returned to traditional methods of economic control. According to Bialer “*It is the political mechanism which explains the inherent stability of the traditional economic system and the inherent instability of reform efforts in the Soviet Union. Piecemeal and well-intentioned partial reforms, instead of transforming the traditional economic system, are absorbed and changed by this system.*”<sup>2</sup>

The Soviet leaders’ reticence about introducing changes into the

system of economic planning and control therefore has a political explanation. The centralized planning system is instrumental in maintaining a strong central political control over the Soviet Union's various regions.

Bialer's interpretation is also relevant to a study of regional development in the Soviet Union. Even if political leaders should undertake measures to reduce regional differences, the mechanisms described by Bialer may very well lead in quite another direction.

The huge Soviet bureaucracy is another important factor in the implementation of social change in the Soviet Union. A number of scholars regard this factor as crucial to an understanding of the way the Soviet political system functions.

### **Regional Dualism**

Regional development problems are found in a number of countries. They are generally summed up in terms such as the "north-south problem" and "regional dualism." Initially the north-south problem referred to Italy, where the northern part of the country went through a long period of manifest economic and industrial expansion while the economy in southern Italy, the *Mezzogiorno*, in the main stagnated. Other countries as well, such as Belgium and Great Britain, have been plagued by the vexing problem of regional dualism. Sweden and Finland also have their north-south problems. A number of scholars claim that all countries, especially the market economies, have regions with widely varying income levels.<sup>3</sup>

The general presumption is that related causes can be discerned behind these phenomena. One theory on the north-south problem has been formulated by Gunnar Myrdal. According to Myrdal, tendencies toward regional economic inequality are to be found in all societies. These regional differences are further increased by the play of market forces.

"If things were left to market forces unhampered by any policy interferences, industrial production, commerce, banking, insurance, shipping and, indeed, almost all those economic activities which in a developing economy tend to give a bigger than average return—and, in addition, science, art, literature, education and higher culture generally—would cluster in certain localities and regions, leaving the rest of the country more or less in a backwater."<sup>4</sup>

Myrdal's theory refers to market societies and certain developing

countries in particular. But it is also interesting to apply Myrdal's theory to a centrally planned society such as the Soviet Union and investigate whether there as well some regions find themselves left behind because of rapid development elsewhere. The Soviet Union to a certain extent has pursued a pattern of regional development inherited from Tsarist times. Myrdal's theory might also shed light on this pattern.

Myrdal claims further that expansion within a region gives rise to "backwash effects" on other regions. Often economic activity spreads from one region to another, which then also experiences economic growth. On the other hand, a third region might find itself cut off from expansion and therefore stagnate. Regional inequality is then heightened.<sup>5</sup>

If Myrdal's theory is found to be applicable to the Soviet Union and its economic development, this means that the situation there is not fundamentally different from that in the Western world as regards regional development. If on the other hand the contagion and backwash effects described by Myrdal are not to be found in the Soviet Union, then the organizational structures specific to that country, such as the centralized planning system and centralized economic decisionmaking, may be said to have had a positive effect on regional balance. If this is the case, state measures with regard to investments, stimulating employment, etc., i.e., the *developmental strategies*, as it were, for the various regions have had an equalizing effect.

A number of theoreticians have, like Myrdal, attached importance to imbalances in regional development. Albert O. Hirschman claims that some regional differences in the level of development can on the whole be good for economic growth, serving in general to stimulate it.<sup>6</sup> Other theoreticians, however, have pointed out that in many systems regional differences tend to increase with time. The *center versus periphery* relationship has been used to describe regional differences, with the periphery marked by continued economic stagnation and the center normally enjoying continuous growth.<sup>7</sup>

Regional dualism has been observed in most economic systems, but opinions vary on whether these differences are necessary to economic growth. There are also differences of opinion on development over time and the possibilities of eliminating regional imbalance.

There can be no doubt that the Soviet Union also has its north-south problem. The northern European part of the country is marked by a relatively high level of social and economic development while the