

ABOLITION of TAXES



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**THE ABOLITION OF TAXES
on Factory and Office Workers and
other Measures to Advance the
Well-being of the Soviet People**

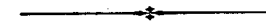
Report and Concluding Speech

by

N. S. KHRUSHCHOV

to the Supreme Soviet

May 5-7, 1960



**Law on the Abolition of Taxes on Wages
and**

**Law on Completing the Transfer of all
Workers to a Seven- and Six-Hour
Working Day During 1960**

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Report by Nikita Khrushchov to the U.S.S.R. Supreme Soviet

May 5, 1960

COMRADES Deputies, this session of the Supreme Soviet is meeting in the fine days of spring. Spring is a happy time of the year, and the Soviet people are backing up Nature's labours, you might say, with their enthusiastic work. Our country, and indeed the whole of progressive humanity, have just celebrated the ninetieth anniversary of the birth of Vladimir Lenin. May Day, the international holiday of the working class, has just been celebrated in a powerful tide all over the world.

The Soviet people are proud to know that the cause of our great leader and teacher lives on and triumphs, and that Lenin's dreams are being translated into reality by hundreds of millions of people, the builders of socialism and communism; they are proud that Lenin's cause is attracting all upright men on earth.

We speak of this with pride, as we sum up the triumph of the ideas of Marx, Engels and Lenin.

The peoples of the Soviet Union—who inherited from capitalism a ruined country with low standards of industrial development, backward agriculture and most of the population illiterate—have built a mighty socialist state on the basis of Marxist-Leninist ideas. From the very birth of our socialist country, we had the whole of a hostile world ranged against us. We were the only socialist country which, like an island in the ocean, was stormed by furious capitalist assaults. Wars were forced upon us. We were blockaded economically and kept under the fire of ideological attacks. In spite of all this, however, the Soviet people routed the interventionists, routed the counter-revolution, routed the Nazis and healed the wounds inflicted by war; and not only did we heal them, but we have achieved a standard of economic development which even today amazes the whole world, a standard which opens up yet more sweeping prospects for the Soviet people.

These titanic efforts of our people, these historic gains in the building of communism, are a majestic monument to Vladimir Lenin.

Comrades, when I was in France, I was asked what items the Supreme Soviet was going to debate at its session. I said: Wait a little while, because it is the Supreme Soviet itself in our country which adopts its agenda.

That agenda is now known to the whole world. The Council of Ministers of the U.S.S.R. is submitting for the consideration of the Supreme Soviet a Bill calling for the abolition of taxation on factory

and office workers, and other measures to raise the wellbeing of the Soviet people. The second item is measures to be taken to complete the switch-over of all factory and office workers to a shorter working day in 1960.

As you can see, this agenda is entirely in line with the uplift and happiness of spring-time. It reflects the concern of our party and government for a steady improvement in the wellbeing of the Soviet people, and it provides abundant new evidence of the peaceful character of the policy of the Soviet socialist state.

This session of the Supreme Soviet stands in logical line of succession to previous sessions, each of which has marked an important stage in our country's development, an important stage in carrying through the historic decisions of the 20th and 21st congresses of the Communist Party.

It may be asked: Where does our state get such enormous opportunities for rapid advance in economy and culture, and for raising the wellbeing of the Soviet people? To quote from our revolutionary song, "We are the smiths and we are young at heart, and what we make are the keys to our own happiness".

The Soviet people are complete masters of their own destinies. They are forging their own happiness, building their country's strength, they are day by day raising the wellbeing of society as a whole and of each individual worker. The Soviet people themselves are the masters of their country's wealth.

It was pointed out at the 21st Congress of the Communist Party that the accumulations of socialist enterprises would steadily grow in size as the seven-year plan was fulfilled, and would finally become the sole source of ensuring extended socialist reproduction and a further rise in the living standards of the people. In those conditions it is not necessary to levy taxes on the population. The complete abolition of taxes on the wages and incomes of factory and office workers and the other measures aimed at raising the living standards of the Soviet people will be an act of state of tremendous political and economic importance. This action will be one more striking example of the undeniable advantages of the socialist social system. It has been made possible by the powerful development of the productive forces of our country, advancing towards communism.

The measures which are being submitted for discussion to this session of the Supreme Soviet will occupy an important place in the practical carrying out of the programme of raising the living standards of the Soviet people, adopted at the 21st congress of our party.

1. Powerful economic advance is the basis of the steady rise in the people's living standards

Comrades, Marxism-Leninism teaches us that the strength and viability of a social system is determined above all by its ability to develop socially-operated production, its ability to improve and advance science

and technology, to raise the productivity of labour and to ensure on that foundation the satisfaction of the growing material and cultural requirements of society as a whole and of every member of the society as an individual.

The greatest achievement of socialism has been the ending of the capitalist relations of production, an achievement which has given full scope to the development of the productive forces of society. In our country the workers and peasants, all the working people who took power into their own hands, are showing a keen interest in the steady growth of social production, in the progress of science and technology.

This above all has made possible the so great achievements of the socialist economy and culture, achievements that have become an attraction to the peoples of other countries.

Guided by the Communist Party, our peoples have in a historically brief time won big victories in building socialism and communism. The attainments of Soviet science and technology in the exploration of outer space, in the peaceful uses of atomic energy, in the creation of up-to-date rocket techniques and other branches of knowledge, bear witness to the great creative possibilities of socialism. Our country is now economically one of the world's strongest powers, a beacon of human progress, a reliable ally and friend of peoples who are fighting for their freedom and independence, a stronghold of peace and the brotherhood of nations.

The rich experience of the development of the Soviet Union has shown that our people chose the only correct road—the road of building communism—and are triumphantly advancing along that Leninist path.

The 21st Congress of the Communist Party marked the entry of our country into a new period of development—the period of the all-round building of communism. The congress adopted the seven-year plan of economic development. Its decisions inspired the Soviet people to heroic deeds, gave a new and mighty impetus to the creative activity and initiative of the working people.

The past year, 1959, was a year of remarkable achievements in the development of the productive forces, in the creation of the material and technical basis for communism. It can be said with justice that—even with the high rates of development characteristic of our country—we have never done so much in one year as we did in 1959, the first year of the seven-year plan.

The industrial targets of the opening year of the seven-year plan have been exceeded substantially. The annual increase in industrial output amounted to more than 11 per cent, compared with the 7.7 per cent provided for by the plan. During that one year output of steel jumped by five million tons, of coal by 10,400,000 tons, of oil by 16,300,000 tons and of electricity by 28,600 million kWh.

During the first year of the seven-year plan, our industry worked on a higher level of quality than ever before. All republics and economic councils considerably exceeded their planned targets for output of manufactured goods. Labour productivity targets have also been exceeded and the above-plan savings from the reduction of the cost of industrial

production as a whole amounted to 10,000 million roubles. Our industry turned out almost 50,000 million roubles worth of goods above plan, more than the annual output of the whole industry of Russia before the revolution. During that one year, our country has put into operation over a thousand new major industrial undertakings. The workers of the rail and water transport services have coped successfully with their targets.

Outstanding successes were achieved in 1959 by those engaged in agriculture. Despite adverse weather in several areas of the country last year, the collective and state farms harvested 7,682 million poods of grain [*approximately 123,800,000 tons.—ED.*] or 770 million poods [*nearly 12½ million tons.—ED.*] more than the average annual yield for the 1954-58 period. In 1959, the Soviet Union produced 11 per cent more sugar than in the year before. The output of cotton was 4,681,000 tons greater than ever before. The output of meat, milk, eggs and wool went up appreciably. In addition, head of commonly-owned livestock in the collective and state farms increased considerably.

Our national income in 1959 increased by eight per cent over 1958, approximately by 100,000 million roubles. According to the plan, this year's national income will grow by nine per cent, reaching approximately 1,450,000 million roubles.

The advances made by the national economy in the past year have permitted us to set even higher targets for industrial production in the second year of the seven-year plan. In accordance with these targets planned industrial production must grow 8.1 per cent over the 1959 figure in 1960. We now have a good tradition of overfulfilling the targets set by the plan, and the working enthusiasm, the competition started for the fulfilment of this year's targets, gives us every reason to expect that the rates of growth in industrial production this year will not be smaller but may even be bigger than those achieved in 1959.

The tentative returns for the first four months [*of 1960.—ED.*] show that the programme for the second year of the seven-year plan is being fulfilled successfully. The targets for the output of industrial goods in the first quarter have been fulfilled 104 per cent. Targets for the output of pig iron, steel, rolled metal, oil, electricity, cotton, woollen and linen fabrics, leather footwear, meat, butter and dairy products, have also been overfulfilled. The plan for state purchases of livestock and milk throughout the U.S.S.R. has been exceeded.

In conformity with the decisions of the December plenary meeting of the C.P.S.U. central committee, extensive work has been started in our country to achieve a further sharp advance in agricultural production. Many republics and regions have assumed additional commitments to increase their output of farm produce, and are working hard to fulfil them.

In the course of the nationwide struggle to fulfil our plans ahead of schedule, the wonderful communist work team movement has brought to the fore daring trailblazers, innovators in production, who have set an example in a communist attitude to work. All the peoples of our multinational country are making their contribution to the great cause

of building communism. The unity and friendship of the Soviet peoples and their solidarity around their vanguard, the Communist Party, are growing stronger.

The achievements of the Soviet people in the development of socialist industry and agriculture, Soviet science and technology, show that we shall certainly triumph in our peaceful competition with the United States of America, that socialism will win.

Evidence of this is provided by the entire experience of socialist construction, by the figures. During the 42 years of Soviet power, the average annual rate of industrial growth has amounted to 10.1 per cent, while the figure for the United States of America has been 3.3 per cent. During the past six years, this proportion has changed further in favour of the Soviet Union.

In the Soviet Union the average annual increment [*over the past six years.—ED.*] has been 11.3 per cent, as against 2.4 per cent in the United States. During these six years industrial production per head increased in the U.S.S.R. by 71 per cent, while in the United States there was almost no rise at all. The latest figures of a further rise in unemployment in the United States, where the army of jobless exceeds 4,200,000, bear witness to the serious snags in that country's economy.

Unlike the spontaneous development of the economy of capitalism, the economy of socialism ensures a steady growth in the productive forces of society.

Our people are accomplishing a great task—that of catching up with and surpassing the economically most highly developed capitalist countries. The practicability of this task cannot be denied now, even by people who are well known for their hatred of socialism.

We are certainly well aware that we shall catch up with and outstrip the economically most highly developed capitalist country, the United States of America, all the faster the more active we are in dedicating our knowledge, strength and talents to the early fulfilment of the seven-year plan, the more persistent we are in overcoming our shortcomings, the more vigour we show in cleaning our Soviet house of everything stagnant and outmoded.

The fast pace of the planned development of social production provides a sound foundation for a steady rise in the living standards of the people.

Unlike the capitalist countries where growth in material production leads mainly to the enrichment of the ruling classes, in the Soviet Union the living conditions of the whole people are improving steadily, along with the development of the productive forces.

On the basis of the decisions of the 20th and 21st congresses, the Communist Party is steadily carrying out a programme of material and cultural advance for the Soviet people. The realistic possibilities for this are guaranteed by the fast speed of growth of the national income in the U.S.S.R. which, besides allowing for the steady expansion of social production, is making it possible to raise the living standards of the Soviet working people on an ever-greater scale.

Here are some figures on the growth of the national income of the Soviet Union.

In 1959, it increased by 80 per cent above the 1953 level, or to almost 25 times the 1913 level.

The national income per head of the population in 1959 had increased 60 per cent above 1953, or 16 times the 1913 level. And, of course, in socialist society the entire national income is the income of the people, and the entire national wealth is the wealth of the people. Therein lies one of the most important advantages of socialism over capitalism.

In the capitalist countries, more than half the national income is appropriated by the capitalist class, while less than half the national income remains to be shared by the working people. As a result of private appropriations, the national wealth in the capitalist countries is not the wealth of the people but of the bourgeoisie. In the Soviet Union, about three-quarters of the national income goes to satisfy the personal material and cultural requirements of the population, the remainder goes for the expansion of socialist production and other social requirements.

As a result of the steady increase in the national income, the real wages of factory and office workers in the Soviet Union, allowing for payments and benefits from the state, were double the 1940 figure in 1959. The real incomes of the working peasants, allowing for payments and benefits from the state, increased by 120 per cent in 1959 as compared with 1940. Between 1953 and 1959, the real incomes of factory and office workers in the U.S.S.R. went up 45 per cent, while the real incomes of the peasants rose 64 per cent.

The Soviet people are spending their growing incomes sensibly and wisely. They are better fed and better dressed.

In 1959, consumption of meat and fats per head of the population increased 27 per cent compared with 1953, the consumption of milk and dairy produce went up 40 per cent, eggs 44 per cent and fish and fish products 29 per cent. Consumption of sugar rose 37 per cent compared with 1953.

The working people are increasingly purchasing high quality clothing, footwear, articles for their cultural requirements and household goods. The demand for TV and radio sets, refrigerators, furniture, washing machines and many other goods is now growing rapidly, not only in the towns but in the countryside, too. Of course, we are not yet fully satisfying the demands of the population for such goods. I know, for instance, that somewhere there are waiting lists for pianos. We must see to it that neither refrigerators nor pianos are in short supply. But when there are waiting lists for pianos—all of us love music, but let the composers and the music-lovers not take offence if I say that that is the sort of shortcoming which can be tolerated.

One of the most important methods of improving the living conditions of the Soviet people is the reduction of the working day. A great deal has already been done in this respect. Over the last two years, following the example of the workers of the coal and the iron and steel industries, a reduced working day and new, better conditions of payment have

been introduced for factory and office workers in the non-ferrous metals industries, in chemicals and in a number of other branches of industry.

About 16,000,000 have been working a shorter seven and six hour working day from April 1, 1960*. The change-over of all factory and office workers to the seven and six hour working day will be completed this year.

Under the directives of the party's 21st congress, factory and office workers are to be switched over to a 40-hour working week by the end of 1962, and in 1964 a start is to be made on gradually transferring factory and office workers to the six and five hour working day. That will be the shortest working day in the world, an outstanding social gain for the working people.

The planned transfer of factory and office workers to the shorter working day entails no loss of pay; on the contrary, wages—particularly those of low-paid workers—are being increased substantially in most industries, which are simultaneously carrying through measures to improve the wage system.

The pension scheme in this country has been markedly improved in recent years. Many other measures of great importance for a further rise in the people's living standards have also been carried out. Reductions in 1959 and at the beginning of this year in state retail prices of a number of consumer goods totalled over 11,000 million roubles a year.

Retail prices have been cut for silks, animal fats, cameras, clocks and watches, bicycles, haberdashery, medicines and other goods. The system of public catering is being widened and improved. Boarding schools have been set up, day schools† are being organised, their upkeep being largely financed by the state.

The Communist Party and the Soviet government are showing great concern to improve housing accommodation for the working people.

Housing with a total floorspace of 204 million square metres [*over 2,195 million square feet.—Ed.*], or 16,000,000 square metres [*over 172 million square feet.—Ed.*] more than planned, has been built in the past three years.

All this shows convincingly that the Communist Party and the Soviet government have done and are doing a great deal to improve the life of the people, for they see this as the main objective of their activity.

Can the government of any capitalist country carry out such deeply human plans as these to ensure a steady rise in the people's living standards, introducing universal free social insurance, government-financed holidays, free education and free medical treatment with full employment provided for all the working people?

No, not a single capitalist government can do anything like this because the bulk of the profits created by the work of the millions flows into the safes of the biggest monopolies which control the entire economic life of society.

* i.e., a 41 or 36 hour week (five days of seven or six hours and in each case a sixth day of six hours).—Ed.

† Schools which keep open after normal school hours to provide supervision, meals, etc., for children whose parents are at work.—Ed.

The monopolists are in no way interested in sharing these profits with anybody, in raising with those profits the wages and living standards of the workers, to pay with those profits for their education and medical care. If that should happen, capitalism would no longer be what it is.

The supreme law in the lands of socialism is concern for human welfare, while the supreme law of the capitalist countries is getting profits to enrich the monopolists. Our country has scored remarkable achievements in developing her economy and advancing the living standards of the people. But we must do more. This is just the reason why we are making yet more sweeping plans to improve the people's wellbeing.

On the instructions of the party's central committee and the Soviet government, our planning agencies are drawing up a long-range economic and cultural development plan covering the next 20 years, a plan which opens up the prospect of this country's unprecedentedly fast advance towards communism.

We have every condition for making the Soviet people's life better, richer and happier in the very near future.

The party and the government are consistently implementing the policy of the 21st congress of raising wages and earnings and collective farmers' incomes, and reducing the prices of goods.

A considerable portion of the national income is distributed as wages among the workers of socialist enterprises, in accordance with the quantity and quality of the work they do.

The further rise and adjustment of wages guarantees the workers' material stake in the results of production, stimulates an increase in productivity, the improvement of skills and the progress of technology. But wages are not the end of the benefits socialist society offers.

Under capitalism, the factory or office worker's whole life depends on wages, while that of the farmer depends on the sale of his produce in the market. Capitalist society spends next to nothing on improving the living standards of the working people, leaving it to each individual to look out for himself.

Under socialism, society's concern to advance the people's standard of living shows itself in a vast variety of ways. The increase in public funds is of great importance for improving the Soviet people's living conditions, apart from raising pay and cutting prices.

It is from these funds that the population is supplied with well-appointed housing facilities at low rents. The standards of public services are being improved and the network of child welfare institutions extended. We have free public education, and we provide living allowances for our students. It is from these funds again that facilities for the working people's rest and recreation are organised, that the free medical service is provided, and educational establishments, clubs, cinemas and other cultural amenities, sports facilities and so on, are built.

There have been great achievements in increasing funds for consumer goods for the public and in improving out of these funds the social and cultural services provided for the people. In 1959, a total of 230,000 million roubles, or nearly 5½ times as much as in 1940, was spent from

the state budget and the funds of enterprises to provide services to the population, and pensions, allowances and other payments and benefits.

In the process of putting into effect the new increases in funds provided for consumer goods, the collective spirit will assert itself to a growing extent in life, in work and in human relations—side by side with our ability to take advantage in a rational way of the ever-multiplying benefits of communism. In this way communism is showing the whole world its high humanistic principles, the basis of which is a desire for human happiness.

2. Abolition of taxation—an important new measure to raise standards of living

Comrades Deputies, among measures aimed at raising the living standards of the Soviet people still further, an important place is occupied by the abolition of taxation of the population. This is an important measure of great economic and political significance.

Abolition of taxes is an old dream of the working people. But can it be turned into reality in conditions of capitalism? Of course it cannot, since taxes are, in fact, the economic foundation of the capitalist state, the main and indispensable financial basis for its discharge of all its functions.

No bourgeois state can exist without taxes, because all, or the dominating part of the means of production—factories, transport, land and so on—are owned by capitalists. To cover the ever-rising costs of the arms race, the maintenance of the machinery of state and other similar expenditures, the capitalist state not only levies huge taxes on the population but also resorts extensively to state loans. In capitalist countries, as Marx pointed out, state loans are the forerunners of new taxes since, in the final analysis, the loans are redeemed and interest on them is paid by increasing the burden of taxation on the population.

A characteristic feature of capitalism at all stages of its development is the limitless growth in the taxation of the population. The increase in taxes has been particularly great in the era of imperialism, as a result of the tremendous growth in military expenditures, and the mushroom development of the state apparatus. Since it is in the service of the capitalists and the monopolist alliances, the bourgeois state puts the burden of taxation on the masses of the working people in the first place. Along with the exploitation to which the working class is subjected by the capitalists in the process of production, the bourgeois state additionally exploits the working people by forcibly appropriating a considerable part of the earnings in the form of all kinds of taxes.

It is no longer a matter of theory, it is a matter of practice, of actual life in the capitalist countries. In the United States of America, budget revenue from taxes has increased eight times over during the past twenty years. Similarly in Britain, where there has been an increase of 5½ times.

Bourgeois economists estimate that direct and indirect taxes take away 30 per cent of the income of the average American family. In other capitalist countries, the income of the working people is similarly reduced. In Britain, for instance, it is cut by 22 per cent, in France by 28 per cent, in Italy by 20 per cent and in Western Germany by 30 per cent.

It is most characteristic that, while taxes levied on the working people are rising all the time, taxation of the capitalist monopolies, far from increasing is even reduced. In the United States of America—according to official statistics—revenue from taxes had risen from \$82,000 million in 1952 to about \$100,000 million in 1958. Over the same period, income from taxes on corporation profits has dropped from \$22,000 million to \$18,000 million.

In Britain, taxes have risen from £4,354 million in 1954 to £5,475 million in 1959—that is, by 25.7 per cent.

This, you might say, is a kind of law of development of capitalist society.

Like a giant pump, the complex taxation machinery of the capitalist countries drains funds from the pockets of the masses of the working people into the deep purse of the monopolies, which are making tremendous profits on military orders paid for—at high prices—mainly out of taxes. Monopoly profits, of course, have increased several times over compared with prewar days. Along with their great increase in profits, the monopolies also receive big subsidies from the state budgets. It is clear even from official publications that taxation of the population accounts for the overwhelming bulk of the revenues of modern capitalist states.

In the budget year of 1958-59, taxation (not counting corporation taxes) accounted for these proportions of the total state revenues: The United States 70 per cent; Britain 75 per cent; France 73 per cent; Italy 88 per cent; and the Federal Republic of Germany 77 per cent.

The tremendous sums raised by taxation are used by the capitalist states for military purposes in the first place.

Military expenditures account for 58.3 per cent of the United States Federal Budget for the current financial year. Together with expenditures on state loans, which are necessarily associated with the arms race, they make up for more than 70 per cent of the entire budget.

Furthermore, a considerable portion of the budget funds is used by the capitalist states to maintain their police and to cover other non-productive expenditures. On the other hand, expenditures on education and public health are extremely small in the budgets of capitalist countries.

The state budget of the U.S.S.R. and the budgets of the other socialist countries cannot be compared in any way with the budgets of capitalist states. The fundamental difference between these budgets arises from the contrast between the actual social systems—socialism and capitalism. It arises from the fundamentally different functions of the socialist and capitalist state.

Under socialism, a substantial portion of the economic accumulations goes to set up a national monetary fund. Concentrated in the U.S.S.R.'s

state budget is that part of the national income earmarked for the planned development of industry, agriculture, transport, trade and other branches of the national economy; for raising the living and cultural standards of the working people; and for the other requirements of the state.

The powerful advance of all branches of our national economy is ensuring the steady growth of our country's budget resources, the constant strengthening of our financial and credit system and of our currency. Over 1950-60, the total resources of our budget have increased from 423,000 million roubles to 773,000 million—or by more than 80 per cent.

The state budgets of our union republics have increased most substantially, as a result of the measures taken in our country in recent years to reorganise the management of the economy, and to strengthen the role of the union republics in our economic and cultural development.

The aggregate size of the budgets of the union republics increased from 141,000 million roubles in 1955 to 388,000 million in 1960 while, as a proportion of the state budget of the U.S.S.R., they increased from 26 to 52 per cent during that period.

It can be said without exaggeration that our state has finances and a budget the firmness and stability of which may be envied by any capitalist state. A pointer to the stability of the Soviet budget is the steady excess of budget revenue over expenditures. Stable financial and credit and monetary systems are necessary conditions for the fulfilment of our plans to build communism, for financing them completely and in time.

The state budget of the U.S.S.R. is a budget of peaceful economic and cultural development. The bulk of it—almost 80 per cent of all its expenditures—goes for the expansion of the national economy, for raising the material and cultural standards of the people. What, precisely, are the resources of our budget used for? Our budget resources are used to finance the construction of factories, mills and power stations, to set up new state farms, to develop the virgin and long fallow lands, to develop and introduce new technology, to build homes, shops, municipal and public service establishments, and to meet the other needs of the national economy. Expenditures on these purposes this year are more than double the 1950 appropriations and 460 per cent above the appropriations for 1940, before the war.

Large budget appropriations go to raise the material and cultural standards of the people—to build and maintain day schools, boarding schools and pre-school institutions, to pay for the free tuition in all our educational establishments, to finance the allowances made to students, the free medical services, the pensions and allowances, the advance of science and other purposes. It is enough to say that in 1960 budget appropriations for our social and cultural requirements are 110 per cent above the 1950 appropriations and 500 per cent above the 1940 appropriations.

While earmarking the bulk of the budget resources for the advance of the national economy and culture, our state is for obvious reasons

compelled to spend a portion of its wealth on maintaining our armed forces, which protect the peaceful work and the security of our country. Consistently carrying out its policy of peace, the Soviet Union is systematically reducing the numerical strength of its armed forces. This is why our defence expenditures go down from year to year. They account for 12.9 per cent of the 1960 budget as against 19.9 per cent of 1955. The substantial new reduction in the armed forces which is being put into effect, in accordance with the law the U.S.S.R. Supreme Soviet adopted last January, (i.e. in 1960—Ed.) will make it possible to reduce our expenditure on national defence still further.

Our state's big expenditures on development of the socialist economy, on public services for the population and on other purposes, are financed in the main from the incomes of the socialist economy. These incomes are growing systematically and this year they will amount to 703,000 million roubles, or 90.9 per cent of our total budget resources. The population also contributes to the revenues of the U.S.S.R.'s state budget, by taxes they pay from their personal incomes.

Comrades, on the basis of the rapid expansion of our socialist economy, the seven-year plan period will see a further increase in our state budget. The revenues from our socialist economy will grow still further, as a result of the expansion of production, the steady advance in labour productivity, the reduction of production costs, and the subsequent growth in economic accumulations. This will make it possible to increase the state expenditures for the expansion of the national economy substantially, and to improve the people's wellbeing.

In present conditions the Soviet Union, thanks to the successes achieved in the expansion of our economy, the consolidation of our finances and monetary circulation, has the necessary resources to begin abolishing taxation of the earnings of factory and office workers before the end of this year.

The role played by taxes changed fundamentally after the victory of the Great October Socialist Revolution. Once an additional instrument for exploiting the working people—as taxes still are in capitalist society—they were placed for the first time in history at the service of socialist construction, and used in the interest of the people themselves.

At the previous stages of our country's development, taxation of the population has played an important part in developing our socialist economy and making possible the historic accomplishments of the Soviet peoples.

The Soviet government has consistently applied a clear-cut class approach in its taxation policy. With respect to capitalist elements, taxes were used as a means of restricting and crowding out the exploiting faction in town and countryside, and as a means of redistributing part of their incomes in the interest of socialist construction. This policy contributed to the strengthening of the alliance between the working class and the peasantry, and to the collectivising of peasant farms.

In the early years of Soviet government, taxation of the population accounted for a fairly large share of the state budget, for a variety of reasons. During that period, the party and the government concentrated

their efforts on rehabilitating and developing the national economy and above all heavy industry, which is the backbone of our economy. Fulfilment of that task called not only for a vast productive effort but also for the investment of some of the Soviet people's private resources in the nation's economic development.

It must be remembered that we developed our economy without any credits and loans from outside. We could not count on getting them. The only source we had was our domestic reserves and our domestic potentialities. And the Soviet people turned them to good account in the interest of socialism.

As the national economy expanded, and the incomes from the socialist enterprises grew, the share of the proceeds of taxation in the budget revenues fell off.

Great material and financial resources had to be mobilised during the Great Patriotic War, to ensure victory over the enemy. A war tax was introduced temporarily, and some other taxes were raised. When the Great Patriotic War ended in 1945, the war tax was abolished.

Showing their concern for the working people, the party and the government are consistently pursuing a policy of reducing taxation of the population. In 1953 the U.S.S.R. Supreme Soviet enacted a law whereby the agricultural tax on collective farmers was cut by three-fifths. In subsequent years, the number of income tax payers was reduced by raising the tax-free level and lowering the rate of tax; and a considerable section of the working people was exempted from the taxes on single persons, persons living alone and those with small families. As a result of these measures, taxes fell by 13,000 million roubles a year.

Along with reducing taxation of the population, the floating of government loans subscribed by the population was ended from 1958. Budget revenues from those loans is known to have totalled an average of about 25,000 million roubles a year in the postwar period. Over the same period, compulsory deliveries of farm produce by collective farmers, factory and office workers were abolished. All this considerably increased the incomes of the population and contributed to a further rise in the living standards of the workers, peasants and professional people. Isn't this shown by the great increase in the people's savings? Deposits by the people in the savings banks rose in the past two years alone by 20,000 million roubles, to more than 105,000 million roubles today, the number of depositors reaching over 50,000,000.

The measures to abolish taxes on wages and earnings, which have been planned according to the decisions of our party's 21st congress, will be of great importance for a further increase in the material wellbeing of the people. These measures will undoubtedly be widely supported and enthusiastically welcomed by the Soviet people as a whole. The working people of this country and the whole of progressive humanity will see in them yet another striking indication of the fact that the socialist system has created all the prerequisites and opportunities for steady improvement in the life of the people.

Naturally, the complete abolition of taxation of the population will take some time. It must be carried out with due regard for what the

state can afford. The total sum of state and local taxes for 1960 has been set at 59,000 million roubles, and would have amounted to 84,000 million roubles by 1965, if the present system of taxation were preserved.

Having thoroughly considered all our potentialities, the U.S.S.R. Council of Ministers has drafted proposals for the gradual abolition of taxes on wages and earnings and is submitting a Bill on this subject to the U.S.S.R. Supreme Soviet for its consideration.

The Bill provides for taxes on earnings to be abolished by stages, starting already this year and ending in 1965. The idea is to start this process by abolishing taxes on the relatively low-paid factory and office workers, and then to go on gradually lifting taxes from all factory and office workers.

The Bill provides for the abolition wholly or partly at state expense, of the income tax on factory and office workers whose monthly wages or incomes do not exceed 2,000 roubles.

As a result, 99.4 per cent of factory and office workers will have their take-home pay increased by all or part of the sum of the taxes they pay.

The factory and office workers with monthly wages or incomes exceeding 2,000 roubles will have their income tax abolished, while these wages or incomes are reduced by the total amount of the income tax deducted from them. In this way this category of factory and office workers will have their take-home pay preserved intact (*animation*). What sort of a sign is this? I think it is a good sign!

It is planned to abolish taxes on wages in the following sequence:

From October 1, 1960, to stop levying income tax and the tax on single persons, persons living alone and those with small families, on factory and office workers receiving wages of up to 500 roubles a month. At the same time taxation on earnings of between 500 and 600 roubles a month will be reduced on the average by 40 per cent. The annual cash earnings of this group of the population will thereby increase by 3,600 million roubles.

From October 1, 1961, all taxes levied on earnings of up to 600 roubles will be abolished, and taxes on earnings from 601-700 roubles will be cut on the average by 40 per cent. The annual cash earnings of this group of workers will thereby be raised by a total of 4,000 million roubles.

From October 1, 1962, all taxes levied on earnings of up to 700 roubles will be abolished, and taxes on earnings from 701-800 roubles will be cut on the average by 40 per cent. The annual cash earnings of this group of workers will thereby be raised by a total of 4,500 million roubles.

The tax rates existing at present will be reduced by an average of 40 per cent in subsequent years: in 1963 for workers earning up to 900 roubles a month, and in 1964 for workers earning up to 1,000 roubles a month. Thereby the annual cash earnings received by the factory and office workers in these groups will increase: in 1963 by 2,400 million roubles and in 1964 by another 2,400 million roubles.

The number of workers completely or partially exempt from taxation will therefore grow from year to year.

From October 1, 1965, it is planned completely to abolish taxes on the earnings of factory and office workers with wages or incomes of up to 1,000 roubles a month, without decreasing their wage rates or salaries. When taxation has been abolished, the factory and office workers getting wages or incomes from 1,001-2,000 roubles a month will have them reduced by a part of the total tax levied on these wages and incomes. Their cash earnings will nevertheless increase in the following way:

The earnings of people getting wages or incomes of 1,001-1,200 roubles will increase on an average by 79 per cent of the sum earlier paid as income tax. The total annual cash earnings of this group of factory and office workers will increase by 6,500 million roubles.

The earnings of people getting wages or incomes of 1,201-1,400 roubles will increase by an average of 46 per cent from the total of tax paid earlier. The annual cash earnings of this group of factory and office workers will increase by 2,600 million roubles.

For wages or salaries of 1,401-1,600 roubles a month, cash earnings will increase on the average by 29 per cent of the tax rate, thereby raising the earnings of this group of factory and office workers by 900 million roubles a year; the increase for wages or incomes of 1,601-1,800 roubles a month will average 15 per cent of the tax. The annual earnings of this group of factory and office workers will increase by more than 200 million roubles.

The monthly earnings of people receiving wages or incomes from 1,801-2,000 roubles a month will increase within the range of ten per cent of the tax levied, and the total amount of the annual earnings of this group of factory and office workers will increase by 200 million roubles.

After the abolition of income tax, the cash wages of 59,400,000 people will increase by the whole amount of the tax they paid previously; the wages of several million people will increase on an average by about half the tax they paid, and only the wages of an insignificant number of workers will remain unchanged.

Simultaneously with the abolition of income tax, it is planned to abolish completely, at the expense of the state, the tax on single persons, persons living alone and those with small families, which will total 6,400 million roubles in 1965. The cash wages of all paying this levy, regardless of the size of their wages, will increase by the amount of this tax.

The complete abolition of taxes will raise the incomes of factory and office workers in 1966 by approximately 74,000 million roubles a year. This will be an important additional measure aimed at further raising the people's welfare.

Together with the abolition of taxes levied on the earnings of factory and office workers, measures to raise minimum wages are being taken, in accordance with the decisions of the 21st Party Congress.

Comrades, the 20th and 21st congresses of the C.P.S.U. have mapped out a policy of ensuring a further rise in the working people's real wages, both by increasing wages and by reducing the prices of consumer goods, by expanding and improving the public services provided for the

population. All this is ensuring the growing satisfaction of the requirements of the people.

The proposals submitted for the consideration of the Supreme Soviet provide for the abolition of taxes on the population. This will be done, however, so that in the first place there will be an increase in the earnings of factory and office workers in the lower-income brackets. In this way, the gap between the earnings of factory and office workers in the lower and higher income groups will be narrowed.

It is essential that everybody should understand this well; some people might show a certain lack of understanding of this question. Some comrades are inclined to make us follow a policy of price reductions as the only way of raising the living standards of the people. We are not ignoring price reductions, but it should be understood that if we were to adopt only that way—the way of lowering prices—and did not strive to narrow the gap between the lower and the higher wage rates, by bringing the former up to the level of the latter, then that would impose unequal conditions on the working people.

It is well known that price reductions give a greater gain to those categories of the working people who are paid at the higher rates. We talk of narrowing the gap in the remuneration of workers in socialist society, but at the same time we most resolutely oppose the cutting out of differences in the earnings of workers, we most resolutely oppose equalitarian tendencies. That was explained extremely well by V. I. Lenin. We must comply unflinchingly with Lenin's behest regarding material incentives for workers in a socialist society. Since the Second World War, however, too great a gap has developed between the remuneration of the work of various categories of workers, and this gap must be narrowed.

I believe that this policy of the central committee of the party and the Soviet government is a correct one and has the approval both of the party and of all the working people. But, I repeat, we must constantly explain the measures which are being taken in this direction, so that they are better understood by all.

We must follow a policy of narrowing the gap between earnings, of narrowing the gap in remuneration by bringing factory and office workers in the lower income brackets up to the medium level and those in the medium level up to the higher income brackets.

This is our way because it is the correct and just way, and the one that will create the conditions stimulating the work of all members of our socialist society, so as to prevent equalitarianism, so as not to deprive the working people of the incentives encouraging the development of their constructive scientific thought, the development of socialist emulation for better results in their work. It is essential that the people do not only have moral satisfaction from the results of their work. Under socialist conditions, people must receive higher pay for more and better work. Remuneration for skilled, highly efficient work which creates the conditions for bigger accumulations must be bigger too.

Allow me to dwell on one more question—the agricultural tax. In the past few years the Communist Party and the Soviet government

have carried out important measures to ensure a steep development in agriculture and to raise the living standards of the collective farmers.

Compulsory deliveries* of farm produce by collective farms and collective farmers have been completely abolished and the purchase prices of farm produce sold to the state have been greatly increased. The collective farms have bought a tremendous quantity of up-to-date equipment and the system of agricultural planning has been revised and improved. All this has helped to increase agricultural production, and considerably raised the incomes of the collective farms and the collective farmers. The cash incomes of the collective farms will be 3½ times the 1953 level in 1960, and will reach 154-158 thousand million roubles. Cash received by the collective farmers on the basis of their workdays will increase more than three times over.

As I have already mentioned, in 1953 the agricultural tax was reduced by 60 per cent, and at present it amounts to 4,000 million roubles.

Agricultural tax is paid on the use of garden plots, which serve as a source of certain additional income for collective farmers, in addition to their incomes from their work on the collective farm. The income from the garden plots of the collective farmers are partly derived from the sale of their produce at current market prices. This tax should remain for a time, since it plays a certain part in strengthening working discipline in the collective farms, and in controlling the income of the collective farmers from their additional personal establishments.

No tax is levied on the collective farmers' income from their work on collective farms. Like other socialist enterprises, the collective farms are contributing a certain share of their incomes to provide funds for general national programmes. As time passes, along with the increase in co-operative production, along with the growth in the economy of the collective farms, their incomes will go on increasing. Larger resources will be allocated for reproduction, for the collective funds, and for other needs. This will make it possible to satisfy ever more fully both the requirements of their co-operative economy and the personal requirements of all the collective farmers in farm produce and cash. Conditions will be created under which the role of garden plots will dwindle and, it seems, will lose their significance for the collective farms. As a result, the conditions for abolishing the agricultural tax on personal auxiliary establishments will appear as well.

3. For a further rise in labour productivity, for greater accumulations

Comrades Deputies, the measures we are considering are of fundamental significance for the further development of the entire Soviet economy. With the abolition of taxation of the population, accumula-

* These compulsory deliveries were paid for by the state at specially low prices.—Ed.

tions from the socialist economy will become the sole source of revenue for our state.

The successful financing of our economic and cultural development will entirely depend on fulfilment of the plans for production and accumulation by enterprises and economic organisations. It is therefore a matter of paramount importance for us to develop a genuinely nationwide struggle for the further expansion of production, for a rise in labour productivity, the reduction of costs of production, a steady increase in the profitability of production, and the more efficient use of the reserves of the national economy.

In these conditions, the role and responsibility of the Councils of Ministers of the union republics, the economic councils and the executives of enterprises, for the fulfilment of the plans for cutting production costs and increasing accumulations, grows still larger.

The task now is to ensure the timely and full receipt by the state budget of payments from enterprises and economic organisations, to strengthen in every way our centralised financial system.

In our country, the bulk of production is owned by the socialist state, which carries out economic and cultural development on a tremendous scale. Incomes from state enterprises and economic organisations are received by the state budget mainly in the form of deductions from profits and the turnover tax.

The deductions from profits are in general carried out by all state enterprises. Turnover tax is paid into the budget by enterprises and economic organisations which, as a result of the conditions of production and big profits, have comparatively large accumulations. In its economic nature, the turnover tax does not differ from profits. Just like profits, the turnover tax forms part of the accumulations made by socialist enterprises.

The incomes paid into the budget by state enterprises—profits and turnover tax—have as their source steadily expanding production, the rise in labour productivity, the reduction in the costs of production and the increase in internal accumulations.

The seven-year plan provides for a big expansion in production and reduction in the costs of industrial output. The economy resulting from reduction of costs of production during the seven-year plan period will be about 650,000 million roubles. A highly important source for reducing costs of production and increasing accumulations is a rise in labour productivity. In 1960, the rise of labour productivity will account for three-quarters of the entire annual increment in industrial production. The tempo of the growth in the volume of production and labour productivity depends largely on the successful introduction of new machinery and technology of production, the utmost extension of all-round mechanisation and automation of the production processes, the full use of capacities. The party and the government attach very great importance to the problems of further technical progress.

For the first time in history, technology is serving its genuine purpose. Not only does it make labour more productive, but it also makes it easier.

It is imperative that questions relating to increased labour productivity and cuts in production costs should be in the focus of attention of the heads of enterprises, the leaders of party, government, trade union and Young Communist League organisations.

To strive for a better life in conditions of socialism means above all to strive for higher labour productivity. It is labour alone that creates material and spiritual values, that transforms and beautifies the world. It is labour alone that leads to the complete and final triumph of the new social system.

Vladimir Ilyich Lenin pointed out repeatedly that capitalism would be finally defeated through socialism creating a new and much higher productivity of labour. Thanks to the advantages of the socialist economic system, Soviet industry has already taken first place in Europe in volume of production. With regard to labour productivity we have also surpassed many capitalist countries. It is true that we are still behind the United States of America. However, the superiority of the Soviet pace of growth over the American is such that this gap will be closed in the near future.

This is understood in the United States, too. They see our successes, see that in conditions of socialism the struggle for higher labour productivity has become the vital cause of all Soviet men and women.

Mr. Harriman, the well known American capitalist, wrote in his book *Peace with Russia?*: "I was struck by the interest and pride I found on the part of individual workers in their own contribution to the national goal." Indeed, the capitalists are amazed, and cannot but be amazed, by the labour enthusiasm of our workers. And this is understandable, for over there everything the workers create goes to the capitalists. In the conditions of Soviet society, concern for greater productivity of labour and for increased production has become a matter of honour not only for the individual worker but for all Soviet men and women.

In our days, emulation for a rise in labour productivity has indeed become the cause of all the people. The broad masses of the working people in town and countryside are active and showing creative initiative in the struggle to raise labour productivity, to multiply socially-owned wealth, to accomplish the task of catching up with and surpassing the most highly-developed capitalist countries in output per head. Labour productivity per worker in industry in 1959 was 180 per cent above the 1940 level. During the first two years of the seven-year plan period, it will increase by 14 per cent instead of the 11.7 per cent provided for by the target figures.

The tremendous economic importance of the increase in labour productivity is shown, if only by the fact that a one per cent rise in labour productivity in the entire industry of the country will yield this year alone additional production to the value of almost 13,000 million roubles.

Increased discipline and efficient organisational work are important conditions for growth of productivity. Many of our enterprises are still making unsatisfactory use of their equipment, and have serious shortcomings in the organisation of work. In 1959, some enterprises did not

fulfil their productivity programmes, which resulted in our producing nearly 7,000 million roubles worth of goods short of what was planned.

Economists have calculated that, but for waste of working time, 10,000 million roubles worth of goods could have been produced additionally by the industries under our economic councils.

Our political and organisational work with the masses of people must ensure that the workers of every enterprise and every construction project, and all Soviet workers, individually, strive to make the best possible use of our machines, machine-tools, tractors and combine harvesters, to utilise raw materials and resources with care and economy, to apply advanced know-how, to improve the quality of output and defend in this way the reputation of their plant or factory. The products of Soviet industry must speak for themselves. Let us honour those who produce goods of excellent quality and get tougher with the producers of spoilage and with those who, working in a slipshod manner, without any interest in what they are doing, produce things which annoy the Soviet people, instead of pleasing them.

More and more of our country's working people are showing a truly communist attitude to work as we advance towards communism. Thousands of people have emulated the noble initiative of Valentina Gaganova*. The wonderful movement of shock workers and communist work teams is spreading. Thousands of construction projects and enterprises are pledging themselves to carry out the seven-year plan production programmes ahead of time and at the minimum cost.

All this is an indication of the increased consciousness, the increased sense of moral duty and responsibility, of the Soviet people for the destinies of communism in this country, and an indication of their deep interest in the fulfilment of the state plans.

We have vast reserves for the development of production and for the lowering of production costs. The task is to make full use of these reserves, to have every enterprise still better managed, to make fuller use of the achievements of science and advanced know-how and to work with greater efficiency at lower costs.

It is necessary to raise the standards of organisational and educational work systematically and to mobilise the efforts of the working people for the fulfilment of state plans and targets by every enterprise, and for ensuring the strictest economy and care in the national economy. The cost accounting system, which is a very important means of tapping latent potentialities, increasing profitability and accumulations, must be reinforced. The steady rise in productivity through technological progress is a sure way of advancing the country's economy and increasing the Soviet people's wellbeing.

* Valentina Gaganova, a leading worker, took on a backward team at considerable financial sacrifice, and brought it up to the level of the best.—ED.

4. Re-scaling of prices and change of currency

Comrades Deputies, there is one more important matter of our financial policy which it is proposed that this session of the Supreme Soviet consider and decide upon, along with consideration of the abolition of taxes. I have in mind the desirability of raising the value of the Soviet monetary unit, by changing the present price scale.

The Soviet Union has a sound currency and a stable monetary system, which effectively ensures the planned organisation of money circulation in this country, and facilitates on that basis the effective use of our material and manpower resources.

The full-valued Soviet rouble was indispensable for carrying out the party's and government's policy of steadily raising the wellbeing of the people through a rapid growth in the socialist economy.

Vladimir Lenin repeatedly stressed the importance for socialist construction of a sound Soviet rouble. Within a few months of the October Revolution, he called for a changeover to a sound currency and stable money circulation, as one of the most important objectives of economic policy.

The Communist Party and the Soviet government have always attached great importance to the carrying out of the necessary measures to strengthen the country's money circulation and to improve the monetary system.

Great progress in strengthening the money circulation has been made in the postwar period and, above all, in recent years, with retail trade growing fast and with an improved supply of funds for commodities, with the population's real incomes considerably increased and the purchasing power of the rouble raised—all of this achieved through the expansion of industrial and agricultural production and the growth of the national income.

As I have said, the volume of industrial production and the national income have nearly doubled in the past six years. Retail trade during the same period has increased by 70 per cent, while commodity stocks have almost doubled. The commodity cover of the Soviet rouble was thereby strengthened still more.

The regular increase in savings bank deposits is also an indication of the soundness of the Soviet rouble and of confidence in it. Further economic progress will help to strengthen the Soviet monetary system still further.

At the same time, the fulfilment and over-fulfilment of the seven-year plan targets are leading to steady expansion of production and turnover in the economy of the country.

Whereas, before the Great Patriotic War, the total volume of the production, trade and wages fund was expressed in thousands of millions and scores of thousands of millions of roubles, today it is worth hundreds of thousands of millions and trillions of roubles. Gross industrial output is already approaching 1½ million million roubles and by the end of the seven-year plan will exceed two million million roubles. Retail trade in 1965 will amount to more than a million million roubles. The state

budget of the U.S.S.R. will also reach a million million roubles within the next few years.

In these conditions it has become necessary to raise the value of our monetary unit, to increase the gold content of the rouble and to revise the price scale. We must bear in mind that the existing price scale—established in the years when the volume of production and trade and the incomes of the population were much smaller than they are today—as a result no longer corresponds to the achieved level of the Soviet economy.

The Council of Ministers of the U.S.S.R. has considered this question and has decided from 1961 to raise tenfold the value of our monetary unit, and in view of this to put new currency into circulation. The expression “rouble” is known to have originated 700 years ago from the word “rubit” (cut), because in ancient times pieces of silver were cut to be made into coins. The point in question, therefore, is to cut ten times more valuable metal into our Soviet rouble.

I wish to lay special emphasis on the fact that this measure will inflict no loss on the population or the state. The raising of the value of our monetary units will mean the reduction to a tenth of the present level of all wholesale purchasing and retail prices, and also of payments for all services provided to the population, rent and communal amenities, fares on all types of transport, communication rates, prices of theatre and cinema tickets, and so on.

All the monetary incomes the population receives from the state, government and co-operative undertakings, institutions and collective farms in the form of wages, collective farmers' earnings, pensions, grants, scholarships and so on will be recalculated according to this ratio—that is, 10:1 (*animation*). Does that mean that you approve?

Under the new prices, therefore, the population will be able to purchase for their wages and other incomes the same quantity of goods as before, they will be able to meet the cost of the same quantity of amenities provided by the communal, transport, entertainment and other establishments and organisations as they did before the re-scaling of prices. At the same time all the technique of payments and accounts will be greatly facilitated. It will be easier for the population to settle accounts when buying goods and paying for services enjoyed. The servicing of the population by trading and other establishments will be improved. The new prices will make for a much wider use of automatic devices in trade. It is obvious how beneficial these measures will be for our national economy, for all the Soviet people.

Replacement of the old money by new units will be carried out at the same ratio as the recalculation of the prices and incomes of the population—one new rouble for ten old roubles. Both the paper money and the metal small change in circulation are subject to exchange according to this rate.

For the convenience of the population an adequate exchange period will be fixed—of three months. During that period, all citizens of the Soviet Union will be able easily to exchange their money. Both the new and the old currency will be in circulation during that period. Moreover,

the old money will be accepted in payment for goods and services at the ratio of ten old roubles for one new rouble. This will permit the whole population to exchange fully, without any restriction, all the paper money and small change they have, in terms convenient for the whole population of the country.

All the savings of the population will be recalculated according to this same ratio. Since the population will be able to buy the same quantity of goods for one rouble as it purchased for ten old roubles, the actual value of the monetary savings will be fully preserved.

As a joke, we can only serve warning on those comrades who would like to return new debts in old money at its new value. Neither can we support those who, on the other hand, would like to have their old loans repaid in new money, but in old amounts.

The planned measures are being carried out in conditions of a huge economic development and sound monetary circulation, and are the result of the successes achieved in the building of communist society.

The re-scaling of prices will further strengthen the Soviet rouble.

It must be specially stressed that these measures will also be of great significance for the further introduction of a régime of economy, and for the unfolding of a nation-wide campaign against all manifestations of thriftlessness and waste. As things are today some people would not stoop to pick up a kopeck lying on the ground. When the new money is in use, a kopeck won't be left lying on the ground. It will certainly be picked up for it will buy a box of matches. The importance of the rouble and kopeck in the economic activity of undertakings will grow even more, and that will promote the rational use of materials, manpower and financial resources. The raising of the value of our monetary units will also permit us to reduce state expenditures on the financial departments of undertakings, and will facilitate accounting in the national economy. On the other hand, this will require better and more exacting control over their expenditures from the financial organs.

The changing of the roubles rate with regard to foreign currencies, to be carried out simultaneously with these measures, will not inflict any losses either on foreign nations or on the Soviet Union.

The measures planned will also promote the further streamlining of the Soviet monetary system, the improvement of economic accounting, the promotion of still greater thrift in all our economic activity, and the raising of the purchasing power of the Soviet rouble, and, together with other measures, it will facilitate the successful development of our country's socialist economy, the raising of our people's welfare.

5. For the utmost increase in output of consumer goods

Comrades Deputies, in view of the planned abolition of taxes and the increase in the incomes of the working people, the purchasing power of the population will grow considerably. This will call for a great increase in commodity resources.

Over the past few years large-scale measures have been carried out in our country to increase output of consumer goods.

As you know, the seven-year plan provides for a great development of the light and food industries. In the target figures we provided for a higher rate of increase of capital investment in the light and food industries than in the national economy as a whole.

The allocations for creating new industrial capacities in those branches amount approximately to 80-85 thousand million roubles, i.e., over twice those of the previous seven years.

It is planned to increase the output of consumer goods 62-65 per cent above the 1958 level.

The rate of increase in the output of consumer goods is exceeding the average annual targets set in the seven-year plan. In 1959, more than 21,000 million roubles-worth of manufactured goods and food products were produced over and above plan, for sale to the population.

In the first two years more than 400 million metres [*nearly 440 million yards.—ED.*] of fabrics, and 24,000,000 pairs of footwear will be manufactured additional to the targets set by the seven-year plan control figures.

The 1960 plan provides for the production of 7,900 million linear metres [*over 8,600 million yards.—ED.*] of fabrics (6,300 million square metres [*over 7,500 million square yards.—ED.*]). This is more than the combined output of France, Britain and the Federal Republic of Germany. We are manufacturing more woollen and linen textiles than any capitalist country. At the present time our country is ahead of Italy in consumption of fabrics per head; it is abreast of France, and in the next three or four years we shall catch up with the Federal German Republic and Britain.

The food industry is developing successfully. Last year our country manufactured six million tons of sugar—more than the combined output of Britain, France and the Federal Republic of Germany, Italy, Austria, Belgium, Denmark and Holland.

The demand of the population of our country for bread is fully satisfied, and there has been a great improvement in the supply of vegetables. This question is no longer a limiting one for us. In the course of our further economic development, we must develop and improve in every way the variety and quality of our production and processing of vegetables and fruits.

Already in 1959 the Soviet Union surpassed the United States of America in output of butter per head. Next year we shall catch up with the United States in output of milk and dairy produce.

The highest hurdle facing us is in meat production, for we lag far behind the United States in output of meat products per head of population. Under the seven-year plan, we are not supposed to catch up with the United States, but in the current emulation, those engaged in agriculture in our country have assumed high socialist obligations.

If these obligations are fulfilled, our country may also overtake America in output of meat during the seven-year period. This will be decided by our collective farms, by the state farms, by the republics. If

we bring into play all the available possibilities and reserves, and ensure the fulfilment of socialist obligations, the Soviet Union will be able to catch up with the United States in production of meat also in this seven-year period. Everything will depend upon our ability to organise the people who are solving this task. Consequently, we must raise to a high level our organisational mass work among the collective farmers, state farm workers, agronomists, and livestock experts.

Our growing output of consumer goods provides the conditions for a rapid increase in trade.* In 1959 retail sales amounted to 709,600 million roubles—a gain of 47,600 million over 1958. This year's increase in sale of consumer goods will amount to nearly 56,000 million roubles.

‡We now have adequate commodity resources to cover the effective demand of our population.

As I have already said in connection with the abolition of taxes, the cash incomes of factory and office workers will start increasing this coming October, and in 1965 the increase will finally amount to 74,000 million roubles a year.

The abolition of taxes on the earnings of factory and office workers will promote growth in the material and spiritual requirements of wide sections of the population, and will further increase the size of the market.

We are confronted with the task of fully meeting the growing demands of the population. We expect to solve this task in a much shorter time than was planned earlier, fully to saturate our domestic market with both foodstuffs and manufactured goods—a great variety of fabrics, clothes, footwear and other commodities.

The successful development of our economy creates the conditions for still further stepping up the pace of development of our production of consumer goods. At the 21st Congress of the Communist Party it was pointed out that overfulfilment of the seven-year plan targets would enable the state to make additional accumulations running into tens and hundreds of thousands of millions of roubles, and to allocate bigger funds for raising the living standards of the people and to expand the building of industrial enterprises manufacturing consumer goods.

The additional accumulations made as a result of the overfulfilment of the targets of the first two years of the seven-year plan have enabled us to increase in 1959 and 1960 our capital investments for expansion of the sugar, meat and textile industries by a sum of more than 1,000 million roubles over and above the projects provided for by the plan.

It is worth noting that in 1959 more new capacities went into operation in the sugar industry than during the previous five years, while the new capacities in the meat-packing industry were almost four times as big as those which went into operation in 1958.

The additional accumulations will enable us to invest about 25,000-30,000 million roubles over and above the target figures in the development of the textile and footwear industries, and in the expansion of raw material supplies for those branches during the seven-year plan period.

This faster pace in the expansion of the production of consumer goods

* Domestic trade is meant here.—ED.

will help to bring closer our attainment of the world's highest standards in consumption.

It must be emphasised that average consumption per head has not the same meaning for countries with different social systems. In a socialist state it expresses not only the wealth of the whole society but also the actual consumption by each member of that society. This does not apply to a capitalist state. There the average consumption per head includes both the extravagant and wasteful consumption of the class of exploiters and the inadequate and sometimes beggarly consumption of the working people.

During the seven-year plan period, we shall accomplish the task of fully satisfying the requirements of the population in food, and of ensuring plenty of clothing and footwear for the population. By the end of the seven-year plan period, the Soviet Union will have outstripped the most highly developed capitalist countries of Western Europe in consumption per head of many major consumer goods. We have set ourselves the task, after the fulfilment of the seven-year plan, of catching up with the United States within five years and then of surpassing it in consumption per head of consumer goods, including fabrics and footwear.

This is a task of tremendous political and state importance. We shall have to do a big job, to take measures to reduce the time required for building textile and shoe factories, enterprises for the manufacture of chemical fibres, synthetic leather and top-quality dyes. We must expand more rapidly the building of machinery for the light textiles and chemicals industries, and supply those branches of industry with highly efficient machinery in good time.

The central committee of the Communist Party of the Soviet Union and the Council of Ministers of the U.S.S.R. have instructed the State Planning Committee to draft specific measures for the further expansion of the production and greater output of fabrics, shoes and other goods, so as to surpass at an earlier date the level of consumption of those goods in the United States of America.

The carrying out of this programme of rapid expansion of the production of consumer goods will be a decisive step towards abundance in our country.

* * *

Comrades, concern for the welfare of the people has always been, remains and will be the supreme law governing all the activity of the socialist state. It is only a socialist state, guided by concern to improve the living conditions of the people, that can abolish taxation of the population. The adoption of the law for the abolition of taxation of the population in the Soviet Union will be new conclusive evidence of the indomitable viability of socialism, its irrefutable economic and social superiority over senile capitalism.

One cannot speak of such an outstanding social achievement of the peoples of our country as the abolition of taxes on factory and office workers without pride and emotion. This is a great achievement, dear Comrades!

Have a look at what is going on in the capitalist countries. Taxes are steadily rising, unemployment prevails and prices are sky-rocketing: the lack of confidence of the working people in their future is a heavy burden on the masses of the people.

Here in the Soviet Union wages, both nominal and real, are steadily growing and unemployment has long since been wiped out, never to return.

The lives of all the Soviet people are becoming increasingly good and beautiful. And now we are setting about such a big job as the abolition of taxes.

For this means that the great majority of Soviet citizens will receive a new and very tangible addition to their wages and all Soviet people, without exception, will have their real wages increased as a result of measures cutting prices of consumer goods.

All the measures we have taken, and our new plans which I report to you, distinguish our social system, our Soviet system, favourably from the capitalist system. By deeds, by hard facts, by our labour, by our successes, by our practice we refute the lies of bourgeois politicians and philosophers that capitalism ensures the highest living standards for the people.

I wish to stress once again that, with regard to all those consumer goods which are really needed by the people, we shall very soon reach the level of production and consumption of the United States of America—that richest country of the capitalist world, which may be called a showcase of capitalist welfare. There can be no doubt that the Soviet people will achieve this! And as a result, we shall then, figuratively speaking, emerge into the open ocean, where nothing will hamper us in our competition with capitalism. We shall step up increasingly our advance to communism, thereby influencing the minds of the people more and more, showing them that communism, not capitalism, creates the conditions for the best life on this planet. It is precisely communism that creates all the conditions for the development of personal talents and endowments, for the complete flourishing of the people's creative genius.

Today all the world sees for itself that the talents and energy of the people, the potentiality of all socialist society are concentrated not on the enrichment of this or that individual or handful of people who own the means of production, but that these opportunities and resources are used to satisfy the material and spiritual requirements of the people as a whole.

The Soviet people have always regarded themselves as the vanguard of the international working class, the working people, in the struggle to build communism. The life of our country shows that the Soviet Union is successfully fulfilling this honourable and very responsible duty.

When the people of all the world see that the Soviet Union is steadily raising the living standards of the people, increasing wages and pensions, abolishing taxation, expanding its network of free health and cultural services and amenities, then they become convinced that socialism solves

the most vital problems, that socialism shows the correct way of doing away with exploitation, unemployment and poverty.

This explains the attention and love we receive from the working peoples, this raises in the international arena the prestige of the Soviet Union and of all the socialist states. Thanks to our successes in the practical building of communism, the great ideas of socialism are increasingly gripping the minds and hearts of ever new millions of people.

It is not by war that we shall spread the ideas of communism. Our practice, the concrete successes of communism, the ideas of communism translated into life will impress themselves on the minds of the people, will make them think, will show them that the only road towards man's complete emancipation, towards the satisfaction of all the material and spiritual requirements of the people, is communism; the road of struggle against the domination of capitalism, the road of working class victory, the road of the victory and the liberation of the working people from the crying injustices of the exploiting system.

Fearing the growth of the prestige and influence of socialist ideology, the advocates of imperialism are trying to hush up our successes, to present them in a distorted light, to slander our Soviet reality. However, the truth cannot be concealed from the people, just as you can't shut out the sun with your hand. The truth about communism is pushing its way through all barriers.

The Soviet Union's successes in the building of a new life have exerted and continue to exert a tremendously beneficial influence on the lives and struggles of all the peoples, on the entire process of historical development.

In his time, the bourgeois economist Hoover wrote that "a very grave situation would arise if the time came when communism could offer the majority of the working classes in the capitalist countries higher living standards with regard to elementary comfort."*

Yes, the time has now come when socialism and communism, in addition to the indisputable political and social advantages which they brought from the very first days of their establishment in the socialist countries, gives the people ever more material and spiritual values.

More and more people on our planet are becoming convinced that capitalism is unable to put forward inspiring new ideas, and to give a clear perspective of further development. Socialism, on the contrary, leads to the flourishing of the economy, science and culture, it promotes the all-round development of the talents and creative abilities of the peoples, it establishes a prosperous society. All this, of course, inevitably weakens the positions of imperialism and creates the most favourable conditions for the triumph of socialist ideas throughout the world.

The ideologists of imperialism have always shouted that they were ahead of us in output of consumer goods, that we produced fewer consumer goods than the capitalist countries. And this, of course, was by no means a sign of concern by the imperialists and their agents for our people. No. They were doing their best to trick us into weakening the Soviet state, to make the Communist Party abandon the only correct

* Retranslated from the Russian.—Ed.

Leninist road, to make it give up developing its national industry for the output of means of production, to take the road of developing our light industry.

The imperialists and their agents within our country wanted to doom the Soviet Union to lagging behind the capitalist countries permanently, they wanted to throttle socialist development for many years to come, because it is clear to everyone that without the creation of a national industry turning out means of production, there can be no progress, no chance of creating a consumer goods industry. Now this stage is behind us. The Soviet Union has the most up-to-date, highly developed heavy industry, which is growing and gaining in strength continuously.

After the Supreme Soviet of the U.S.S.R. had passed its decision to reduce the Soviet armed forces by another third, the imperialists began shouting their heads off that Krushchov's report, you see, had made it clear that the one-third cut in the armed forces would not affect the Soviet Union's fire power, that far from diminishing, it would increase still further.

But what did you expect, gentlemen?

Certainly we never said, nor do we say, that we should be weak in face of the imperialist vultures. They would, of course, put us on the wrong track, so as to have superiority over us at all times, and to have a better developed industry than the Soviet Union has and, consequently, to have more powerful armaments. Then they would dictate their terms to us. But the days when the imperialists could count on this are gone, never to return.

We are now stopping levying taxes on the population and we are reducing our army, but our fire-power is increasing from year to year, from month to month and from day to day. We have every requisite and every condition for carrying out a policy of reducing expenditure on the armed forces without in any way detracting from our country's defence capacity or delaying the Soviet Union's speedier progress in developing its economy and output both of means of production and of consumer goods.

We have always told the imperialists, and we tell them now: you will not hold up the economic progress of the Soviet Union by forcing the arms race on us! But it is high time one simple truth was grasped—that it is folly to spend huge sums on armaments which become obsolete faster than ever before.

While pursuing a policy of peaceful co-existence with firmness and perseverance, we call upon all nations to undertake general and total disarmament.

We are prepared to reach agreement with all the nations of the world to destroy all our means of annihilation of human beings, including nuclear weapons and missiles—this, of course, on condition that our opponents also destroy all their armaments and dismantle their military bases.

Some comrades may ask: Is it not too early for us to abolish taxes and increase capital investments in the production of consumer goods? Won't this hold up the development of the capital goods industry—that

is, the main potential of our economy for further economic development—and also, and above all, for the creation of our country's defence facilities?

We thought this over and considered the matter from every aspect when we framed the proposals submitted to the Supreme Soviet for consideration, and we arrived at the conclusion that we now have every opportunity, without slowing down the development of our heavy industry, to take the decision to abolish taxation of the population and to increase capital investment in the production of consumer goods. In so doing, we must in no way reduce our concern for the development of heavy industry, which must always be in the focus of the attention of every worker in this country, and of every worker in any of the socialist countries, so that they do not stray from the Leninist road and succumb to capitalist pressure. This capitalist pressure we have felt from the very first days of Soviet power.

As soon as the civil war ended in this country, you may remember, the Soviet people responded to V. I. Lenin's call and concentrated their efforts on building up their own heavy industry. The people's money was channelled into this effort, of vital importance to the young Soviet land. It was at the expense of consumption, at the expense of many of the real essentials and by withholding money even from the building of schools that the Soviet people built up their country's heavy industry. They made deliberate sacrifices, but worked hard to build plants and factories. And that bore rich fruit.

By undeviatingly following the Leninist road of industrialisation, the Soviet people elevated their country to an unprecedented height.

Within a historically very short period of time, the Soviet Union surpassed economically the most developed capitalist countries, moved to second place in the world and is now successfully accomplishing the task of overtaking and surpassing the United States of America in industrial production. But we have already become the world's leading power in our standard of public education, in the development of science and in many advances of modern technology.

And all this has been achieved because the Communist Party has firmly and undeviatingly applied Lenin's principle of the priority development of heavy industry, because it has been true to Leninism.

Fulfilling the great plans mapped out by Lenin, the Communist Party and the Soviet government intend continuing to pay unslackened attention to the development of the country's heavy industry, but at the same time to pay considerably more attention to the development of those branches producing foodstuffs and consumer goods.

6. With the Summit approaching

Dear Comrades, this session is meeting in the momentous days when the 15th anniversary of the victory over Hitler Germany and of the end of the Second World War in Europe is being celebrated. The historic act of Nazi Germany's unconditional surrender, which was signed in Berlin

15 years ago, marked the end of the most murderous and destructive war in human history. The Soviet Union, in combat co-operation with its allies in the anti-Hitler coalition—the United States of America, Britain, France and other freedom-loving countries—inflicted a decisive defeat on German militarism.

Victory Day is remembered and treasured by all the peoples of the world. Millions upon millions of people waited for that day, associating with victory profound faith and hope in the triumph of the humane ideas of freedom, peace, friendship and progress. These hopes, which were paid for in suffering, are near and dear to the heart of every honest person, to the hearts of all people of good will.

Victory was not won easily. We all know what sacrifices it cost the Soviet people. There were few families in the Soviet Union which did not lose a father or a husband, a son or a brother on the battlefield. Nor will the glorious deeds of the Soviet people ever be forgotten, especially those of our heroic women who in those hard days, suffering from cold, and sometimes from hunger, enduring wartime privations of every kind, forged formidable weapons for victory over the enemy and uninterruptedly supplied the army and the nation with bread.

In those grim days the soul of Soviet man was revealed to the whole world in all its greatness—the soul of Soviet man who is brave and stubborn in the fight for a just cause, tireless in labour, and ready to make any sacrifices and endure any privations when our common cause, the interests of the socialist homeland, demand it.

The patriotism, the staunchness and courage of millions of modest Soviet men and women, educated and inspired by our Leninist party, were the main factor that ensured the defeat of Nazi Germany in the Second World War.

Our people have not forgotten, and never will forget the price of victory. Nor has it been forgotten by the peoples of the United States, Britain, France, Poland, Czecho-Slovakia, Albania, Yugoslavia, Greece, Norway and other countries who fought in the ranks of the anti-Hitlerite coalition. The memory of the recent past puts us and our former allies in the anti-Hitler coalition under the obligation to preserve and strengthen the peace achieved as a result of the victory, to draw a final line under the last war and to do everything to prevent another war, to prevent any new-found imitators of Hitler from unleashing it.

That, comrades, is why the Soviet government is so persistently pressing for the elimination of the vestiges of the Second World War which poison the international atmosphere and which include, above all, the outstanding issues of a peace treaty with Germany and the abnormal, dangerous situation over West Berlin. That is why we want to conclude with other powers an agreement on general and complete disarmament, since this is the only reliable guarantee for mankind against nuclear rocket war and the only way of safeguarding a really lasting peace. We are for an enduring peace, for peaceful co-existence and co-operation between all states. Such are the principles governing our foreign policy. They are clear and understandable to all.

As you know, a meeting between the leaders of the four powers—the

Soviet Union, the United States, Britain and France—will open in Paris on May 16.

The participants in this meeting will have to discuss very important international problems whose solution is desirable and, moreover, indispensable in order to lay a firm foundation for peace and to safeguard peaceful co-existence between states with different social systems. A successful examination of these questions at the forthcoming summit conference would lead to an improvement in international relations, would give the peoples faith in the victory of the forces of peace over those of war, and consequently would pave the way for a policy aimed at strengthening peace and friendship among the peoples.

What are these questions? You know that the first of them, which is uppermost in the minds of all people, is the question of disarmament. General and complete disarmament is the most radical means of safeguarding world peace and excluding war from human society. In conditions in which no state had either an army or armaments, all countries would have to settle even the most acute issues peacefully, through negotiations.

The Soviet government has made its proposals on disarmament. We propose the most radical solution of this problem—the complete disarmament of all states, the destruction of the means of warfare and the disbanding of all armies. We are trying to persuade our partners in the discussions that this would be the best solution.

If disarmament is universal and complete, equally complete and comprehensive control can be introduced over it, because no one will then need to keep any secrets from other states, even from those which are today still classified as “enemy” states, as is often done in the western countries with regard to the Soviet Union by persons who are hostile to our social system.

The second question is the necessity for concluding a peace treaty with Germany and a solution, on this basis, of the problem of West Berlin, which has become a knot of contradictions fraught with surprises and dangerous consequences of all kinds. In order to eliminate completely the vestiges of the Second World War in Europe and to normalise the situation in Berlin, which has a long-outmoded occupation régime still functioning in its western part, we suggest the conclusion of a peace treaty with Germany, that is to say, with both the actually existing German states.

The summit meeting will also have to discuss other questions concerning the relations between the socialist and capitalist countries or, as they are called, questions of East-West relations. These questions have already been discussed in the conversations I have had with the heads of government of a number of states, and many of them have been the subject of discussion at various international conferences and in the United Nations. Now I should like to emphasise the following: If the vital problems of the day—disarmament and a peaceful settlement with Germany, including the question of West Berlin—were solved, the problem of improving East-West relations would solve itself.

However, it is obvious that not everyone wants a solution to the

problems of disarmament, the consolidation of peace in Europe, an international *détente*. There are still forces in the West—and they are quite active—which refuse to realise the necessity for peaceful co-existence between the socialist and the capitalist states today and the insanity of any attempts to continue the policy of “brinkmanship” in the present conditions.

Look at the hue and cry which was raised by a certain part of the western press in connection with my recent speech in Baku. Some people in the West are trying to present the Soviet government’s firm desire, expressed in the speech, to make the summit meeting produce practical results, including practical results on the German peace treaty and West Berlin, as nothing short of a “threat” to the western powers.

An example of the absurdities to which certain organs of the bourgeois press resort is an article recently published in a British newspaper, the *Daily Mail*. The keynote of this article is the idea that the intention of the Soviet Union to sign a peace treaty with the German Democratic Republic, in the event of the western powers and the Federal Republic of Germany refusing to conclude a peace treaty, constitutes a “threat” (!) and is a “blow to the West”.

Just think, comrades, of the words “threatening to sign a peace treaty.” People are accustomed to speak of the threat of war.

And now, you see, western journalists, and certain statesmen—who are not very different from them for that matter—are interpreting the intention of signing a peace treaty as a “threat”. Something that can be received only with appreciation by all sober-minded people, has become a “threat”, a “blow” to certain circles in the West. But if they wish to use such definitions, then I shall say bluntly: Yes, we are striving for such a “threat”, for such a “blow”; we are striving to sign a peace treaty, to clear the atmosphere in international relations, to ensure peace and peaceful international co-existence.

The need for concluding a German peace treaty becomes particularly clear if we take a look at what is now going on in Western Germany, at the policy which is being pursued by the government of the Federal Republic. Before the eyes of everyone military preparations are being speeded up in Western Germany, the Bundeswehr is growing, the West German military men are eagerly striving to get hold of atomic weapons and the soldiers of the Bundeswehr are already being trained in nuclear warfare. The government of Western Germany is stubbornly refusing to recognise the national frontiers established in Europe after the defeat of Hitler Germany and are refusing to establish normal diplomatic relations with the East European nations which were victims of Hitler’s aggression. The leaders of the Bonn government do not conceal the fact that they want to swallow up the German Democratic Republic and to destroy the socialist system there. The working people of the German Democratic Republic and all honest-minded people say to this: “It won’t come off, gentlemen!”

One thing is absolutely obvious: Bonn has not resigned itself to the defeat in the last war; sinister plans for unleashing a new war are again being hatched there; Bonn is still dreaming of revenge, of doing away

with the changes that took place in the world following the defeat of Hitler Germany.

In his speeches Chancellor Adenauer tries to pretend that he, too, is against war. But those are mere words. In actual fact his whole policy is aimed at creating conditions for revenge, for encouraging the revenge-seekers who are mustering their forces for a new war. However, even in his public speeches the West German Chancellor is not always able to hide the truth. What else can be expected of him if he goes as far as to point to the map of our country and declare: "The Soviet Union is the enemy."

The crazy Fuehrer also pointed his finger at the map in that way. Everyone knows his end. This might happen to others who admire military adventures.

Unfortunately, the powers that were allies under the anti-Hitler coalition in the Second World War and that fought jointly against Nazi Germany, are not unanimous today in their evaluation of the situation that exists in Germany.

At a time when the Soviet Union, Poland, Czechoslovakia and the other socialist states are doing everything possible to prevent the revival of German militarism, the western powers are helping to arm Western Germany. They include France, which was occupied by Nazi Germany and could have been expected, apparently, to be more apprehensive of German militarism than anyone else.

This is a very risky policy and we must tell our former allies openly: Whether you want to or not, by helping to arm the Federal Republic of Germany, you are pushing the revenge-seekers with your own hands towards a third world war.

The peoples demand that the leading statesmen of all countries should draw correct conclusions from the fatal blunders of the past and should not permit the German militarists to plunge mankind into a new war.

In the present-day international situation and with the existing correlation of forces, the arming of Western Germany does not by itself constitute a danger, of course. But she can start a military conflict and draw the great powers into it. What is more, the present policy of Western Germany is actually directed towards this end.

Why doesn't the Soviet Union's desire to conclude a peace treaty with the two German states meet with understanding on the part of our former allies? Will they lose anything if a peace treaty is concluded or will anyone else profit at their expense? If one takes a sober look at the state of affairs and proceeds on the basis of recognising the existing national frontiers established after the Second World War, it will become obvious that no one will stand to lose from the conclusion of a peace treaty, but everyone will become confident in the inviolability of peace. After all, the Soviet Union is seeking nothing but the signing of a peace treaty and, consequently, the creation of firm foundations for preserving peaceful international relations. In talking with the statesmen of western powers, one gets the impression that these arguments meet with understanding, but as soon as the question is placed on a practical plane and

appropriate proposals are put forward, those proposals meet with objections from the western powers.

Apparently the whole point is that Western Germany is now an ally of our former allies in the war against Hitler Germany. In essence, they are resisting the signing of a peace treaty because this treaty is opposed by Chancellor Adenauer, whose policy is guided by aims which are far from being peaceful. Who does not see, for instance, that on the question of the signing of a peace treaty and setting up a free city of West Berlin, Adenauer's position is one which suits the revenge-seekers?

Nor does von Brentano, the Foreign Minister of the Federal Republic of Germany, lag behind the Chancellor. Take, for instance, his latest statement at the congress of the ruling party in Western Germany. He called upon the western powers, urging them neither more nor less to reject at the summit meeting the proposal to sign a peace treaty with Germany and to prevent a settlement of the Berlin question. Can one describe such appeals in any other way than as a provocation against the cause of international co-operation? Incidentally, von Brentano himself betrays his most cherished desires when he attempts to predict an inevitable "crisis" at the summit meeting. Who, if not the West German revenge-seekers pin their hopes above all on discord between the great powers?

In defending the occupation status of West Berlin, the representatives of the western powers not infrequently claim that the present situation suits the population of West Berlin. But such arguments are utterly untenable. In the first place, the abolition of the occupation status in West Berlin does not only concern the inhabitants of that city. It has wider implications. West Berlin is situated on the territory of the German Democratic Republic. Therefore the situation existing in West Berlin concerns, perhaps to no less a degree, the population of the German Democratic Republic.

As long as the occupation status is preserved in West Berlin and the troops of the occupying powers are stationed there, it will, in many respects, poison the life of the population of the German Democratic Republic and cannot fail to cause concern to all Germans.

Who would disagree that it is an absolutely abnormal thing for foreign troops to be stationed in the capital of a state—troops of countries, for that matter, which are pursuing unfriendly aims with regard to this state? That is exactly the situation which has arisen in the German Democratic Republic. That is why all Germans, and especially the citizens of the German Democratic Republic, are concerned with the solution of the problem of West Berlin.

The situation in West Berlin also worries other European peoples, who justifiably regard it as a centre of dangerous tension.

They are interested in putting an end, at the earliest possible date, to the abnormal situation in that city—a situation which interferes with the establishment of friendly relations between states. That is why the abolition of the occupation status of West Berlin is not only a legal question. Its solution cannot be pigeonholed by means of unconvincing allegations to the effect that the existing situation suits the inhabitants of

West Berlin. One must also take into account the will of the German Democratic Republic, the will and the desire of the peoples of European countries which are striving to normalise the situation in Europe.

Lastly, it should be remembered that the troops of the western powers are stationed in West Berlin in accordance with an agreement between the Allied powers and not at the request of the population of West Berlin. This circumstance renders utterly untenable from the legal standpoint the attempt to present the question of the presence of the troops of the western powers in West Berlin as one which should be made dependent on the opinion of the population of West Berlin.

If one is really concerned with the interests of the Germans, under the present conditions—in which a system differing from that of the German Democratic Republic exists in West Berlin, which is situated in the centre of the German Democratic Republic—the only genuine solution to the question of West Berlin would be to make it a free city.

The proposal to create a free city takes equally into account the interests of the inhabitants of West Berlin, those of the population of the German Democratic Republic and those of the population of Western Germany, since this makes it possible to remove a hotbed which, unless it is stamped out, may cause the German people to be involved in another terrible war. Those who object to the normalisation of the situation in West Berlin and seek to destroy in advance the chances of reaching agreement on this subject are doing harm both to the interests of the Germans and to the interests of strengthening peace in Europe.

When I spoke in Baku I mentioned a statement by the United States Under-Secretary of State, Dillon. In that statement, Dillon, as if serving a warning with regard to the foreign policy of the Soviet government, declared that Khrushchov was walking on very thin ice, as he put it. He must have meant by that that the Soviet government's policy may fail. I think you will agree with me if I say that Mr. Dillon's worry about our policy and our country is, to say the least, out of place.

Don't worry, gentlemen, about our policy. We are not walking on thin ice. We take our stand on a foundation of monolithic granite which no one is strong enough to shatter. It is the construction of communism in our country, which the Soviet people are carrying out with an enthusiasm unprecedented in history, that provides this rock-firm foundation of the Soviet government's foreign policy.

If one is to speak about thin ice at all, then take a look, Mr. Dillon—what are you standing on? Your policy is based in a large measure on support for colonialism, the enslavement and the plundering of backward peoples and economically dependent countries.

Our policy, which is consistently and actively seeking to promote peace and co-operation among the peoples, is destined to continue gaining in strength and to blaze the trail for mankind to a better future. On the other hand, the policy of exploiting the peoples is doomed to failure. The people everywhere will see its true meaning sooner or later, and once they see it, they will realise why they are living in the poverty and suffering arising from oppression. Their own experience is bringing home to them the only correct conclusion that this is due to the policy of

monopoly capital, the policy of "brinkmanship", the arms race and colonial exploitation. The peoples will rise up against this policy and that will mean its real failure.

But we have appealed, and we continue to appeal to the governments of the western powers to grasp the need for the peaceful co-existence of states, regardless of their social systems, and we shall go on seeking a relaxation of international tension. The necessity for easing international tension has been repeatedly emphasised by Mr. Eisenhower, the President of the United States, by President de Gaulle of France, and by Prime Minister Macmillan of Great Britain.

What, then, can constitute a general appraisal of the situation that is taking shape now that the summit conference is drawing nearer? I am empowered by the Soviet government to tell the Deputies of the Supreme Soviet that the latest moves of our partners in the forthcoming talks and their statements of their positions and certain actions to which I shall refer specially somewhat later, give little ground, unfortunately, for hope that the governments of the countries whose heads we are to meet are really looking for concrete solutions.

One gains the impression that certain governing circles of the United States of America have not yet arrived at the conclusion that it is necessary to relieve tension and solve disputed issues by means of negotiations. Influential forces in the United States—imperialist circles and militarists who are entrenched in the Pentagon—have recently stepped up their activities to an appreciable extent. These aggressive forces want the cold war and the arms race to continue and they are not stopping short of outright provocations.

Large sections of opinions have had to take notice of certain recent pronouncements by Herter, Nixon, Dillon and other political leaders who shape the foreign policy of the present administration of the United States. These pronouncements are an ill omen. They are far from inspiring hope of a favourable outcome to the talks that are opening on May 16.

Unfortunately, these speeches have been approved by the President of the United States himself, who stated at a press conference that they had set out the foreign policy of the United States government. That makes things still worse.

Or take this fact. President Dwight D. Eisenhower has announced that he will not be able to stay in Paris for more than seven days because his other preoccupations do not permit him to stay longer. Perhaps that is so. Every statesman has his own schedule.

President Eisenhower has written to me, saying that he can stay in Paris until May 23, and will then leave for the United States, stopping at Lisbon. He has also stated that should there be sufficient reason for our talks to continue after May 22, he would appoint Vice-President Nixon to deputise for him.

I replied to the President that the duration of the conference of the heads of government should be subordinated to the main task of making the conference a success and that the best way to settle it would be by taking into account the progress of the conference. I also stated that the

question as to whether it would be worthwhile continuing the conference without the President's participation should be settled at the conference itself by agreement among all the parties concerned. In saying that, I meant that we would talk the matter over when we met Mr. Eisenhower, Mr. Macmillan and General de Gaulle in Paris.

The United States President's intention is to be regretted. It seems to us Soviet people that there is no more important cause in which all states and all people on earth are more interested than the strengthening of peace and the prevention of war. And if a statesman intends to limit his attendance at the conference, irrespective of the progress of the talks, that shows that the questions which are to be discussed at the summit meeting are evidently not being given proper attention by the United States government.

I do not doubt President Eisenhower's sincere desire for peace. But though the president is the highest authority in the United States, there are evidently circles which restrict that authority.

As for Vice-President Nixon taking part in the talks, I should like to say the following. I met Mr. Nixon more than once in Moscow, when he came here to open the American exhibition, and I had talks with him in the United States. I find it difficult to rid myself of the impression that Mr. Nixon bothers about everything rather than about reaching agreement on disputes, eliminating the state of tension, ending the cold war and the arms race. I hope Mr. Nixon will pardon me for my frankness, but I told him this when we met and I hope that he will not condemn me for stating it now in our Parliament. I am afraid that if Mr. Nixon is instructed to hold these negotiations, a situation might arise resembling the one which people describe as "leaving the sheep in the care of the wolf."

Nor do the talks we are holding with the western powers on the ending of nuclear weapon tests or the disarmament talks provide evidence of intentions on the part of the western powers to come to terms on important international questions.

All this bears out that certain circles in the countries with whom we shall be meeting at the conference evidently have not yet realised that the "policy of strength" with relation to the socialist countries has failed and become bankrupt. Evidently someone would like to revive this policy like a dead rat by some magical injections. And these "injections" are now being made; attempts are made to revive the corpse by means of speeches and statements of all kinds in a cold war spirit. Furthermore, recently we have had to encounter direct provocation.

Comrades Deputies, on the instructions of the Soviet government, I must inform you of aggressive actions against the Soviet Union taken over the last few weeks by the United States of America.

What were these aggressive actions? The United States of America sent its planes, which crossed our state frontiers and invaded the air space of the Soviet Union.

We have earlier lodged protests with the United States of America about certain similar aggressive actions and have informed the United Nations Security Council. The United States of America has usually

given formal explanations, and sought in every way to deny the fact of aggression, though the evidence was irrefutable. When we rebuffed these aggressive actions and the United States sustained damage in the form of planes brought down it lodged hypocritical protests, and even presented claims asking us to compensate it for all its losses.

The last but one of these aggressive actions was taken by the United States of America on April 9, 1960. A United States plane invaded the air-space of our country from the direction of Afghanistan. Naturally, not a single sober-minded person could think or suspect that this violation was carried out by Afghanistan, a country friendly to us. We are convinced that this plane belonged to the United States of America, and was evidently based on the territory of Turkey, Iran or Pakistan—countries linked with the United States by commitments under the aggressive CENTO bloc.

When this incursion was made, some comrades here raised the question: Should we warn the United States of America?

Such actions could not be squared with the talks we had held with the President of the United States and with other American statesmen during our visit to the United States. We agreed with the President of the United States on a summit meeting, and this meeting is in fact near at hand. Aggressive incursions into the space of another country is a poor preparation for such a meeting. For the conference of heads of government has the purpose of easing international tension, liquidating the cold war, ending the arms race, bringing about general and complete disarmament, a settlement of the issue of the German peace treaty and West Berlin, everything that prevents normal peaceful co-existence among countries with different social and political systems.

We had an exchange of opinions in the government, and decided at the time not to take any special measures, not to write Notes or Aide Memoires, because we knew from past experience that this was in fact of no avail.

Believing that they are the stronger, aggressive circles act on the principle: The weak complain against the strong, the strong ignore them and continue their brazen actions.

We strictly warned our military men, and especially those who are directly in charge of the country's anti-aircraft defence, that they must act vigorously and not permit foreign planes to violate our air space with impunity.

The fact that they got away with the incident of April 9 unscathed evidently pleased the American brass-hats, and they decided to repeat their aggressive act. For this purpose they chose the most solemn day for our people and the working people of all countries—May Day, the international holiday of the fraternal solidarity of the working class. On that day, early in the morning, at 05.36 hours Moscow time, an American aircraft crossed our frontier and continued flying farther into Soviet territory.

The Defence Minister immediately reported this aggressive act to the government. The government said: the aggressor knows what he is asking for when he invades the territory of another country. If he goes

unpunished he will stage new provocations. Therefore action is called for—bring the plane down! The assignment was carried out—the plane was brought down!

The first examination proved that the plane belonged to the United States of America, although it carried no identification marks. Those marks had been painted out.

A commission of experts is now studying all the information which fell into our hands. It has been established that the plane crossed the state frontier of the Soviet Union, flying from Turkey or Iran or Pakistan, just as the plane did on April 9. Those countries are supposed to be our good neighbours!

After studying all the materials now in our possession the Soviet government will protest strongly to the United States and will warn it that if similar acts of aggression against our country continue, we reserve the right to reply to them by taking all measures we consider necessary to ensure the safety of our country.

I think that we will also give a most serious warning to those countries which allow their territory to be used by the United States of America for aggressive actions against our country.

We consider that the event which took place on May 1 will attract the attention of all the nations of the world, for it is a most alarming signal. Imagine what would happen if a Soviet plane appeared, say, over New York, Chicago or Detroit, and flew over those cities. What would be the reaction of the United States of America?

Officials in the United States of America have repeatedly stated that they have atom and hydrogen bombers patrolling, which at the approach of a foreign aircraft would take off and head for the targets set for each of those bombers. And that would mean the beginning of war. I would like to ask those American officials—if you are thinking of taking such measures unilaterally, in the event of a hypothetical aggression against your country, why don't you consider that we too can reply with the same kind of measures if a foreign plane, endangering our country's security, appears over our country? Can it be denied that we have the same rights as those on the basis of which you intend to act in such cases?

I think that nobody doubts that we have something with which to reply. True, we have no bomber patrols, but we do have some missiles at the ready which would reach their targets accurately and irresistibly, and would operate more dependably than patrol planes. Comrade Deputies, I think it is necessary from this high rostrum to warn in the most serious terms also those countries which permit their territory to be used by aggressive forces and in that way make it easier for those forces to act against us. It is high time for the governments of such countries to realise that they are playing with fire, because those countries too would be subjected to retaliatory blows, and they too would have to pay for the shortsighted actions of their governments, which offer their countries' territories for use by the aggressive forces of other states.

The invasion of our country's air-space by the American plane is a very disturbing incident indeed. We shall therefore bring it before the

Security Council, in order to get aggressive actions by the United States stopped, for such actions are fraught with great dangers.

It is difficult to see how one can assess such actions by the aggressive forces of the United States of America. We are, in fact, to meet President Eisenhower of the United States at the summit conference on May 16, but just a fortnight before that meeting, the United States Air Force has undertaken an act of aggression against the Soviet Union.

What is this, May Day greetings? Didn't those who sent the plane realise what they were doing? They must have hoped that they would get away with it, believing that the plane they sent for piratical purposes would return. But such actions are utterly incompatible with the tasks before the heads of government, who are to meet in Paris. The conclusion cannot be avoided that the aggressive imperialist forces of the United States of America have lately been most active in their efforts to wreck the summit conference—or, at least, to prevent it from achieving the agreements the whole world awaits.

The question is: who sent that plane which intruded into the Soviet Union? Was it sent with the approval of the Supreme Commander of the United States' Armed Forces, an office which is known to be held by the President? Or was this act of aggression committed by the Pentagon militarists without the President's knowledge? If such actions are undertaken by American brass-hats at their own risk, this should worry world opinion all the more. Perhaps, as a result of the friendship now being established between the United States and Franco, the American militarists decided to take action at their own discretion, just like the Spanish military junta did in coming out against the legal government of Spain? It is not uncommon for military dictators in the so-called "free world" to implant their régimes by Franco's methods.

But the peoples are beginning to see the difference between real freedom and tyranny. Take the events in South Korea, for instance. The head of the puppet régime, Syngman Rhee, the best friend of the United States and the father of his country—as somebody in America has called him—has now been dethroned by the people, and has become a political corpse. Nor was it the communists that provoked those events. This fact has had to be recognised even by the top leaders of the United States. It was the overtaxed patience and suffering of the people of South Korea that led them to rebel against monstrous oppression.

It has so far been a spontaneous and unorganised revolt. The people are seeing things more clearly and are increasingly understanding that the blame must be laid not only at Syngman Rhee's door, but also at that of the men who backed him and who helped him to chain the people of South Korea. Those men above all are to blame for the suffering of the South Korean people.

It is surely no accident that there are so many mass demonstrations for freedom in the "free world"!

Comrades Deputies, our impression is that the aggressive actions which the United States has once more committed against the Soviet Union, have been timed to coincide with the heads of government conference. This has been done to bring some pressure to bear upon us, to try to

scare us with their alleged military superiority and, in that way, to weaken our determination to fight for the easing of international tension, to fight for an end to the cold war and to the arms race. The purpose behind these actions is to prevent agreement on the issues in dispute. For, indeed, that plane could not be called a herald of peace or a messenger of good will. Not at all! It was a real piratical flight, with aggressive purposes.

We can say to the gentlemen who sent that plane that their attempts to force us to our knees by pressure will be futile. The Soviet Union is in a position to strike back at anybody who may wish to secure, through pressure, a decision which suits the aggressor.

Let me, on behalf of the Soviet government, express our gratitude to the personnel of the army units which have discharged with distinction their function of guarding this country's frontiers.

The Russians, the people of this country, have a custom which comes down from olden times, the custom of welcoming their guests with bread and salt. But those who have invaded this country arms in hand have always been given a crushing rebuff. It is not for nothing that from olden times the people have been saying: he who comes to us with a sword shall perish by the sword.

Comrades, the Soviet people and our government have always shown and are showing now a peaceful and friendly attitude to the United States of America. Yet our reward for this has been base ingratitude. We are naturally indignant about the provocative actions of the American militarists. But we must not let this guide our actions. It is not feelings but reason that must guide us.

If they are really concerned to preserve peace, statesmen must soberly assess the possible consequences of such actions, and must think where they can lead. The madman Hitler's planes invaded this country's air-space many times before the Second World War. The Soviet government protested, but Hitler paid no heed to those protests, and then attacked us. Everybody knows very well how that ended.

What do we think of the intrusion—and not an isolated one at that—by the American plane? Should we take it as a forerunner of war, the forerunner of an attack, that is, as a repetition of what Hitler did?

The Soviet government does not think there are enough grounds as yet for such a conclusion. There is a different situation, a different balance of forces in the world today. The will of the peoples for peace is playing not the smallest role in world affairs. This is what keeps us from concluding that this is a trying out of forces before a war, a reconnaissance before an attack. This is a reconnaissance to rack our nerves, and to throw us back into the cold war situation. This is being done to preserve the fragments of the ice of the cold war, and freeze it once more, to raise tensions again so that the imperialists can rob the peoples by means of taxes, so that they can go ahead with the arms race and keep their peoples in fear of war and in subjugation.

The Soviet Union has no aggressive intentions. We want the cold war ended. We want disarmament, and our proposals on this subject, proposals which we have submitted to the United Nations, are still valid.

We emphasise once more that disarmament and effective control over it is a sure way to safeguard the peace of the world. With that done, no country will be able to arm herself unilaterally for an aggressive attack against another country.

The Soviet Union appeals again to the government of the United States of America to end the state of cold war and to stop provocations against other nations. International relations must be governed by peaceful aspirations, if peace, quiet and happiness for all men on earth are to be ensured.

Speaking to the people of the United States of America, we say that, in spite of the aggressive actions against our country, we still remember the friendly meetings we had during our visit to America. It is still my firm belief that the American people, apart from certain imperialist and monopoly circles, want peace and friendship with the Soviet Union. And we reciprocate. But the aggressive actions I am reporting to you here must also alert the American people.

All who have peace at heart and who spare no effort in working to ensure peace and bring the cold war to an end, must mobilise still more of their efforts to curb aggressive actions, to call to order those who love belligerent ventures, so that they do not draw the peoples into a global nuclear missile war. The aggressors, too, would perish in that war, but it would be the peoples whom it would hit hardest.

We want peace. But to seek peace is not to beg for it. Peace has to be won. It can be won through hard work, through increasing the country's strength, developing more up-to-date and most reliable weapons, by advancing the economy, by developing science and technology, by creating more and more machinery to make man's work easier and to ensure the satisfaction of the people's material and spiritual requirements.

If the western powers do not want to disarm, then our soldiers, our officers and our Soviet army must have the world's best weapons in the quantities necessary to deal a crushing blow to the aggressors, should they draw their swords against the land of the Soviets or against any other socialist country.

The imperialists hate the socialist system. They hate the Marxist-Leninist teaching. That is a matter of taste, but no excuse for starting war. We do not like the capitalist system either, but we do not want to impose our system on other countries by force of arms. Let capitalism live its days out like a decrepit old horse, which finally dies and is dumped by its master.

The more imperialism displays its irreconcilable contradictions, which lead to wars and disasters for the peoples, the quicker it exposes itself and reveals its ulcers, the quicker this will arouse the wrath and hatred of the peoples living in the imperialist countries. By aggravating the international situation and creating all kinds of crises and dangers to peace, imperialism is arousing the anger of the people, and is digging its own grave.

Comrades Deputies, our government conducts a clear-cut and consistent policy of peaceful co-existence.

This is Leninist policy. We defend it and will do our utmost to find

ways of solving through negotiation issues in dispute between states. But if someone still wants to weaken the socialist countries by a tough "policy of strength", failing to realise that this is no longer possible, we tell them: that is a thing of the past.

We were not born to the ringing of the bells. Our socialist country was born amidst the gunfire from the *Aurora**, and we matured in the fight against the invaders and internal counter-revolution, which had the full support of the imperialist countries. The Soviet people smashed it and built a powerful socialist state.

Voices are now heard alleging that the Soviet Union is not as powerful as the Soviet government wants to make out. This, to some extent, is a rehash of what Hitler said before the Second World War.

He, too, alleged that the Soviet Union was a colossus with feet of clay—but he experienced on his own skin the might of the Soviet Union. The man who tried to depict the Soviet Union as a colossus with feet of clay has long since decayed in the ground, while the Soviet Union has sent to the moon its national pennant as a symbol of the unprecedented flourishing of Soviet economy, science and culture, a symbol of the daring flight of the creative genius of our people.

We go to the Paris conference with open hearts and good intentions, and we shall spare no effort to achieve a mutually acceptable agreement. But we must assess the possibilities soberly, and note that there are signs auguring that these talks might not satisfy the aspirations of the peoples of the world who are striving to live in peace.

We have exerted and will continue to exert all our efforts to secure a negotiated solution of the urgent problems. We will be very happy if the best happens, and agreement is reached between the representatives of the powers attending the conference of heads of government. However, it would be wrong to be lulled to sleep, because we might be captured by false illusions. As the old saying goes: "Trust in God, but keep your powder dry"!

We will therefore assume that the important problems which await solution will be discussed on their merits at the summit meeting. But if they intend to play tricks on us, if they think of meeting only to show their strength, and wrest from the Soviet Union some unilateral concessions—nothing will come out of it.

Those who harbour such plans may know they are trying to achieve the impossible. We rely upon our own forces, upon the boundless possibilities of our socialist system. We shall continue to march along the road of peace, to develop our economy, to raise the living standards of our people, to strength the defences of the Soviet Union.

We stood the test of the Second World War, we overcame its aftermath, and now the Soviet Union and the entire socialist camp are in the prime of their strength, and are capable of standing on their own against the capitalist world. The imperialist powers will never exhaust the strength of our peoples. We are confident that victory will be ours,

* Russian cruiser which signalled the outbreak of the October Revolution by opening fire on the Winter Palace.—ED.

that reason, our peaceful aspirations, will triumph. If the negotiations are unsuccessful, the peoples of all the world will know whom to blame.

The Soviet government is working steadily for the elimination of international tension. But the elimination of tension is not an abstract idea. It must find expression in practical deeds. The Soviet government starts from the assumption—and I trust, this is your opinion too, Comrades Deputies, and the opinion of the entire Soviet people—the assumption that at the forthcoming summit meeting serious efforts must be made to strengthen worldwide peace, that the participants at that conference are called upon to lay the foundations for more healthy and truly peaceful relations among states.

Comrades, our country has scored historic victories. On the basis of Tsiolkovsky's theory, Soviet scientists and engineers have made tremendous advances in the conquest of outer space. They have been able to do so because our state, our people, have provided them with everything they needed for fruitful scientific work, for great discoveries.

To orbit the first artificial earth satellites, to launch a rocket into outer space, it was necessary to equip them with dependable engines, to choose the proper fuel, to fit perfected equipment, so that the rocket developed the required velocity and overcame the earth's gravitational pull.

All this was done. The Soviet rocket became the Solar system's first man-made planet. Our second rocket delivered a Soviet state pennant to the Moon. A third Soviet cosmic rocket took pictures of the other side of the Moon. The Soviet people once more showed the world the great power and inexhaustible potentialities of our socialist system.

So also in human life, in the development of society. By accomplishing the great socialist revolution, by taking power into their own hands, the Soviet people have blazed the road to the building of a new society. Guided by the teachings of Marxism-Leninism, they have scored great successes. Now many peoples of Europe and Asia are moving along this road. Developing their socialist economies, culture, science and techniques, they have figuratively speaking, overcome the gravitational pull of capitalism; overcoming the heritage and the customs of the old system, based on exploitation, they have emerged on the socialist orbit and are moving forward at great speed along the broad road of the building of communism.

Now that the Soviet Union, that all the socialist countries, have scored such outstanding achievements, now that they have created all the conditions for further rapid development, now that an intelligentsia from the people has been reared in our countries, new people who under the leadership of the Marxist-Leninist parties are building a new life—how can the decrepit capitalist world keep up with our socialist world, which is surging forward irresistibly?

The imperialists are powerless to hold back the development of the socialist countries, which are confidently marching towards communism—the bright future of mankind.

Comrades Deputies, it may be said with confidence that the questions which the Supreme Soviet will discuss will fill all the Soviet people with

great pride. Every Soviet citizen will say to himself again and again: Yes, these years were not spent in vain; our will and our labour have worked real wonders on Soviet soil.

Under the banner of Lenin, under the leadership of the Communist Party, onward to new victories in the building of communism!

N. S. Khrushchov's Concluding Speech in U.S.S.R. Supreme Soviet

May 7, 1960

Comrades Deputies, all the speakers at this session have expressed their complete agreement with the outline presented in the reports, and have unanimously supported the Soviet government's proposals on the abolition of taxes on factory and office workers, and on other measures designed to raise the living standards of the Soviet people; and its proposals for the completion in 1960 of the switch-over of all factory and office workers to the shorter working day. In their speeches, the Deputies unanimously approved the domestic and foreign policy of the Soviet government.

In their speeches, Deputies spoke of the great political and labour enthusiasm of our people, the splendid work of the Soviet Union's workers, collective farmers and professional people.

We have made a good start on the Seven-Year Plan, comrades. Production plans are being fulfilled and over-fulfilled, accumulations in the national economy are increasing and labour productivity is rising. The strong determination of the people, their devoted work, the socialist emulation of millions, are a real guarantee of the successful fulfilment and over-fulfilment of the Seven-Year Plan, of further economic expansion, of the advance of science and culture, and of a rise in the well-being of the Soviet people.

While speaking of our successes, we must always critically assess all aspects of our work, never resting on our laurels and always seeing to it that our great reserves and potentialities are used to the full for the rapid progress of all branches of our national economy.

In my speech winding up the debate, permit me to dwell on one question which is of great importance for the successful fulfilment of the tasks set by the Seven-Year Plan.

You are aware, comrades, that the Seven-Year Plan provides for a huge volume of capital investments in the building and reconstruction of enterprises, in building homes, cultural institutions and public service establishments. I would like to remind you that roughly the same amount of money is being allocated for these purposes during the Seven-Year Plan period as was allocated during all the previous years of Soviet power.

If construction were carried on by the old methods, we couldn't even dream of fulfilling the plans outlined. This is why the party and the government has taken the line of industrialising construction work. In recent years, a great deal has been done here to create the material and technical basis for construction work. This has made it possible to increase the volume of building and assembly work in our country from 58,000 million roubles in 1950 to 172,000 million roubles in 1959—that is to say, nearly three times over. Prefabricated reinforced concrete

prevails in building work. Over the last three years its output has increased from 2,200,000 cubic metres [nearly 2,900,000 cubic yards] to 25,000,000 cubic metres [nearly 32,700,000 cubic yards]—or eleven times over. However, the present level of development of the technical foundation for construction is still lagging behind the increased demand.

A few days ago, the government received a memorandum from Comrade V. A. Kucherenko—Chairman of the U.S.S.R. Council of Ministers' State Committee for Construction—who reported that in a number of republics the task of developing the building materials industry was being carried out in an unsatisfactory way. According to this year's plan, 45 million tons of cement are to be produced. But, taking into account the tremendous scale of construction, even this amount cannot satisfy us.

Meanwhile, the task of putting new capacities for cement production into operation is not being satisfactorily carried out. Over the last three years, capacities for cement production put into operation were 9,500,000 tons below the level provided for by the plan.

Many cement factories under construction are not supplied with adequate equipment. Because of this, at six all-but-completed works in 1959, capacities of nearly two million tons of cement a year were not put into operation. In 1959, the plan for building and assembly work at cement factories was only 88 per cent fulfilled, and in the first quarter of this year it was 84 per cent fulfilled.

Our builders and designers have worked out progressive methods for the further industrialisation of building work, and are developing large-panel methods in housing construction. By the end of 1960, the central committee of the party and the government have decided to establish new enterprises for the manufacture of large-panel housing with an aggregate output of 6,600,000 square metres [over 71,000,000 square feet] of living floor space.

The party, government and economic bodies of Moscow, Leningrad, Cherepovets, Pervo-Uralsk and a number of other cities have made a good start on building these enterprises. Nevertheless, in many districts the construction of factories for the manufacture of large-panel housing is making poor progress. Capacities put into operation last year were only enough for 470,000 square metres [over 5,000,000 square feet] instead of the 1,300,000 square metres [roughly 14,000,000 square feet] provided for in the targets.

Sufficient emphasis is not being placed everywhere on the setting up of large mechanised enterprises for the production and processing of non-ores.

In a number of regions and republics, the task of expanding the production of sanitary and technical equipment, furniture and other materials, is being carried out badly.

Why do these shortcomings exist? Because Councils of Ministers of the Union Republics and the economic councils have relaxed the attention they are paying to these questions.

If we do not take the necessary measures, the production basis of construction might turn into a bottleneck in the accomplishment of our

seven-year programme for capital construction and the creation of new production capacities for the national economy.

I believe it to be necessary to speak to the governments of the Union Republics, to the economic councils, to the party, government, trade union and Young Communist League organisations from the rostrum of the Supreme Soviet, urging them to pay more attention to the construction of enterprises for the building materials and building industries.

I think that everyone is aware that, without creating a mighty building industry, and without developing our building materials industry, it is impossible—I stress that—impossible to fulfil successfully the programme of construction work mapped out by the Seven-Year Plan.

If we do not build the factories for the cement and other building industries, if we do not have the building materials in the quantities we need, shall we be able to ensure the fulfilment of the capital construction plan?

Where do the capital investments go? They go into the construction of new factories, power stations and railways, into the reconstruction of old undertakings; they go into the building of dwelling houses, schools and other cultural and service establishments.

But can we build all this successfully if we do not have the necessary quantities of cement and other building materials, or of machinery, for industrial construction? We shall be able to cope with the tasks set by the 21st Party Congress only if we create a mighty material and technical basis for building construction.

Comrades Deputies, the act of aggression against the Soviet Union committed by the American Air Force has justly angered the Deputies and all the Soviet people. Many inquiries and appeals are being received by the session and by the Soviet government. In view of this, permit me once again to dwell on this question, and to furnish certain new information.

After the report I made to the Supreme Soviet in which I dwelt on this incident, the U.S. State Department of the United States claimed, in an official press statement, that the point in question was the violation of the Soviet state frontier by an American aircraft of the Lockheed U-2 type, which was allegedly studying weather conditions in the upper layers of the atmosphere in the area of the Turkish-Soviet frontier. This plane, allegedly, had strayed from its course because the pilot had oxygen trouble. The State Department asserts that the pilot lost consciousness and that the plane, steered by its automatic pilot, flew into Soviet territory. According to the State Department, the pilot only had time to report the failure of his oxygen equipment back to the Turkish airfield at Adana from which he had flown—an airfield which, allegedly, belongs not to the military but to the National Aeronautics and Space Administration.

Soon after that, the National Aeronautics and Space Administration issued a statement with a view to confirming the State Department's version. Here is what that statement said*:

* All quotations from American sources have been retranslated from the Russian.

"One of the N.A.S.A. U-2 research airplanes, in use since 1956 in continuing the programme to study gust-meteorological conditions found at high altitude, has been missing since about nine o'clock on May 1 (local time) when its pilot reported he was having oxygen difficulties over Lake Van, Turkey."

Comrades, I must tell you a secret. When I was making my report, I deliberately did not say that the pilot was alive and in good health and that we have got parts of the plane. We did this deliberately, because if we had told everything at once, the Americans would have invented another story.

And now, just look how many silly things they have said—Lake Van, scientific research, and so on and so forth. Now that they know that the pilot is alive they will have to invent something else—and they will do it.

Then their statement goes on to say:

"The airplane had taken off from Incirlik air base, Turkey.

"The flight plan called for the first checkpoint to be at 37° 25' North: 41° 23' East, and for a left-turn to Lake Van beacon, thence to Trabazon beacon, thence to Antalya and return to Adana."

This is the "precise" information they have given. In a little while I shall tell you how matters stood in reality.

"The flight schedule was estimated at 3 hours 45 minutes for a total of 1,400 nautical miles. Take-off was at 8 a.m. local time. About one hour after take-off, the pilot reported difficulties with his oxygen equipment. Using emergency radio frequency, he reported he was heading for Lake Van beacon to get his bearings, and that he would return to Adana."

As has already been indicated, the statement goes on to say that his flight plan called for him to make a left turn at Lake Van beacon.

"His last report indicated he was attempting to receive that beacon. It is believed that he was probably on a north-easterly course, but there was no further word.

"Aerial search was begun soon after the receipt of the last communication. The Lake Van area is mountainous and very rugged." The statement about the mountainous Lake Van area is quite correct.

"No evidence has been cited of an aircraft having crashed."

This is also correct, because this plane could not have crashed there. Then the statement describes in detail the instrumentation carried by the plane and the "peaceful" purposes of its flight. Permit me to give one more quotation:

"The instrumentation carried by the U-2 permits obtaining more precise information about clear air turbulence, convective clouds, wind shear, jet stream and such widespread weather patterns as 'typhoons'."

The State Department indeed launched a "typhoon".

"The airplane has also been used by N.A.S.A. to obtain information about cosmic rays and the concentration of certain elements in the atmosphere, including ozone and water vapour."

These are the official versions put into circulation by American officials

to mislead public opinion in their country and throughout the world.

I must declare, Comrades Deputies, that these versions are completely untrue and aimed at simple-minded people.

The authors of these accounts assumed that if the plane had been shot down the pilot had most probably perished as well. So there would be nobody who could be asked how everything had actually happened and there would be no way of checking what kind of plane it was, and what instruments it had carried.

In the first place, I wish to announce that the pilot of the shot-down American plane is alive and in good health. He is now in Moscow. The remains of this plane and its special instrumentation, discovered during the investigation, have also been brought here.

The name of this pilot is Francis Gary Powers. He is 30 years old. He says he is First Lieutenant of the United States Air Force, in which he served until 1956—that is to say, until the day on which he went over to the Central Intelligence Agency.

Francis Powers reported, incidentally, that while serving with the American Air Force he used to get 700 dollars a month, but when he went over to the Intelligence Service and started carrying out spying assignments to glean secret information he began receiving 2,500 dollars a month. That is how capital buys lives, buys people. The pilot has testified that he experienced no dizziness, nor did his oxygen apparatus fail. He was flying along his assigned course, accurately carrying out the orders of his chiefs, switching his equipment on and off over the pre-selected targets, to glean intelligence of the Soviet Union's military and industrial establishments; and he flew on until the very moment that his piratical flight into the interior of this country was cut short.

I want to tell you something about the results of the examination of the shot-down plane and of its equipment, as well as about the results of the interrogation of the pilot. The inquiry is still going on, but the picture is already fairly clear.

To start with, this was indeed a high-altitude low-speed Lockheed U-2. They banked on its high altitude and believed that this plane could not be brought down by any fighter or anti-aircraft artillery. That is why they thought it could fly over Soviet territory with impunity. In fact the plane did fly at a great altitude and it was hit by the rocket at an altitude of 20,000 metres (*roughly 65,600 feet, or nearly 12½ miles—Ed.*). And if they fly higher, we shall also hit them! The plane was in no way equipped for "upper atmosphere research", or for taking "air samples", as official American spokesmen assert.

Not at all. This was a real military reconnaissance aircraft, fitted with various instruments for collecting intelligence and, among other things, for aerial photography.

The competent commission of experts which examined the wrecked plane has established from documentary evidence that this American plane is a specially prepared reconnaissance aircraft. The task of the plane was to cross the whole territory of the Soviet Union from the Pamirs to the Kola Peninsula to get information on our country's military and industrial establishments by means of aerial photography.

In addition to aerial cameras, the plane carried other reconnaissance equipment for spotting radar networks, identifying the location and frequencies of operating radio stations and other special radio engineering equipment.

Not only do we have the equipment of that plane, but we also have the developed film showing a number of areas of our territory. Here are some of these photographs. (*Nikita Khrushchov held up the photographs.*)

Here are photographs of these airfields. Here are two white lines. They are lines of our fighters. Here is another airfield, also with planes on it. All these films we developed ourselves.

I am handing these photographs to Comrade Lobanov—let him sort them out.

Here are photographs of petrol stores. It must be said that the camera is not a bad one, and the photograph is very accurate.

But I must say that our cameras take better pictures and are more accurate, so that we have gained little in this respect. (*Laughter.*)

These photographs here show industrial enterprises. Comrade Chairman, please take these photographs, too.

There is also a tape-recording of the signals of a number of our ground radar stations. These are incontestable evidence of the espionage carried out by the American plane—shot down in the neighbourhood of Sverdlovsk. (*A stir in the hall.*)

These are the kind of "air samples" the American reconnaissance-plane took—and it took them not over Lake Van in Turkey, but at quite another spot.

The story that the airman was suffering from dizziness owing to a failure in the oxygen equipment had its origin, apparently, in the U.S. State Department and the Pentagon, as a result of the sudden shock caused there because the unsuccessful piratical flight over Soviet territory had become known to the entire world. And the men who were accessories to this marauding flight could not invent anything but the stupid story that it was, so they said, a meteorological plane, and when the oxygen equipment failed and the pilot lost consciousness, his plane, like a horse out of control, against the pilot's will, dragged him into Soviet territory. What naïveté!

The only thing that is true is that this plane was stationed at the American-Turkish air base at Incirlik, east of Adana. As the pilot Powers testifies, he was serving with the 10-10 unit which—just for the sake of camouflage—comes under the control of the National Aeronautics and Space Administration, but which is in reality conducting high-altitude military reconnaissance.

In his depositions, Powers has mentioned the names of several officers he served with at the American military base in Turkey. According to Powers's testimony, the commander of the American 10-10 unit is Colonel William Shelton, and his deputy is Lieutenant-Colonel Carol Funk.

Before his flight, Powers had long trained himself for flying into the depth of this country and, as he himself said, he had flown along the

Soviet frontier many times in order to study the radar system of the Soviet Union.

On April 27 Powers, the spy, on orders from his superiors, flew over from the Turkish city of Adana to the Peshawar airfield in Pakistan. It was, therefore, from Pakistan's territory—that is to say, from the Peshawar airfield and not from the Turkish airfield outside Adana, as was stated in the account given by the State Department of the United States—that Powers took off on May 1, with instructions to fly along the course indicated on his map over the Aral Sea, Sverdlovsk and other points, to reach Archangel and Murmansk before landing at the Budö airfield in Norway.

We can say now where he was flying to. I must admit that we knew it already when I was reporting this event. We did not say anything at that time, in order to see what the Americans would invent. Now that they have made their invention, we are reporting how everything really happened.

This is what Powers said when questioned about the task of his flight over Soviet territory:

"I was to take off from the Peshawar airfield in Pakistan, cross the national frontier of the U.S.S.R. and fly across Soviet territory to Norway (the Budö airfield). I was to fly over certain points of the U.S.S.R., of which I remember Murmansk and Archangel. During my flight over Soviet territory I was to switch the equipment on and off over certain points indicated on the map. I believe my flight over Soviet territory was intended to collect information on Soviet guided missiles and radar stations."

I want to ask the gentlemen of the State Department: was it such "air samples over Lake Van" that the pilot Powers, the spy, was to take?

I will say nothing of the fact that, in flying along this course, the American reconnaissance plane has grossly violated the national sovereignty of Afghanistan by flying across that country's territory without permission. But there is, perhaps, nothing out of the ordinary in that, for the morals of the American militarists. Such actions of theirs have long been known. It is sufficient to recall the flights of American military aircraft over Austrian territory when aggression was being prepared against Iraq, where a revolution had just taken place. The Austrian government protested against the treacherous violation of Austria's sovereignty by American military aircraft and against that blatant act of disrespect for her neutrality, sealed by the signatures of the United States among others.

If one is to believe the account that the pilot lost consciousness owing to oxygen trouble and that the aircraft was subsequently controlled by the automatic pilot, you must also believe that the aircraft controlled by an automatic pilot flew from Turkey to Pakistan, touched down at Peshawar airport, stayed there three days, took off early on the morning of May 1, flew over the territory of Afghanistan, crossed the Soviet frontier and flew more than 2,000 kilometres [nearly 1,250 miles] over our territory for a total of some four hours. Throughout the time of

the flight over our territory the aircraft was under observation, and it was brought down as soon as the order was given.

When our anti-aircraft rocket battery intercepted the plane and brought it down, the pilot, it must be believed, soon "regained consciousness", because he baled out by parachute; he was not, please note, ejected by the automatic device, but left through the upper cover, designed for getting into the plane. The question arises: why did he do this, when there are devices for rapid ejection?

Possibly he did it because there was an explosive charge in the aircraft, which was to have blown up the plane as soon as the pilot had been ejected. The pilot knew this and was possibly afraid that he would be killed in the explosion. He was quite bright!

But the installation of the explosive charge was not the only precaution taken. To cover up the tracks of the crime, the pilot was told that he must not fall into the hands of the Soviet authorities alive. For this reason he was supplied with a special needle. He was to have pricked himself with this poisoned needle, resulting in instantaneous death.

What barbarism! (*Shouts of "Shame! Shame!" in the hall.*) Here is this instrument—the latest achievement of American technology for killing their own people. (*N. S. Khrushchov produced a photograph of the poisoned needle.*)

But everything alive wants to live and when the plane was brought down the pilot baled out by parachute. And when he landed he did not follow the advice of those who had sent him on his predatory anti-Soviet assignment, but remained alive.

It is alleged that the flight was made for scientific purposes, to investigate the upper layers of the atmosphere. Why then, the question arises, did the pilot have to be armed with a silenced pistol? He was given it for some emergency, not for taking air samples but for blowing people's brains out. All this we shall present to the public as material evidence. This, you may say, is what such Christians are like! He was given this pistol after making low bows as they do in churches. And yet they call us godless atheists. But we have never committed such crimes against humanity and never will. If the pilot was given a pistol with which to defend himself against wild beasts in the event of a forced landing, the question arises: why a pistol with a silencer? This also shows what so-called scientific purposes the plane was pursuing.

The pilot who was supposed to explore the atmosphere was given 7,500 roubles in Soviet currency. The question arises: when and where was he to have spent them, and for what purposes? Surely he did not fly in order to exchange old roubles for the new ones?

The pilot was also given French gold francs. I have seen these gold francs with my own eyes. And you can see them here in the photograph. They are covered with Cellophane on both sides of the coins. Done in a cultured American way. But what did the pilot need those francs for? He also had West German, Italian and other currency. Besides his own watch, he was also given for his trip two other gold watches and seven ladies' gold rings. Why was all this necessary in the upper layers of the

atmosphere? Or perhaps the pilot was to have flown still higher, to Mars, and was going to lead Martian ladies astray?

You see with what careful consideration American pilots are equipped before setting off on a flight to take samples of air in the upper layers of the atmosphere.

No concocted story, therefore, can save the reputation of those who bear the responsibility for this treacherous act.

They have been caught red-handed as organisers of the incursion into the air space of the Soviet Union so shortly before the meeting of the heads of government in Paris, so shortly before the visit to the Soviet Union of the President of the United States. I believe that this is a bad preparation for serious talks on easing international tension.

I am now reading in the western press comments on these events, and there are some people who actually accuse me, Khrushchov. They say he wants to undermine the summit meeting because otherwise he would not have brought up this incident at the session of the Supreme Soviet but would have raised it through some other channels.

But what did you expect, gentlemen? You are used to making mischief, and some people regard this almost as a good thing and keep silent! No, we are not people of that kind! If you have made mischief, bear the responsibility for it openly. They live according to the law: If you are rich, you will not be sent to prison. This is true for the capitalist because he can always buy himself off. But there is another country, the country of socialism, where the law, the state, society, protect everyone living in that state.

What could be the reason for such a reckless step? It was evidently taken because someone in the United States was obsessed with the idea of intelligence. The United States' "open skies" proposal is well known. We rejected that proposal, and the American military then decided to "open" the Soviet sky by themselves. But there are rules of international law, there are national frontiers, and no one has the right to disregard those laws or to cross the frontiers of other countries.

We shall decorate the officers and men who took a direct part in bringing down this aircraft. We are proud that they discharged their duty as soldiers. I believe that any self-respecting country having the means to destroy air pirates would have acted in the same way.

From the high rostrum of the Supreme Soviet we once again warn those countries that make their territory available for the take-off of planes with anti-Soviet intentions—do not play with fire, gentlemen!

The governments of three countries—Turkey, Pakistan and Norway—must be clearly aware that they were accomplices in this flight, because they permitted the use of their airfields against the Soviet Union.

This is by no means a manifestation of friendship. This is a hostile act on their part against the Soviet Union. If the governments of these countries did not know—and I admit that in this case they were not informed—they should have known what the military authorities of the United States of America were doing against the Soviet Union on their territory. They must now see what can happen when they lend their territories to third countries which use them for aggressive purposes.

It is difficult, however, to accept that the governments of these countries did not know the purposes for which they permitted the establishment of United States Air Force bases on their territory.

As the American pilot has testified, he had been to Norway before. It seems that he decided to investigate the landing conditions there in advance. He flew in the same plane over Greece, Italy, Western Germany and Norway, staying there for two to three weeks.

Comrades Deputies, I am speaking in such detail about all this so as to refute the rather clumsy inventions of the U.S. State Department, and to inform public opinion in all countries, including the United States of America, of the exact facts regarding the aggressive actions committed against our country by the United States.

At the present time the State Department's story that the shot-down plane was dispatched for meteorological purposes is being widely circulated in the United States, and many people obviously believe that it is true.

Some public figures, politicians and journalists, quoting this story, are coming out with speeches and articles expressing some sort of annoyance and even indignation.

I would like once more to ask those who are "annoyed" what their reaction would be to one of our planes intruding into the United States and flying for about 2,000 kilometres over its territory?

Perhaps those who are "annoyed" would rather seek the answer from Allen Dulles, on whose orders the American plane flew into the Soviet Union? For the whole world knows that Allen Dulles is not a great expert in meteorology.

I would like those who are making complaints of this kind to come over to the Soviet Union to have a look at what is left of the plane, the equipment and the instrumentation, and to see for themselves for what purpose that plane was sent.

I think it is worth while holding a special press conference and demonstrating all the means of "air sampling" which are in fact the piratical equipment and weapons of the American pilot who made a provocative flight over the territory of the Soviet Union.

We shall show this equipment to everyone—to ambassadors and foreign correspondents, to everyone who wants to see it. All those guilty of this provocation must be nailed to the pillory.

In addition, I think it will be correct to raise the question of having this pilot brought to trial, so that public opinion can see what actions the United States is taking to provoke the Soviet Union, so as to heat up the atmosphere and throw us back from what we have achieved in easing international tension.

I remember the talks I have had with Americans. They impressed me very greatly.

I still believe that those who had meetings with me want peace and friendly relations with the Soviet Union. But the militarists from the Pentagon and the monopolists connected with them seem to be unable to call a halt to their war effort.

The President's spokesman Hagerty, on receiving a message about my

report to the session, said he believed that President Eisenhower knew nothing about the incident with regard to the American plane. I am quite willing to grant that the President knew nothing about the plane having been sent into the Soviet Union and having failed to return. Yet, in actual fact, this must put us still more on our guard.

In my report I already said that when the militarists start bossing the show and when they become brazen, that may have disastrous consequences. This is power of a dictatorial type—the power of the generals who have lost all sense of honesty and who do not care about the fate of the peoples.

How can people live in tranquillity, when the question of war or peace—and it must be emphasised once again that war in present conditions would be the greatest calamity and disaster for scores of millions of human beings—depends on chance, when the question of whether there will or will not be war depends on men who are capable of playing with fire!

For the time being, we describe this aggressive act by an American plane which has violated our frontier as one aimed at racking nerves, rekindling the cold war and reviving a dead rat. So far this is not a case of preparations for war, for war today. Yet this provocative and aggressive act has elements of preparations for a war in the future. This is what makes us so emphatic in exposing such aggressive actions.

The piratical flight by the American aircraft re-emphasises the need for vigilance, revolutionary vigilance, which has always been characteristic of the Soviet people. We understand full well that there are still many dark and evil forces on the earth which hate us and are ready for any adventure in order to stop the progress of history and delay our inevitable victory. We must be vigilant every day and every hour. We do not ask for peace out of weakness. Peace is the essential condition for a tranquil and happy life for human beings. But in order to make peace really triumph, it is indispensable that the soldiers of peace, the champions fighting for a just cause, should always be ready to rebuff an aggressor, to retaliate if the enemies of peace provoke an attack on our country or any other country in the socialist camp.

That is why this event should make us even more watchful. It is necessary to continue strengthening the defensive capacity of our country, not to rest on our laurels, always to have the combat preparedness of the troops at a proper level.

I should like to emphasise that this is not a call for nerves to be strained in our country: it is an appeal for calmness, an appeal for vigilance, for reason.

The enemies of peace, exposed as they now are by irrefutable facts, are beginning to twist and turn. The State Department has declared that no American aircraft flew over Soviet territory on April 9. This means that the State Department is denying the incident I mentioned in my report to you.

However, I stressed in my report that the reason why the Soviet government decided to draw no public attention to the flight of the American plane on April 9 was precisely because we knew that the

aggressors and militarists would resort to any subterfuge without a moment's hesitation. Only when they are cornered by the facts do they find themselves exposed.

In this respect the militarists and aggressors are taught to act on the principle that a man is not a thief until he is caught stealing. That was precisely why we said nothing about the flight of the American plane on April 9. This time we have caught the thief. We have shot him down. And now that we have material evidence at our disposal, there is no escaping the responsibility.

Everyone knows that dizziness is a rather unpleasant thing. Sometimes a man who is light-headed, with his head swimming, may fail to find his way home, but the kind of dizziness which causes an airman to stray 2,000 kilometres inside a foreign country is a dangerous thing. In this case it is worth recalling once again the Soviet government's statement that such an adventurer, prone to dizziness, may, in fact, drop a hydrogen bomb on foreign soil, and this means that the peoples of the country of that adventurer's birth will inevitably get immediately a more, rather than less, destructive hydrogen bomb in return.

As one reads the numerous comments and statements by foreign diplomats and journalists about this incident, one cannot help wondering what kind of morality these people are guided by. For they regard themselves as Christians and believers.

They—the believers—accuse us of atheism. The ethics of those people are certainly good! If such people really believed in God, they would be afraid of the Hell in which they would inevitably end, because, according to the teaching of Christ, they will have to boil for eternity in the pitch of Hell for their foul deeds against peace and against mankind.

No, it is not Christian ethics that these people preach. They preach the ethics of the bourgeois world, for which nothing is sacred.

Comrades Deputies, the incident with regard to the American aircraft does not facilitate a peaceful settlement of international disputes. Yet this incident must not induce us to revise our plans by increasing the appropriations for armaments and the armed forces, must not induce us to halt the process of reducing the armed forces. We shall continue to be guided by the Leninist peace-loving policy and to uphold the idea of peaceful co-existence.

We must allocate our defence appropriations in such a way as to maintain our reliable rocket weapons at the ready so as to be always prepared to give a fitting reply both to the principal aggressive forces which inspire the aggressors scattered throughout the whole world, and to these small and brazen aggressors. Let all aggressors know that no one will get off scot-free—both the boss and the lackey will get their deserts. And this will only benefit all who detest war.

Comrades, I report to the Supreme Soviet that on the decision of the government the Soviet army and navy are being switched over to rocket weapons and, strictly speaking, have been switched over already. Therefore we have set up the Chief Command of Rocket Forces. Marshal of Artillery Nedelin, a remarkable artilleryman who covered himself

with glory during the war against Nazi Germany, has been appointed commander-in-chief of these forces.

I should like to tell you, Comrade Nedelin—do not rely on God but rather train your troops and master the technical equipment which we have entrusted to you, so that the rocket troops, in the event of an enemy attack, would be capable of dealing a devastating retaliatory blow against the enemy at any moment!

Dear Comrades, the decisions we are taking today on the abolition of taxes and the transfer of the working people of our country to a shorter working day are a magnificent social achievement. They are evidence of the fact that our people are in the prime of their creative strength.

Inspired by these decisions, the Soviet people will work still better and the peaceful exploits of Soviet men and women will add to the glory of our socialist homeland.

With every month, with every day that goes by, the Soviet people will live better and better.

They will have more food, homes and clothes, there will be more factories and mines in our country, electrified railway lines will extend ever further in our country. We are courageously and joyfully following the road pointed out in the decisions of the 21st Congress of the Communist Party, the great road of our Seven-Year Plan.

Following this course and confident in the victory of their ideas, in the victory of communism, the Soviet people, by their labour and by their creative endeavours, are proving to the whole world the great superiority of communism. Victory will be with communism!

Long live communism—our great teaching and our great practical task!

Behind the banner of Lenin, under the leadership of the Communist Party—forward to the victory of communism!

Long live world peace!

Law on the Abolition of Taxes on the Wages of Factory and Office Workers

The following is the full text of the Law on the Abolition of Taxes on the Wages of Factory and Office Workers which was approved by the U.S.S.R. Supreme Soviet on May 7:

The Supreme Soviet of the Union of Soviet Socialist Republics notes that in accordance with the decisions of the 21st Congress of the Communist Party of the Soviet Union and on the basis of the successful fulfilment of the national economic plans, an extensive programme for raising the standard of living of the Soviet people is being carried out in the U.S.S.R. The transfer of factory and office workers in all branches of the national economy to a seven-hour working day, and of workers in the leading trades employed underground to a six-hour working day will be completed in 1960; measures for increasing and adjusting the wages of factory and office workers are being carried out in a planned manner; there is a considerable increase in the output of consumer goods and an improvement in the cultural and public services for the working people; housing construction is developing on an ever-increasing scale.

In recent years measures have been carried out to lower taxes on the population: the agricultural tax has been reduced by 60 per cent; collective farmers and a considerable section of the factory and office workers have been exempted from paying the tax on single persons, persons living alone, and citizens of the U.S.S.R. with small families; and the minimum wage exempted from taxation has been raised.

At the present time measures for developing the national economy and culture and for improving the people's wellbeing are being carried out in our country mainly at the expense of the accumulations of socialist enterprises. As the Seven-Year Plan is fulfilled, there will be a corresponding steady growth of these accumulations.

With the aim of further improving the material wellbeing of the working people, the Supreme Soviet of the Union of Soviet Socialist Republics resolve:

ARTICLE 1

To discontinue the levying of income tax and the tax on single persons, persons living alone, and citizens of the U.S.S.R. with small families, on factory and office workers receiving at their main place of work wages:—

Up to 500 roubles per month—as from October 1, 1960.

Up to 600 roubles per month—as from October 1, 1961.

Up to 700 roubles per month—as from October 1, 1962.

ARTICLE 2

To reduce the existing rate of the income tax and the tax on single persons, persons living alone, and citizens of the U.S.S.R. with small families, on the wages of factory and office workers at their main place of work by an average of 40 per cent within the following time limits:

As from October 1, 1960, on earnings from 501 to 600 roubles a month.

As from October 1, 1961, on earnings from 601 to 700 roubles a month.

As from October 1, 1962, on earnings from 701 to 800 roubles a month.

As from October 1, 1963, on earnings from 701 to 900 roubles a month.

As from October 1, 1964, on earnings from 701 to 1,000 roubles a month.

ARTICLE 3

To abolish completely as from October 1, 1965, the levying of income tax and the tax on single persons, persons living alone, and citizens of the U.S.S.R. with small families, on the earnings of factory and office workers. In so doing, the levying of income tax on factory and office workers with basic wage rates or fixed wages of up to 1,000 roubles a month will be completely stopped, with cash earnings increasing by the entire amount of the tax on these rates and wages; the levying of income tax on factory and office workers with basic wage rates or fixed wages ranging from 1,001 to 2,000 roubles a month will be stopped, with the cash earnings under the basic wage rates and fixed wages increasing as follows:

From 1,001 to 1,200 roubles a month—on an average by 79 per cent of the amount of tax deducted from these rates and wages;

From 1,201 to 1,400 roubles a month—on an average by 46 per cent of the amount of tax deducted from these rates and wages;

From 1,401 to 1,600 roubles a month—on an average by 29 per cent of the amount of tax deducted from these rates and wages;

From 1,601 to 1,800 roubles a month—on an average by 15 per cent of the amount of tax deducted from these rates and wages;

From 1,801 to 2,000 roubles a month—up to 10 per cent of the amount of tax deducted from these rates and wages.

The basic rates and fixed wages of these factory and office workers shall simultaneously be reduced by the remaining part of the tax deducted from the former rates and wages.*

The levying of income tax on factory and office workers with basic wage rates and fixed wages exceeding 2,000 roubles a month shall be stopped and their rates and wages shall simultaneously be reduced by the entire amount of tax deducted from these rates and wages.

* In further explanation of Article 3 of the Law on the Abolition of Taxes on Wages, we give the following example:

A worker previously earning, for example, nominal pay of 1,100 roubles a month and paying 100 roubles in tax, would receive net earnings of 1,000 roubles. Under the new law he will receive 1,000 roubles, plus 79, giving total net earnings of 1,079 roubles, which is 79 more than his previous net and 21 less than his previous nominal wage before tax. As one proceeds up the wage scale, the net increase under the new law becomes less, until one comes to the over 2,000 rouble category, whose new net take-home pay will be exactly the same as the old. In this way the aim is being carried out of closing the gap between the lower paid and higher paid sections—Ed.

The levying of the tax on single persons, persons living alone, and citizens of the U.S.S.R. with small families, on factory and office workers shall be abolished completely at the expense of the state.

ARTICLE 4

The levying of income tax and the tax on single persons, persons living alone and citizens of the U.S.S.R. with small families, on the earnings of literary and art workers, is to stop as from October 1, 1965, and the amount of royalties and other remuneration is to be correspondingly reduced in accordance with the procedure to be established by the U.S.S.R. Council of Ministers.

ARTICLE 5

In accordance with Article 1 and 3 of this Law, the last deduction of taxes from factory and office workers is to be made from the earnings for September of the corresponding year.

ARTICLE 6

This Law is also intended to cover servicemen, students, lawyers, handicraftsmen and artisans belonging to co-operatives who pay income tax under the same conditions as factory and office workers.

L. BREZHNEV

*President of Presidium of
U.S.S.R. Supreme Soviet.*

M. GEORGADZE

*Secretary of Presidium of
U.S.S.R. Supreme Soviet.*

Kremlin, Moscow. May 7, 1960.

Law on Completing the Transfer of all Factory and Office Workers to a Seven- and Six-hour Working Day in 1960

The following law on the shorter working day was approved by the U.S.S.R. Supreme Soviet on May 7:

The Soviet people, carrying out the historic decisions of the 21st Congress of the Communist Party of the Soviet Union, have achieved outstanding successes in developing the socialist economy and a considerable improvement in the wellbeing and the cultural level of the working people.

The vast achievements in developing the national economy and in increasing the productivity of social labour ensure the opportunity for a further gradual reduction of the working day and the working week.

The decisions of the 21st Congress of the C.P.S.U. envisaged that the transfer of factory and office workers to a seven-hour working day, and to a six-hour working day in the case of workers in the leading trades employed underground, should be completed in 1960; that the transfer of factory and office workers to a 40-hour working week should be completed in 1962, and that their gradual transfer to a working week of 30 to 35 hours should be undertaken beginning with 1964. As a result of this, the U.S.S.R. will have the shortest working day and the shortest working week in the world. This will be a very great victory of the Soviet people, reflecting the basic advantages of socialist society.

The decision adopted by the Communist Party on the gradual reduction of the working day is being steadily carried out. The shortening of the working day is being implemented without reducing the wages of factory and office workers.

The Supreme Soviet of the Union of Soviet Socialist Republics resolves:

ARTICLE 1

To approve the measures worked out by the Central Committee of the Communist Party of the Soviet Union, the U.S.S.R. Council of Ministers and the All-Union Central Council of Trade Unions which are at present being carried out for the transfer of factory and office workers to a seven- and six-hour working day and the adjustment of wages.

ARTICLE 2

To establish that the working day for all factory and office workers be not more than seven hours, and for workers in the leading trades employed underground, not more than six hours.

To complete the transfer of factory and office workers to a seven- and six-hour working day in 1960.

L. BREZHNEV

*President of Presidium of
U.S.S.R. Supreme Soviet.*

M. GEORGADZE

*Secretary of Presidium of
U.S.S.R. Supreme Soviet.*

Kremlin, Moscow. May 7, 1960.

Other Booklets on the International Situation and Peace

TRIUMPHANT MARCH OF LENIN'S IDEAS: Speech by Otto Kuusinen at the anniversary meeting, Moscow, April 22, 1960. 3d.

PEACE IN EUROPE—PEACE THROUGHOUT THE WORLD: Speech by N. S. Khrushchov on his French tour, April 4, 1960. 6d.

SOVIET UNION—FAITHFUL FRIEND OF THE PEOPLES FIGHTING FOR INDEPENDENCE: Speeches and Documents of N. S. Khrushchov's tour of Asia, February-March, 1960. 104 pp., illustrated. 2s.

LET US WORK FOR PEACE: Address of N. S. Khrushchov on French television, April 2, 1960. 6d.

THE SOVIET UNION—STANDARD BEARER OF PEACE AND FRIENDSHIP BETWEEN NATIONS: Speech by N. S. Khrushchov on his Asian tour of February-March, 1960. 6d.

DISARMAMENT—THE WAY TO SECURE PEACE AND FRIENDSHIP: Speech of N. S. Khrushchov to U.S.S.R. Supreme Soviet, January 14, 1960. 6d.

REPORT ON THE INTERNATIONAL SITUATION AND THE FOREIGN POLICY OF THE SOVIET NATION: Report of N. S. Khrushchov to Third Session of the U.S.S.R. Supreme Soviet, October 31, 1959. 6d.

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