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The Development of the Soviet Merchant Marine

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UNIVERSITY OF RHODE ISLAND

THE DEVELOPMENT OF THE SOVIET MERCHANT MARINE

by

Wayne L. CHADICK

A Research paper submitted to the Faculty of the University of Rhode Island in partial satisfaction of the requirements for the degree of Master of Marine Affairs.

The contents of this paper reflect my own personal views and are not necessarily those of any other individual or organization.

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TABLE OF CONTENTS

| PART | | PAGE |
|--------------|--|------|
| ABSTRACT | | 11 |
| I | INTRODUCTION | 1 |
| II | THE BEGINNING 1920-1930 | 6 |
| III | TRANSITION, 1930-1950 | 9 |
| IV | PROGRESS 1950-1970 | 16 |
| V | DEVELOPMENT 1970-75 | 28 |
| VI | ECONOMIC MOTIVES | 29 |
| VII | POLITICAL-MILITARY USES OF THE MERCHANT MARINE.. | 36 |
| VIII | THE NAVY AND THE MERCHANT MARINE | 43 |
| IX | SUMMARY AND CONCLUSIONS | 47 |
| NOTES | | 52 |
| BIBLIOGRAPHY | | 57 |

ABSTRACT

The Soviet Union has one of the most important elements of sea-power at its disposal--a very effective merchant marine. The development of this instrument has not been without its attendant difficulties. When the Soviets came to power in 1917 there was little left upon which to build. They therefore set about to salvage what they could and to expand at a very moderate pace. There were many other programs which demanded the time and the resources of the USSR. Eventually, however, a large number of these conflicts were resolved and the leaders of the Communist Party began to give the attention to the merchant fleet that it deserved.

The commercial fleet of the Soviet Union serves several purposes. It is an economic tool used to conserve scarce hard currency and even to earn it. The merchant marine has been a viable political tool. It has carried the influence and the doctrine of the USSR to many countries of the world. This has not been a recent use, but was done as far back as 1936 during the Spanish Civil War. Merchant shipping also supports the Russian Navy.

This paper traces the development of the Russian Merchant Marine under the Soviet regime, and it discusses why and how this fleet has become one of the world's foremost seagoing institutions.

The Development of the Soviet Merchant Marine

PART I. INTRODUCTION

It should be no surprise that the Russian Bear has learned to swim. Unquestionably the Soviet Navy today is a modern, technically well trained, and dedicated force. Furthermore, the merchant marine is rated high on the list of Soviet instruments for the projection of influence whether political or economic.

Russia has had a long but quite intermittent maritime history. Since the founding of Russia at KIEV in 882 A.D. Russian seapower has experienced a series of peaks and valleys in its fortunes. Russian maritime interests have influenced world trade, territorial expansion, exploration and research. Up until the present, however, few Russian achievements at sea could match the more traditionally ocean oriented countries such as England or even the United States. This is not to imply that the Russians have not been innovative or lacking in contributions to the maritime history of the world. The Russians have been prominent in both military invention and scientific research. Their efforts extend from Krusenstern's circumnavigation of the world to the first use of explosive shells by ship against ship at the battle of Sinope in 1853.¹

In spite of the efforts of several autocratic rulers to obtain maritime recognition, Russia historically has been a

"land" power whose interest lay mainly along the lengthy land frontiers of the nation. In 1917 the Russian Revolution shook the world. The consequences have been enormous.

Sometime after 1917, the Russians began to look again toward the sea, emerging onto the oceans as a significant factor. All of this took place slowly at first, but after World War II at an increasing rate. Why they did this and how, is worthy of investigation. After all the USSR is undeniably currently one of the world's greatest powers. Considering the almost zero base from which the Soviets started, their progress toward maritime prominence is truly remarkable.

In his book, The Influence of Seapower Upon History, 1660-1783, A.T. Mahan enumerated six national characteristics which historically have exerted either a positive or negative influence on a nation's development of seapower. These are geographical position, physical conformation, extent of territory, number of population, character of the people and character of the government.² Using these as inputs to test the proclivity of Russia to become a seapower, it appears that geographical position, physical conformity and extent of territory have all impeded Russian development as a maritime nation. In spite of a long coastline, there are few good usable harbors. Access to any open ocean area, except from her far northern and most un hospitable parts is severely

restricted. The remaining three characteristics are more susceptible to change by the Soviets. The population is large, but only a small percentage has in the past been engaged in maritime pursuits. Because of the difficulties involved in building their seaborne system, lack of incentives to overcome these difficulties, and relatively better developed system of inland communications, the people have been inclined more away from than toward the sea. This is no longer the case. Technology has made it easier. Economic and political incentives appeal to the Russian instinct to go to sea. Finally, the character of the government has been completely totalitarian under both Tsarist and Communist regimes. This fact has sometimes enabled a seapower minded minority to influence the course of an entire nation.

The Bolshevik Revolution destroyed many Tsarist institutions, among them an antiquated and useless merchant marine which had last painfully proven its inadequacy in failing to support the Imperial Navy during the Russo-Japanese War. Following the Bolshevik takeover, there was a painful period of political consolidation and a fight to the death with reactionary forces attempting to topple the Communist government. It was virtually impossible for the Soviets to instantaneously gain control of all Russian assets and resources.

Reliable figures estimating the size of the Russian merchant marine at the time of the Romanov overthrow are difficult to obtain. The London Times estimated that in early 1918, the Bolsheviks were striving to gain control of one million tons of former Czarist shipping.³ Another source listed the composition of the Soviet merchant marine exclusive of any Caspian sea shipping as 788 steamers of all types and 3068 assorted sailing vessels. Steam tonnage totalled about one million gross tons.

Judging from the chaotic nature of the political, social, military and economic conditions, the size and condition of the merchant marine was irrelevant. Much of the shipping was scattered throughout various Russian ports, many of which were not yet under Bolshevik control. Efforts were made to limit the number of ships which would fall to the Communist if they were victorious. At Vladivostok a U.S. naval officer was reportedly purchasing all available Russian shipping in order to keep it from falling into Communist hands.⁴ A number of Russian ships in foreign ports were also beyond the reach of the revolutionaries.

Quite naturally it was the policy of the Bolsheviks to oppose any attempts by reactionary forces to dispose of Russian shipping which they might at the moment control. The Soviet Foreign Minister protested the sale of Russian ships to Greece, Romania, and Jugoslavia by General Wrangel.

In a message to major governments, the Soviets stated that, "We are compelled to call your attention to this state of things against which we protest with the greatest energy, demanding that urgent measures for preventing waste of the patrimony of the Russian people and assuring restoration of its merchant fleet taken with the least delay."⁵ As a follow-on to this the Soviet Foreign Minister notified concerned foreign governments that all Russian merchant ships in foreign ports belonged to the Soviet government and could not be chartered or change hands without its consent. The Soviet government considered all contracts made by former shipping directors as illegal and theft of state property.⁶

As a semblance of normalcy began to descend on Russia and foreign trade prospects revived, the Soviets intensified their efforts to retain or regain merchant shipping which had belonged to Russia under the Czars. The United States and Great Britain were requested to use their influence to prevent delivery of ships sold by the Markoff government at Vladivostok to the Japanese.⁷ Foreign trade was very important to the young Bolshevik government in relieving the isolation into which much of the world plunged it. Consequently, in the early 1920's the Soviets were busy collecting and repairing available ships in anticipation of a resumption of trade.⁸

PART II. THE BEGINNING 1920-1930

The merchant marine of the USSR did not spring into being. It came to life slowly, with relatively little attention, limited resources, and major material and personnel problems. What more could be expected in a country which had not only just lost a foreign war, but which had also been shattered by an internal political upheaval resulting in a bloody, destructive civil war lasting several years?

The first formal step in creating a merchant marine was taken by the Soviet government through a nationalization decree of 23 January 1918. It stated in part that "All shipping firms owned by companies limited by shares, co-operatives, trading firms and individually owned large enterprises, which own sea going vessels and river ships of any kind, serving the purpose of carrying goods or passengers . . ." were national property of the Soviet Republic. Certain specific exceptions to this policy based primarily on size and use were made, but in general all ocean going commercial ships were nationalized by this decree.⁹

It is quite difficult to determine the base from which the Soviets began. Not only is it uncertain how much tonnage was actually ocean going, how much was steam and how much sail, it is also hard to estimate just what condition

the ships were in. On 1 March 1921, an official Russian newspaper reported that out of 732 steamers under Soviet control only 566 were seaworthy.¹⁰

During the first years of the 1920's the Communist struggle for stability and legitimacy overshadowed a number of programs, among which was merchant shipping. The largest shipbuilding yard on the Black Sea was closed due to a shortage of funds and merchant shipping was in the doldrums, unable as yet to emerge as a viable Soviet enterprise.¹¹ For example between January and November 1922 only 50,000 tons of Russian shipping entered British ports as compared to 1,600,000 tons of German shipping.¹² In 1923, however, the Russians undertook an effort to join foreign lines in passenger trade. An agreement was signed with several western steamship companies involving passenger trade to and from the USSR. The "company" which formed had equally divided control and equally shared profits. Although it was capitalized solely for passenger trade, provisions were made for its expansion to cover freight at a later date. This was a beginning.¹³

By mid-1924 several clear-cut objectives of merchant marine development had crystalized in Soviet thinking. The country was in economic trouble. A revival of industry and trade was one of the steps deemed necessary for recovery and the merchant marine was an essential element of foreign

trade operations. On 10 July 1924, at a public meeting in Moscow, Leon Trotsky, who was at that time Minister of War, and other Soviet officials urged that the USSR build an effective merchant navy in order to take care of Russian export trade, avoid overdependence on foreign shipping, secure more favorable freight rates and strengthen the Soviet navy during war time. Trotsky said:

My desire to see Russia build up her own tonnage is prompted by the existence of a monopoly in foreign trade which this nation holds. As this monopoly is one of the bulwarks of the Soviet State, I am sure the Government will not depart from its avowed policy of controlling the country's overseas trade.¹⁴

In typical fashion Trotsky went on to emphasize the importance of a merchant marine to the navy in war time. Because of Trotsky's standing in the Communist Party and his position as Minister of War, his statement represents the official Soviet government position.

By 1924, the Soviets had formed a special commission to study the merchantile marine problem. This commission concluded that Russia had only 8.5 percent of the shipping which the country needed.¹⁵

Until 1924 there were no new shipbuilding starts under the Bolshevik regime. Then six ships of 19,500 DWT total were laid down in Russian shipyards followed by 7 more in 1925-26 and 13 more in 1926-25. By 1928, Russian shipyards had been reorganized to a total capacity of 30,000 DWT. As

of 1 January 1929, at least 50,000,000 rubles had been invested in the Soviet shipping industry.¹⁶

The first formal Soviet merchant shipping code was adopted in 1929. This law as amended would serve as the code until 1968. Private ownership was strictly limited. The code clearly enunciated Soviet policy that merchant ships were state property. The importance of this policy lies in the fact that since by the act of nationalization, the Soviet Union acquired "true ownership", the Russians considered their merchant ships to be immune from legal attachment or seizure, as property of a sovereign state.¹⁷ The merchant shipping code of 1929 recognized the merchant fleet as an institution. Under its terms goods could be carried "between USSR and foreign ports" and vice versa by ships sailing under the flag of the USSR, and subject to reciprocity, by ships sailing under foreign flag. As could be expected, subject to waiver by competent authority, coastal trade between USSR ports was required to be carried in Soviet bottoms.¹⁸ This was not an unusual requirement. The Tsarist government in the 1890's had prescribed that trade between Black Sea and Baltic Sea, and either sea and Siberian ports be carried by Russian flag ships.¹⁹

PART III. TRANSITION, 1930-1950

In the 1930's the Russians continued to expand and modernize their commercial shipping. Shipbuilding was

included in Soviet economic planning as one element of their Five Year Plans. The 1928-33 plan called for 24 ship starts of 64,970 DWT.²⁰

The efforts of the Soviets to enter the world shipping arena was cause for concern among the more well established shipping countries. Being a State owned monopoly, the Russian merchant marine could and did engage in rate manipulation to gain advantages. A meeting of the Board of Directors of the Baltic International Maritime Conference held in Brussels vocally denounced what was considered unethical Russian practices and strongly criticized the Russians for their 1931 charter terms. The Board of Directors of the conference went on record as strongly opposing plans by various governments to sell new and used ships less than five years old to the Russians. The world was in a period of deep depression in which international shipping was suffering as much as any other sector of the economy. Ship owners and operators could hardly be expected to welcome another competitor to an already underutilized field.²¹

In spite of any opposition from foreign companies the Soviets, having perceived that an increase in the carrying capacity of their merchant fleet was in the best interest of the USSR, went ahead with a sizeable ship acquisition program. From 1930 to late 1935, the Communist merchant

marine more than doubled in size. In 1930 it consisted of 532,096 gross tons; by late 1935 it had reached 1,113,781 gross tons.²² This increase in tonnage included both new and used ships; ships built in the USSR and also abroad. In 1930, the Italians had contracted to build several Soviet ships in Italian yards while training Russian engineers on the job.²³ In 1933 Soviet yards had 13 motor cargo ships under construction.²⁴ In 1935 alone, the Soviets purchased 70 steamships (350,000 tons total) abroad. Most of these ships were bought from Holland and Germany for use in Baltic and the Black Sea.²⁵

The increase in merchant marine was undoubtedly part of a carefully considered policy which was being controlled by the economic situation. In 1932 Soviet exports suffered a 30 percent decline of the 1931 level. Russia needed foreign currency. Outside of Russia the ruble could be purchased at the rate of six rubles per British ^{pound} shilling. The official Red government rate never reached six per British pound.²⁶ One way of either obtaining or at least retaining available hard currency was to carry as much of the existing trade as possible in Soviet ships. In 1935, the Narodny Bank of Moscow in a monthly review observed that it was costly for the Soviets to have to charter foreign shipping and that with the expansion of USSR tonnage this outflow of foreign exchange was decreasing. In 1931 this had amounted to

9,623,000 pounds but by 1934 was reduced to 5,589,000. The review also noted that extensive measures to further reduce this outflow by better use of existing tonnage were under consideration.²⁷ Whether or not vast increases in Soviet imports/exports carried by Russian ships were counter-productive at this time is uncertain. In the case of Great Britain, the London Times remarked that ". . . a desire greatly to enlarge the share of the transport to this country would be likely to react unfavorably on the purchases of Soviet commodities, since the more that Soviet tonnage is employed the less are freight earnings of British shipping to help to reduce the discrepancy between the values of imports to Great Britain of Russian products and the exports of British goods to Russia."²⁸

Economic pressures continued to spur the Soviets to develop their own shipping capability to a greater extent while at the same time during this period commercial shipping was competing with other programs for scarce resources. Taking advantage of favorable trade agreements, Soviet ships carried Soviet goods wherever possible. In 1937, Russian ships carried all USSR imports from Great Britain and half of USSR exports to that country.²⁹

By 1939 Soviet attention to their commercial ships began to bear fruit. Their achievements were much less than

spectacular, but nevertheless not to be ignored. Almost 24 percent of their ships were less than 10 years old; 26 percent were 10-20 years old; 24 percent were 20-30 years; and the remainder were over 30 years old.³⁰ By 1939 the Soviets had the eleventh largest merchant navy in the world with a total of 1,597,900 DWT.³¹

The merchant shipping of all belligerents was severely taxed during World War II. As a major industrial power immune from attack, the United States became a linchpin in the allied shipping effort. On the other hand the Russians suffered a major catastrophe from the German invasion. Industries which could not be moved were devastated as the Germans advanced. Those which survived were destroyed by the Germans in retreat as the tide of the war turned in 1943-44. Soviet merchant shipping was totally inadequate to the task of supplying the Russians with necessary war material. Stalin's main objective was to defeat the Germans using as much allied help as possible. This aid included Lend Lease shipping. Between July 1942 and May 1945, the Soviet Union received 127 freighters and tankers from the United States under this program.³²

Shortly after the end of World War II, there were 488 ships over 1000 GRT in the Soviet merchant navy. Eighty of these belonged to the original group of 127 United States Lend Lease ships mentioned above.³³ The immediate postwar

years saw little concrete activity toward merchant marine growth. Although the Soviets announced a plan to double their pre-war tonnage by 1950, there was little civilian building in the USSR. Russian yards had been heavily damaged or destroyed by the war. Before any significant ship construction effort could be undertaken, these had to be rebuilt or replaced. This the Soviets did largely with equipment machinery, and personnel taken from Germany as spoils of war. In 1945-46, three complete shipyards were taken from Germany to the USSR. Three additional German yards were partially removed to Russia.³⁴ There were two other reasons for the slow pace of indigenous activity. As the ties of alliance began to weaken with the West, Stalin opted to build a Soviet Navy capable of representing the interest of the Soviet Union using technology and expertise taken from Germany. Consequently during the immediate post war period naval construction had priority in Soviet yards. Another reason is that the Russian received large numbers of German and Italian ships as reparations including about one-third of the German tonnage which had not been destroyed in the war. The German ships were comprised of passenger liners and 3000-7000 ton tramp and general freighter types.³⁵

The Russians were very clandestine during this period about their shipping activities. This was quite in keeping

with their manner of operating in all matters which could come under foreign scrutiny. Information, always difficult to obtain in a totalitarian state, was even more so in the Soviet Union at this time. Although maritime nations normally reported almost all ship movements to such international shipping services as Lloyd's, the Soviets conspicuously did not. The Western countries generally were largely unaware of Russian merchant fleet operations. Soviet ships would frequently make several trips to Western ports and then their movements would be totally obscure for months or years until they turned up again at a Western port or were reported by a neutral ship to have been seen in a Communist port which the neutral visited.³⁶

During the 1946-1951 time frame the Russian merchant marine can be considered as not to have been a real competitor in the field. There was a world wide need for shipping as trade revived and conditions returned to normal, but the world did not need a maritime race between Russia and the West. In the late 1940's and early 1950's there was enough friction in foreign policy because of the Cold War. In spite of opportunity, the Russians did not participate in world shipping trade to any extent. There are indications such as irregularity of service, slow speed of their ships, age of the fleet (about 50 percent of the ships in 1949 were over 30 years old) and neglect of commercial building in

deference to naval construction which point to an inefficient and somewhat neglected merchant navy. Although they had sixty ships of 7000 tons or over by the fall of 1950, many of these were old and obsolescent, most having been built between 1920 and 1930; some as early as 1909 and 1913.³⁷ In terms of tonnage the Russians were regressing. In fact by the summer of 1950, they had 70,000 tons less shipping than in 1946.³⁸

PART IV. PROGRESS 1950-1970

By 1950 the USSR was assuming an increasing significance in world affairs, becoming more and more bellicose, and less and less trustworthy in the eyes of the former allies. The Cold War was becoming hot in Korea and Western policy to isolate the Soviet Union was in effect and singularly ineffective.

Soviet economic planning has long been based on a series of "plans" most of which were five year plans. These documents were statements of economic policy which reflected the emphasis and attention bestowed upon various elements of the economic sector by the government of the USSR. It is important to distinguish between intent and achievement when discussing these documents. Nevertheless, their content is significant.

In 1950, the Russians promulgated a Five Year Plan for 1951-1955 which embodied some substantive statements of policy concerning maritime development.

The Fifth Five Year Plan (1951-1955) contained an ambitious maritime program. The plan called for an increase in launching of sea going freighters and tankers by approximately 2.9 tons in 1955 as compared to the 1950 level. It also prescribed large increases in the river and fishing fleets.

A study of the Fifth Five Year Plan leads one to believe that by this time the Russians had been able to develop the concept of a commercial fleet as a system composed of the shipyards, the ships themselves, ports, the shore cargo handling facilities and the inland transportation facilities. Also interesting are the goals which the Soviets set for themselves in the plan. The objectives for each subsystem as delineated in the plan were as follows:

- To considerably increase the total tonnage of the merchant fleet.
- To increase the base of the shipbuilding industry building seagoing ships by means of the construction of new and by widening the existing shipbuilding and ship repairing yards.
- To carry out the necessary work in widening and

reconstructing the Lenigrad, Odessa, Zhdanovsk, and other Far Eastern seaports.

- To insure an increase in the capacity for handling ships by seagoing ports.

- To increase the capacity of ship repair yards for seagoing vessels by approximately 100 per cent.

- To increase the capacity of fishing ports.

- To increase use of the Northern Sea Ports.

- To improve the work of the seagoing fleet.

- To reduce the time the ships lie idle.

Perhaps it is significant at this point that the Soviets have always put great reliance on the use of waterways, canals and rivers for inland movement of goods brought from the sea. In the 1951-55 plan they called for an increase in all facets of river transportation and "the building of a fleet of passenger and freight river vessels suitable for operation along major water reservoirs." This plan adopted by the Soviets called for doubling the capacity of river ports and increasing efficiency of main ports by means of mechanization.

Their consideration of inland distribution and their port system is important since without adequacy of either the effectiveness of the seagoing merchant marine is severely curtailed. In a report of a seminar on shipping economics the United Nations Conference on Trade and Development

stated that " . . . it is most relevant to look upon ports as links in the transport chain, which consists of the inland transport systems and the ocean transport industry with ports as the point of transfer from one mode of transport to another." UNCTAD went on to point out that "In many cases, bottle-neck conditions in ports originate with under-capacity in the inland transport system which serves the port."³⁹

Not only was the Russian government outwardly committed to a maritime policy, it was in fact the firm program of the real power--the communist party. In promulgating the 1951-55 Five Year Plan the 19th Congress of the CPSU did so in a direct manner with the statement preceding the enumeration of specific actions to be taken which said:

The successful fulfillment of the fourth Five Year Plan makes it possible to adopt another, the fifth Five Year Plan insuring the further advance of all branches of the national economy, a rise in the material well-being, health and cultural standard of the people.

In conformity with this, the Nineteenth Congress of the Communist Party of the Soviet Union decreed it necessary to give the Central Committee of the Party and the Council of Ministers of the USSR the following directives for the fifth Five Year Plan of the development of the USSR for 1951-55.

Overall this fifth Five Year Plan called for an increase in expenditures for transportation of 63 percent over the 1946-50 level. It did not establish budgetary criteria for

ocean versus inland water transport, but it is apparent that the Soviet Union did indeed recognize the importance of a merchant fleet and its operation.

As previously mentioned while Stalin was alive, the Russian shipyards were heavily engaged in naval construction which included cruisers, destroyers and submarines. The satellite countries became important ship suppliers to the Soviets during this period. The second sea going ship delivered from a Polish yard following World War II was built for the Russians.⁴⁰ Beginning about 1950 with the delivery of new ships from yards outside Russia, a more modern commercial fleet began to take form and as the naval shipbuilding requirements were either met or changed, some Soviet yards began civilian ship construction. Russian yards produced 50 percent of the ships added to the fleet between 1950-1955. Almost eight times as many ships were added between 1950-1955 as has been added in the period 1945-1950.⁴¹

Stalin's death probably marked a major milestone in the development of the Soviet merchant marine. During the Stalin period Russia had withdrawn more and more within its own sphere of economic influence. Stalin believed that the West would suffer greater losses by this isolation than would

the Communist Bloc. Upon his death, a reversal took place in Russian policy and the Soviet Union under new leadership began to expand trade and commenced an economic offensive which required a merchant marine if it was to be effective. Although, ocean transport had been considered an important program as was demonstrated in the 1951-1955 Five Year Plan under Stalin, it now became vital to Soviet policy.⁴² At the beginning of the post Stalin period trade was relatively small and 81 per cent by value was conducted with other Communist countries. This trade increased at a rapid pace as the new Soviet leadership expanded it's influence. Seaborne trade increased 220 percent between 1950 and 1958. This volume of trade demanded an increasing number of Russian ships.⁴³

Between 1953 and 1958, there was a great upsurge in the amount of Soviet tonnage. In 1953 the first of a series of 12,000 ton new tankers were delivered and new construction was programmed at seven ships per year. These tankers built in yards at Kherson and Leningrad were the first new ships for the merchant fleet to be built in Russian shipyards since World War II.⁴⁴

As could be expected, this sudden change of emphasis caused a stir in the Western World. A New York Times article stated that "The Soviet Union's sudden preoccupation with the acquisition of maritime equipment of all kinds has

aroused considerable speculation among Government officials." The Soviets turned to many of the same sources for ships which they had called upon in the past such as Poland and Finland and other satellites. Belgium, Holland, Sweden, and the Netherlands were also offered construction contracts. The Soviets informed Great Britain that if the Free World would relax restrictions on the type of goods which they would ship to Russia, the Soviets would place orders for almost two hundred merchant ships ranging in size mainly from about 3000 to 10,000 DWT. The New York Times went on to say:

Diplomatic reports that Russia is bidding for ships, from tankers, cargo vessels and whaling ships to small smacks, can be accounted for in only two ways as official observers see it.

1. The Soviet Union has at last become sensitive to United States demands for the return of about eighty-six cargo (Liberty) ships that she obtained on lend-lease during World War II.
2. Russia's trade expansion program calls for a wide variety of sea going vessels. She seeks to acquire ships of modern make before returning the Liberty and other vessels on loan to her from this country.⁴⁵

Besides lack of shipping there were other short-comings with the overall water transport system, both internal and external. High level attention was focused on the problems. In an article written for a Soviet shipping magazine in 1955, the Soviet Minister of Merchant Marine commented on

the inefficiency of Red shipping. He admitted that for various reasons, Russian merchant ships were at sea only about 40 percent of the time. It was essential that this figure be increased to obtain efficient use of the shipping assets. The Russians had taken a first step toward better management in 1954 when they established a single ministry for Marine Transportation instead of the previous two ministries—one for merchant marine and one for river transports.⁴⁶

In 1956, the Twentieth Congress of the Communist Party of the Soviet Union displayed considerable interest in shipping improvement and an insight into how the situation could be improved. In a speech to the Twentieth Congress, L.M. Kaganovich stated that "The executives of the Merchant Marine and River Fleet Ministries must demonstrate greater activity and insistence in perfecting the reconstruction of the fleet and introducing more power and better self-propelled freight and passenger carrying vessels with higher speeds." Acknowledging that shipping alone does not produce an efficient merchant marine, Kaganovich went on to say, "Port and harbor installations are the most backward section of water transport; they are even more out of date than the vessels."⁴⁷ Kaganovich also advocated greater use of the Arctic waterway to carry goods to the Far East instead of transporting them over the prevailing long rail distances.

An important use of shipping as he viewed it was from Black Sea ports to various other Soviet ports.⁴⁸

That the commercial fleet was a valuable instrument to the Russian government in the 1956-1960 Five Year Plan was acknowledged by N.A. Bulganin, Chairman of the USSR Council of Ministers to the Twentieth Congress of the CPSU. In Bulganin's words "The volume of seaborne freight is to be more than double in the Five Year period. Development of trade with CPR, Peoples Democracies, Republic of India, Union of Burma and other countries will result in a larger volume of export and import goods being carried in Soviet ships." Bulganin then laid out the plan. "New and up-to-date ships will be supplied to our merchant marine in large numbers. It will receive in five years freight ships to a total of 1.6 million tons or 80 percent more than in the Fifth Five Year period. We shall build new big motor ships, tankers, timber carriers and other vessels. We must therefore pay more attention to develop our shipbuilding industry."⁴⁹

In 1959 Russia announced a new Seven Year Plan for the economy which was effective for the period 1959-1965. The Soviet goal was to carry 90 percent of Soviet dry cargo in their ships by 1965 and 93 percent of their oil in national tankers. At the beginning of the program their fleet stood in twelfth place among the commercial fleets of the world.

The following table summarizes ship acquisitions under the Seven Year Plan, 1959-1965.

TABLE 1

| YEAR | TONNAGE (M-DWT) | %INC | NUMBER OF SHIPS | %INC |
|------|-----------------|------|-----------------|------|
| 1959 | 4.6 | 0 | 858 | 0 |
| 1960 | 4.9 | 6.1 | 873 | 1.7 |
| 1961 | 5.3 | 12.2 | 895 | 2.5 |
| 1962 | 5.9 | 11.3 | 1,002 | 11.9 |
| 1963 | 7.0 | 18.6 | 1,124 | 12.1 |
| 1964 | 8.2 | 17.1 | 1,227 | 9.1 |
| 1965 | 9.6 | 7.3 | 1,345 | 9.6 |

SOURCE: U.S. MARITIME Administration

The 1959-65 plan was inaugurated at a time which was highly fortuitous for the Soviet shipping enterprise. In 1958 Western nations had generally relaxed restrictions on exports to the Soviet Union while shipbuilding in the West was in an economic slump. This facilitated the addition of a number of new types of ships to the Russian merchant fleet. A new series of bulk dry cargo carriers, general purpose cargo ships, and several series of new tankers were acquired. Domestic and Bloc yards also contributed to the growing tonnage.⁵⁰ The addition of the new ships had the effect of not only increasing carrying capacity but also extensively modernizing the fleet. In 1953, the two oldest merchant fleets in the world were Spain and Russia. At that time 53 percent of Soviet ships were more than 25 years

old.⁵¹ By 1964 the profile of the fleet had changed significantly. The following table compares the fleet of the USSR with the world fleet as a whole.

TABLE 2

| | <u>SOVIET</u> | | <u>WORLD</u> |
|------------|---------------|------|--------------|
| ALL TYPES | | UNIT | |
| AGE | 15.5 | YR. | 13.6 |
| SPEED | 11.9 | KT. | 13.1 |
| DRAFT | 21.4 | FT. | 25.2 |
| SIZE | 5.9 | DWT. | 10.4 |
| FREIGHTERS | | | |
| AGE | 19.5 | YR. | 14.7 |
| SPEED | 11.3 | KT. | 12.6 |
| DRAFT | 20.6 | FT. | 24.2 |
| SIZE | 5.1 | DWT. | 7.7 |
| TANKERS | | | |
| AGE | 8.2 | YR. | 9.8 |
| SPEED | 12.5 | KT. | 14.0 |
| DRAFT | 24.7 | FT. | 29.4 |
| SIZE | 10.6 | DWT. | 20.5 |

SOURCE: U.S. DEPARTMENT COMMERCE

In 1966, the Russians initiated another Five Year Plan and merchant marine affairs were not neglected. This program (1966-1970) called for a fifty percent increase in tonnage and an 80 percent increase in cargo carried. The Minister of Merchant Marine described the intentions of the Soviets to add one million tons a year to their fleet for five years so

that by 1970 they would possess about 15 million tons including a large fishing fleet. Not only was quantity desired but now quality as well. The USSR began to acquire highly mechanized ships with up-to-date modern navigation systems.⁵² The Soviets clearly achieved their 1970 goals. Between 1966 and 1970, their fleet increased by 59 percent.⁵³ As of 1 July 1970, the Soviet merchant marine composition was as follows: GRT/DWT⁵⁴

| <u>Total Tonnage</u> | <u>Tankers</u> | <u>Bulk Cargo</u> | <u>General Cargo</u> | <u>Other</u> | <u>Container</u> |
|----------------------|----------------|-------------------|----------------------|--------------|------------------|
| 14,831,775 | 3,460,387 | 206,875 | 5,041,891 | 5,222,622 | 0 |
| 15,255,420 | 4,936,831 | 137,343 | | | |

As in previous programs, this plan provided for increasing and improving facilities at ports in conjunction with more tonnage and in anticipation of greater throughputs of cargo. A 17 percent increase in piers and jetties was called for. Ports were scheduled to be equipped with highly mechanized cargo handling gear. By doing this the Soviets hoped to achieve a 40 percent increase in capacity. It was under this plan that the extensive use of computers to control shipping was inaugurated.⁵⁵

By 1970 the Russians could justifiably feel proud of their remarkable progress. Their trade and influence was expanding toward a peak and unquestionably the Soviet merchant ship was a critical element in this endeavor.

PART V. DEVELOPMENT 1970-75

For the past five years the Soviets have been consolidating gains, reviewing their progress, and improving their merchant marine. By 1970, Soviet shipping was world-wide, calling at 939 ports. Soviet ships at this time serviced 33 foreign cargo lines. By 1971 the Russians had begun to plan for containerization, setting up special handling equipment in various ports.⁵⁶

Since 1970, the Soviets have been making progress in eliminating two previous deficiencies in their shipping-- container ships and large tankers. In January 1972, the Soviet Union announced the launching of its first container ship. This class of ship has a total capacity of 7000 tons, speed of 15 knots, and due to automation requires a crew of only 30 men.⁵⁷

By 1971, eighty percent of all Russian merchant ships were less than 10 years old. This young fleet numbered 2,140 ships and over 15 million tons by 1975. A goal of 20 million DWT has been set for 1980 by the Russians.⁵⁸

Expansion of the Soviet merchant fleet in the 70's continues to bring prophecies of ruin for western countries from non-communist shipping sources while at the same time Russian ships began regular service to countries which had not seen them on other than an intermittent basis since World War II. In the sun light of detente it has

become increasing difficult for vested interest to continue to portray the merchant marine as a sinister instrument of international communism even if it might be.

PART V. ECONOMIC MOTIVES

Whatever the main driving force behind the establishment, development and growth of the Soviet merchant marine, it would be hard to deny that much as in any country who is engaged in foreign trade, economics play a large role. The statements of TROTSKY on the need for a merchant marine have already been discussed. These statements were made during very difficult economic times for the Soviets. The party recognized that some relaxation of the application of Marxist economic doctrine would be necessary initially. The consequence was Lenin's New Economic Policy (NEP). The Russians could ill afford to become any more dependent on foreign activities than absolutely necessary. Looked upon as an outlaw government by some and not recognized by one of the major world powers, the United States, the Communist government needed an indigenous merchant marine to reduce the outlaw of currency which resulted if foreign shipping was chartered to carry Russian cargo. Furthermore, ocean transport could be a valuable adjunct to the rail and river transport. In spite of these factors it not true that the Russian merchant marine became vital nor experienced phenomenal expansion or

had unusual government support prior to World War II. Other factors were influencing the Soviets which reduced pressure to build a commercial fleet. Ton output of the shipping industry actually did not exceed pre-revolution figures prior to World War II. Figure 3 illustrates this.

FIGURE 3

| | 1913 | 1928 | 1938 | 1945 | 1960 |
|-----------------------|------|------|------|------|------|
| MILLION TONS OF CARGO | 15 | 8 | 10 | 20 | 76 |

SOURCE: SOVIET MINISTRY OF MERCHANT MARINE

Shortly before World War II, most Soviet export and import shipments were by sea. In 1938 export/import shipments totalled 10.7 million gross tons of which 10,027,000 tons were by sea.⁵⁹ By 1950 the Soviets were able to carry 50 percent of Russian foreign trade in national bottoms. However, during this period trade was expanding faster than the fleet. Consequently by 1955, Russian ships were carrying only 30 percent of Soviet trade. This cost the Soviets money at a time when it was imperative that foreign currency outflow be held to a minimum. The Soviets have been striving to increase the amount of cargo carried by indigenous shipping. In 1965 Victor Bakayev, Minister of Merchant Marine, discussed some of the main objectives in developing a large efficient commercial fleet. He said that the Soviet Union

"is striving to have its own ships transport the greater part of the goods bought and sold on terms stipulating the use of its own means of transport." He went on to say that "We declare that the basic task of the Soviet merchant marine during the next years is to insure shipments of its own goods bought and sold on condition that they are transported by our own means of conveyance. This is the main task."⁶⁰

Since 1955 total world seaborne trade has shown an increase every year except 1958 when there was a minor 1 percent decrease. The average increase has been approximately 8 percent a year.⁶¹ The Soviets will no doubt take advantage of this increase. This increase in world trade provides another incentive to develop a large capable merchant fleet. It not only can conserve scarce hard currency for the Soviets, but such a fleet can be used to earn it. Fully cognizant that for political or other economic reasons, not all Soviet seaborne trade can be carried in Soviet bottoms, even if available, the Russians intend to charter enough of their own shipping to carry third country goods to make up any deficit. Under the 1966-70 Five Year Plan, the Minister of Merchant Marine was directed to increase the foreign charter of Soviet ships by a cargo volume carried factor of 100 to 150 percent by 1970. The purpose of this was to assist in attaining the Soviet goal of being able to cover

in full all Russian hard currency outlay for chartering foreign ships.⁶²

Victor Bakayev has carefully spelled out Soviet maritime shipping policy in his book Soviet Ships on World Sea Routes. He is quoted in Fairhall's, Russian Seapower as having said:

The maritime policy of the USSR stems from the task of extensive participation by the cargo fleet in the economic competition between the socialist and capitalist systems, of fully satisfying the demands of the economy and its external trade, of fulfilling the country's own transport needs at home and abroad, and increasing the Soviet fleets share of international sea transport.⁶³

It is apparent that the Russians see their entrance into the ship charter market as a major goal. A particularly attractive plan to do this is in developing nations. Most of these countries have small or no commercial fleet at all. Most are at best totally inadequate to carry sizeable trade. The Russians want to be the primary carrier between ports of the Third World and the Soviet Union. They are also ready, willing, and able to make ships available for charter to carry grain, coal, ore, petroleum, sugar, and other commodities to European ports.⁶⁴ The Soviets are absolutely committed to acquiring a larger share of shipping trade of the world.

Besides a need to earn hard currency the Soviets have two other economically sound reasons for entering cross

trades. Since 1960 exports from the Soviet Union have exceeded imports by a considerable amount. In 1967 the excess was over 88 million tons. This figure indicates that a substantial amount of tonnage may be returning to the USSR in ballast--an uneconomical operation.⁶⁵

The weather is also another factor making Soviet shipping available to enter the international competition. Since much of Russia is ice bound at least part of the year, some merchant ships are idled unless they can be used elsewhere.

Russian interest in acquiring an increased share of the world's shipping revenue has led them to resort to practices which frighten Western shipping lines and make them suspicious of Russian motives. The Soviets are not averse to "rate cutting" to get business and have done so in several instances. For example a Soviet steamship company attempted to enter regular service from Japan to the United States in 1970. Soviet freight rates for this run were 13 percent less than existing rates.⁶⁶

Soviet seaborne trade has increased threefold in terms of cargo tonnage since 1959. Without a large efficient merchant marine, the Soviets would be compelled to spend a considerable amount of their hard currency (or sell gold) to charter foreign ships to handle their expanding trade. From the Russian point of view this condition is totally unacceptable.

On the contrary they believe it essential to have a large increase in the percentage of USSR freight carried in Russian bottoms. The current Minister of Merchant Marine of the USSR estimates that the cargo carried by Soviet ships in 1975 will represent a 40 percent increase over 1973. This does not mean that the Russians will not charter foreign ships when it is economically advantageous. They realize that in some instances it is better to hire a foreign carrier than to send a Russian ship in ballast to pick-up commodities.⁶⁷

A significant amount of Soviet trade is with the satellite group of Eastern Europe, ideological allies and non-aligned Third World countries. Trade with lesser developed countries has provided an opportunity for the Soviet merchant marine to exhibit its worth. Many of the countries with which the USSR trades have little or no viable cargo carrying capability, a lack which is compensated for by the Soviet merchant marine as it carries Soviet goods to various ports. For instance the Soviets did almost \$80 million worth of export trade with Ceylon in 1964-66. Ceylon's merchant marine totals only 10,000 tons. During the same period Russia exported about \$50 million worth of material to Syria which has a merchant fleet of about 1000 tons.⁶⁸ These are only two examples; there are more.

Soviet trade with the West is a substantial and an increasingly important factor in merchant marine development. The Russians have bilateral shipping agreements with France, Britain, Holland, Italy, Belgium, the United States, Sweden and others. The Soviets operate on over fifty international shipping lines. Its passenger trade exceeds 40 million people annually. Its routes include a Leningrad to New York run and a New York to the Caribbean vacation cruise market.⁶⁹

As the Soviets view the situation there are several very significant economic advantages to their expanding merchant marine. They can be summarized as follows:

1. It earns hard currency for the Soviet economy.
2. It reduces the outflow of hard currency.
3. Reduces Soviet dependence upon other country shipping. As Bakayev pointed out prior to expansion "Soviet foreign trade became increasingly dependent upon the world capitalist fleet and the uncertainties of the capitalist freight market."⁷⁰
4. Allows Soviets to have beneficial trade with countries which are otherwise inaccessible.
5. Permits Soviets to influence World level of maritime freight rates.

PART VI. POLITICAL-MILITARY USES OF THE MERCHANT MARINE

The Soviet Union is opportunistic. Just like most major powers, it takes advantage of each chance to enhance its power and prestige. The merchant marine has been of substantial value to the Russians in advancing their politico-military objectives. Some people believe that expansion of Soviet political influence is indeed one of the primary functions of the fleet. According to a congressional report ". . . the current Soviet campaign to extend the power and reach of its merchant fleet impresses most informed observers as having little in common with the normal course of development of national shipping facilities generated in response to specific domestic economic needs. The main stimulus in the USSR is generally recognized as arising from the political urge to increase the effectiveness of Communist world diplomacy."⁷¹

In view of the recent and emotional issues involved in Viet Nam, it is easy to forget that the Soviets have been supporting foreign Communist movements for years. Nor by the very nature of the Russian government is this support diluted by dissent from the Soviet people. The leaders of the USSR have used the vast resources of the country to further the international spread of Communism. As shown by the record of their performance during the past four decades, the main objective of the policies of Soviet rulers has not

been promotion of the general welfare of the citizen but the expansion of the perimeter of world communism."⁷²

One of the earliest efforts of the Soviets to support a Communist movement which required the services of a merchant fleet was during the Spanish Civil War in 1936-38. Soviet merchant vessels were used to run the international blockade to deliver arms, food, and other contraband material to Republican Spain. This was just part of a program to shore up the failing socialist oriented Spanish government. Not all of the blockade runners were successful and several crews were captured and interned for the duration of the war in Spain.

Its involvement in Spain shows that the Soviet merchant marine has served its government well even before the current maritime expansion of the Soviet Union. Although the Russians supported Republican Spain, Stalin was in no position to openly challenge the support which Germany and Italy provided the Nationalists. The merchant marine was a means of influencing the outcome without becoming directly militarily involved. However, the Soviets stood more to a gain than simply Spanish Republican gratitude. They shipped supplies in, but they also shipped Spanish gold reserves out.⁷³

In 1950, the Soviets once again found themselves supporting a country engaged in a civil war. Unwilling to

become directly involved on a military basis, the Soviets left the actual combat to the North Koreans and the Chinese. North Korea could be supported overland from a friendly China unlike the isolation of Spain in 1936. Nevertheless Soviet ships continued to carry supplies to North Korea during the war. Perhaps the most ironic note of all is that the Russians used United States Liberty ships provided to them as Lend Lease during World War II and not returned, to carry much of the material that flowed from the USSR to North Korea. A Greek merchant ship visiting Chinampo, North Korea in May 1950, shortly before the war commenced reported that several World War II Liberty ships in the harbor there were flying the Russian flag.⁷⁴

After the death of Stalin the Soviet leadership began an expansion of activities aimed at confronting the Western world. As already mentioned trade was one facet of this offensive. Taking a lesson from their bourgeois opponents, the United States, the Soviets embarked upon a program of military and economic aid to friendly and non-aligned Third World countries. Military aid to countries non-contiguous to the USSR began in 1955 when the Soviets supplied arms to Egypt. Coupled with this was economic and technical assistance. Since that time the Soviet Union has provided about \$8 billion in economic aid, small in comparison to overall US aid, but nevertheless important in terms of what

countries received it. Major recipients have been the UAR, India, Indonesia, Iran, plus fifteen countries in Africa and four in South America. Much of this aid has been used to pay for an ever increasing spiral of Soviet imports by the countries concerned. According to Soviet sources, exports to Third World countries by the Soviet Union increased by a factor of nine between 1955 and 1967.⁷⁵

Figure 4 shows the distribution of Soviet aid.

FIGURE 4 (MILLIONS \$)

| YEARS | AFRICA | | ASIA | | LATIN AM. | | MIDDLE EAST | |
|-----------|--------|----|--------|----|-----------|----|-------------|----|
| | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| 1954-1964 | 760 | 19 | 1,814 | 45 | 30 | 1 | 1,429 | 35 |
| 1965-1972 | 492 | 11 | 1,365 | 32 | 518 | 12 | 1,921 | 45 |
| 1954-1972 | 1,252 | 15 | 3,179 | 38 | 548 | 7 | 3,350 | 50 |

SOURCE: James Theberge, The Soviet Presence In Latin America, (New York: Crane, 1974), p. 24.

The distribution of Soviet aid has been scattered world wide. Recipients include many countries such as SRI LANKA (Ceylon), Ghana, Zambia, and Laos which have no sizeable merchant marine. The Soviets fill the void with their own transport.

Perhaps the most dramatic demonstration of the importance of maritime power in political-military terms can be found in Soviet-Cuban relations. The Russians were not the authors of this opportunity to establish themselves in the

political domain of the United States, but when Castro offered to take Russian aid, it was quickly offered. Soviet shipments to Cuba quickly rose from zero to almost \$300 million per year.

The following figure shows how Soviet Cuban trade has fluctuated since 1960 until 1970.

FIGURE 5 (MILLION U.S. DOLLARS)

| YEAR | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | 1972 |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| SOVIET EXPORT AND IMPORT | 177 | 593 | 595 | 559 | 647 | 710 | 758 | 926 | 893 | 847 | 1149 | 803 | 679 |
| BALANCE | -29 | -25 | +131 | +233 | +77 | +33 | +192 | +188 | +343 | +388 | +126 | +282 | +339 |
| % OVERALL TRADE | 1.6 | 5.1 | 4.5 | 3.9 | 4.2 | 4.4 | 4.5 | 5.1 | 4.5 | 3.9 | 4.7 | 3.1 | 3.2 |

SOURCE: James Theberge, The Soviet Presence in Latin America, (New York: Crane, 1974), p. 22.

This was an enormous increase in trade/aid for a small country thousands of miles away from the USSR. Since the Cuban merchant marine was incapable of providing for Cuban import/export trade, the USSR took practically all of the "burden" upon its own shoulders. The requirement to maintain a flow of goods to and from Cuba in order to support the Castro regime resulted in a need for additional shipping. Between 1960 and 1964 the average length of haul for Russian ocean shipping increased over 500 miles. This increase can largely be attributed to Cuba.⁷⁶

The Soviet leadership unquestionably looked upon their Cuban venture as a means of establishing themselves at the very doorstep of their principal opponent, the United States. It was a chance for them to do the same things that U.S. policy did in Europe and Asia, and the Communist took the step which only a maritime nation could have taken when Russia supported Cuba.

The Cuban economy was not self-sufficient. One of its major deficiencies was adequate petroleum and by nationalizing refineries, Castro insured that Western oil supplier would boycott Cuba. The Soviet Union on the other hand possessed more than adequate petroleum from which to supply Cuba. The Black Sea area alone was a major center of Soviet production. What the Soviets did not have in 1960 was sufficient tanker tonnage to take the amount of petroleum needed daily to Cuba.

Because of the extreme potential political (and military) benefits which this situation possessed, the Soviets made the decision to supply oil to Cuba using Soviet tankers augmented as necessary by foreign charter vessels. (This was not a novel procedure since in 1959 the Soviets had used 2.5 million tons⁷⁷). An effort was made by some Western concerns to deny the Soviets the use of Western tankers. However, the Russians were willing and did pay premium rates to obtain the tonnage needed to meet Cuban demands for petroleum. The Soviets paid premium rates from 3.4 percent to 29 percent at a total premium cost of over \$8 million.⁷⁸

There is continuing evidence that the Soviets are using their merchant fleet to pursue politico-military objectives. In the last few years the value of a "neutral" shipping has been once more demonstrated as Soviet merchant ships made regular runs to North Vietnam ports completely immune to interdiction. Russian aid to North Vietnam by sea eventually reached massive proportions. From 47 ships in 1964 to 433 ships in 1967, the Soviets relied upon ships to move the enormous quantities of material used by NVN.⁷⁹ During the Vietnam War, at least twenty Soviet ships regularly operated between North Vietnam and Vladivostok.

Spain, North Korea, Cuba, and North Vietnam are only four of the most prominent examples of the use of merchant shipping to achieve politico-military aims. There are other less dramatic examples in which the commercial fleet has been of considerable utility to the Soviet Union. India, Indonesia, and others have seen the "hammer and sickle" flying from merchant ships in their ports. Russian merchant ships visit Third World countries on a continuous basis. There is no question about the value of this "show the flag" approach. A smart, modern ship is visible evidence to the developing countries of what can be achieved under the Marxist system. The USSR Minister of Merchant Marine has said that "In transporting foreign trade cargoes between many countries of the world, Soviet seamen contribute to the

expansion of the international ties of the USSR."⁸⁰

It is quite apparent that the Soviet Union is cognizant of the international character of a viable merchant service and the potential influence it gives to Russia. In 1965, the Minister of Merchant Marine made it very clear that the USSR knows how to use its ships of trade for more than simply economics.

Economic criteria, however, important as they are, still do not reveal fully the significance of the merchant fleet to the Soviet government. During the course of the Seven-Year Plan the merchant fleet of the USSR carried out a series of responsible tasks for the Communist Party and the Soviet government, which were not only economic, but also political in character. Paramount among these, it should be emphasized, was the participation in the breaking of the military-political and trade-economic blockade of Cuba established by American imperialism.⁸¹

PART VII. THE NAVY AND THE MERCHANT MARINE

After more than two hundred years the Soviet Union has a modern aggressive, well equipped and well trained navy which now has more sea experience than every before. Possibly better technically trained now man for man than any navy in the world, the Soviets seem to have retained at least one major fault which would put them at a decided disadvantage in a war at sea. They cannot make quick tactical decisions. Nevertheless, the fact remains that as a visible power force the Russian navy today holds a high place. The armament and

engineering of its ships seem to equal or exceed comparable equipment in Western navies. The most remarkable fact is how quickly the Soviets attained this position. They have come a long way from the time when Russia could not even produce a reliable truck. All in all the Soviet navy is a worthy contestant for control of the sea.

There is a close association in the Soviet Union between the Navy and the merchant marine. This is not an accident but a realization by the Soviets of the interdependence of the two major elements of seapower. Since the Communist Party directs the government in the form of the Council of Ministers it is without undue difficulty that the work of the Ministry of Defense and the Ministry of Merchant Marine can be correlated. The present head of the Soviet Navy is also a Deputy Minister of Defense and a member of the Central Committee of Communist Party. Furthermore, the Ministry of Shipbuilding is responsible for all ship construction including naval, merchant, fishing, research, and river fleet.⁸²

One ingredient of an effective fighting navy is a well trained, motivated, body of expert seamen who are experienced and confident at sea. The American Revolutionary Admiral, John Paul Jones once served in the early Imperial Russian navy. His advice to the Russians to obtain good seamen was

to "create a merchant trade." It is only with this kind of reservoir of traditional sea farers can a nation fulfill its needs on the sea in time of war as well as in time of peace. It is just this that the Soviets have lacked until now. The contemporary government recognizes that there must be close cooperation between navy and merchant marine and that the commercial fleet serves as a reserve component of the fighting fleet. A Soviet merchant marine journal in 1966 commented that "There are a great many former Army and Navy men, officially assigned to the reserves, who now work aboard the ships and in the maritime transportation organizations and enterprises."⁸³

The merchant marine is a prime training ground in peacetime for seagoing personnel who will man the navy during wartime. Concurrent with their hardware build-up, the Soviets have established an extensive shore training program. The head of the educational department of the USSR Ministry of Merchant Marine stated in 1966 that the merchant fleets educational facilities had produced 24,000 trained captains, ship mechanics, radio operators and others. Furthermore, vocational schools had also turned out 38,000 seamen, repair personnel and port workers.⁸⁴

At sea training is not neglected. In 1969, a 2500 ton motor ship was added to the Soviet merchant marine. The

KOMPAS a refrigerated fish carrier, had space for 110 students and facilities for teaching navigation, communications, and other related seamanship topics.⁸⁵

The merchant navy also serves as a source of intelligence for the Soviet military. This is not an innovation and was a standard Soviet practice in the 1930's. Each crew aboard a Russian merchant ship had its group of "seamen-specialist" who in reality were NKVD agents. Not only was it their responsibility to report on members of the crew, but they also maintained contact with other NKVD espionage agents in various countries.⁸⁶

Since the ships of the Soviet merchant marine are state property it would be naive to assume that they do not gather intelligence and report back to a collecting agency. Found world-wide, Russian shipping serves to keep the Soviet government well informed on political and military matters in ports which Russian ships visit.

A major function of the merchant marine is providing direct support to Soviet naval operations. The Soviet Navy lacks the more sophisticated logistics train which has been developed by the United States Navy. Specifically designed logistics ships have not been common to the Soviet navy, and consequently naval ships counted heavily upon the availability of merchant hulls for fuel and provisions anytime extended operations were conducted.

The merchant marine is a valuable ancillary arm of the fighting fleet.

PART VIII. SUMMARY AND CONCLUSIONS

Some countries have been inclined by nature toward the sea; others by necessity. England, an island state with a vast empire had no other choice. The Russians, however, have never been compelled to go to sea. Up until now it has strictly been a matter of choice. The fortunes of the Soviet merchant marine have fluctuated considerably during the period of its existence. Its development has been closely linked to Russian economic policy.

Despite some rather strong verbal support from Soviet officials in the early years of the regime, the commercial fleet did not receive the actual support or attention needed to become a first rate maritime institution. Nor would it then have necessarily been wise for the Soviets to expend scarce resources on it. The economy was in a precarious position helped not in the least by the attitude of many foreign governments toward the Marxist regime. At that time a merchant marine could hardly have stood high on the list of useful instruments with which to counter the political isolation by the West of the Bolshevik government.

As the Reds became firmly established and as restrictions on Western relations with the Soviet Union became less

and less severe, the Soviets began to modernize and expand their seaborne transportation on a small scale. They had no requirement at that time for a major merchant fleet. Internal waterways were considerably more important than an ocean going fleet.

The conclusion of the Second World War left only two or three countries which could be classed as great powers. Russia was one. Soviet policy clearly came in conflict with the West, particularly the United States as the War ended. With the increase in tension, potential for actual hostilities and the descent of the Iron Curtain, the Russians could ill-afford to build a "peaceful" merchant marine. Their efforts were concentrated on naval construction. It was a rational decision and under circumstances as they perceived them, very appropriate.

Stalin was an isolationist economically. He was confident that the Marxist countries would be self-sustaining without the need to deal with the capitalistic West. He was therefore content at the time to concentrate on power relationships within a rather well defined sphere of Russian influence.

Soviet leadership following Stalin took a much broader view of Communist power. They expanded into the fields of aid, trade, and assistance. In this program a large merchant

marine was an asset, almost an indispensable asset. In the mid to late 1950's a vigorous merchant marine expansion program began to take shape. Not only did the Soviets become proficient in fleet operations, but also in ship design and construction. Soviet trade became wide spread and ships of the USSR literally sailed the Seven Seas.

Based on the development and operation of the Soviet merchant marine several conclusions can be drawn directly while others must be inferred, because of lack of access to reliable information. Probably one of the safest conclusions which can be reached is that the Russians who industrially were notably inept for years prior to World War II and who historically had no lasting success with sea-going ventures, have now made a major accomplishment in the form of its commercial fleet. The present merchant navy is composed largely of modern, relatively new, and often automated ships.

The merchant marine represents a large capital investment which even a communist system cannot allow to be non-productive. Therefore the fleet must be used to pay its own way either economically or politically or both. The Soviets do use it to earn convertible currency, to reduce currency outflow, and to achieve independence from non-national shipping. Economically the fleet is cost effective and has

been a paying proposition. If it were not even the Soviets could not have supported its development on the current scale.

Missions other than economic ones are also carried out by the merchant marine. There are situations in which a naval presence is clearly inappropriate, but in which the use of merchant shipping is valuable. Soviet commercial relations with many African and Third World countries fall into this category. Obviously the presence of Soviet merchant ships in Haiphong harbor during the Viet Nam war had much less effect on intensifying the situation than would have a Soviet missile cruiser.

Non-communist circles have expressed concern that the Soviets have launched an economic offensive in which they intend to overwhelm western commerce partially through seaborne trade carried in Russian ships. Some critics of Western inaction ascribe the Soviet build-up to ideological motives. There may well be some truth in both assertions. However, due consideration should be given to the fact that Russia, a country with rich natural resources, is maturing industrially and economically. Foreign trade is important and valuable to further development. Under these conditions it does not seem incongruous for a major nation to provide its own means of seaborne transport.

The Russian merchant marine is large. However, in the aggregate it probably is no match for the combined resources available to Western Europe, the United States, and Far Eastern states such as Japan. One important fact to remember is that Communist ships fly the controlling countries flag. The Soviet Union specifically prohibits use of "flags of convenience". Not so with many non-communist states. Who owns and controls all of the tonnage registered in Panama and Liberia?

All things considered the Soviets have done an admirable job of building a merchant marine in a remarkable short time. It is a fleet to watch.

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