

THIS FILE IS MADE AVAILABLE THROUGH THE DECLASSIFICATION EFFORTS AND RESEARCH OF:

# THE BLACK VAULT

THE BLACK VAULT IS THE LARGEST ONLINE FREEDOM OF INFORMATION ACT / GOVERNMENT RECORD CLEARING HOUSE IN THE WORLD. THE RESEARCH EFFORTS HERE ARE RESPONSIBLE FOR THE DECLASSIFICATION OF THOUSANDS OF DOCUMENTS THROUGHOUT THE U.S. GOVERNMENT, AND ALL CAN BE DOWNLOADED BY VISITING:

[HTTP://WWW.BLACKVAULT.COM](http://www.blackvault.com)

YOU ARE ENCOURAGED TO FORWARD THIS DOCUMENT TO YOUR FRIENDS, BUT PLEASE KEEP THIS IDENTIFYING IMAGE AT THE TOP OF THE .PDF SO OTHERS CAN DOWNLOAD MORE!

~~TOP SECRET~~

CAESAR 11

12 September 1955

Copy No. 55

APPROVED FOR RELEASE  
DATE: JUN 2007

**RESIGNATION OF MALENKOV**

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

This document contains information within the meaning of Public  
LAW 513-81st Congress. It is to be seen only by US PERSONNEL  
especially indoctrinated and authorized to receive [redacted]  
[redacted] information. The security of this document must be main-  
tained in accordance with [redacted]  
[redacted] No action may be taken by any person [redacted]  
[redacted] presented herein, regardless of any advantage  
which may be gained, unless such action is first approved by the  
Director of Central Intelligence.

~~TOP SECRET~~

~~TOP SECRET~~

CAESAR 11

TABLE OF CONTENTS

INTRODUCTION . . . . .	2
MALENKOV'S RESIGNATION AND "OFFICIAL" EXPLANATIONS GIVEN . . . . .	4
KHRUSHCHEV'S RISE IN PROMINENCE SINCE STALIN'S DEATH. . . . .	11
CHANGES IN SOVIET ECONOMIC POLICY IN 1953--THE NEW COURSE. . . . .	14
THE AGRICULTURAL CONTROVERSY. . . . .	22
FOREIGN AND DEFENSE POLICY . . . . .	32
PERSONAL RIVALRY AND STRUGGLE FOR POWER . . . . .	42
MALENKOV'S ALLEGED DEFICIENCIES IN MANAGERIAL ABILITIES. . . . .	45
DEVELOPMENTS AFTER MALENKOV . . . . .	47
The Soviet Leadership Since Malenkov . . . . .	47
Post-Malenkov Trends in Soviet Foreign Policy . . . . .	53
Economic Policy After Malenkov . . . . .	57
DISCUSSION AND CONCLUSIONS . . . . .	63

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

RESIGNATION OF MALENKOV

INTRODUCTION

A number of differing interpretations have been advanced to explain the demotion of G. M. Malenkov in February 1955 from his position as Chairman of the USSR Council of Ministers. At one end of the spectrum of interpretation is the view that Malenkov's demotion represented his defeat in a struggle for personal power, with little or no conflict over matters of domestic or foreign policy involved. At the other extreme is the view that sharp conflict existed or developed over policy problems, that in some manner the conflict on these problems came to a crisis, and Malenkov's ouster represented the resolution of this crisis. A third interpretation involves a "scapegoat" theory, according to which continued failures in Soviet agriculture or consumer goods production required that someone be "served up" as responsible for the failures.

There are numerous variants of these basic hypotheses. Variants of the power struggle theory range from rivalry of the individuals to rivalry of cliques and groups; from development of rivalry for heritage of Stalin's mantle to the working out of long-standing enmities rooted deep in the past. Of the policy conflict hypothesis, different versions attribute primary significance to foreign policy issues--Germany, Communist China, over-all assessment of the contemporary situation; to domestic issues--agricultural problems and policies, light versus heavy industry, short-run military requirements versus longer-run strengthening of the economy; and so on.

Under the "scapegoat" theory, one version is that the regime failed in its "new course" program for the consumer; another is that continued failure radically to improve agriculture required that someone be blamed.

Some analysts have attempted to avoid attributing undue significance to any one factor or several factors, and instead view the ouster of Malenkov as resulting from the interaction of all of the various factors. The problem, in this view, is to attempt to trace out the pattern and mutually reciprocal interactions of the various causal factors.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~ [redacted]

Each of the above views constitutes a hypothesis and a problem. Given a factor or "cause," to what extent did that factor actually operate in the Malenkov upset, and how important a role did it play?

The following paper assembles and re-examines the principal evidence believed pertinent to the leadership problem in the USSR. The re-examination was directed at ascertaining the validity of various causal elements in Malenkov's upset. The paper is not, therefore, an historical "reconstruction" of Malenkov's ouster and of Khrushchev's rise, a topic which in itself offers promising opportunities for further research.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

MALENKOV'S RESIGNATION AND "OFFICIAL" EXPLANATIONS GIVEN

The "resignation" of G. M. Malenkov as Chairman of the USSR Council of Ministers on 8 February 1955 climaxed a long period witnessing the rise of N. S. Khrushchev to pre-eminence among the Soviet leaders, and more immediately, a period manifesting signs of controversy among the top leaders of the Soviet Union.

Specifically, the month preceding Malenkov's demotion was marked by authoritative Party attacks against "perversions" of the Party line, allegedly favoring equal or higher rates of growth in light industry as compared with heavy industry. References were made to "rightist deviation" in this connection. A "Stalinist" tone had developed in the political atmosphere: there was the emphasis on heavy industry; the references to "right deviation"; numerous references to a foreign danger to the USSR and the Soviet bloc; and justification of the heavy industry line on the grounds of increasing the military might of the USSR. Also, late in January a Plenary Session of the Central Committee was held, and it was announced that the Supreme Soviet was to convene on 3 February. The date set for the Supreme Soviet was a month earlier than usual, and this fact, conjoint with the other indications noted, created an expectation that important decisions would be announced.

The Supreme Soviet session itself first witnessed important revisions of the USSR budget, as compared with the 1953 and 1954 budgets. Significant changes were a substantial increase in overt defense expenditures, a leveling-off of capital investment, and a substantial retrenchment in allocation for light industry.

In this setting, the world was electrified on 8 February by the presentation to the Supreme Soviet of a letter of "resignation" from Malenkov. This letter is of considerable interest in itself, and the text invites certain commentary.

a. Malenkov based his "request" on "the necessity of strengthening the leadership" of the Council of Ministers and "the expediency of having /In this/...post...another comrade who has greater experience." Further, Malenkov admitted that his performance was "negatively affected" by "insufficient experience in local work" and by the fact that he did not earlier "effect direct guidance of individual branches of the national economy."

~~TOP SECRET~~

~~TOP SECRET~~

The above remarks, while not exactly false, are not fully true. Malenkov, although he never possessed the formal title of Minister, did in fact direct "individual branches" of the national economy: during the war he was responsible for aircraft production; from 1943 until at least 1946 he was responsible for reconstruction in war-devastated areas; from 1947 to 1953 he held high-level responsibility for agriculture. Also, from 1948 to March 1953, he was the top Secretary, under Stalin that is, of the Central Committee.

It is interesting to recall that several sources have averred that Malenkov's political decline in 1946 resulted from charges by his political enemies of inefficiency and lack of foresight in Soviet aircraft manufacture, planning and development. Also, Malenkov's leadership in reconstruction of war damage is believed to have involved him in serious conflicts with other top Soviet leaders in 1945 and 1946 and to have been one of the political issues connected with his decline in 1946.

It is also interesting to compare Malenkov's experience in directing "branches" of the economy with Bulganin's who succeeded him as Premier. Although Bulganin had been a director of Gosbank and was Minister of Defense from 1947 to 1949, he has had no more experience at the USSR Council of Ministers level than Malenkov.

b. Malenkov in his next section proceeds to contradict his own preceding statement by admitting that "for several years previously (v techenie ryada let do etogo)" he had the assignment "to control and guide the work of central agricultural organs and the work of local party and administrative organizations in the sphere of agriculture." Malenkov admitted "guilt and responsibility for the unsatisfactory state of affairs which has arisen in agriculture."

This is the only specific failing Malenkov discusses. It very probably refers to the period 1947 to 1955, and makes very strong the possibility that he was involved in the "agrogorod" dispute of 1951, the principal figure of which was N. S. Khrushchev. It will be recalled that at the October 1952 Party Congress, Malenkov in his review of domestic policies remarked that "certain of our leading comrades" had advanced and supported this "incorrect" policy.

~~TOP SECRET~~

~~TOP SECRET~~

It will also be recalled that the original charges against Beria included a reference to opposing reforms in agriculture.

c. Malenkov states, regarding the agricultural tax reform, "it is opportune to say that it was carried out on the initiative of and in accordance with the proposals of the Central Committee of the CPSU, and it is now evident what an important role this reform has played..."

This statement, at least technically, is probably false. The agricultural tax reform was proposed and approved at the August 1953 Supreme Soviet session; the Plenum of the Central Committee held in July 1953 concerned itself, so far as is known, with the Beria case. More important for our purpose here is a statement made by Khrushchev at the September 1953 Central Committee session on agriculture. Khrushchev said, concerning the Supreme Soviet actions on obligatory procurements and tax reform, that "the USSR Council of Ministers and the Presidium of the Party Central Committee...considered /these measures/ necessary..."

[redacted] reported in 1954 that the tax reform had been very popular among the peasantry and that they tended to identify this reform with Malenkov. This seems very likely, and would explain the contrived effort to dissociate this measure from Malenkov.

d. Malenkov finds it necessary twice to say that "on the initiative and under the guidance of the Central Committee" serious and large scale efforts for surmounting agricultural deficiencies were being undertaken. Malenkov states that this program is "based on the only correct foundation: the further development by every means of heavy industry." Malenkov adds that only this course can result in a real "upsurge" in production of "all commodities essential for popular consumption."

Interestingly, the above reference to heavy industry is the only reflection, in the whole official public documentation of Malenkov's demotion, of a presumed inner-Party controversy concerning the respective rates of growth of light and heavy industry. As will appear later, there is no real reason not to believe that Malenkov personally espoused the so-called "consumer goods" program. Yet Khrushchev had tagged advocates of preferential development of light industry as

~~TOP SECRET~~

~~TOP SECRET~~

"right deviationists." Thus the Malenkov text appears deliberately to avoid this issue, so as not to equate Malenkov, at this stage at any rate, with the "traitors" Bukharin and Rykov.\*

Several speculative points can be made regarding this letter of resignation. The first concerns the emphasis on inexperience and lack of leadership. One can legitimately ask: were these "facts" not known when Malenkov was first made Chairman of the Council of Ministers? The implication is that Malenkov should never have received this post at all, with the suggestion that some unusual factors must have operated to elevate him to this post. This consideration provokes renewed speculation regarding the role of Beria in the period following Stalin's death.

A second point is that these same references may be taken to signify an element of resentment, and perhaps even revenge, on the part of the older members of the Presidium, several of whom are "old Bolsheviks," against the younger "upstart" Malenkov. This would imply a certain element of personal friction and animosity between Malenkov and the senior Soviet leader.

The actual circumstances of Malenkov's ouster are unknown. It seems almost certain, however, that the matter was decided at the Central Committee plenum held from 25 through 31 January. For example, on 6 February the US Embassy reported that members of the Hearst party, which arrived in the USSR on 25 January, were told they would be received by Bulganin if they could stay until the conclusion of the Supreme Soviet meeting. Their numerous requests for an interview with Malenkov were apparently ignored by the Russians. Furthermore, the Embassy noted on 6 February that Malenkov's name had not been mentioned once by speakers at the Supreme Soviet, which began on 3 February, whereas more than half of the speakers had referred to Khrushchev in one way or another. This appears to reflect an already accomplished shift in power relationships. Finally, [ ] have reported that the fact of Malenkov's demotion was quite well known in certain Soviet circles before the Supreme Soviet meeting took place.

Pierre Courtade, speaking on a Cominform broadcast to France on 3 May, gave an interesting discussion of Malenkov's demotion. The discussion presented his "resignation" as a prime example of the workings of the "superior" Soviet "democracy." Inter alia, Courtade stated that "the question had been discussed previously /to its announcement/ by the Central Committee of the CPSU, and the deputies of the Soviet parliament had received exact information on the whole situation."

\* The Hungarian comrades were not so thoughtful in their treatment of Nagy.

~~TOP SECRET~~

Courtade, the foreign editor of L'Humanite, earlier had given [redacted] an account of Malenkov's "economic shortcomings," and, while denying that there had been any differences with Malenkov on foreign policy, added that Malenkov had been prepared to "sacrifice the East German comrades" though "not in the same sense" as Beria.\*

Ambassador Bohlen reported on 9 February a version of the Malenkov ouster circulated by Ralph Parker, correspondent of the London Daily Worker. According to this story, Malenkov walked out of the Central Committee discussion of economic problems, and only after this action was the decision made to replace him. Elaboration of this story was reported on 10 March. According to Parker, who allegedly received the information from a Soviet source, it had been Foreign Minister Molotov who attacked Malenkov at the Central Committee; Khrushchev was allegedly absent that day. Molotov charged that Malenkov as Prime Minister brought confusion in the Soviet economy by overemphasis on consumer goods production. The important matters were apportionment of vital raw materials and of skilled technical workers. Molotov asserted that, in effect, Malenkov was disregarding or exceeding the instructions of the Central Committee. Furthermore, according to this story, Molotov said that Malenkov had encouraged government workers in various economic ministries to disregard the Party representatives. The Plenum then reportedly voted against Malenkov's policies, at which point Malenkov lost his temper and walked out.\*\*

Yuri Zhukov, a Central Committee member and a deputy editor of Pravda, took some pains to impress [redacted] the idea that developments such as the Malenkov affair were not the result of "mere clashes" of personalities or rivalries. Zhukov assented "emphatically" [redacted] that different personalities reflected different lines of policy, philosophy, et cetera. Zhukov also [redacted] played down the idea that "the military" were taking over the direction of events.

\* See below, page 9, on Beria's alleged views on Germany.

\*\* Ambassador Bohlen, while interested in the idea that it was Malenkov's recalcitrance that forced the issue, nonetheless noted that Parker's version does not, except on the point of maladministration, coincide in any respect with the official overt Soviet line on the demotion.

~~TOP SECRET~~

~~TOP SECRET~~

A 31 January 1955 Central Committee Resolution, signed by "all of the members of the Presidium" (including Malenkov?) was reported [redacted] to have contained the following accusations:

- a. Malenkov lacked decisiveness and experience to direct the government. He had handled a number of important foreign and domestic policy matters incompetently.
- b. Malenkov had been politically "near-sighted." He had been under the influence of Beria, supported him, and had been blind to the significance of Beria's proposal to halt efforts to socialize East Germany and to permit reunification of Germany as a "bourgeois" buffer state. Malenkov permitted Beria's "adventuristic" schemes to take place: specifically the "Leningrad Affair" and the "Yakovlev Affair." He likewise permitted Beria's rural program to be carried out.
- c. Malenkov's emphasis on light industry implied a retardation of the tempo of heavy industrial production. This was a "rightist deviation."
- d. Malenkov attempted to seize complete control of the Party and government.

The only ameliorating statement was that when Beria's activities were exposed, Malenkov took a prominent and decisive role in denouncing and removing him.

Another discussion of the background of Malenkov's demotion took place between [redacted] and Party First Secretary Khrushchev. Khrushchev in this interview was outspokenly critical of what

\* This section is replete with qualifiers "apparently" and "reportedly." Four different versions of this interview, or parts of it, are available, and one cannot be too sure exactly what Khrushchev did say. Not all of the reports are first hand, and one noted that Subandrio "was not being coherent" in his account of the interview. However, the large measure of agreement on the basic ideas expressed makes it probable that the sense, if not the exact words, of the conversation is accurately rendered.

~~TOP SECRET~~

~~TOP SECRET~~

he termed "the previous government," unmistakably referring to Malenkov. This polemic was startling and practically unprecedented, in that one Soviet leader discussed another Soviet leader with a foreign representative.

Khrushchev was quite critical of Malenkov's administration. He apparently accused Malenkov of "bureaucratic methods," and also of placing reliance on the state apparatus, rather than upon the Party and Party channels.\*

Khrushchev reportedly stated that a wrong course had been adopted in dealing with the problem of demand. Malenkov had created demands in the Soviet people without having created the capacity for satisfying them. It was now clear that the only proper method of raising the standard of living was through continued emphasis on the development of heavy industry.\*\*

On foreign matters, so it is reported, Khrushchev stated that Malenkov had not been sufficiently "strong." He did not know exactly what he wanted; he was uncertain, weak and confused. Khrushchev asserted that the firmer tone of the Soviet attitude in foreign affairs, as compared with the "previous government," should not be taken to reflect aggressive intentions, but was designed to "sober" aggressive circles abroad, especially in the United States. Khrushchev reportedly added in this connection that the Soviet Union was not afraid of US bases, since the US must be aware that the USSR could destroy these bases with "a blow."

Other lesser Soviet officials have also on occasion "frankly" discussed Malenkov's alleged managerial and executive deficiencies with foreigners.

\* This accusation has not figured in any overt discussion of the Malenkov affair. Again, what the Russians did not say, Rakosi in Hungary did--i.e., that Nagy attempted to disregard the Party and to elevate the role of the state apparatus with respect to the Party.

\*\* This is an interesting reversal of Khrushchev's reply to MacDuffie's question regarding the return to heavy industry. Khrushchev said on that occasion that there was no such "return," since the Party had never removed emphasis from heavy industry in the first place. Khrushchev said that Soviet statements had been "misinterpreted" in the West.

~~TOP SECRET~~

~~TOP SECRET~~

### KHRUSHCHEV'S RISE IN PROMINENCE SINCE STALIN'S DEATH

In the 23 months since Stalin's death, Khrushchev moved from fifth position in the listings of the all-powerful Party Presidium to a position of top influence in the USSR.

The stage for his rapid rise was set in March of 1953, when Malenkov resigned from the Party Secretariat, leaving Khrushchev as senior man on the body that exercises immediate supervision over the powerful Party apparatus and controls most personnel appointments. It was the vehicle for Stalin's rise to power in the 1920's.

Following the purge of Beria in July of 1953, Khrushchev moved up to number three position in the listing of the Party Presidium. Then, in September of that year, a plenary meeting of the Party Central Committee made him First Secretary of the Party and heard his report detailing the important new agricultural program.

During the latter months of 1953, Khrushchev continued to receive considerable publicity in connection with the agricultural program, and in February 1954 he made another highly-publicized report to the Central Committee outlining the results and prospects of the agricultural program. By this time Khrushchev was receiving more personal publicity than any other top Soviet leader and had definitely outstripped Molotov to become number-two man in the hierarchy.

The extent of Khrushchev's rise was fully revealed in April of 1954 when he and Malenkov each gave a principal address to one of the houses of the Supreme Soviet, Khrushchev appearing before the slightly more important Council of the Union.

During the spring, Khrushchev's personal publicity far outstripped that of the other Soviet leaders and reached a point where it threatened to shatter the facade of collective leadership. He was active in many aspects of domestic affairs and led the Soviet delegation to the Polish and Czechoslovakian party congresses.

In June, however, Khrushchev's position appeared to suffer slightly. Contrary to previous practice, he apparently did not give a report on agriculture to the Central Committee meeting and was not publicly associated with its decisions.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

Khrushchev's position again improved markedly in September of 1954, however. He led the well-publicized Soviet "government" delegation to China and signed the important Sino-Soviet agreement concluded at that time. On his way back from China, Khrushchev made an extensive inspection trip through the Soviet Far East and followed this with a trip through Tadzhikistan and Uzbekistan. These journeys gave Khrushchev a valuable opportunity to make contacts in many areas of the USSR and cast him in the role of principal Party spokesman for many local Party and government officials.

Khrushchev's personal publicity increased during this period in connection with these trips and his other activities as Party First Secretary. He was included in lists of Lenin's co-workers and "leading central committee workers sent directly to war work" which pointedly excluded Malenkov, and his name appeared increasingly in the Soviet press.

During the late fall Khrushchev's public activity increased. He acted as principal regime spokesman in an increasing number of fields and, on 7 December he made a speech to a conference of construction workers which foreshadowed the increased emphasis officially accorded the importance of heavy industry later in the month. In a speech to a gathering of Komsomol members, Khrushchev, contrary to previous practice, stressed his close personal relationship with Stalin, and on 10 January 1955, Khrushchev's name was linked with Lenin's when he signed a Central Committee decree changing the date and character of the celebration of Lenin's memory.

A striking sign of Khrushchev's importance came out of the Central Committee meeting commencing on 25 January. His report to the plenum on increasing livestock production heavily stressed the importance of heavy industry and equated the position of those "woe-begone theoreticians" who had underestimated its importance with that of Bukharin and Rykov, politburo members who were first demoted and then shot in 1938 for "rightist deviations." This speech, which occupied six pages of Pravda on 3 February, the opening day of the Supreme Soviet session, set the tone for the modification of the "New Course" effected at that session and made Khrushchev the principal spokesman for that important shift. The awareness of the Supreme Soviet delegates as to Khrushchev's leading position was evidenced by the fact that over half of the speakers mentioned his name in their reports, while none of them cited Malenkov.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

Since the February 1955 changes, Khrushchev's predominant position within the Soviet leadership has been confirmed. He has followed a very aggressive course in implementation of his agricultural policies, and has participated in the international conferences undertaken by the Soviet leadership. Of particular interest here was his explicit designation as head of the Soviet governmental delegation to Belgrade.

While indications of Khrushchev's personal power position immediately after Malenkov's demotion were somewhat inconclusive, the situation had clarified by mid-July 1955, at which time the US Charge in Moscow reported that he was "particularly struck...by the deference which members of the leadership, including Bulganin, showed to Khrushchev, particularly when the conversation was on real substance."

In his various public contacts, especially since Stalin's fall, Khrushchev has revealed himself as an aggressive, energetic, dynamic and demagogic personality. At receptions and dinners, he has seemed blunt, uncompromising and generally tactless, although since Malenkov's fall he has been on "better behavior" than he was earlier. Khrushchev has been described as possessing inordinate ambition and confidence, not in the personal sense but rather in the sense of an executive director completely identified with his vast and complex enterprise.

~~TOP SECRET~~

~~TOP SECRET~~

## CHANGES IN SOVIET ECONOMIC POLICY IN 1953--THE NEW COURSE

A large volume of evidence from [redacted] published Soviet documents shows conclusively that a significant change in the USSR's economic policy occurred during 1953 and 1954 while Malenkov was Premier. In brief, these changes consisted of a real though marginal increase in the proportion of economic resources devoted to raising agricultural production and expanding output of industrial consumer goods, and a leveling off (possibly an actual decrease) of military expenditures. At the same time, the regime planned to maintain a rapid rate of heavy industrial growth.

In late 1953, Soviet internal and foreign propaganda belabored this new emphasis on welfare of the population very heavily, shifting in 1954 to emphasis on agricultural production. Malenkov's August 1953 speech before the Supreme Soviet gave the first comprehensive survey of the program under which the output of agriculture and consumer goods was to be rapidly expanded "in the next two or three years." Voluminous public decrees were issued in September and October 1953 to implement the individual sections of the program. Other documents issued by the regime, the published versions of the Soviet annual budgets for 1953 and 1954, reveal the planned leveling or possible decrease of military expenditures, and the continuation of rapid industrial growth.

Four major types of evidence show that during the last half of 1953 and most of 1954 the Soviet Union seriously intended to implement the changes in policy called for by its propaganda.

(1) The decrees issued in September and October 1953 to implement the agricultural and consumer goods programs contained a vast quantity of statistical details concerning planned output of individual items and specific measures to be undertaken. Publication of this mass of information would have been unnecessary if the regime had not intended to carry out its promises to the population of a better life and greater material incentives.

(2) During 1953 and 1954, Soviet economic journals published numerous scholarly articles attempting to provide theoretical justification for the planned sharp rises in agricultural and consumer goods output, which would inevitably result in a lowering of the proportion (though not necessarily

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

the absolute level) of economic resources devoted to the defense industry sector of the economy. These articles, by such economists as Ostrovityanov, Vekua, and Mstislavski, were definitely not intended as propaganda to mislead the West or even the Soviet population, because of their highly technical, theoretical nature. They were apparently efforts to buttress with politico-economic theory actual policies already introduced by the government.

(3) The impressions gained by US Embassy personnel in the Soviet Union, and reports received from [redacted] and from prisoners of war released by the USSR in 1953 and 1954, almost uniformly show that the government was attempting to implement the consumer goods and agricultural programs. In many cases achievement was lagging behind planned goals, but serious efforts were being made.

(4) [redacted]

Thus, the USSR not only increased planned goals for consumer goods production in 1953 and 1954, but also ordered a much higher priority for the allocation of materials necessary to achieve these goals. Before Stalin's death, messages of the type described above were received very infrequently. Before 1953, the USSR regularly announced plans for annual increases in consumer goods output, but the requisite priorities to implement the task fully were never granted.

While the changes of Soviet economic policy in mid-1953 were not of large magnitude in terms of economic aggregates, and while they caused only marginal changes in the proportion of total resources devoted to defense, heavy industry, and consumption, the direction of change was very important. The change apparently reflected a desire by the then dominant faction of the regime to devote increased efforts toward expanding the nation's basic economic and strategic potential and indicated a serious concern regarding basic economic weaknesses such as low food production and lagging productivity, which, in the future, might hinder growth of the USSR's

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

strategic power. In 1953 and 1954, the leadership seemed to feel that these goals were more important than continuing to increase the already high production of military end items and expand the size of its armed forces.

Malenkov's Identification with the Consumer Goods Program. The emergence in the Soviet press in January 1954 of theoretical polemics concerning the "incorrect" view that light industry should, in contemporary conditions, enjoy preferential development relative to heavy industry, engendered wide speculation concerning a "policy split" between top Soviet leaders. In this view, Malenkov was identified as the proponent of the "light industry" program, and the "defeat" of this program was held to be an indication that he had lost out. This argument was based on the fact that Malenkov originally set forth the program in August 1953; that his own political fortunes appeared to coincide with the ups and downs of the program in Soviet propaganda; that Malenkov, the "realist," was more inclined to appreciate the importance of incentives, whereas Khrushchev had made open statements which tended to qualify the consumer goods approach, and which were later in more or less open contradiction with the earlier formulations. This point of view was given apparent confirmation by the "resignation" of Malenkov in February 1955, by the revised Soviet propaganda line emphasizing the heavy industrial development, and by the changes in the 1955 budget.

Other serious students of Soviet affairs have questioned this identification. They have argued that no reliable source has ever made such an identification, that it had never been implied by Soviet press material, and that all Soviet leaders, on appropriate occasions, made appropriate statements reaffirming support of the consumer goods program. These analysts argue further that there is no reason not to believe that the program reflected a "collective" decision, and that it is therefore hazardous to assume that Malenkov advocated the program any more than any other leader. Finally, in this view, the discussions in the Soviet press in January 1954 were directed against "misinterpretations" of the Party line by certain obscure and little known economists, and therefore should not be taken as indications of policy controversy.

There are a number of peculiar circumstances in regard to the consumer goods program. It was propounded by Malenkov before the Supreme Soviet in August 1953. This in itself was an unprecedented action, in that the Supreme Soviet had never previously been the forum for announcement of an important policy change. Furthermore, despite the fact that some

~~TOP SECRET~~

~~TOP SECRET~~

preparatory work had already been done on the program, as evidenced by the incorporation of it in the 1953 budget presented on 3 August.

It seems fairly clear that the consumer goods program was not presented to the Central Committee as was the agricultural program. There is no indication whatever that the July Plenum of the Central Committee, which considered the Beria matter, discussed or passed resolutions on consumer goods production.

Even more interesting are indications that the September Plenum, which considered agricultural problems, also did not concern itself with the over-all program. Khrushchev's speech at this Plenum only briefly noted the existence of this program. Later in his speech, Khrushchev noted, in connection with the incentive concessions granted to the peasantry at the August Supreme Soviet session, that the Government "and the Presidium of the Party Central Committee have considered it necessary..."

In September 1953, after the Central Committee session, several implementing decrees were issued, over the joint signatures of the Central Committee and the Council of Ministers, setting forth and elaborating details of the 7 September Central Committee resolution on agriculture, which was in the nature of a broad policy directive. Each of these implementing decrees, as is customary, cited the

\* Some distinctions need to be drawn on this point. "Concern" for the Soviet consumer became evident in the Soviet press and [redacted] as early as April 1953, and by June 1953 it was evident that a concerted program of expansion of consumer goods production was under way. This program, however, did not involve any basic changes in the economy: expanded production was to be achieved by increase in efficiency and by a concerted drive to reduce and reutilize scrap and waste, and was to be carried out principally by local and co-operative enterprises and associations. The program outlined by Malenkov on 8 August went far beyond these initial efforts.

~~TOP SECRET~~

~~TOP SECRET~~

authority of the 7 September Central Committee resolution. Yet there is no indication of the existence of a similar Central Committee decree on manufactured consumer goods. Several joint Government and Central Committee decrees of an implementing nature were issued in October on manufactured consumer goods and light and food industries, but in contrast to the agricultural decrees, no citation or suggestion of a broad policy-authorization decree was evident. Furthermore, in none of the speeches given on the consumer goods program was there reference to or suggestion of a basic Central Committee decree on the subject.

These indications suggest that the over-all consumer goods program was conceived and decided upon solely within the small top group of Party leaders, and that it was never presented to the broader Central Committee Plenum, even for ratification.

This point has been developed at some length, since the criticisms of Malenkov, as reported by some sources, include the charge that he placed reliance on the state apparatus rather than upon the Party and Party channels; one source went so far as to charge that Malenkov attempted to set the state apparatus in opposition to the Party apparatus. Khrushchev, on the other hand, has been said to have made the Central Committee his base of support, by appealing to it and presenting his proposals to it. The history of the development of the New Course, and in particular of the agricultural programs, tends to support this analysis.

It is quite true that the Soviet press has never explicitly identified Malenkov or anyone else as the originator or inspirer of this or that particular policy or economic program. The nearest thing to such an attribution may be found in Khrushchev's interview with Professor Bernal in September 1954, published by the Soviet press in December, and in Khrushchev's January 1955 speech to the Komsomol, in which he claimed responsibility for a tax law of the Stalin period. In the Bernal interview, Khrushchev merely failed to deny Bernal's suggestion that he, Khrushchev, was personally responsible for the New Lands program.

Both Mikoyan and Kosygin, in their speeches in October 1953, made laudatory reference only to Malenkov in connection with the over-all consumer goods program. Equally, both referred to Khrushchev, but only in connection with agriculture. The alternatives were to cite "the Party and Government" or the "wise collective" of leaders, and for this reason the attributions to Malenkov and Khrushchev are thought to have some significance.

~~TOP SECRET~~

~~TOP SECRET~~ [ ]

The publicity in the Soviet press at the time of Malenkov's ouster carefully avoided any suggestion that Malenkov had favored or advocated the light industry argument. It has already been noted that his letter of resignation avoided the problem and concentrated on his alleged errors in agriculture and administration. Since the light industry point of view had been proscribed during the previous month as "right deviationism," close to if not actually synonymous with treason, it is clear that a serious effort was made to avoid identifying Malenkov with it.

Soviet and Communist sources have been less reticent in their private contacts, however. The 31 January Central Committee Resolution on Malenkov explicitly stated that he had favored the preferential development of light industry and specifically branded that as a "rightist deviation." This evidence is of particular importance, since the document was intended for the information of high Soviet government and party officials, many of whom were undoubtedly at least partially aware of the true facts. Khrushchev, in his interview with Subandrio, identified Malenkov with the "erroneous" policy,\* and London Daily Worker correspondent Ralph Parker reported a similar statement by a Communist source. Yuri Zhukov, [ ] explicitly affirmed that policy differences lay at the root of Malenkov's upset.

Another indication of Malenkov's responsibility for the consumer goods approach is the fact that he alone of the really important leaders described the program in a glowing and enthusiastic manner. Other less important leaders who used similar language were Mikoyan, Pervukhin, Saburov and Kosygin. These leaders, in their speeches, spoke of the problem in terms of great urgency and tremendous importance. None of the other top leaders, in their references to the program, exhibited this same "enthusiasm" for it. Khrushchev, in particular, concentrated on his own agricultural schemes as of principal and foremost importance.

The role of the manufactured consumer goods program in connection with Malenkov's emphasis on "material self-interest" is important. Soviet sources have discussed this at sufficient

\* Nagy in Hungary was openly branded a "right deviationist" at the very beginning of his downfall in March.

~~TOP SECRET~~ [ ]

~~TOP SECRET~~

length to permit the conclusion that the two programs were integrally related. This point is stated more explicitly by economist Vekua,\* who, in his article in Problems of Economics in September 1954, said:

"Under socialism it is impossible to develop production without a corresponding growth in the material well-being of the workers.... Without a constant growth in the material and cultural level of the life of the workers it would be impossible to ensure the reproduction of skilled manpower, and consequently, the mastery of advanced technology. In the absence of such growth, an increase in the creative initiative of the workers, and an increase in labor productivity...would be unthinkable."

and:

"Increasing the material self-interest of workers in the results of their labor is possible only under conditions of maximum development of Soviet trade. In the absence of development of Soviet trade, economic stimulus by means of differentiation in the pay scale...cannot yield its proper effect."

"...In proportion as the titanic program currently planned by the Party and Government for increasing the production of consumer goods is implemented, and as Soviet trade is developed and the resulting further rapid increase in the purchasing power of the ruble is effected, the material self-interest of socialist production workers in the results of their labor will increase still further."

It is a noteworthy fact that, in the polemical literature of December 1954 and January 1955 supporting preferential development of heavy industry, little or no reference is made to "material self-interest" as an important principle of Party policy.

While the evidence is thus sufficient to warrant the conclusion that Malenkov probably was principally responsible for the initiation of the consumer goods approach, it is still

\* Vekua was severely castigated in articles in Party Life and Pravda in January 1955 for his theoretical "errors."

~~TOP SECRET~~

~~TOP SECRET~~

clearly unreasonable to suppose that he was alone in its advocacy, or that he brought the program into existence over any strong and unanimous objections of his colleagues. As has been made only too clear by subsequent events, Malenkov himself never had the political strength singlehandedly to push through such a basic revision in the direction of the Soviet economy. Nor did Malenkov alone have the strength, after his decline in late 1953 and in 1954 (relative to Khrushchev), to maintain the consumer goods program through [redacted]

It therefore seems evident that Malenkov was supported by at least a majority within the Presidium, although there apparently were doubts and reservations on the part of some of the members.

It thus may very well have been the case that Malenkov's program (like Khrushchev's later) was adopted on something of a trial basis by the other leaders and that opinion swung against Malenkov's "platform" as it was overtaken and superseded by the New Lands program and as difficulties and priority conflicts emerged over the course of time. This view is supported by Khrushchev's remark to Subandrio to the effect that "we now know" that the only way to increase supply of consumer goods is by continued forced heavy industrial development.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

### THE AGRICULTURAL CONTROVERSY

It is generally agreed that the state of Soviet agriculture and different approaches to the solution of this problem were key issues in the Malenkov ouster. One analysis notes that "only in the case of agriculture did Malenkov and his chief contender, Khrushchev, openly adopt positions which were contradictory, and these were on issues extending back to Stalin's lifetime."

It will be recalled that agriculture was the only specific economic problem area discussed in Malenkov's letter of resignation. And, as noted above, agriculture is the only area in which overtly contradictory indications appeared. It is an interesting fact, therefore, that agricultural problems have figured either not at all or only marginally in the several "private" discussions of the Malenkov demotion by Communist or Soviet sources.

The principal events of the period, as related to agriculture, are listed here for convenience:

a. The inauguration of the so-called "New Course" by the August 1953 Supreme Soviet session, and Malenkov's major policy speech at that session. Major concessions in procurements, prices, and taxation were granted to the peasantry, especially as regarded livestock raising and fruit and vegetable growing;

b. The speech of N. S. Khrushchev at the September 1953 Plenary Session of the Central Committee, and the Party decrees and Government decrees following;

c. The revelation in January and February 1954 of the so-called "New Lands" program at a series of agricultural conferences in Moscow, and the evident primary role of Khrushchev, who spoke at each of these conferences;

d. The Plenary Session of the Central Committee held in February and March 1954, at which Khrushchev delivered a major report, and at which a reversal of emphasis from the August-September 1953 policy was formalized. Major emphasis shifted to grain production, and the New Lands program was formalized.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

e. The Plenary Session of June 1954, at which Khrushchev apparently did not speak, and at which concessions in procurements and pricing were granted to the production of grain, similar to those granted in August-September 1953 to animal husbandry and to fruit and vegetable growing;

f. A Central Committee decree of August 1954 extending the goals of the New Lands program by a substantial amount;

g. The Plenary Session of the Central Committee of January 1955, at which emphasis was restored to heavy industrial production, and at which the "corn and fodder" program was formalized. Khrushchev spoke at this Central Committee Plenum. The "corn" program again signalized a shift in agriculture: substantial areas in the traditional agricultural areas of the USSR were to shift from traditional crops to corn, represented as a cheap and easy way of increasing the fodder base of the livestock economy. It was at this Central Committee session, presumably, that the demotion of Malenkov was arranged.

Before discussing the apparent respective positions of Malenkov and Khrushchev on agriculture, it is worthwhile first to dispose of several subsidiary indications of differences between the two leaders.

The first of these was the remark by Malenkov concerning the "agrogorod" policy of 1951 in his speech at the 19th Party Congress in October 1952. In this speech, Malenkov stated:

"First of all, it should be noted that certain of our leading officials have indulged in a wrong approach, a consumer's approach, to problems of collective farm development, particularly in connection with carrying out the amalgamation of small collective farms. They proposed forcing the pace of mass integration of villages into large collective farm settlements, suggesting that all the old collective farm buildings and collective farmers' homes be pulled down and large 'collective farm settlements,' 'collective farm towns' or 'agrocities' be built on new sites, and viewed this as the most important task....The Party took timely measures to overcome these mistaken tendencies in the sphere of collective farm development....

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

"It must be further noted that the practice of setting up auxiliary enterprises for making bricks, tile and other manufactured goods has become widespread on many collective and state farms....This situation must be rectified...."

These references unmistakably refer to Khrushchev, the sole top-level sponsor and spokesman for the "agrogorod" concept and also for the subsidiary detail of local construction by collective and state farms. It is interesting to note that in his September 1953 speech, Khrushchev reverted to this idea of local construction, and again recommended it.

The above statements are of course clearer in retrospect than they were at the time. The allegation in the January 1955 decree on Malenkov is worth recalling in this connection, viz., that Malenkov "permitted" Beria's "rural program" to be carried out. This cryptic and obscure statement, taken in connection with the above quotations and with the subsequent evolution of Soviet agricultural policy, strongly suggests that Malenkov and Beria collaborated in opposing Khrushchev in 1951.\*

The second subsidiary indication of Khrushchev-Malenkov differences on agriculture is the fact that not once in his speech of September 1953 did Khrushchev make reference to Malenkov, who less than one month earlier had expounded the "new course" in domestic economic policy, including agricultural policy. Later, Khrushchev became increasingly identified with agricultural policy, expounding the "New Lands" program in January and February 1954. Curiously enough, Malenkov in turn made no reference to this latter program in his election speech in March 1954.

One final point to dispose of before setting forth the respective positions of Malenkov and Khrushchev is the matter of Khrushchev's assertion of predominance in agricultural policy in September 1953 and subsequently. He was, as already noted, rapporteur at the September 1953 Plenum of the Central Committee. In his speech of February 1954, however, Khrushchev revealed that, following the September Plenum, numerous Party Bureaux of the Republics and Oblasts were required to submit reports on agriculture to the Central Committee, and they were called to

\* See Project CAESAR Chapter 8, pp 7-11, for discussion of the "Agrogorod" problem and Chapter 10, pp. 2, 4, 11 for discussion of the agricultural references in the Beria case.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~ [redacted]

Moscow to discuss their reports with "the Central Committee."\* According to Khrushchev, "we disclosed shortcomings and arrived at broad conclusions, but did not adopt decisions; we agreed to call a plenary session of the given Party committee to take up the questions which had arisen. A representative of the Central Committee attended the plenary sessions and pointed out...shortcomings...."

Khrushchev was, after this, the rapporteur at the February-March 1954 Plenum and the January 1955 Plenum of the Central Committee. He spoke at each of the agricultural conferences held in January and February 1954, as already noted. He spoke on other occasions also, principally on agriculture. In September 1954, in his interview with Bernal, Khrushchev did not deny Bernal's statement that he, Khrushchev, was personally "largely responsible" for the "New Lands" program.

While Malenkov and Khrushchev agreed that drastic advances in agriculture were central to success of one whole "new course" in consumer goods production, certain fairly fundamental differences are evident in their respective approaches to agriculture.

The first and major difference is Malenkov's apparent greater realization of the importance of incentives, as opposed to Khrushchev's more "orthodox" Bolshevik reliance on bureaucratic and organizational measures. This supposition is based principally, although not completely, on analysis of the published speeches of the two leaders; the conclusion derives in part from the impressions of the two men carried away by diplomats and others who have observed the Soviet leaders.

Malenkov, as is known, publicly inaugurated the "consumer goods" course in his 8 August 1953 speech. In his remarks on agriculture in this speech, Malenkov almost completely confined himself to discussion of the agricultural tax reform; decrease in obligatory procurements and increases in state purchase prices; and the encouragement of personal garden plots and of personally owned livestock.

\* These discussions must have been held with the Agricultural Department of the Central Committee apparatus, with the Secretariat, and/or with the Party Presidium. Khrushchev alluded only to the "Central Committee," implying one or both of the first two bodies mentioned above. These groups would have been largely under Khrushchev's personal control.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~ [redacted]

In Malenkov's view, "the Government and the Party Central Committee" found it necessary "first and foremost...to raise the economic interest of collective farms and collective farmers" in developing the lagging branches of agriculture. (underline added.)

Khrushchev, in his speech a month later, noted that increasing the "material self-interest" of the peasantry was "of great importance," but added important qualifications:

"However, these measures must be properly evaluated. Their importance and necessity at the present time is obvious, but they do not determine the main path for developing collective farming."

According to Khrushchev, "hundreds and thousands of advanced collective farms" were successfully meeting the old delivery norms at the old delivery prices and were nevertheless showing a profit. Thus, "this means that the matter rests not solely on the raising of procurement and purchasing prices but principally on the level of economic development /of a given collective farm./" (underline added.)

To Khrushchev, the principal problem in agriculture was, and is, the problem of management and managerial personnel.

"In order to convert /our/ potentialities into reality...each collective farm must be strengthened in the organizational and managerial aspect and, above all, intelligent organizers... must be put in administrative posts on each collective farm."

Further:

"The State has provided everything necessary to handle work well on every state farm, but farming results differ completely, depending on the quality of leadership."

And:

"One has only to place and utilize people correctly; the apparatus in province, territory and republic centers must be reduced... and good officials must be transferred to strengthen the district sector, the collective and state farms and machine tractor stations."

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

The second major difference between Malenkov and Khrushchev concerned the matter of grain production. This is integrally related to the third problem area, the "New Lands" program, which is principally directed at increasing grain output.

At the 19th Party Congress, Malenkov said:

"The grain problem, formerly considered the most acute and serious problem, has been solved, solved definitely and finally."

In his 8 August 1953 speech, Malenkov stated flatly:

"Our country is fully supplied with grain."

Khrushchev, in contrast, said a month later:

"We are in general satisfying the country's need for grain crops, in the sense that our country is well supplied with bread...."

"We must ensure further and more rapid growth in grain yields... this is necessary not only to satisfy the population's growing demand for bread but also for rapid advances in all branches of agriculture."

In his February 1954 speech, Khrushchev repeated the sense of the above excerpts, but then proceeded to remark only four paragraphs later:

"It should be noted that the level of grain production so far has not met all the requirements of the national economy.... It cannot be overlooked that until recently some of our personnel did not wage a sufficient struggle to increase grain production. The gross grain crop is inadequate."\*

Interestingly, the incentive measures adopted in August 1953 to increase potato and vegetable growing and livestock production--i.e., decrease in obligatory procurements and increase in purchase prices--were not recommended for grain production at that time, or for that matter either in the

\* In his interview with Bernal in September 1954, Khrushchev explicitly denied that he had in any way contradicted Malenkov, but rather that he, Khrushchev, discussed over-all grain requirements, whereas Malenkov had talked only of bread grain requirements.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

September 1953 or February 1954 Plenums which Khrushchev seemed to dominate. They were however, adopted at the June 1954 Plenum of the Central Committee, the only Central Committee session concerned with agriculture whereat Khrushchev was not the rapporteur.

A final area of difference very probably existed with respect to the entire "New Lands" program. Malenkov viewed the agricultural problem chiefly, if not completely, as the problem of inducing the backward and inefficient collective and state farms to achieve the production levels of the advanced collectives. He apparently did not envisage any great program of expansion of cultivation into marginal or remote areas. At the 19th Party Congress, a time when Malenkov was still the top Politburo man responsible for agriculture, he said:

"Now that the prewar level of sown acreage has been reached and surpassed, the only correct course in increasing farm output is to increase yields comprehensively. Raising yields is the principal task in farming. In order to meet this task it is necessary to raise the quality of field work and reduce the length of time for it, to improve utilization of tractors and farm machinery, to complete the mechanization of the basic operations in farming, to ensure the quickest possible development of crop rotation and the sowing of perennial grasses on collective and state farms, to improve seed selection, to make proper soil cultivation universal, to increase use of fertilizers and enlarge the irrigated area. It is necessary to heighten the organizing role of the machine and tractor stations in the collective farms, raising the responsibility of these stations for fulfillment of the plan for yields and gross harvests and for development of animal husbandry."

Further, on 10 June 1953, after Stalin's death and shortly before Beria's purge, an authoritative article in Pravda on the Communist Party had this to say of agriculture:

"The Soviet State constantly augments capital investments in agriculture. Much work has been undertaken for the mechanization of agricultural production, for increasing the fertility of the soil..., and there are also other great measures

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

for advancing agricultural production, especially in the central, densely populated areas of the country where capital investment may give the greatest economic results in the shortest possible period of time." (Underline added.)

In his 8 August 1953 speech, Malenkov recommended measures toward the above ends, although, as earlier noted, he did not dwell at any length on this aspect of the agricultural problem.

Khrushchev's September 1953 program was on the above lines, although it elaborated every point to a considerable extent. Khrushchev did mention expansion of sown areas, however, and the Central Committee resolution of 7 September incorporated a brief statement on expansion of sown areas.

In January and February 1954, however, it became evident from the speeches at a number of agricultural conferences in the Kremlin that expansion of sown acreage was being undertaken on a massive scale. This program was then presented by Khrushchev to the Central Committee at its plenary session in late February, and was approved.

The expansion target approved by the Central Committee was 13 million hectares. This apparently was an increase from the target revealed in earlier speeches.\*

It was stated that the proposed increase of sown area was merely the beginning of such a program. Khrushchev said that "during the next two years we must prepare to continue developing new and more difficult tracts in the East...." In actual fact, the goals were again raised, to 30 million hectares, by a Central Committee decree in August 1954.

The new lands program was justified on the grounds that an urgent and rapid increase in grain production was basic to a rapid advance in all other branches of agriculture and in the entire consumer goods program. This note of urgency runs through all of Khrushchev's discussions of the problem, and

\* No specific totals are available. However, the comparison can be made by plans for the RSFSR. On 27 January 1954, Lobanov, RSFSR Agriculture Minister, stated that in 1954 and 1955 4.7 million hectares of new lands were to be tilled. On 22 February, Lobanov stated that, in 1954 and 1955, the RSFSR was to develop 6.7 million hectares. It was this latter figure that was incorporated in the Central Committee resolution.

~~TOP SECRET~~

~~TOP SECRET~~

was forcefully expressed in his interview with Bernal in September 1954. Also, the new lands expansion was claimed to be the cheapest way of bringing about a rapid increase.

Furthermore, despite Khrushchev's assertions in his speeches and in the Bernal interview that more intensive use of existing agricultural areas remained an essential point of agricultural policy, he also told Bernal that agricultural machinery produced in 1954 and 1955 would be sent chiefly to the new lands.

"Consequently, the number of caterpillar tractors this year and next on the old cultivated lands will not be increased; to these lands will be sent inter-row tractors, cultivators and other implements to cultivate the soil, as well as spare parts for existing tractors."

An essential point both of Malenkov's recommendations and of Khrushchev's program was the dispatch to the countryside, especially to the machine tractor stations, of skilled workers and mechanics from schools and from industry as well. The new lands program upped the requirements for such personnel, as well as for agricultural specialists and farm managers, considerably. Thus personnel for the new lands have been drawn from the traditional agricultural areas as well as from industry. While it is impossible accurately to estimate the impact of these withdrawals on both the traditional agricultural economy and on industry, it is almost certainly great.

Finally, in January and February 1955, the Central Committee formally adopted a further element of Khrushchev's program, a significant expansion of corn growing, intended to provide a fodder base for livestock expansion. The expansion of corn cultivation is to take place largely, though not completely, at the expense of area sown to grain in the traditional agricultural areas.

One interesting little thread runs through the documents concerning the new lands: a continued protestation that the programs are "realistic" and reasonable. This remark was included in the first Central Committee decree on the subject, in March 1954, whereas speeches during the political crisis in January and February 1955 made the point that the 1954 successes had proved the realism and reasonableness of the program, despite the doubts and trepidation of some of the "comrades."

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

In addition, there can be read into Khrushchev's two speeches in January 1955--to the Komsomol and to the Central Committee--a certain triumph over the doubters who had questioned the new lands program.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~ [redacted]

FOREIGN AND DEFENSE POLICY

One of the most debatable and obscure aspects of the Malenkov affair is the role that foreign policy problems and issues may have played in it, and the implications that differing estimates of the international situation may have had for the level of defense expenditures of the Soviet government.

For the six weeks or so preceding Malenkov's resignation, Soviet propaganda emphasized the need for heavy industrial development, justifying it by a marked increase in emphasis on building the might of the Soviet state, the requirements of national defense, and heightened international tension.

One line of analysis argues that a split in the Presidium on foreign policy matters was the central and fundamental factor in Malenkov's ouster. In this view, the leaders differed in their evaluations of the degree of seriousness of the world situation; these differences led to correspondingly different estimates of the defense requirements of the USSR; and the defense requirements in turn affected the whole range of domestic issues, but most particularly the problem of the relative priority to be accorded heavy industry.

Another line of analysis argues that foreign policy issues, while important, were nonetheless secondary to more fundamental domestic issues and the issue of power.

A third line of argument denies that foreign policy matters had much if any relation to the leadership problem. Analysts holding this viewpoint believe that Malenkov's ouster was the result of either a serious domestic issue or a pure struggle for power. These analysts argue that even the "new course" in Soviet foreign policy has been consistently applied by both Malenkov and Khrushchev, reflecting similar appraisals of the world situation, and that they have pursued foreign policy aims with a consistency and decisiveness which would argue against significant differences in policy outlook.

On the other hand, Ambassador Bohlen on a number of occasions commented on an apparent difference in outlook of Malenkov and Khrushchev on international affairs. In Bohlen's view, Malenkov was inclined to take a more sober and calm view of the international situation than did Khrushchev. In addition, the Ambassador interpreted the disparate treatment of light and heavy industry by the Soviet press in December

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

as a sign of division in the top Soviet leadership, and suggested that the problem of the exact course of action to be followed in the event of ratification of the Paris accords may well have brought about a dispute regarding the domestic economic policies. Bohlen suggested, after Malenkov's actual ouster, that a "latent dispute" concerning economic policies was "triggered off" by the problem of German rearmament.

An informal account

[redacted] also accords Soviet alarm over the world situation the role of a catalytic factor that brought serious agricultural and industrial problems to a head.\* [redacted] view was, however, that the Soviet Government was particularly concerned over the course of events in China, more so than over the German problem. This latter view is shared by certain Yugoslav diplomatic personnel.

One analysis, based on a detailed textual analysis of the leaders' speeches,\*\* develops the thesis of controversy on defense policy during the year preceding Malenkov's ouster, with Malenkov and Bulganin emerging as principal spokesman for the two points of view. This controversy, according to this analysis, was generated by conflicting views on the implications for international affairs of possession of the H-Bomb by both the United States and the USSR.

The Malenkov view, according to this analysis, was apparently that the threat of mutual destruction had made war less likely and that defense spending might therefore be stabilized.

The opposing view, propounded by Bulganin, implied that even with modern weapons war was inevitable, emphasized the danger of a surprise onslaught, and insisted on continued strengthening of the armed forces.

\* [redacted]

\*\* FBIS IP.23, 19 April 1955, Some Policy Issues in the Malenkov-Khrushchev Struggle.

~~TOP SECRET~~

~~TOP SECRET~~

According to this analysis, this policy controversy continued at least until November 1954, and must have been an important element in the controversy concerning relative priorities of light and heavy industry.

Divergent Statements and Outlook of Soviet Leaders on International Situation and Foreign Policy: After the death of Stalin and the purge of Beria, the Soviet leaders inaugurated a practice of frequent appearances at diplomatic or semiofficial receptions and social occasions, and in the course of these contacts have given some indication of their temperaments and sometimes their policy views.

Malenkov in his public speeches and personal contacts gave the diplomatic colony the almost unanimous impression of a realistic and calm approach to problems of foreign policy. Malenkov inaugurated the "peace" campaign immediately after Stalin's death with his remark that there were no outstanding international issues which could not be settled by peaceful negotiation. On diplomatic occasions he invariably took a peaceful line, on one occasion correcting Khrushchev, who was making belligerent statements.

All Soviet leaders have expressed this peaceful line in one way or another, however. The sole instance in which Malenkov strayed from a "united" position on foreign policy was in his "election" speech in March 1954 in which he said that a new world war would signify the "destruction of world civilization," which in turn made it imperative, according to Malenkov, to settle problems by negotiation rather than by resort to arms. Malenkov was the only top Soviet leader ever to give voice to this phrase.

Significantly, Malenkov a month later returned to the standard formulation concerning this problem; i.e., in his speech at the April 1954 Supreme Soviet session he said that a new world war would result in the destruction of capitalism, a tacit repudiation of his earlier remark.

In his speech at the Supreme Soviet in February 1955, Molotov explicitly repudiated Malenkov's formulation, asserting that a new war would not mean the end of "world civilization" but only of capitalism. Since then there has been sustained discussion of this thesis in Kommunist and other Soviet publications. In these articles, the idea of the destruction of civilization is rejected as "theoretically erroneous" and "politically harmful." Acceptance of this thesis, they argue, is a result of falling victim to the "atomic blackmail" of

~~TOP SECRET~~

~~TOP SECRET~~

the "imperialists" and reflects "weak nerves" and political shortsightedness. Malenkov is not mentioned by name in these articles, but one of them left no doubt by its remark that "some comrades" had given expression to this idea in their oral and printed speeches--Malenkov is of course the only top-level man to have made this statement in a public speech.\*

Malenkov's formulation is "politically harmful," according to Pravda and Kommunist, in that it plays into the hands of the imperialists and destroys the "peace" movement throughout the world and thus engenders a fatalistic attitude in the struggle against war.

Thus Malenkov's remark may very well have been one of the "mistakes" of which he was accused both in the 31 January 1955 decree and in Khrushchev's remarks to Subandrio.

Khrushchev, from the time of Stalin's death until he became top man in the USSR, was outspoken in his hostility toward the West, demonstrated none of the subtlety shown by Malenkov, and repeated dialectical stereotypes with seeming conviction. MacDuffie, who has seen more of him than any other non-Communist Westerner, commented that he "displayed a shocking rigidity in his thinking about the West--an apparent willingness to swallow the propaganda he himself has helped create."

Khrushchev's speeches in 1954 were very strongly anti-US. One of these was a tactless address at the Malenkov reception and dinner for the visiting British Laborite delegation in August 1954. Another was his address in Peiping last October in which he supported the Chinese Communist claim to Formosa as a "legal and indivisible part of China." Khrushchev avoided, however, promising support in a military sense.

In some contrast to Malenkov, Khrushchev's speeches have conveyed the idea of two inflexible opposed camps. In private discussions between Soviet leaders and the French Ambassador, Khrushchev led the attack on the treaties to rearm Germany and stated that ratification would mean a larger defense program for the USSR. He showed little interest in diplomatic moves to exploit Western disunity.

\* It is rather important to note that several important Soviet officials have privately affirmed this "heresy," well after the issue was "settled" in the Party press. It seems likely that the Soviet leadership is indeed fully aware of the destructiveness of A-weapons.

~~TOP SECRET~~

~~TOP SECRET~~

Although Khrushchev has been careful to pay lip service to the coexistence theme, this has apparently meant for him little more than an absence of armed conflict. In a speech in Prague in June 1954, he stressed Soviet possession of the atom and hydrogen bombs, as well as the necessity for maintaining and increasing Soviet armed strength. Several times he referred to the West as "the enemy" and spoke of capitalist encirclement. He also attacked Churchill by name for his known views on the Soviet Union, and especially for his idea of acting from a position of strength.

There presumably was some discussion of this speech in the Kremlin, for at a diplomatic reception on 28 July Khrushchev adopted a less truculent

Khrushchev reportedly stated on this occasion that neither the USSR nor Great Britain had designs on each other's territory, and claimed that both he and Churchill were in complete agreement on the issue of coexistence.

On 10 August, however, he stated twice that the Soviet government, although deeply desired peace, would make no concessions whatsoever in its foreign policy. He reportedly warned of a dire fate for any potential attacker. He indicated that there could be trade and increased diplomatic intercourse, but no change in ideology, thereby implying no respite from political warfare. complained to him of Communist intolerance of other political systems, Khrushchev blurted, "In this field there can be no coexistence."

Khrushchev expounded further on coexistence in an interview with the publisher Hearst on 5 February. He said he recognized the right of the United States and "of the bloc it has formed" to be strong in the interests of security. Khrushchev remarked that this "might be termed a balance of power." He complained, however, that "Churchill and Dulles by positions of strength do not mean balance of power, but that one position should be stronger than another in order to enforce its will on the other side." This, he asserted, leads to an armaments race with all its dangers and unfortunate economic consequences.

Khrushchev's various remarks and statements on foreign policy matters during the Malenkov regime are particularly interesting in that he was, at the time, out of step with the other members of the leadership.

~~TOP SECRET~~

~~TOP SECRET~~

Bulganin, who in his public speeches has tended to harp on the necessity for increasing Soviet military power and for vigilance,\* nonetheless has made some startling statements in his personal contacts, statements which have gone far beyond those of other leaders.

Specifically, Bulganin has on several occasions repudiated Stalin's policies and approach to international affairs. At the 7 November 1954 reception, Bulganin told [redacted] Military Attachés that Stalin's policy had spoiled relations between the USSR and its neighbors.\*\* Bulganin went on to say that, although a colleague of Stalin's, he had always disagreed with Stalin on the latter's policy. Bulganin then said that "we" are returning to Lenin's policy of good neighbor and friendship with Iran and Turkey, and that he was not speaking personally but was expressing the view of the Soviet government.

At the 12 December 1954 reception, Bulganin, along with Mikoyan and Malenkov, gave tacit assent [redacted] to the effect that it was postwar Soviet policy under Stalin which had brought about a feeling of insecurity and threat to the nations of Western Europe. Molotov, however, was reportedly visibly irritated by [redacted] reference to the policies pursued under Stalin.

\* Bulganin's expressions on these points are understandable in that he was Defense Minister. However, in his November 1954 speech he used a phrase slightly at variance with other formulations regarding the international situation: viz., that there had been no changes in the international situation that would warrant relaxation of effort to strengthen Soviet defense. This phrase reappeared in Finance Minister Zverev's budget speech in February 1955, at the time when the defense budget was increased by 12 percent, and in Bulganin's own speech to the Supreme Soviet after he had been elected Premier.

\*\*

[redacted] Ambassador Bohlen and the US Naval Attaché reported Bulganin as saying that Stalin had spoiled relations with Turkey and Iran, and that he, Bulganin, had always disagreed with Stalin's hostile policy toward Turkey and Iran.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

[redacted]

Kaganovich, like Khrushchev, apparently entertains an orthodox and doctrinaire Stalinist view of the world. At the Foreign Ministry reception on 7 November 1953, as he became drunker, he lapsed more and more into "old Bolshevik" jargon.

A better indication, however, is Kaganovich's speech at Prague in May 1955. Like Khrushchev a year earlier, also at Prague, Kaganovich apparently departed from his prepared text, adding some sentences and phrases and deleting others from a prepared text. His departures from the text appeared to reflect a particularly strong abhorrence of the Germans, and a "commitment to Communist ideology and its goals of world revolution equalled only by Khrushchev among top Soviet leaders."\*\*

Khrushchev, Bulganin and Zhdanov: Since March 1954, a very curious change has taken place in Soviet propaganda regarding World War II. This change, which became pronounced and unmistakable in December 1954, was a deliberate effort to de-emphasize the role of the State Defense Committee, to elevate the roles of Bulganin and Khrushchev, and to associate these two leaders with the deceased Communist leaders A. A. Zhdanov and A. S. Shcherbakov.

For example, New Times for December 1954 stated:

"The Central Committee of the Party and the Soviet Government appointed Stalin Chairman of the State Defense Committee and made him head of the armed forces of the country. N. A. Bulganin,

\* [redacted]  
\*\* FBIS CD 28, 25 May 55

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

A. A. Zhdanov, A. S. Shcherbakov, N. S. Khrushchev and other outstanding leaders were likewise assigned by the Party to the work of directing the war effort."

The State Defense Committee, under Stalin, had previously been accorded, in propaganda, full credit for victory in the war, and individuals, other than Stalin, were singled out for credit. In July 1953, for example, the Juridical Dictionary gave this committee "exclusive credit for organization of the destruction of German fascism."

The new propaganda trend not only subtracted credit from the State Defense Committee, but in at least one instance (24 February 1954) relegated it to a secondary position.

Obviously, the composition of the State Defense Committee had something to do with its treatment in propaganda. The five original members were Stalin, Molotov, Voroshilov, Malenkov and Beria. Later, Voznesensky, Kaganovich, Mikoyan and Bulganin were added to it, and Voroshilov was removed. Clearly, the new propaganda treatment of the wartime victory was intended to subtract from Malenkov's stature (and perhaps from that of others also), and to enhance the roles of Khrushchev and Bulganin.

More interesting, however, is the effort to associate Khrushchev and Bulganin with Zhdanov and Shcherbakov. Shcherbakov, who died in 1945, and Zhdanov, who died in 1948, were the alleged "victims" of the so-called Doctors' Plot of January 1953. While Zhdanov's name had never been deleted from the roster of heroes of Communist mythology, it was nevertheless true that his name was very rarely mentioned, and the frequency of references in the recent past, therefore, is undoubtedly calculated. The presumed rivalry between Zhdanov and Malenkov is believed to have been responsible for the near absence of references to Zhdanov after 1948. It is, therefore, of interest that Khrushchev and Bulganin have seen fit to identify themselves with the Zhdanov symbolism.

In addition, there has emerged in the Soviet press and in Soviet ideological journals articles and references reflecting a "Zhdanovist" orientation. Three emphases are evident: a return to "partinnost" ("partyness")--ideological purity and discipline in Party ranks; an emphasis on "proletarian internationalism" and a resurgence of international aspects of Communism; and an inveighing against "fear and panic" in the face of "new and complicated" situations. The theme of

~~TOP SECRET~~

~~TOP SECRET~~

"partinnoct" is evident in recent literary discussions, but also has been introduced into the diatribes against the proponents of "light industry," who are castigated as "opportunist" and "right deviationists."

The themes relating to Communist internationalism and exhorting against "fear and panic" are an essential component of the argument denouncing Malenkov's assertion that a new war would result in destruction of world civilization.

There is thus very little question that these recent ideological tendencies are intimately related to the Malenkov ouster.

The military budget as a political issue: Reference has already been made to one study which, on the basis of a close textual analysis of speeches, concludes that conflicting views on the implications of modern weapons in the field of international affairs was an important policy issue between the Soviet leaders.

The analysis notes that four Soviet leaders--Malenkov, Saburov, Pervukhin and Voroshilov--failed to call for an increase or strengthening of Soviet armed forces in their election speeches in 1954. It notes also that Malenkov's contention that a third world war "would mean the destruction of world civilization" seemed to imply that this prospect made war less likely. This suggestion was supported by quotations from Pospelov and Mikoyan to the effect that Soviet technological achievements were "having a sobering effect" on the enemies of the USSR. Mikoyan explicitly stated that "the danger of war has considerably lessened as we now have not only the atomic but also the hydrogen bomb."\* Mikoyan noted that the United States, now vulnerable to destruction, had adopted a new policy line as a result of Soviet possession of atomic and thermonuclear weapons.

Bulganin, the analysis continues, presented a contrary line in his 10 March 1954 speech:

\* FBIS notes that the passage from which this quote is taken was deleted from the version of Mikoyan's speech published in the central press.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

"We cannot assume that the imperialists are spending enormous material resources and vast sums of money on armaments merely to frighten us. Nor can we count on the humaneness of the imperialists who, as life has shown, are capable of using any weapons of mass destruction."

The analysis observes that both Khrushchev and Bulganin on several occasions called for strengthening of Soviet defenses. In the meantime a new note appeared in discussions of the possibility of war: in July, in Warsaw, Bulganin pointed out that the USSR is forced to develop atomic weapons "so as not to be left without weapons in case of surprise. While this theme of the possibility of surprise attack was not developed at the time, a number of references were made to it in speeches of Voroshilov, Molotov, and Bulganin in December 1954 and in February and March 1955.

On 7 November 1954, Bulganin asserted:

"In the international situation so far no such changes have taken place as would give us grounds to lessen in any measure our attention to questions of strengthening our defense capability."

This thought was echoed by Finance Minister Zverev in his budget speech in February 1955, as justification for the 12-percent increase in military allocations. The contradiction in thought of this expression with the remark of Mikoyan above is clearly evident.

The analysis concludes that the 1955 stress on the danger of being caught "unawares" suggests that Bulganin's view of the insecurity of the Soviet position even when both sides possess thermonuclear weapons had won out over those who believed that the likelihood of war had thereby been diminished.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

### PERSONAL RIVALRY AND STRUGGLE FOR POWER

It is a difficult matter to separate political or policy difference from conflict over personal power and position. The difficulties can be illustrated by the well-known observation that policy differences tend to become personal issues; whereas, conversely, personal rivalry very frequently manifests itself in competing political "platforms." Available evidence on the Soviet leadership does not permit determination of such a question.

Nevertheless, while the exact role of personal rivalry as a factor leading to Malenkov's resignation cannot be determined, its presence to a considerable degree would appear to be almost certain. It would seem particularly likely however, that Malenkov, presumably well schooled in the art of accommodating himself to a changing party line, would have been able to alter his own policies to fit the demands of the other leaders, if the question had been one of policy alone.

There is considerable reason to think that antagonism and perhaps enmity existed in Malenkov's relations with Khrushchev. These relations go back at least to the early 1930's when both were members of the Party organization in Moscow. During World War II, they were directly associated in the Military Council of the Stalingrad front, and both were secretaries of the Central Committee from 1949 to 1953. Khrushchev became a candidate member of the Politburo in 1938 and a full member in 1939, while Malenkov attained these positions in 1941 and 1946, respectively, although in Stalingrad and in the Secretariat, he had had the senior post. There were no indications during this early period that Khrushchev and Malenkov were antagonistic toward one another.

Hints of friction began to appear, however, at the 19th Party Congress in October 1952. At that time, Malenkov, in his major address to the Congress, appeared to go out of his way to remind that "certain of our leading officials" had been wrong in their efforts to amalgamate small collective farms into collective farms, towns or "agrogorods." This seemingly gratuitous remark made more than a year after the policy had been abandoned must certainly have been aimed at Khrushchev, the only top official publicly associated with the policy.

Following Stalin's death, rivalry between Malenkov and Khrushchev may very well have been engendered over Malenkov's requested "release" from his key position on the party Secretariat in favor of Khrushchev. Even more damaging, however,

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

was Khrushchev's formal promotion six months later, in September 1953, as First Secretary of the Party--an important symbol of prestige vis-a-vis Malenkov.

During this same period Khrushchev delivered his first major post-Stalin speech, which filled in the details of the agricultural program Malenkov had outlined the month before, yet made no attribution to him.

After that time, Khrushchev mentioned Malenkov on only two occasions--in his talk with Bernal in September 1954 and in his speech to the Komsomols in January 1955. However, neither of these references reflected any desire to praise Malenkov and indeed may even be regarded as patronizing, an interpretation favored by Ambassador Bohlen.

There were other moves which suggested political jockeying. Khrushchev personally attended the Leningrad party plenum in November 1953 which removed V.M. Andrianov, long considered a Malenkov protégé, from his post as First Secretary of the Leningrad Oblast Party Committee. A year later, the execution of former State Security Chief V. S. Abakumov and five of his associates in December 1954 also suggested rivalry between Khrushchev and Malenkov. The reference to the falsification of the "Leningrad Case" in the announcement of the execution seems almost certainly to have pertained to the widespread shake-up of the Leningrad party organization in 1949 when Abakumov was security chief. At that time, Malenkov was generally credited with masterminding the removals in order to place his own henchmen in important posts in the Leningrad organization.

In addition, Malenkov's unique resignation announcement with its admission of guilt and lack of experience suggests the collaboration of a revengeful Khrushchev. This supposition is buttressed by the heavy emphasis in the document on the role of the party, and the obvious admission that the Malenkov agricultural tax reform was the work of the Central Committee. It was during this same Central Committee Plenum in January 1955 that Khrushchev denounced manifestations of right-wing deviation in connection with some of the liberal domestic policies associated with Malenkov, thus clearing the path for Malenkov to be accused eventually of doctrinal heresy.

Malenkov's youth in comparison to the "Old Bolsheviks" in the Presidium, his rapid political rise, his role in the purge of the 1930's, and his personal influence with Stalin

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~ [redacted]

probably were other sources of antagonism or resentment. Finally, enmity can also be detected in Khrushchev's outspoken conversation with the Indonesian Ambassador in which he said that Malenkov had attempted to run the government through bureaucrats rather than through Party representatives.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

MALENKOV'S ALLEGED DEFICIENCIES IN MANAGERIAL ABILITIES

One problem which must be discussed, inasmuch as it has been raised by various Soviet versions of Malenkov's demotion, is the question of Malenkov's alleged inexperience and ineptitude in directing the affairs of state of the USSR.

It was noted earlier that in 1946, Malenkov reportedly came under fire for ineptitude and lack of foresight in his wartime direction of the Soviet aircraft industry. Furthermore, the program for dismantling of industry in occupied areas which was under Malenkov's direction, was badly mismanaged and many losses, both industrial and political, were incurred as a result of this program.\*

Alleged deficiencies in executive abilities figured large in Malenkov's letter of resignation. The 31 January resolution on Malenkov mentioned them; Khrushchev specifically cited this point in his interview with Subandrio; and officials of the Soviet Ministry of Electric Power Stations openly alleged such deficiencies in discussions with [ ] visiting in the USSR.

[ ] has discussed this question at length, and avers that the frequent reorganizations and an intensive "Malenkov program" to reduce substantially the number of personnel in the state apparatus introduced chaos and confusion in Soviet administration. According to [ ] the resulting frictions, uncertainties and sagging morale caused a serious and growing resentment against Malenkov.

There is, unfortunately, very little that can be affirmed regarding this question. One observation, however, is that other leaders, particularly Khrushchev, are at least as responsible as Malenkov for the RIF program and for the transfer of government bureaucratic personnel to agriculture and industry. The New Lands program, in particular, has undoubtedly required a far greater number of persons to be drawn from the government apparatus than any specific program of Malenkov. Despite the true facts of responsibility for the reductions and transfers, however, it cannot be denied that in the minds of the personnel affected, Malenkov could very well have been blamed for the situation.

In the one area in which sufficient evidence is available, the facts appear to support the allegations against Malenkov. On the subject of returning Dalstroi to the MVD

\* See CAESAR Chapter V for discussion of this problem.

~~TOP SECRET~~

~~TOP SECRET~~

in early 1954, when the MVD began to regain some of the economic organizations it lost after Stalin's death, the negotiations and controversies extended over a number of months. The matter seemed decided several times, first in favor of one party and then in favor of the other, but after each decision the question was reopened.

At the very least, the history of this organization during 1954 is evidence of confusion and lack of decisiveness in top government circles and of a strong and effective interplay of rival interests. It is certainly plausible to assume that the handling of the Dalstroï matter was characteristic of the handling of other problems in the government.

~~TOP SECRET~~

~~TOP SECRET~~

## DEVELOPMENTS AFTER MALENKOV

### The Soviet Leadership Since Malenkov

The removal of Malenkov from the Soviet premiership plainly marked a realignment of power within the Soviet party presidium, but there has been as yet no indication that the search for a durable substitute for the monolithic personal leadership of Stalin terminated with that event. There is no doubt that Party Secretary Khrushchev has been the chief beneficiary of Malenkov's decline and that he is now the single most powerful Soviet leader although he still does not appear to have a monopoly of power. While the narrowing of the circle, first with the elimination of Beria and then with the political emasculation of Malenkov, has weakened the foundations of group rule, a conscious effort is apparently still being made to preserve the principle of collective leadership.

There have been a number of personnel changes in the Soviet party and governmental hierarchy since Malenkov's resignation in February. Some of these have resulted in the replacement or demotion of officials closely connected with Malenkov in the past and the appointment of Khrushchev protégés. This is, of course, a classic Soviet device for building power and if the changes continue, Khrushchev's personal position may gradually become unshakable. Some of the changes appear to have been dictated largely by a search for competent management, and the present picture might be distorted if they were to be interpreted uniformly in terms of factional alignments and power struggle. The changes so far effected do not in any case amount to a wholesale shake-up, and it would seem that, if Khrushchev aspires to supreme personal power, he has either preferred or been forced to move with caution. Khrushchev's influence on personnel changes has been most apparent within those areas for which he has shown special concern, and in which his personal prestige is most directly engaged. A shake-up of the agricultural ministries, announced on 2 March 1955, brought the dismissal of A. I. Kozlov as USSR Minister of State Farms and the appointment to his post of I. A. Benediktov, till then Minister of Agriculture. Kozlov had a long record of association with Malenkov and had been personally criticized by Khrushchev on more than one occasion during the past year. However, Benediktov would probably have been equally liable to complete removal had the political factor been the only one at work. He has been reassigned to what is probably a less important post, it is true, but the transfer, while it appears to reflect Khrushchev's lack of confidence in him, does not have the earmarks of a political vendetta.

~~TOP SECRET~~

~~TOP SECRET~~

The appointment on 28 February of four new Deputy Chairmen of the USSR Council of Ministers has brought into leading positions in the governmental structure, over the heads of former superiors, men who are presumably in sympathy with Khrushchev's methods and policies. There is no evidence of personal links between Khrushchev and two of the four new deputy chairmen - A. P. Zavyaygin and M. V. Khrunichev,\* but there is fairly good reason to suppose that P. P. Lobanov and V. A. Kucherenko owe their appointments to Khrushchev. Lobanov played a prominent part, alongside Khrushchev, at the zonal agricultural program with which he is so closely identified. Kucherenko, who has been named chairman of the State Committee on Construction Affairs, served under Khrushchev in the Ukraine and was singled out by the latter for praise at the construction conference held in Moscow in December 1954. Khrushchev has displayed a keen interest in construction affairs and is largely responsible for the great stress which has been given to ferro-concrete construction.

The recall of L. G. Melnikov from the Soviet embassy in Rumania to head the newly-created Ministry of Construction of the Coal Industry, announced on 8 April, can probably be traced to Khrushchev, who was Melnikov's predecessor as First Secretary of the Ukrainian Party. Melnikov had been purged from the Ukraine by Beria in June 1953. He was partially rehabilitated after Beria's purge by receiving the Rumanian ambassadorship. The personal factor may also have played an important part in the removal of G. P. Aleksandrov as Minister of Culture on 21 March, for there are indications of a close link between Malenkov and Aleksandrov. However, Aleksandrov's successor at the Ministry of Culture, N. A. Mikhailov, was once commonly regarded as a Malenkov protégé also.

Within the party there have been very few announced changes since February. P. K. Ponomarenko was released as First Secretary of the Kazakh party on 7 May to succeed Mikhailov as Soviet Ambassador to Poland, but the significance of this change is not yet clear. Khrushchev's hand can, however, be clearly seen in the removal of D. N. Melnik, who was criticized by Khrushchev at the January party plenum, from the post of Secretary of the Primorye Krai party. It is also noteworthy

\* Zavyaygin's and Khrunichev's careers since Stalin's death suggest that they were unacceptable to Malenkov, which may explain their elevation by Khrushchev and Bulganin.

~~TOP SECRET~~

~~TOP SECRET~~

that N. N. Shatalin, who is thought to have had close ties with Malenkov, was apparently removed from his powerful position as secretary of the Central Committee and appointed First Secretary of this far-distant Primorye Krai. Shatalin had been concerned as Secretary with party personnel appointments and probably also with party supervision of the police apparatus, and his removal from the Secretariat almost certainly means a tightening of Khrushchev's grip on the party.

The appointment of K. F. Lunev as Deputy Chairman of the Committee of State Security (KGB), though it pre-dates Malenkov's resignation, is possibly another sign that Khrushchev has gradually increased his control of the vital instruments of power, in this case, the police apparatus. Lunev, whose present post was revealed by the Soviet press on 20 January, was identified as a first deputy minister of the MVD in December 1953 when he sat on the special court which condemned Beria. He had previously served under Khrushchev as an official of the Moscow Oblast, and it has been thought that Khrushchev was largely responsible for his position in the post-Beria security apparatus.

It seems, also, that the army has not been overlooked. While it has yet to be shown that the military have begun to exercise a significant political influence, it is, nonetheless, likely that their good-will is something especially to be sought and held at a time when crucial decisions must be made and power is still in flux. It is possible, then, that Khrushchev had a direct and personal part in the recent promotion to marshal's rank of a number of prominent Soviet generals, at least two of whom, Grechko and Moskalenko, have served with him in the past.

Khrushchev's salient role in the Belgrade parleys, in which Premier Bulganin was thoroughly overshadowed, is the clearest public sign yet that he is the ranking member of the Presidium. However, he has not been given a blatantly artificial publicity build-up. Although he usually has the place of honor among his presidium colleagues at public ceremonies, Premier Bulganin's picture was placed before his in some of the May Day portrait displays. This is a trifling sign, perhaps, but not a meaningless one among the protocol-careful Soviet leaders. His numerous speeches before party, agricultural and industrial promotional conferences have been duly but not fulsomely reported by the Soviet press.

~~TOP SECRET~~

~~TOP SECRET~~

Allusions to collective leadership, among them Bulganin's assurance to the Hearst party that the "principle of collective leadership with us is unshakeable," still appear regularly in the press, and alphabetical listing of presidium members, the literal symbol of collectivity, has been continued. Perhaps the most interesting reference to collectivity to appear recently is found in an article by the Old Bolshevik, G. Petrovsky, published in Pravda on 20 April. "Lenin," Petrovsky wrote, "taught us collectivity in our work, often reminding us that all members of the Politburo are equal, and the secretary is elected to fulfill the decisions of the Central Committee of the party." This standard has been publicly ignored only occasionally. Both A. I. Kirichenko, First Secretary of the Party in Khrushchev's old bailiwick, the Ukraine, and Marshal Konev, for example, paid special deference to Khrushchev in their speeches. Interestingly enough, however, Pravda's version of Konev's speech revised the passage in the broadcast version in which an attempt seems to have been made to set Khrushchev apart from and above his colleagues. In addition, Soviet diplomatic officials have on a number of occasions affirmed that collectivity has not been destroyed by Malenkov's ouster.

Since Malenkov's demotion Khrushchev seems to have obtained a freer hand in guiding policy, although not to the point of independence from the other leaders, and to have become more firmly entrenched in the party apparatus. There is some reason to suppose, also, that he has managed to strengthen his ties within the police apparatus and the armed forces, and may be able to count on greater support from that direction than before. However, there are almost certainly many men left in important positions who are indebted to Malenkov, and there is no sign that a full open season has been declared on them. The search for effective leadership of the current agricultural and industrial program is the most plausible explanation of some of the personnel changes which have taken place recently and probably has had some influence even in those cases where the political motive is most clear. While Khrushchev has become the spearhead of both domestic and foreign policy, he does not appear to have the power to make unilateral decisions either in respect to policy or to personnel appointments. His authority is probably shared with, and to some extent depends on, other members of the presidium, among whom Bulganin, Kaganovich and Mikoyan appear to be the most influential.

~~TOP SECRET~~

~~TOP SECRET~~

Bulganin's role is difficult to define. He does not have Khrushchev's authority, but he is probably a force in Soviet policy-making and an important factor in the intricate balance of personal relationships which presumably exists within the Presidium. He has a reputation for executive ability and, as Chairman of the Council of Ministers, presumably exercises a direct and positive influence on the operations of the Soviet government.

The three Old Bolsheviks; Kaganovich, Mikoyan and Molotov, are men of long experience in particular areas of Soviet policy. It seems probable that neither Kaganovich nor Mikoyan aspires to the formal trappings of power, because of their racial origin. However, for this same reason, they may now be a pivotal force within the "collective," the force which can tip the scales in either direction in important deliberations. Furthermore, it is to their advantage to keep the collective leadership alive. Kaganovich appears to be closest to Khrushchev personally and policy-wise; he is the one who in a speech in May 1954 gave pre-eminence to Khrushchev over Malenkov. Kaganovich's behind-the-scenes influence is probably considerable, particularly in questions relating to industrial development.

Molotov's prestige appears to have suffered from the partial rapprochement with Tito, and it is possible that confidence in his judgment on other questions of foreign relations has been impaired. It seems fairly certain, in any case, that Molotov does not have a paramount voice in setting the broad lines of Soviet foreign policy. Both the larger decisions and those affecting relations with Communist states appear to be, instead, subject to collective discussion and agreement within the Presidium. Against this background, Molotov's resignation from the Foreign Ministry, which has been rumored since the Belgrade conference, is not inconceivable, but would shed little light on the balance of power within the Presidium.

Mikoyan, whose resignation as Minister of Trade was announced on the eve of Malenkov's demotion, accompanied Khrushchev and Bulganin to Belgrade, presumably to conduct the trade negotiations. Since February he has been promoted from Deputy to First Deputy Chairman of the Council of Ministers and apparently continues to act as the overlord of Soviet domestic and foreign trade. Mikoyan, who was probably aligned with Malenkov in favoring increased production of consumer goods, does not seem to have been seriously injured by repudiation of that policy. It has been suggested

~~TOP SECRET~~

~~TOP SECRET~~

that his promotion, like that of Pervukhin and Saburov, who were appointed First Deputy Chairmen of the Council of Ministers simultaneously, was a political reward for abandonment of Malenkov. However, this interpretation, which seems to presuppose that the victory of one of two clearly-defined factions was the prelude to Malenkov's demotion, may oversimplify the pattern of current relationships within the Presidium and the manner in which power has shifted there. Some of the Presidium members may have favored the present line earlier and more emphatically than others, but Malenkov's defeat seems to have been the consequence of a gradual shift of opinion which coalesced around Khrushchev, rather than of a sudden showdown between unequal factions. If this is the case, the promotion of Mikoyan, Pervukhin and Saburov may have been intended, not as payment of a political debt nor as a peace-offering to a defeated faction, but as a sign that the Presidium's ranks had not been sharply divided and also, perhaps, as a demonstration of the extent of Malenkov's disgrace.

Malenkov's present status resists clear-cut definition. It is uncertain whether his immediate and complete elimination from the top ranks of the regime was considered impossible or merely undesirable. It may have been ruled out on the grounds that it would have disturbed a precarious political balance or because it would have presented an undesirable picture of division and instability, thus undermining Soviet prestige at home and abroad. Malenkov is still formally a member of the USSR's topmost ruling body and, as such, continues to take his place beside other Presidium members at public functions. He is, however, the only member of the Party Presidium who sits on the Council of Ministers without the rank of First Deputy Chairman. It is possible that there is still a considerable body of opinion which favors his point of view, but it seems more likely that his present influence is negligible. The process of isolating and discrediting him seems, however, to have been halted for the moment. While culmination of the process may be scheduled for a more opportune time, it is equally possible that Soviet leaders are as uncertain about his future as the outside world. His position probably will be clarified at the 20th Party Congress, presently scheduled for February 1956.

The Soviet leadership has passed through its second major readjustment since Stalin's death. Collective leadership appears to continue to be a fact and not a fiction, but its base has been narrowed, as a predominance of power has tended to pass more and more into the hands of four or five top leaders.

~~TOP SECRET~~

~~TOP SECRET~~

Post-Malenkov trends in Soviet foreign policy:

Soviet leaders have continued since Malenkov's demotion to show the high degree of flexibility in the conduct of foreign policy characteristic of the entire post-Stalin period, and have re-emphasized the possibility of negotiating international issues.

Three main themes, addressed alike to friends, enemies and neutrals, have formed the framework within which post-Malenkov foreign policy is being executed:

1. The strength and unity of the Sino-Soviet bloc.
2. The Soviet government's willingness to negotiate on all international issues.
3. The advantages which accrue to "in-between" nations with neutral foreign policies.

The first theme, peculiar to the post-Malenkov period, was introduced by:

1. Molotov's declaration on 8 February that Communist China occupies a position of equality with the USSR at the head of the Socialist camp.
2. Bulganin's speech on 9 February giving greater Soviet support to Peiping on the Formosa issue.
3. Attempts by top Soviet leaders to underscore the strength of the "Socialist camp" in comparison with the United States.

In Molotov's foreign policy speech of 8 February, he asserted five times that the "correlation of forces" between the two rival social systems "has definitely changed to the advantage of Socialism." He claimed, for the first time, that the USSR had nuclear superiority. Bulganin's 9 February speech likewise emphasized the theme of invincible Soviet power and noted that production of Soviet heavy industry "at present is almost three and one half times greater than in prewar 1940."

At the same time, Soviet leaders provided a counterbalance to this militant tone by stressing "peaceful coexistence" in speeches and interviews.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

The bellicose and chauvinistic tone of the early February Supreme Soviet speeches may, in addition, have been intended to prepare the bloc for unpalatable decisions in domestic economic policy and to reassure them of the Communist world's ability to deal with any threats arising from the agreements to rearm West Germany.

It is apparent that by the time the Supreme Soviet convened on 3 February, the Soviet leaders had concluded that there was little chance of averting ratification of the Paris accords and that the time had come to launch a new line of action calculated to regain the initiative and to disrupt implementation of Western defense agreements.

The first Soviet move to regain the initiative was the reopening of the long deadlocked Austrian question. From the reference to Austria in Molotov's 8 February speech to the signing three months later of the Austrian state treaty on 14 May, Moscow moved rapidly, showing unprecedented flexibility and willingness to compromise. Meanwhile, the USSR began putting into effect some of its threatened harsh countermeasures against West German rearmament. On 21 March, the USSR announced that the eight Soviet bloc powers had reached agreement on a treaty of friendship, collaboration and mutual aid and the organization of a unified bloc military command. On 9 April, the Soviet government requested the Presidium of the Supreme Soviet to abrogate Soviet wartime treaties with the United Kingdom and France.

Moscow apparently chose the Austrian settlement as the most impressive gesture it could make at the least cost, for the purpose of convincing the outside world that it was sincerely desirous of working out a settlement of the outstanding issues between itself and the West. The apparent explanation for the USSR's rapidity of action on Austria is that it continued to view the political defeat of West German rearmament as a primary objective of Soviet foreign policy.

It is evident, however, that West German rearmament as such was not the sole target of this phase of Soviet diplomacy. On 10 May, the USSR accepted a large part of the Anglo-French disarmament proposals, in an omnibus "peace" and disarmament proposal to the UN General Assembly which it made in a meeting of the stalemated UN disarmament subcommittee. On 26 May, the top Soviet leaders made an unprecedented journey to Belgrade where Khrushchev called publicly for a rapprochement between the Yugoslav and Soviet Communist parties and apologized for Soviet actions which lead to the 1948 break.

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

On 7 June, the USSR invited Adenauer to visit Moscow to discuss establishment of normal relations, including trade, between the two countries. This rapid-fire series of moves seemed to be aimed at undermining Western European support for NATO by persuading the Western Europeans that the Soviet military threat has faded.

In contrast to Moscow's hasty diplomacy in Europe, Soviet foreign policy in Asia has continued to be more cautious, with an emphasis on actions directed toward firmer support of Communist China's foreign policy objectives.

[redacted] Khrushchev took great pains to stress the USSR's solidarity with China in all fields. Bulganin, in his Supreme Soviet speech, likewise implied a greater measure of support for Peiping. The USSR's primary objective, both in private exchanges and in propaganda on the Formosa issue during this period, has been to establish itself in the eyes of the world as the champion of a negotiated settlement and place the United States in the position of refusing to settle international issues and relax tension.

Moscow's most immediate diplomatic target in the Far East has been Japan, and approaches for establishment of normal relations were made by the Malenkov government. During the post-Malenkov period, the USSR continued this slow courting of Japan, but moved steadily toward bilateral negotiations which began in London on 1 June.

Moscow's long-established policy of encouraging India in its independent foreign policy and in its aspirations to play a mediatory role between the two power blocs was continued. Greater emphasis has been placed on India, with laudatory statements on Nehru's government (which contributed to a serious local election defeat for the Indian Communist Party), an invitation for Nehru to visit the USSR which he did in early June, and the acceptance by Bulganin of an invitation to visit India at a later date.

The Communist bloc continued a large-scale effort to encourage cultural and technical exchanges with private groups and officials in the South Asian area, particularly India, Indonesia and Burma. Concurrent with this activity, it has made a series of offers to contribute technical assistance to economic and scientific projects, and to increase trade with the area. This effective combination of propaganda, trade

~~TOP SECRET~~

~~TOP SECRET~~

promotion and offers of economic aid was first given increased emphasis by the USSR in 1954, and is an attempt to persuade the underdeveloped south Asian countries of the advantages of neutrality in the cold war.

Moscow maintained its more passive role in the Near East. It temporarily increased its propaganda attacks on Western-sponsored defense arrangements to take advantage of new disputes between Turkey and the Arab states over the Turkish-Iraqi pact and between Afghanistan and Pakistan. There were a few signs that the USSR might be initiating more active trade promotion and economic aid efforts similar to those in south Asia.

In summary, the major trends in Soviet foreign policy during the post-Malenkov period included:

- (1) The beginning of a new course of action, characterized by the use of conciliatory deeds, and designed to regain the advantage in Europe which was lost when the Paris accords were drafted.
- (2) The continuation of the long-term policy of conciliation toward the Sino-Soviet bloc's neighbors initiated soon after Stalin's death.

~~TOP SECRET~~

~~TOP SECRET~~

Economic Policy after Malenkov:

The continuous growth of heavy industry, at as rapid a pace as possible, has been the chief peacetime aim of Soviet economic policy since the end of the Civil War in 1920. At any particular time, policy is defined by the relative emphasis given to each of the factors responsible for industrial growth. Policy changes and controversies over policy therefore necessarily concern the distribution of emphasis among these factors and considerations of short-term versus long-term prospects are frequently involved.

The change in economic policy in 1953 was essentially the raising to higher priority of two factors in industrial growth. First, greatly increased attention was thenceforth to be paid to worker attitudes as a factor in economic growth. The opportunities here were especially great because of the long neglect of mass incentives under Stalin. Second, it was recognized that the stagnation of agriculture had to be broken in order to raise incentives by providing more and better consumer goods, and even merely to avoid a drop in per capita consumption as a result of the population growth, particularly urban. These measures were not, however, intended to decrease the resources going to heavy industry, although they did involve a leveling off of defense expenditures. Rather, they were apparently to be implemented with resources made available by the general growth of the economy.

The measures taken in 1953 and 1954 to solve these problems have already been described. This section analyzes the policy innovations of 1955 in order to determine the economic reasons behind them and whether, taken together, they add up to a second change in basic policy or to a readjustment--in the light of two years' experience--in an essentially unchanged policy.

The budget presented by the Bulganin government in February 1955 differed from its predecessor in several respects. Defense allocations, which had actually fallen in 1954, were increased by 12 percent to equal the all-time high of 1952. Expenditures for investments fell slightly below the 1954 target, in contrast to the substantial gains of previous years. While other sectors of the economy received about the same treatment as in 1954--agriculture in particular retained the high priority rating established in 1953--within industry a change in the pattern of allocations was made, with heavy industry apparently obtaining substantial increases while light industry suffered a slight reduction.

~~TOP SECRET~~

~~TOP SECRET~~

The budget announcement was accompanied by the launching in January of an ambitious and risky program to expand the acreage under corn eightfold by 1960. Three months later, a campaign was begun to send 30,000 urban workers, politically reliable and administratively skilled, to replace the chairmen of nearly one third of the collective farms.

Another series of measures was directed at the average citizen, both as consumer and producer. The general cut in retail prices was omitted, for the first time since 1948. The compulsory State Loan, which had been halved in 1953 and kept at the same level in 1954, was raised again to take three to four weeks' pay from each worker, as it had under Stalin. Lastly, the formation of a new State Committee on Wages foreshadowed a general revision of wage rates, and [redacted] tends to confirm the presumption that this re-examination would involve a raising of production norms, which determine the output a worker must deliver to receive a given amount of pay.

The boost in military expenditures may have represented a revised estimate of the USSR's international position, but it is at least in part the result of another development: the coming to fruition of developmental programs initiated earlier for complex modern weapons. As the time arrives for delivery of these advanced and high-cost end items, e. g., the new planes in the airshows, the procurement portion of the military budget must increase in order to pay for them.

The investment question is complicated in 1955 because the Soviet data indicate that, while investment expenditures are planned to increase only slightly (4-6 percent), the volume of investment this year is to increase two to three times faster than this.\* A recorded volume this much greater than new expenditures can perhaps be achieved, chiefly through concentration on the completion of existing projects, but gains of this type are of a one-time nature and cannot be maintained indefinitely. The restriction of expenditures

\* Soviet data on expenditures represent new money spent, while data on volume represents the value of investment which has been accepted as completed. One major difference between the two is capital equipment; the value of a machine tool, for example, is included in expenditure statistics as soon as it is bought but in volume statistics only after it has been installed in a factory.

~~TOP SECRET~~

~~TOP SECRET~~

probably is due to the heavier financial requirements of defense procurement. A present drive to complete existing projects, evident in public speeches [redacted]

[redacted] will have beneficial effects on expenditures but will leave the economy with fewer projects from which to derive production increases in later years.

In the industrial sector, budget allocations to heavy industry rose by 21 billion rubles, a 27-percent increase, while those to light industry fell by 2 billion, a 16-percent decrease over 1954. While it is believed that a large part of the increase in heavy industry was made by a change in budgetary accounting practice to include in this item expenditures on another activity, probably atomic energy, it is true that, even after allowance is made for this, the allocations to heavy industry show an absolute gain while those to light industry were reduced.

This divergence, coupled with official assertions that heavy industry must grow faster than light, is regarded by some analysts as evidence of a policy change in early 1955 which increased the emphasis on heavy industry at the expense of light industry. This is interpreted as representing a change in economic policy which stresses the output of capital goods as the principal means to growth to the neglect of mass incentives and which regards the relative effort devoted to the two in 1953-1954 as an improper combination.

This view would be more valid if the Soviet leadership, in determining its new policy in 1953, had planned for light industry to grow rapidly in 1954 and to compound this growth, although perhaps more slowly, in 1955. In fact this was not the plan laid down in 1953. The investment goal for light industry originally set for 1954 was 90 percent above the 1953 rate and over twice the 1952 rate, but the original 1955 target was only slightly higher (13 percent) than 1954. Thus the phasing of the plan called for a radically increased effort in the first year and a moderate expansion of this achievement in the second.

As it turned out, the 1954 effort was only partially successful: investment in light industry increased an estimated 50 percent instead of the planned 90 percent. The real problem faced in drawing up the 1955 budget for light industry was therefore to decide whether to try to make up the 1954 investment failure and then perhaps go on to the level of the 1955 plan. It was decided not to make the attempt.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

The apparent reason for this is that the consumer goods program had, by the end of 1954, come up against certain hard facts in agriculture, on which the consumer approach largely depended. Promising as the new agricultural program might still seem to its authors, it had produced no startling results in its first year's test. Total agricultural output rose by only three percent, livestock numbers grew only slowly, and the targets for food output were consequently missed by varying amounts. It was to this set of circumstances that the Minister of the Food Industry was referring when he said in February that his industry would produce in 1955 1.6 times more food products than in 1950; in the 1953 policy change, the 1955 target was 1.85 times the 1950 level. The 1954-1955 investment plan for light industry, as laid down in 1953, was predicated in large part on much higher outputs of foods and fibers; until these materialized in fact, the original investment rate was uncalled for and even, in a heavily committed economy, wasteful.

The same set of facts--the disappointments of the 1954 record in agriculture--were responsible for other innovations in 1955. The adoption of the corn expansion plan, for example, is a response to previous livestock failures. It is an innovation which is quite in character with 1954's New Lands program, and in fact presumes that the success of that program will justify the expansion of fodder corn in the old lands. In the field of fiscal policy, agricultural failure clearly is responsible for the State Loan increase and the skipping of the price cuts. The income and price benefits extended to the population in 1953 and 1954 had already created inflationary pressures. Further concessions would be not only irresponsible but, in the end, illusory and self-defeating. What was required instead was an adjustment in purchasing power to correspond to the availability of goods, and these two moves were the easiest way to achieve it. On the other hand, [redacted] demonstrated that, in the allocation of completed production, both the private consumer and the agricultural sector retained the high priorities they had been assigned in the policy changes of 1953. The retention of this priority throughout and beyond the period of public discussion of "heavy versus light industry" indicates that, whatever the real issues in this controversy, consumption remained a major concern of the leadership.

In one area, the pattern of innovations was not completely clear. The revisions of 1953 staked much on the enlistment of worker enthusiasm as a means to growth. To this end, purchasing power was increased through higher prices to peasants, large cuts in retail prices, reduction in the State

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

Loan and agricultural tax, and other measures. For reasons already examined, it was impossible to augment these benefits in 1955. While none of them were retracted,\* other measures were adopted which tended in the opposite direction. The appointment of 30,000 urban workers as collective farm chairmen seems likely to be unpopular in the villages, and it is probable that the overhaul of the wage structure and the raising of output norms will result in increased pressures on urban workers. It is difficult to say whether these measures were regarded as necessary precisely because further concessions were for the moment impossible or whether they represented a disillusionment over the general effectiveness of concessions to promote further growth (they had not, it could be argued, produced much in the way of concrete results). Even if the latter explanation were correct, the policy change involved was marginal in view of the continuation of priority efforts in agriculture and housing, the major problems in the campaign to raise incentives through improved living standards.

In sum, while it is too early to make final judgments, the innovations in economic policy in the first half of 1955 appear to represent adjustments in the New Course rather than an abandonment of the commitments which defined that policy. Present policy seems to give roughly the same importance as before to the various factors contributing to long-run industrial growth. But the readjustments required by two years' experience were themselves of sufficient import to require corresponding adjustments in public opinion.

There can be little question that Malenkov's address of August 1953 and the spate of decrees on agriculture, light industry, and trade which followed it had aroused popular expectations of improved living standards to their highest pitch since the end of the war. Welfare promises have always been a staple of Soviet propaganda, however, and when the 1954 crop results were in, it became evident that the assurances made in 1953 of "abundance within the next two or three years" were a major blunder. Adjustments in purchasing power were begun in the February 1955 budget session, but even before this, the media of mass communication had begun to effect readjustments which would prepare the Soviet citizen for the

\* In at least one instance, the granting of special incentives for corn production, worker benefits were extended. Interestingly, however, the increased incentive was in kind rather than in cash, thus avoiding further fiscal difficulties.

~~TOP SECRET~~

~~TOP SECRET~~

### DISCUSSION AND CONCLUSIONS

It is evident from the preceding topical discussions that no one of the separate factors discussed can definitely be excluded as a contributory cause in Malenkov's downfall. It appears that, in greater or lesser degree, each factor may justifiably be believed to have played some role. Conversely, no one factor appears weighty enough to be considered as a dominant causal element, in and of itself.

It seems probable that Malenkov was indeed demoted by the "collective leadership," rather than merely falling victim to Khrushchev alone. It is only too clear in retrospect that Malenkov never had the personal position or power to implement his own programs singlehandedly. In other words, the "new course" as a whole, and Malenkov as a man, must have enjoyed the support of a majority of the Party Presidium in the beginning. Also, it should be noted that the policies identified with both Malenkov and Khrushchev were implemented side by side for a prolonged period of time.

Khrushchev, on the other hand, despite his obvious strength, likewise does not appear, even after Malenkov's demotion, to be so strong as to dominate affairs over combined opposition from the other leaders. He apparently enjoys their effective support, at least for the time being. For example, in pursuing his ambitious and grandiose agricultural projects, Khrushchev has made numerous journeys of several days duration away from Moscow. This is not the behavior of a person who is faced by sharp and combined opposition from the other leaders, or of a person whose presence is necessary to maintain his dominance. Thus it must be that Khrushchev has powerful and effective support in Moscow or that political controversy there is no longer at a white heat.

Accepting this basic proposition, that group or collegial leadership has been effective throughout the Malenkov period and after, a reconstruction of the Malenkov period would be as follows:

Following the resolution of the Beria crisis in June 1953, a crisis which apparently had preoccupied the Soviet leadership since Stalin's death, Malenkov proposed and secured general acquiescence on a program involving alleviation of pressures on the populace, marked expansion of consumer goods production, and reform in agriculture. Despite Malenkov's presentation of this program to the Supreme Soviet, it represented a "collective" decision, probably with a majority of the Presidium supporting it.

~~TOP SECRET~~

~~TOP SECRET~~

It seems quite probable that Malenkov supported consumer goods requirements and that this was the grounds for the statement in the Central Committee resolution that he was willing to sacrifice the tempo of heavy industrial development in favor of light industry.

It appears however to have been generally agreed among the Soviet leaders that the entire consumer-oriented program rested largely on significant advances in various sectors of agricultural production. From this, Khrushchev could well have argued that further large increases in investment in light industry would endanger other plans and, until agricultural output responded to his new programs, would be premature.

In addition to these conflicting demands on the Soviet economy, it is clear that there was at least a divergence within the Soviet leadership over the closely interrelated problems of foreign affairs and defense; the lines of divergence and their importance in the demotion of Malenkov and elevation of Khrushchev are difficult to define, and subsequent Soviet actions have made them more so. Clearly, the inclusion in the 1955 defense budget of funds cut out in 1953 and 1954 signifies that defense requirements were one important factor in the whole complex of changes in early 1955; furthermore, the entire political crisis took place in an atmosphere colored by propaganda warnings to strengthen Soviet military might.

Malenkov possibly entertained the idea of a stretch-out in Soviet military procurements and a slow-down in the inauguration of production of new weapons (over and above a defined program involving the regularization of military manpower practices, extensive reorganization of the armed forces and intensive weeding out of the officer corps).

The other leaders apparently did not agree with any stretch-out in procurements. To the contrary, there are indications that in mid-1954 serious efforts were begun to strengthen Soviet defensive capabilities, at least in the field of air defense. These indications, conjoint with the increases in the overt defense budget in 1955, argue that, in some manner, important military questions intruded into the conflict already existing between Malenkov and Khrushchev.

~~TOP SECRET~~

~~TOP SECRET~~

The flexible and realistic foreign policy of accommodation has been pursued with greater intensity and purpose than before Malenkov's downfall. It seems likely that such differences as may have existed regarding foreign affairs were really differences in Khrushchev's and Malenkov's respective estimates of the international situation, particularly the implications of West German rearmament, the integration of Western Europe and the threat of armed conflict in the Far East. While not affecting the main lines of Soviet diplomacy, such differing estimates clearly were important in the field of defense planning and probably were motivating factors in domestic economic planning. The only manifest difference among the Soviet leaders was on the question of the effects of nuclear warfare. This difference is of little value, however, in evaluating respective positions because there is good reason to think that all the Soviet leaders recognize that a nuclear war would bring serious destruction to both sides, even though the post-Malenkov line has implied a decision that it was and would be a fundamental error to admit this.

Of the actual problems or circumstances that precipitated the political upset, almost nothing can be said. It is quite possible that the actual crisis was precipitated by the necessity, toward the end of 1954, to prepare the annual plan for 1955, since at this time all of the conflicting requirements, priorities and programs would have to be hammered out. A second possibility is that Malenkov became convinced that a line must be drawn as Khrushchev propounded his second major agricultural policy revision--that is, the "corn" program adopted by the Central Committee in January 1955. Malenkov could well have resisted this new program as involving risks of even greater magnitude than the New Lands program. Thirdly, Khrushchev and his faction, harboring their basic resentments and misgivings of Malenkov, may have taken the offensive by attacking both his broad consumer-oriented incentives approach and his ideological outlook. Fourthly, the success of the Paris conference of October 1954 in finding substitute agreements for EDC was such a serious setback to Soviet policy that it may have triggered the final moves against Malenkov. These possibilities are not exclusive; all four could very well be true.

The various considerations above apparently became persuasive with the other top leaders, to the extent that a majority against Malenkov, spearheaded by Khrushchev, emerged in the Presidium and top Party circles. From this point on, whether Malenkov was jockeyed out of the Premiership or whether he was adamant in his espousal of his defeated program is completely conjectural.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

Thus it appears that Malenkov's differences with the other Soviet leaders, whether resulting from temperamental or personality make-up or from his independent rational analysis of the situation, swept across a broad range of issues which, at many points, touched on fundamental aspects of the Soviet order.

~~TOP SECRET~~ [redacted]