

Reds Cut '65 Budget

For Arms

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**Kosygin Reveals
Step as Move to
Lower Tensions**

By Stephen S. Rosenfeld
The Washington Post Foreign Service

MOSCOW, Dec. 9—Premier Alexei Kosygin, presenting the Soviet Union's "peace budget," said today his country would cut defense spending in 1965 by 500 million rubles (\$555 million), about 4 per cent.

Kosygin spoke for 90 minutes to the Supreme Soviet, the Russian legislature which meets in public twice or so a year to ratify decisions previously taken in private by the Communist Party leadership.

He said that "representatives of the United State Government have made appropriate statements to us" thus implying that Washington intends to cut military spending for the next fiscal year.

Agreement Denied

(White House Press Secretary George Reedy said in Washington, however, that the United States had no agreement with the Soviet Union to cut military budgets but that the United States obviously welcomes any steps that would lead to lessening world tensions and to control of armaments.

(It appeared that Kosygin's reference to word from the United States referred to a conversation between Secretary of State Dean Rusk and Soviet Ambassador Anatoly Dobrynin.

The Ambassador had asked about Defense Secretary Robert S. McNamara's Nov. 10 comments that he expected a net reduction of about \$1.25 billion in military spending between fiscal 1964 and 1966. Rusk assured Dobrynin that was an official view.

(American officials, however, have always contended that official Soviet military

budget figures were not comparable to American figures since, for one thing, the Russians include their costly research and development expenditures in a science budget.)

(In 1963 both governments announced military cuts which, taken together, were viewed here as having flattened out or perhaps turned down the arms race spiral created by the 1961 Berlin crisis. Those 1963 cuts were called "parallel actions" and the moves this year are viewed by Washington in the same way.)

New Bid to de Gaulle

The new Premier also made a major new move toward President de Gaulle. In words recalling the French leader's post-cold war vision of Europe "from the Atlantic to the Urals."

Kosygin said Russia and France "as the two biggest powers on the European con-

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Gromyko and President hold "friendly" and "useful" talk. Page A10.

continent, bear a heavy responsibility for the security of Europe."

He said he saw "prospects of further development" of Franco-Soviet relations, citing as evidence the long-term trade agreement signed on Oct. 30 by Moscow and Paris.

Observers took these remarks as an effort to exploit de Gaulle's ambitions for France and in particular the General's views of the multilateral force, the proposed allied nuclear navy.

Scorned in Paris as a vehicle for American intrusion into Europe, the MLF is bitterly opposed in Moscow as a device to let Germany obtain nuclear arms.

Speaking of the MLF, Kosygin disclosed that the Warsaw Pact countries would conduct "consultations" on it. He named no date. The Warsaw Pact is the military alliance of Russia and East Europe.

Hits Congo Operation

Further differentiating between the Western Allies, Kosygin criticized the United States and Belgium for the Congo rescue intervention but omitted Britain, previously branded as an offender by Moscow.

The main task of this session of the Supreme Soviet,

expected to last three days, is to approve the economic plan and budget for 1965, the last year of an oft revised seven-year plan.

The session opened in the Kremlin's Saint Andrews Hall this morning with a motion to approve Nikita Khrushchev's removal from the Premiership in October and his replacement by Kosygin.

As though their arms were on a single hinge, the 1378 delegates indicated their assent. Separate calls to vote against and to abstain were met with dead silence.

Party leader Leonid Brezhnev cited Khrushchev's "worsening health" and "desire to retire." He said Kosygin is "worthy and able to fulfill the duties as Premier."

Khrushchev, an elected delegate to the Supreme Soviet, was not in his seat, nor was his disgraced son-in-law, Alexei Adzhubei, former editor of Izvestia, the government newspaper. However, two other fallen Khrushchev proteges, former radio-TV director Mikhail Kharlamov and former Pravda editor Pavel Satyukov, attended as delegates.

Speaking in flat businesslike style without rhetoric, slogans or Khrushchev's off-

the-cuff vitality, Kosygin presented the outlines of the 1965 budget.

The 500 million ruble defense cut will come off a public military budget for 1964 of 13.3 billion rubles.

Sees Reduced Tension

Kosygin described Soviet and American military cuts as "a certain positive step toward reducing international tension." He did not indicate how he had been "informed" of the American budget plans.

Kosygin made no reference to the memorandum presented at the United Nations this week in which Moscow proposed that major powers "reach agreement" on paring defense budgets.

The budget he offered is the Soviet Union's largest ever. It calls for expenditures of 99.4 billion rubles (\$110.4 billion). This is 6.6 billion rubles more than the estimated total of expenditures this year.

The figures showed, however, that the economy failed to grow in 1964 as the planners had hoped. In 1964 when they

calculated budgets for both 1964 and 1965, they figured to spend 100.4 billion rubles in 1965. The revised figure is a billion less.

The reduction is even more apparent in state revenues.

Next year's figure of 99.6 billion rubles is 5.8 billion over estimated revenues for 1964 but 1.6 billion under the level earlier planned.

The figures for industrial growth have a similar profile. Last December the planners laid out a two-year rate of 17.5 per cent. But in the first nine months of 1964 the rate was only "more than 7 per cent," officials have conceded. If sustained until year's end, that would require a surge of 10.5 per cent in 1965 to reach the original target. But the actual figure announced today was only 8.1.

Arms Cut Is Cushion

One cushion for these drops is the 500 million ruble cut in arms spending. Another made public today is to slice the surplus of planned revenues over expenditures to less than 200 million rubles, some 600 million less than calculated and razor-thin by conservative Soviet standards.

Nonetheless, some key industrial targets for 1965 set in 1959 are retained: Steel will be almost up to the targeted 90 million tons and oil fully up to the planned 240 million tons.

Moscow has budgeted 37.4 billion rubles in the health, education, welfare and cul-



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Soviet Premier Alexei Kosygin delivers his state of the union address at the opening of the 1964 winter session of the Soviet parliament. In the speech yesterday he said that the United States had told the Soviet Union it would cut military spending.

tural fields—a jump far more than was anticipated. This is in line with Kosygin's heavy stress today on consumer and citizen welfare, which he said would get more than three quarters of the extra rubles to be spent in 1965.

Kosygin spoke often of "shortcomings." He made clear

by inference that Khrushchev's faulty management was to blame for many of them. But like Khrushchev he called for greater efficiency, better use of capital, more flexibility for factory managers and the tapping of the economy's supposedly great hidden reserves.