

D. VASILYEV and K. LVOV

SOVIET TRADE
with
SOUTH-EAST ASIA

FOREIGN LANGUAGES PUBLISHING HOUSE

Moscow 1959

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TRANSLATED FROM THE RUSSIAN

CONTENTS

	<i>Page</i>
<i>Introduction</i>	5
<i>Chapter I. THE SOVIET UNION: SOME FACTS AND FIGURES</i> . .	7
<i>Chapter II. SOUTH-EAST ASIA'S FOREIGN TRADE</i>	24
<i>Chapter III. SOVIET TRADE WITH SOUTH-EAST ASIA</i>	52

INTRODUCTION

An Iron Pillar, a remarkable example of ancient Indian culture, stands in a beautiful park on the outskirts of Delhi, the capital of India, one of the great countries of Asia. It has withstood the elements throughout the centuries. Today it stands just as it did over a thousand years ago. It is always surrounded by people: Indians and foreigners, Asian, European and American tourists, many of them young people. Popular belief has it that fortune will smile upon anyone who, standing with his back to the pillar, can grasp it with his hands. Clearly many have tried to grasp the pillar and with it, fortune itself, for the column is brightly polished where countless hands have touched it.

The people of India and of other Asian countries won their happiness in a hard and persevering struggle. For many painful years they were savagely exploited and their blood and sweat was transformed into gold—gold which filled the vaults in London, Paris and Amsterdam. But never did Asia submit. Its history holds many splendid examples of heroic struggle for freedom and independence.

The national-liberation movement gained momentum after the Second World War. The Chinese people won a great victory. They formed the Chinese People's Republic and set about building a new way of life. The Korean People's Democratic Republic and the Democratic Republic of Viet-Nam are undergoing a complete economic and social transformation. The great people of India have for ever shaken off the yoke of imperialism and established their own sovereign Republic. Burma, Indonesia, Cambodia and Ceylon won their state independence after a bitter struggle.

At the Bandung Conference in 1955, the Afro-Asian countries declared their intention to eradicate colonialism for all time. This determination was reiterated in Cairo, where representatives of Asia and Africa met at the end of 1957.

The chief problem occupying the minds of millions of Indians, Indonesians, Burmese, Pakistanis and other South-East Asian peoples today is the problem of ending their economic backwardness and consolidating their political sovereignty. The existence of the socialist camp and of the independent socialist world market is making it fundamentally easier for the Asian countries to solve this problem. An example of countries which have torn away from capitalist bondage, the socialist states are giving tremendous moral support to countries that have taken the same road.

The Soviet Government has more than once raised its voice in defence of justice, in defence of the rights of the peoples of underdeveloped countries. Speaking at the U.N. General Assembly on September 18, 1959, N. S. Khrushchov, Chairman of the Council of Ministers of the U.S.S.R., said:

"I deem it necessary to say here, from the rostrum of the United Nations, that the Soviet Union has the sincerest sympathy and the profoundest understanding for all peoples who, on different continents, are upholding their freedom and national independence."

"It would be right and just," the head of the Soviet Government stressed, "for the foreign exploiters to return at least part of the riches they have amassed by exploiting the oppressed peoples, and for these funds, returned in the form of aid to the underdeveloped countries, to be used for the development of their economy and culture, for raising the living standards of their peoples."

"The Soviet Union has been rendering and will continue to render genuine, disinterested assistance to the underdeveloped countries."

By establishing direct economic and trade relations with underdeveloped countries, the socialist states are bringing much nearer the day of their economic recovery.

The authors of this booklet examine the trade relations of the South-East Asian countries with the leading power of the socialist camp, the Soviet Union.

Chapter I

THE SOVIET UNION: SOME FACTS AND FIGURES

In the autumn of 1917 the workers and peasants of Russia, led by the Communist Party, overthrew an arbitrary regime of slavery and national oppression. The October Revolution changed the course of world history and has been influencing it ever since.

A new state was born in Russia—the Union of Soviet Socialist Republics, the first socialist state of workers and peasants in the world.

TERRITORY AND POPULATION

Occupying almost half of Europe and a third of Asia—an area of 22,400,000 square kilometres—the Soviet Union is the largest country in the world. It is a land of vast plains and snow-capped mountains, of mighty rivers and countless lakes, of icy tundras and arid deserts. Land under cultivation covers enormous stretches of the Ukraine, Kazakhstan, the Volga area, the Kuban and Western Siberia. The areas sown to wheat, rye, barley, flax, hemp, sunflower, potatoes and sugar-beet are the largest in the world. In its mountain areas are rich deposits of most of the known minerals; the known resources of iron ore, manganese, copper, lead, tungsten, oil, peat, phosphorites, potassium salt and a number of other minerals, are unequalled. Soviet geologists and scientists are carrying out intensive studies and discovering new mineral deposits every year. Within the last few years, a large coal

field has been discovered in the polar tundras along the Pechora River and has become the centre of a new coal-producing region; large deposits of iron ore were struck near Kustanai in Kazakhstan, and rich diamond deposits in Yakutia.

Over 200 million people live in the U.S.S.R.—more than in any other country, except China or India. As a result of the constant improvement in material and cultural standards, the rate of increase of the population is high. Between 1951 and 1955 the population increased by 16,300,000, a figure which is more than the total population of Norway, Sweden and Finland.

The Soviet Union, a country of many nationalities, is made up of 15 Union Republics. The Russians, for instance, are a hundred million strong, while in the Caucasus there is a nationality so small that it is contained in a single mountain village. All the Soviet peoples enjoy equal rights.

Before the Revolution, the numerous peoples of Central Asia, the Transcaucasus and the Far East were brutally oppressed, and lived in utter poverty. The creation of the Soviet state changed all this. With the help of the Russian people, these former colonial regions of the Russian Empire shook off their age-old backward ways and soon transformed themselves into flourishing republics. Today, they have powerful modern industries and extensive mechanized agriculture. Education is available for all, and they have their own schools, universities, research institutes, hospitals and cultural centres. The women of the East have the same educational opportunities as their brothers and all professions are open to them. They take an active part in social and political life.

THE SOVIET REPUBLICS

The Russian Soviet Federative Socialist Republic (R.S.F.S.R.) is the leading republic of the Soviet Union. It is the largest both in area (more than three-quarters) and population (over one-half). The Russian Federation comprises 15 autonomous republics and 10 national areas. More than 60

different nationalities make up the family of peoples in the republic.

The Russian Federation is the most industrially developed of the republics. It has gigantic steelworks and an extensive engineering industry both heavy and light. Its products include oil, coal, chemicals, textiles, clothing and shoes. During 1956 alone, 129,000 million kw. of electric power were generated by its plants. The world-famous Magnitogorsk and Kuznetsk metallurgical works are in the R.S.F.S.R. The largest dam in the world has just been completed on the Volga.

The Russian Federation has a highly developed agriculture serviced by about a million tractors and 250,000 grain combines. In 1958, the R.S.F.S.R. produced 32 million tons of grain.

Scores of new industrial areas and hundreds of new cities have sprung up in the Russian Federation since the Revolution. With the help of the Russian people the once backward peoples of the country's borderlands emancipated themselves and by 1956, for example, the industrial production in the Bashkir and Tatar autonomous republics was respectively 111 and 105 times greater than in 1913. Many others who were considered backward in every way in tsarist times, also now have their own skilled workers, their own scientists and technicians.

Moscow, the capital of the Soviet Union, is also the capital of the Russian Federation. The population of the city itself is more than 5 million.

The Ukrainian Soviet Socialist Republic in the south-west of the U.S.S.R. comes next to the R.S.F.S.R. in size of population and productive capacity.

The Ukraine is a highly developed industrial and agrarian republic. For grain production, steel, pig iron, coal, iron ore and machinery output, for example, it compares well with many leading capitalist countries. Coal production, for instance, is greater than that of France, and more pig iron is produced in the Ukraine than in Great Britain or France, the production being almost on the same level as that of West Ger-

many. In addition to an extensive network of railways and roads, there are the ports Odessa, Sevastopol, Kherson, Nikolayev and Zhdanov on the Black and Azov seas.

Before the Revolution, three-quarters of the population of the Ukraine were illiterate. Today secondary eight-year education is compulsory and six million children attend its 30,000 schools. For every 1,000 inhabitants, 17 attend a university, college or technical school—a figure not exceeded by any capitalist country.

Kiev—one of the oldest and most beautiful cities of the Soviet Union—is the capital of the Ukraine.

The Byelorussian Soviet Socialist Republic in the extreme west of the U.S.S.R. has undergone a complete transformation since the Revolution. It is now an important industrial area and the 25- and 40-ton MAZ tip-up lorries, tractors, bicycles and machine-tools made in the republic are well known abroad. Byelorussia specializes in the production of industrial crops and has substantially increased its flax, hemp, vegetable and other crop areas as a result of the reclamation of vast areas of marshlands.

Minsk, the capital of Byelorussia, totally destroyed during the war, has been re-built and is now the centre of a rapidly-developing Byelorussian culture.

In the heart of Central Asia lies the Uzbek Soviet Socialist Republic, with Tashkent as its capital. Almost without industries of any kind before the Revolution, Uzbekistan is now one of the leading Soviet industrial regions. It has important industrial enterprises like the Begovat steelworks, the Angren coal mines and the Kuvasai and Khilkovo cement plants. Half of its entire industrial output comes from heavy industry.

Uzbekistan is the main cotton-growing centre of the Soviet Union. It produces two-thirds of all the country's cotton. The republic is also famous for its silkworm breeding, its wines and horticultural products. A cultural as well as an industrial revolution has taken place in Uzbekistan; a country of almost total illiteracy 40 years ago, it is now a republic

with high cultural and technical standards. It has 5,000 schools, 100 technical schools and 36 colleges, as well as its own Academy of Sciences and 95 research centres. In 1956 an Institute of Nuclear Physics was opened in Tashkent.

In the eastern, southern and western parts of Central Asia are the Kirghiz S.S.R. (with its capital Frunze), the Tajik S.S.R. (Stalinabad) and the Turkmen S.S.R. (Ashkhabad). The economic and cultural transformation in these three republics has been just as rapid as in Uzbekistan. They now have modern industries which play an important part in their economies. In the Kirghiz and Turkmen republics, industrial output accounts for 70 per cent of total production. The Kirghiz Republic concentrates on mining and oil production, as well as engineering; Tajikistan on textiles, silk and coal and the Turkmen Republic—on the oil and chemical industries. By the development of water supplies and irrigation systems and the introduction of modern agricultural and stock-breeding methods, the three republics have increased their production of various crops such as cotton, sugar-beet and cereals and improved animal husbandry. Cotton production in Tajikistan is now ten times greater than it was in 1929. Illiteracy has disappeared and compulsory eight-year secondary education has been established. Thousands of students attend the universities, colleges and technical schools of these republics and numerous specialists staff the research and other scientific establishments.

The Kazakh Soviet Socialist Republic stretches from the Volga in the west, to the Altai Mountains and China, in the east. It is the second largest republic in the Soviet Union, and is noted for its mineral resources—huge reserves of copper and polymetals, the world's largest chromium deposits, as well as coal, oil, manganese, silver and so on. Kazakhstan has a highly developed industry, the industrial enterprises producing a considerable part of the Soviet Union's zinc, lead and copper. Its agricultural system is varied, with grain production rising very rapidly. In 1956, as a result of the recla-

mation of virgin and disused land, Kazakhstan produced much more grain than in the previous decade. Alma-Ata, the capital, with its streets lined by apple trees, is a handsome city, an important cultural centre with an Academy of Sciences, university, institutes and an opera house.

The three republics in the Transcaucasus are: the Georgian S.S.R. in the west (with its capital Tbilisi), the Azerbaijan S.S.R. in the east (Baku), and the Armenian S.S.R. in the south (Yerevan). Apart from the important oil and mining industries, these republics have a number of engineering works, iron and steel plants, chemical and cement factories, and many power plants have been built on their mountain rivers. In Armenia and Georgia today, agriculture specializes in tea-, vine- and citrus fruit-growing, while Azerbaijan, like Armenia, produces cotton.

The three youngest republics of the Soviet Union are situated in the north-west of the U.S.S.R., on the Baltic coast. They are: the Lithuanian S.S.R. (with its capital Vilnius), the Latvian S.S.R. (Riga), and the Estonian S.S.R. (Tallinn). These republics are renowned for animal breeding, milk production and up-to-date fish industries. Latvia also specializes in light and engineering industries, Lithuania—in light and food industries and Estonia—in timber and engineering, as well as the production of combustible shale. They also have several important ports.

To the extreme south-west, between the Ukraine and Rumania, lies the Moldavian S.S.R., with its capital, Kishinev. It specializes in viticulture, horticulture and food production.

Because of the many variations in the economies of the Union Republics, only the principal branches of the economy of each republic, and those particular features which serve to distinguish them have been mentioned.

Good economic relations exist between the republics, each supplying the other's needs.

Forty years ago, Russia was a big but backward agrarian country. A gigantic economic and cultural construction pro-

gramme was carried out by the Soviet Government and in an incredibly short space of time a powerful modern industry and a vast socialist agriculture were brought into being.

SOVIET INDUSTRY

The Soviet Union has overtaken many capitalist countries in economic development. Its industrial output in 1958 was thirty-six times greater than in 1913, and accounted for about twenty per cent of world production. In total industrial output, the Soviet Union now ranks second in the world.

Heavy industry has developed at an exceptional rate. By 1957, the total output of the engineering and metal-processing industries was more than 200 times greater than in 1913, so that the Soviet Union now produces more machinery in two days than did tsarist Russia in a whole year.

	1913	1940	1957	1958
Steel production (million tons)	4.2	18.3	51	54.9
Coal output (million tons)	29.1	165.9	462	496
Oil production (million tons)	9.2	31.1	98	113
Generation of electricity (1,000 million kw-h)	1.9	48.3	210	233

The consumer goods industry also expanded and by 1958, production was 14 times greater than in 1913. Output will continue to expand rapidly. According to provisional plans for the next 15 years, steel production will rise to 100-120 million tons a year, oil—to 350-400 million tons, coal—to 650-750 million tons, while the generation of electric power will reach 800,000-900,000 million kw-h. In this way the Soviet Union will create the necessary prerequisites for overtaking and surpassing the leading capitalist countries, including the United States, in the per capita production of basic industrial goods.

The organization of industry has been fundamentally transformed as a result of the rapid increase in the production of

the means of production. The output of heavy industry, which used to be only half that of light industry, now represents more than 70 per cent of the entire industrial output of the U.S.S.R.

Big changes have also been made in the siting of various industries. Before the Revolution, industry was concentrated mainly in the west. The Soviet Government launched a programme of rapid industrial development in the eastern regions. Output of steel illustrates the effect of these new developments. In 1913 less than a million tons were produced in the Urals area but by 1955 almost 16.5 million tons were produced there. In the same year, 1955, about 4.5 million tons were produced in Siberia and the Far East where before the Revolution there were no steelworks at all. This was more than the entire steel output of the old Russian Empire. Now Byelorussia, Uzbekistan, Kazakhstan, Georgia and Azerbaijan are also steel producers.

The Donets coal fields in the Ukraine used to supply tsarist Russia with over five-sixths of all its coal; today, despite an increase in output, it supplies slightly more than a third. The Kuznetsk basin in Siberia, which used to produce only 2.7 per cent of the total output, produced 15 per cent in 1955; the figures for the Moscow basin are respectively 1 and 10 per cent. And in the Urals coal production, which was 4.2 per cent in 1913, is now 12 per cent of the total.

In 1913, the Baku area was producing 75 per cent of the country's oil, now, although its output is twice what it was then, it is only 20 per cent of the total. Since the Revolution exploitation of new large oil fields has begun in the Bashkir and Tatar autonomous republics and in the Volga area. The Russian Federation, which in 1913 produced 12.6 per cent of all oil, in 1955 accounted for almost 70 per cent of the total output.

Rapid technical progress has been the outstanding feature of Soviet economic development. Although the Soviet people have had to spend 18 of the last 40 years either in fighting wars which were forced upon them or in making good

the damage caused by war, a complete technical transformation of industry has been carried out. And as a result, the technical level of production in the Soviet Union compares well with that in any of the highly industrialized countries of the world.

Soviet engineering works can produce any instrument and any type of machinery or appliance. More than 1,000 new types of machinery are registered annually. Among them are huge turbo-generators, high-precision machine-tools, foundry equipment, various automatic appliances, electronic computers, and atomic reactors. The Soviet Union is playing a leading part in the peaceful utilization of atomic energy, in the construction of supersonic jet planes and of intercontinental ballistic missiles. The latest great achievement of Soviet science, the launching of sputniks and space rockets began a new era in the development of world science and the study of the cosmos.

The latest technical achievements are put into practice in industry so as to reduce the expenditure of human labour. Before the Revolution, almost all work in the coal mines was done by hand; in the Soviet coal industry, cutting, drilling, haulage and loading were mechanized almost completely by 1957.

Automation is being introduced on a large scale. In the regional power plants, for instance, nearly 80 per cent of combustion regulation is done automatically, and boiler feeding is almost completely automatic. Remote control is widely used.

Automation is also being introduced into the metallurgical, chemical, light and food industries. The number of automatic looms in the cotton industry more than doubled between 1951 and 1955.

In addition to the development of automation, the supply of electric power to industry has greatly increased. Between 1928 and 1955, electricity supplied to industry jumped from 2 million kw. to 55,500,000 kw., while the coefficient of electrification rose from 64.9 to 89 per cent. The quantity of electricity used by workers in industry and agriculture in-

creased 10 times in the period from 1928 to 1957, and was 2.5 times greater than in 1940.

Labour productivity was 9.5 times greater in 1957 than it was in 1913, despite a considerable shortening of the working day.

AGRICULTURE

Soviet industry provides the foundation for the development of all other branches of the economy, especially agriculture. Today, 1,700,000 tractors (in 15 H.P. units), 620,000 combine-harvesters and hundreds of thousands of other modern Soviet-made machines work in the nation's fields.

Labour productivity in agriculture now is 3.8 times what it was in 1913. And mechanization has brought about a considerable extension of the crop area, as illustrated by the following figures:

	Crop area (million hectares)				
	1913	1940	1955	1957	1958
Total	118.2	150.4	185.8	193.7	195.6
Grain	104.6	110.5	126.4	124.6	125.2
Cotton	0.69	2.08	2.20	2.1	2.15
Sugar-beet	0.68	1.23	1.76	2.1	2.5

The Soviet Union is the world's greatest wheat producer. The 1958 marketable grain output of 57 million tons was almost 6 times greater than in 1926. Gross output of grain in 1958 was almost 140 million tons, wheat accounting for 75.5 million tons. Much attention is also given to the production of maize.

In tsarist times Russia had to import more than half of all the raw cotton used in the textile industry. Now the Soviet Union grows sufficient cotton to meet all its needs and the crop area continues to expand.

In yield and quality Soviet cotton leads the world. Cotton production before 1917 amounted to 740,000 tons, but by 1958