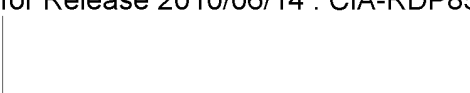


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Central Intelligence Agency  
National Foreign Assessment Center  
March-May 1980

REVIEW OF SOVIET INTERNAL AFFAIRS

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Domestic Politics

1-4  
By late May, Brezhnev and his colleagues finally had cleared the deck sufficiently to schedule meetings of the Central Committee and Supreme Soviet for the first time since the overthrow of Amin in December. A Central Committee plenum, rumored imminent in March and again in May, will almost certainly precede by one day the Supreme Soviet session that is scheduled to begin discussing environmental issues on 24 June.

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Preparing the Five-Year Plan

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The plenum could provide the occasion for a review of foreign policy, but it seems more likely that the Politburo will try to foreclose Central Committee debate over the "lessons" of Afghanistan by focusing discussion on economic policy. In fact, while the leadership clearly has been preoccupied in recent months with the adverse international repercussions from the Afghan intervention and other foreign issues (the Olympic boycott, the Warsaw Pact meeting, etc.), several reports have indicated that the more mundane task of drafting the outline of the 1981-85 economic plan has been the main cause of the plenum's postponement.

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What is unclear, however, is the extent to which Afghanistan has complicated the leadership's foreign-economic plan calculations. There were indications

*This review is based on analysis and research work completed by CIA's National Foreign Assessment Center through 6 June 1980. The contributions have been reviewed by appropriate individuals within NFAC but have not been formally coordinated. Comments are welcome and may be addressed to Chief, Internal Branch, USSR-EE Division, Office of Political Analysis, Room 6 G 22, CIA Headquarters,*

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in late January that US economic sanctions had sent the planners back to the drawing boards--and specifically, that the foreign trade plan would not be completed until June or July, despite the fact that options for the 1981-85 plan were to have been presented to the Central Committee in February. By early April, however, Soviet planners were claiming that "energy strategy," rather than foreign trade policy, was the primary issue delaying completion of the draft plan. To some extent, of course, this is a moot distinction, since the availability of Western high-technology equipment--to choose but one variable affecting the plan--will have a direct impact on the development of Soviet energy resources, with implications for other sectors of the economy as well.

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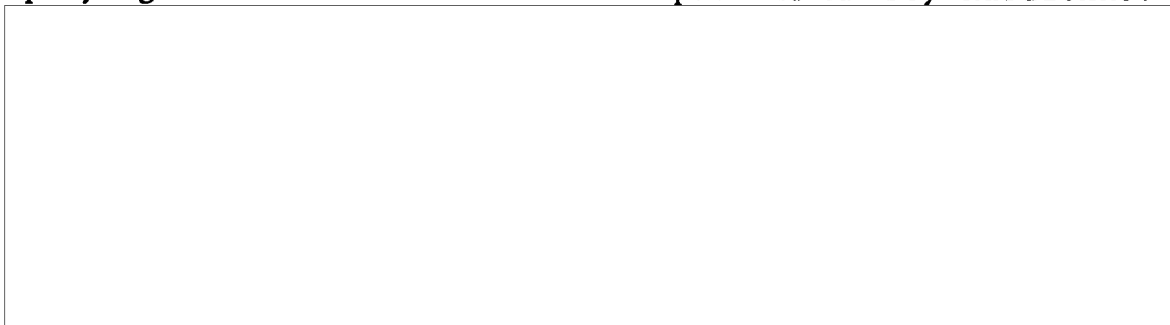
Sympathy for a partial, if only symbolic, return to a more autarkic policy has always lurked in the hearts of many of the older, Stalinist generation of Soviet officials--especially those who have been lukewarm toward detente with the West. A vivid example of the mood of self-reliance among these officials appeared on 18 April in the speech of Academy of Sciences President Aleksandrov, who called on Soviet scientists to make the USSR "completely independent" of foreign trade. Evidently responding to US economic sanctions, Aleksandrov's appeal to autarkic sentiments probably had a strong resonance among the more orthodox elements of the hierarchy. [redacted]

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#### The Heavy Hand of Kirilenko

The Soviet leader who has seemed most interested in playing to such sentiments in the past is Andrey Kirilenko.

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It is possible to speculate, however, that Kirilenko saw military intervention as an opportunity to rally the conservative elements of the leadership--particularly the ideologues and regional party bosses who have been least enthusiastic about detente--and to undercut those who advocate greater trade with the West at a time when the main directions of the 1981-85 plan were being formulated. [redacted]

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In any case, Kirilenko has been unusually active in this final year before the 26th Party Congress (the date for which may well be set at the plenum later this month). The media gave prominent coverage to his reports at conferences of the machine-tool industry (10-11 March) and electric power industry (2-3 June). Kirilenko's hand may be seen also in a well publicized Central Committee resolution on deficiencies in the oil-refining industry that received prominent press play on 1 June. Calling attention to the serious problems in these key sectors at a time when the five-year plan is being formulated can do no harm to their chances of getting a bigger piece of the resource pie, and Kirilenko has the reputation of an industrial lobbyist.

He also headed the Soviet delegation to the Hungarian Party Congress in late March, which provided the opportunity to deliver yet another speech and otherwise remain in the public eye. [redacted]

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The activity of Brezhnev protege Konstantin Chernenko during this period further suggests pre-plenum, pre-congress politicking. Chernenko was present, for example, at the two industrial conferences that Kirilenko addressed (just as the latter attended a meeting of national and regional party officials on General Department matters that Chernenko addressed in late May). Chernenko also received his share of the media spotlight when he delivered a speech in Chelyabinsk in connection with the city's receiving the Order of Lenin. [redacted]

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While Kirilenko and Chernenko--generally considered to be the two leaders best placed to become General Secretary in the near term--maneuver for position, Brezhnev himself continues to surprise foreign observers with his relatively healthy appearance and busy schedule.

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[redacted] In the current political atmosphere, the prospects for advancement are best for party officials of the Kirilenko type: conservatives who favor greater self-reliance at home and assertiveness abroad. [redacted]

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Economic Affairs

The ailing Soviet economy has shown few signs of improvement over the last three months. The leadership has been reluctant to confront their problems directly, relying, instead, on exhortations to bring about solutions.

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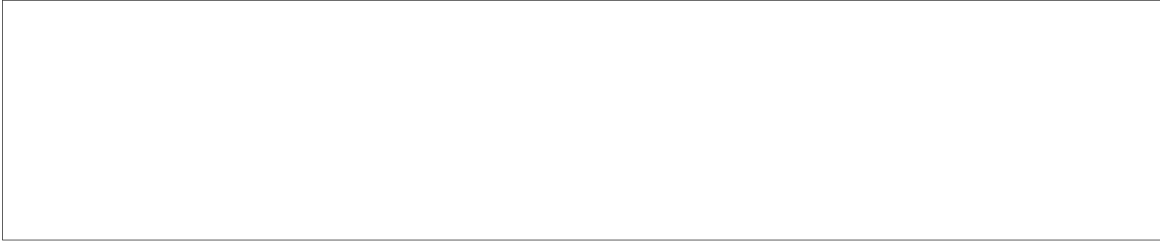
Industrial Rebound To Be Short-Lived

Industrial production in the first quarter of 1980 was 5 percent above the same period last year. This figure is misleading, however, since first quarter 1979 industrial performance was so poor. Gains in almost all industrial sectors barely recouped actual drops in output last year. In addition, the first quarter rebound is only temporary. Below-plan output of several commodities essential to overall economic performance will preclude a sustained acceleration of growth. Indeed, growth in production in April slipped to 3 percent over the corresponding month in 1979, and we expect this pace to continue for the balance of the year.

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Strengthened Hard Currency Position

[redacted] soaring prices for energy exports helped Moscow to slash its trade deficit nearly in half in 1979 while recording a hefty jump in imports. The lower merchandise trade deficit, combined with sizable sales of gold and military equipment, has put the USSR in its strongest hard currency position in many years. The USSR will have a great deal of flexibility in its hard currency accounts again this year. The US economic denial program will restrain somewhat the volume of imports. Of greater importance are the high prices for Soviet oil and gas exports. Even with additional cuts in oil deliveries to hard currency customers in 1980, Moscow will maintain a comfortable payments position. [redacted]

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Economic Denial Measures Hurting

The Soviets will probably do little better than offset half of the 17 million tons of grain denied by the United States. Since the embargo, the Soviets have replaced 6 million tons of the denied grain, [redacted]

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15 [redacted] We doubt that the Soviets will be able to purchase much more than another 2 million tons of grain for delivery during the balance of the Long-Term Agreement year. Largely as a result of the embargo, a 2 to 3 percent drop in Soviet meat production is expected this year. [redacted]

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The embargo is also having an effect on the production of phosphate fertilizers, critically important to Soviet agriculture. Planned phosphate fertilizer output for 1980 was reduced recently by 26 percent, partly on account of the US embargo on superphosphoric acid. [redacted]

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But Grain Crop Prospects Look Good

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Despite spring weather problems in some areas, prospects for this year's grain crop are somewhat above the 1976-79 average of 209 million tons. Winter grains are developing well in areas other than the northern Ukraine, and spring planting is only slightly behind schedule for this time of year. Generally, soil moisture conditions are good to excellent as of late May. Nevertheless, weather conditions in June and the first half of July are critical to the final outcome of the crop.

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Military Issues

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Ustinov on the Sidelines

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Ustinov has been out of view since early April. During this time he has missed a series of appearances obligatory for a Soviet Defense Minister, including the May Day, VE Day celebrations, and the Warsaw Pact Political Consultative Committee meeting.

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The Politburo has traditionally given its ailing members considerable time to recuperate. For example, Kosygin spent four months recovering from last October's heart attack. By giving Ustinov plenty of time to recover, Brezhnev and company can avoid having to select a successor-- a difficult and potentially controversial political decision-- at least temporarily.

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Ustinov's enforced rest, nevertheless, comes at a bad time for his colleagues. His prestige in the leadership never has been higher and the Politburo's dependence on him, perhaps, never greater. No one in the Kremlin's inner circle is well equipped to assume his responsibilities-- even temporarily. While hardly a one man band, Ustinov's participation in Politburo discussions on Afghanistan and related military and foreign policy issues will be missed. And the deliberations as a result could become more difficult.

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#### Ogarkov to the Fore

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Ogarkov does not have Ustinov's political status or influence, however, and it is by no means certain that the Politburo would award him the position permanently. He probably owes his current status in large measure to Ustinov. Without the assistance of Ustinov, Ogarkov's advantage over potential rivals in the Defense Ministry-- for example, Warsaw Pact commander and former chief of the General Staff, Viktor Kulikov--may evaporate. In addition, Brezhnev and company would not relish the prospect of placing a line military officer, with whom their contact has been largely professional, in a position to gain Politburo rank. But, in the absence of candidates with strong political and military credentials (like Ustinov), the Kremlin's leaders would probably be forced to turn to Ogarkov or someone like him.

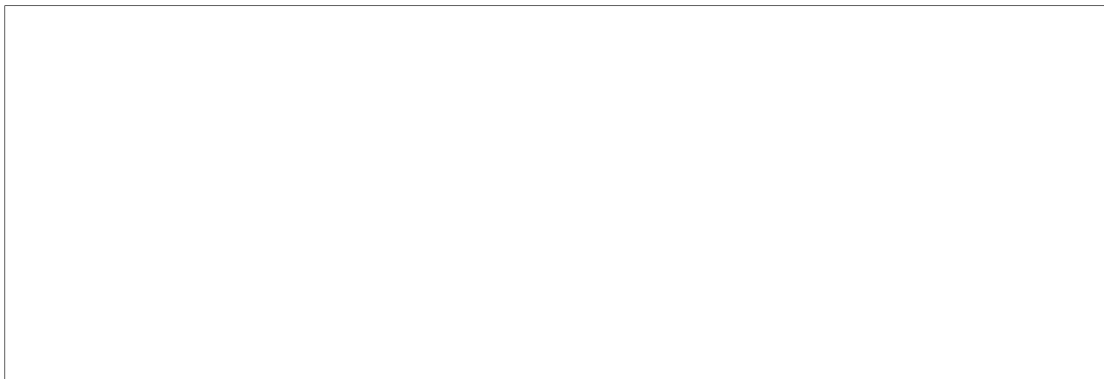
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#### Public Unease and Official Concern About Afghanistan

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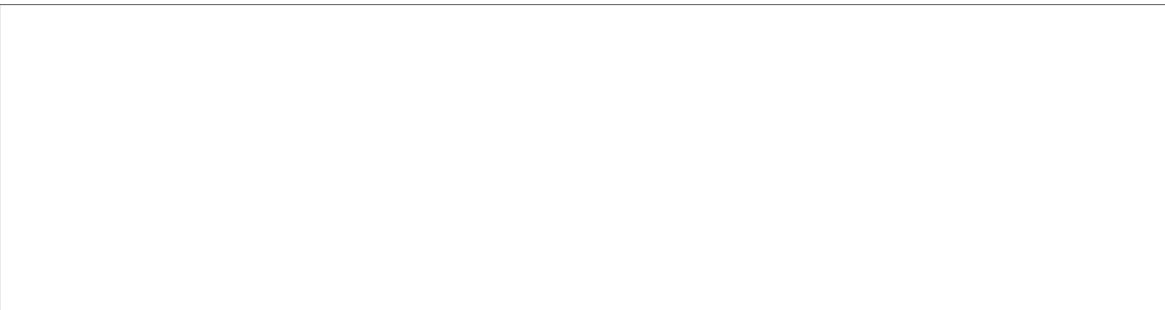
There are some indications, moreover, that the Soviet public is not enthusiastic about the present course, although most seem to accept the regime's stated reasons for being there. Soviet citizens are aware that Soviet troops have suffered casualties, and questions put to official lecturers indicate that they are concerned. Families with sons of draft age are said to be enrolling them in higher education programs in order to obtain draft-exempt status. Moreover, the invasion has reportedly sparked a flare-up of anti-Russian feeling in the highly nationalistic republics of Georgia and Estonia.

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Soviet authorities are aware of popular concerns but have chosen to deal with them very circumspectly. No campaign has been launched to arouse patriotic fervor. Internal propoganda seems designed to minimize the impact of events in Afghanistan on the Soviet public. Press treatment, in fact, continues to portray Soviet actions largely in terms of peaceful assistance--dam construction, medical help, and the like. First Deputy Chairman of the KGB Semen Tsvigun reportedly even told army officers recently not to use repressive measures against soldiers expressing dissatisfaction over Afghanistan but instead to try to talk them out of their discontent.

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