

ECONOMIC REGIONALIZATION AND DENATIONALIZATION IN THE SOVIET UNION

The Khrushchev industrial decentralization which reached its final stage in 1957 involved a transfer of industrial production planning and control functions to the territorial-national subdivisions of the Soviet Union; 105 regional economic councils—the sovnarkhozy—were established to run the industrial complex. A notable feature of this decentralization was the coincidence of the sovnarkhozy areas with existing administrative divisions of the Soviet Union. Thus the territory of eleven larger republics were broken down into several sovnarkhozy, while in the RSFSR the sovnarkhozy boundaries were drawn along the existing oblast subdivisions. In effect, the union republics gained new functions at the expense of the numerous Moscow-based ministries. On the one hand, the reform tended to increase the power of the Communist Party apparatus at the expense of industrial and managerial bureaucracy; on the other hand, the acquisition of new economic functions by the union republics increased the importance of the territorial party chiefs. It has been seriously suggested that in his struggle for complete control in the Kremlin Khrushchev utilized the union republics and their party chiefs as a leverage, by obtaining from them support for his industrial program. Economic rationality had to be sacrificed for political expediency.

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Emphasis on existing territorial boundaries without due regard to the natural economic geography of the Soviet Union was bound to produce problems of a new kind. Having attained political superiority in the Kremlin, Khrushchev was no longer bound to consider the political aspects of industrial organization. On April 26, 1961, seventeen economic regions were established; their boundaries coincided with natural economic geography. The economic regions were headed by a council consisting of the key political and industrial figures in the various sovnarkhozy comprising the economic region, and having broad powers for coordination and planning.

While the quest for economic growth and efficiency did constitute a compelling reason for the reorganization of economic life along the natural economic boundaries, the political consequences of such a state organization are equally important motives, as will be indicated later. The alternative to regionalization could have been even further decentralization and adoption of some of the free market mechanisms in the allocation of resources. This, however, would have been contrary not only to Marxism-Leninism, but would also have involved the encouragement of what is called "localism" and thereby produced a threat to the unitarism of the Soviet Union. The regionalization decision again was in large measure a result of political consideration and economic efficiency appears to have suffered.

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Economic regionalization contains significant implications for the present territorial organization of the Soviet Union. Even the Party Program states explicitly that present republic boundaries are losing their significance because of economic cooperation and regionalization. In other words, the formally "federal" organization of the soviet state is evolving into a union of economic regions, which transcend the traditional national and territorial boundaries of present republics and autonomous regions. In effect, economic regionalization is a vehicle of de-nationalization and homogenization of the Soviet state. It is in line with the professed goal of a merger of all nations in the Soviet Union under Communism.

Let us take as an example the Western Economic Region, which consists of Estonia, Latvia, and Lithuania, and has its headquarters in Riga. The Western Economic Region has 174,000 sq. kilometers (.78% of the USSR territory), a population of 6,257,000 (2.86% of the USSR population), and about 3% of the USSR labor force. It produces a quarter of all the railroad equipment, 47.8% of automatic telephone stations, 16% of radios, 17.3% of washing machines, 5.4% of fertilizers, 4.3% of the total agricultural production of the Soviet Union. In other words, compared to other economic regions, the Western Economic Region is one of the smallest in terms of population, area, and total production.

It is difficult to estimate to what extent such regionalization, the coordination, and specialization of the sovnarkhozy of the Estonian, Latvian, and Lithuanian republics can contribute to economic efficiency and growth; the political advantages of

such policies to the Kremlin are more apparent.

Since its formation, the nations in the Western Economic Region were encouraged to interchange cultural objects, specialize economically, and in general establish close economic, political, and cultural ties. On April 11-12, 1963, a joint meeting of Lithuanian, Latvian, and Estonian "ideological workers" in Riga sparked a discussion of a possible closer merger of the three republics in the political, cultural, and economic areas. A note of mystery was added to the meeting by the participation of Aleksei Adzhubei, the editor of Izvestia, and the omission of the text of his report in articles dealing with the meeting. The New York Times of April 14, 1963 interpreted the meeting as the latest development in Moscow's efforts "to create in its three Baltic republics a public climate favorable to ultimate political and economic confederation." If such merger came about, the possibility of the extinction of Estonian, Latvian, and Lithuanian subdivisions is possible. The Program of the Communist Party of the Soviet Union does in fact suggest that this is the direction.

Two other facts may be cited to further define the direction of cultural and political unification progressing in the Soviet Union. In the cultural area, among the most recent moves was the redefining the status of the republic Academies of Sciences as mere branches of the USSR Academy of Sciences. By far the most significant move to the future of Lithuania and the Western Economic Region in general has been the economic attachment of the Kaliningrad (Königsberg, East Prussia) region to the Lithuanian SSR Sovnarkhoz. Politically and administratively Kaliningrad still remains a part of the RSFSR even though economically it is part of Lithuania. Thus results a peculiar overlapping of political and economic boundaries. While the economic merger of Kaliningrad with Lithuania might have been economically logical, the political consequences of this move are no less important. Demographically this means that a predominantly Russian population of Kaliningrad will tend to further colonize the Baltic states with Russians through the workings of a highly specialized and planned economy. Culturally this means an intensification of Russian influence in the Baltic states, a greater intermixing of national groups. This, in turn, can be expected to make the Baltic states more integral parts of the Russian Empire.

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To summarize the previous discussion, current soviet economic policies contain dangerous political implications to the future of the nationalities in the Soviet Union. It has been suggested that the direction is toward the obliteration of present national boundaries in the Soviet Union and a creation of a homogenous soviet nation, as prophesied by the new Program of the CPSU. Other articles in this issue will further amplify on this theme. The break-up of chauvinistic walls between nations and the creation of a genuine community of nations is a commendable ideal; however, the quest for the amalgamation of nations and the ways to the non-national state (economic regionalization being the most obvious and important) amount to what has been defined as genocide and must be unequivocally denounced.