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New Soviet Approaches to Economic Planning and Management

An Intelligence Assessment

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New Soviet Approaches to Economic Planning and Management

Key Judgments

Information available as of 3 September 1982 was used in this report.

The Soviet leadership is moving toward a new approach to economic planning and management. The Politburo is trying to improve the cumbersome coordination process, overcome the diffusion of authority among the many overlapping government ministries, and gain a tighter hold on national priorities:

- Special goal-oriented programs are being drafted and included in the 11th Five-Year Plan (1981-85) to focus attention and resources on high-priority civilian economic problems—energy, food, conservation of resources—that transcend traditional lines of bureaucratic authority and suffer from fragmented management.

- So far three special monitoring and troubleshooting commissions have been created under the Presidium of the USSR Council of Ministers to oversee management of target programs and to force interagency coordination, and others may be in the offing.

Moscow is attempting to apply project planning and management techniques—Soviet-style "management by objectives"—developed in the defense sphere to critical problems in the civil sector. The changes at the Council of Ministers appear aimed at institutionalizing to some extent civil economic counterparts to the Military-Industrial Commission (VPK), which oversees coordination of defense programs. These efforts, however, do not constitute a genuine reform of the economic system and are not likely to be effective. Rather, they reinforce the system's traditional bureaucratic features by increasing centralization and control.

Though not radical or innovative, this approach is, nonetheless, highly controversial because it threatens to undermine political-administrative arrangements that have prevailed for nearly two decades. In pressing the target-program approach over the past two years, General Secretary Brezhnev has drawn the party apparatus more directly into economic decisionmaking and has blurred party-state roles and responsibilities. Whether this approach will survive him, however, is not certain. The key decisions and policy choices for the next plan will be made at a time (1983-84) when leadership maneuvering and succession politicking are likely to be especially intense. At the same time, the political uncertainty and risk generated by the succession process will probably constrain both the pace and scope of management reform.

This approach could also add a new dimension to military-civilian relations. The creation of other commissions under the Council of Ministers Presidium possibly could evolve over time to the detriment of the VPK and may have caused concern that the military may lose some of its privileged status and that civilian priorities increasingly may compete with defense programs for scarce resources and leadership attention. Should the new commissions and target programs begin to encroach on the prerogatives of the military-industrial complex, such apprehension would mount rapidly and impact significantly on leadership debate and the political succession.

On another level, the target-program approach may reflect added leadership concern over Soviet vulnerabilities and weaknesses exposed by recent Western trade sanctions and technology embargoes. The programs suggest some regime efforts are under way to reduce economic dependence on foreign imports over the long run and to limit Western political leverage.

New Soviet Approaches to Economic Planning and Management

Introduction

As the presuccession struggle gathers momentum, the improvement of economic management—a perennial problem that has become a key issue in succession politics in the past—is once again rising to the top of the Soviet leadership's agenda. Ever since the summer of 1979 the Brezhnev regime has seemed determined to improve the basic workings of the so-called economic mechanism. In particular, the planning and management of key large-scale development problems have moved to the center of the economic debate. Future economic growth, technical progress, and an improved standard of living hinge on how well the Soviets deal with such problems as improving the food supply, restructuring the energy balance, raising labor productivity, or developing new natural resource bases. Yet, it is increasingly evident that the prevailing structure and methods of economic and political administration are inadequate to the task. Spurred by the continuing economic slowdown and sluggish reform efforts of the bureaucracy, General Secretary Brezhnev announced, in November 1981, that the Politburo had decided to air the whole question of organization and management at a forthcoming meeting of the Central Committee. A senior party official told [redacted] that a special plenum on management is currently in the works and could take place this fall

This paper is one of a series examining recent responses of Soviet leaders to unusually serious questions about the functioning and future of the economy.[1] It describes Moscow's development of new approaches to the planning and management of high-priority national programs, examines the growing intervention of the party bureaucracy in economic decisionmaking, and discusses the economic and political implications of these new approaches.

[1] For a detailed discussion of the July 1979 party-government decree on economic reform and related measures, see DDI Research Paper SOV 82-10068 (Confidential), May 1982, *Soviet Economic "Reform" Decrees: More Steps on the Treadmill* (U) and forthcoming DDI Research Paper *The Role of Territorial Production Complexes in Soviet Economic Policy*

Groping Toward a New Approach

In the past Soviet leaders have sought to manage major civilian development projects through normal administrative channels and without fully integrating them into the five-year plan. As a result, such projects have fallen victim to divided responsibility, fragmented organization, and piecemeal solutions. Built predominantly along rigidly hierarchical and narrowly compartmental lines, the Soviet administrative system lacks effective mechanisms for securing the close interaction and integration needed for these multiagency policy efforts.[2]

Current leadership efforts apparently are geared to build into planning and management a "program" frame that focuses on priority problems that crisscross sectoral and regional lines rather than to supplant the basic branch-of-industry and territorial dimensions of

[2] At times, the Soviets have created special management systems, headed by councils or commissions subordinated to the highest organs of the government, to make policy and ensure resource allocation for certain priority programs, such as for the nuclear and space programs. Isolating such national programs as special objects of high-level management has been clearly the exception, however. In general, responsibility remains undefined or diffused, and special organizational arrangements to facilitate coordination have not been made or fall short of the mark

General responsibility for organization and administration of complex programs is usually entrusted to a "head" ministry or department. In practice, however, the powers of head ministries are inadequate to ensure effective operational control of participants belonging to other ministries. An April 1982 article in *Kommunist* noted that the question of clarifying and expanding the specific functions and prerogatives of head ministries "has been raised frequently but in vain. The problem is that some departments have no intention of surrendering their rights." Another Soviet management expert in an economics journal in November 1981 similarly stated, "The economic mechanism, in fact, has functioned apart from [the system of head ministries]."

Currently, the controversy centers on whether existing bodies, with some limited reorganization and changes in their powers, should act as lead agencies for programs or whether new, temporary program management bodies should be created. These questions concern more broadly problems of redefining the roles and responsibilities of interbranch functional agencies (especially Gosplan and other state committees), of branch ministries and departments, and of territorial organs as well

the existing system.[1] Institutionally, the leadership appears to be creating, to some extent, civil economic counterparts to the Military-Industrial Commission (VPK).[2] These commissions, under the USSR Council of Ministers Presidium, provide integrating mechanisms to monitor and steer high-priority programs through the bureaucracy.[3]

Target Programing. For the 1981-85 plan the Soviets drew up for the first time a list of top-priority economic and social problems for which special target programs are being drafted (see table). These programs are to be formally incorporated into the plan as soon as they are ready.[4] The Soviets describe these superprograms as the "main links" and "backbone" of the current plan and economic strategy.

The actual preparation of these target programs, however, has been slow and difficult. Last November both Brezhnev, at the Central Committee plenum, and First Deputy Premier Ivan Arkhipov, in a *Kommunist* article, stressed the novelty and complexity of this task. While joint party-government decrees issued since mid-1981 provide a framework of authorization for several programs, some programs, in fact, still appear to exist in name only. In January 1982 a deputy chairman of the USSR State Planning Committee (Gosplan) implied in a Soviet publication that only 11 of the 15 comprehensive programs were fixed enough to have been written into the 1981-85 plan when it was approved last year. In a March 1982 article in the party's organizational journal, Gosplan Chairman Baybakov referred to only 14 superprograms, which suggests that one may already have been dropped from the priorities list.

Even the most widely touted target programs, moreover, are still caught up in bureaucratic and methodological bottlenecks. Although the May 1982 plenum of the Central Committee finally approved the basic guidelines for the long-awaited food program, many details have yet to be worked out. At the last November plenum Brezhnev also criticized delays in developing the program for reducing the use of manual labor. The West Siberian oil and gas complex, according to Soviet academician A. G. Aganbegyan, still has "no program" and is like "an army without a plan of attack." The Baikal-Amur Mainline Railroad (BAM) program is limping along, with only parts of it

[1] The cost of some of the largest programs equals and even exceeds that spent on the development of entire branches of the national economy. Writing in the official planning journal in June 1979, one Gosplan expert estimated that the target programs may consume up to 20 to 25 percent of all resources allocated for the development of the economy. In a September 1980 *Kommunist* article, another Soviet specialist suggested that the target programs should not garner more than 15 to 20 percent of all capital construction funds. The size of the share of capital investment devoted to these programs has itself been—and is likely to continue to be—a subject of heated controversy within the leadership. Too many long-term and very costly projects could constrain even further the already limited flexibility of economic planners in the new era of scarcity when capital investment is expected to grow even more slowly. The number of programs also must be limited lest the priority principle becomes diluted.

[2] The VPK oversees and coordinates military research, development, and production programs. It provides liaison and mediation for the Ministry of Defense, the military-industrial ministries, Gosplan, and the party.

[3] IN AN ARTICLE in the economics journal of the Siberian Division of the Academy of Sciences in March 1981, one Soviet expert summarized the general role of these high-level commissions as "coordinator and monitor as well as arbiter and judge in interdepartmental disputes." Setting up special commissions under the Council of Ministers Presidium is not a new innovation. Such commissions have often been formed to handle specific tasks, but they are usually ad hoc and temporary bodies. Similarly, USSR deputy premiers have long exercised general coordination for related branches of the economy or for special policy areas. As with head ministries, however, the specific powers and executive oversight functions of deputy premiers have been poorly defined, and they apparently have only a small support staff to help them conduct their business.

In a sense, then, the creation of the new Presidium Commissions to monitor specific target programs may be seen largely as an effort to institutionalize on a more formal basis arrangements and methods of coordination that have been conducted on an informal basis in the past but are no longer effective in the contemporary Soviet setting.

[4] Some of these programs like the construction of the Baikal-Amur Mainline Railroad or the redevelopment of the RSFSR's nonchernozem soil zone, are not new. They existed as separate line items in the 10th (1976-80) and apparently even the Ninth (1971-75) Five-Year Plans, but they were not fully integrated with all sections of the plans and frequently amounted to little more than the sum of separate (and uncoordinated) branch and regional assignments. What is new about the 11th Plan is that the leadership has formally drawn up a list of priority problems, fixed their number, and is engaged in a comprehensive effort to program and fully include them with all the requisite accommodations and resource adjustments made throughout the structure and content of the five-year plan.

Economic and Social Comprehensive Target Programs for the 1980s [a]

Programs oriented to solving economywide problems
Food
Increased production of new consumer goods
Reduction of the use of manual labor
Conservation and rational utilization of raw materials and energy
Extensive use of chemicals
Comprehensive use of minerals
Production of extremely scarce materials that are largely imported
Programs dealing with specific priority sectors
Machine building
Fuel and energy complex
Transportation
Metallurgy
Regional crash development programs
Development of the West Siberian oil and gas complex
Construction of the Baikal-Amur Mainline Railroad (BAM) and economic development of the BAM zone
Agricultural redevelopment of the RSFSR's nonchernozem zone
Development of the Angara-Yenesey region in East Siberia

[a] These programs are tentatively identified from various Soviet open-source materials. Four of the target programs are major regional development programs that focus largely on the establishment of new resource (particularly energy) bases and giant industrial centers. These programs are closely associated with the creation of so-called territorial production complexes (TPKs). For a discussion of TPKs and their particular planning and management problems, see *The Role of Territorial Production Complexes in Soviet Economic Policy* (forthcoming research paper).

included in the current plan. The draft of the transportation program, according to the Soviet press, will not be ready before the end of the year; a joint party-government decree mandated that the program on the use of chemicals be completed by mid-1983

Administrative Restructuring. To improve the effectiveness of the administrative hierarchy, Soviet leaders are creating special governmental commissions to monitor target programs and formalizing leadership roles that cut across departmental boundaries. The authority of Gosplan in these target areas also has been strengthened by the creation of program-oriented departments. At the February 1981 party congress Brezhnev revealed that a commission on the West Siberian oil and gas complex had recently been formed under the USSR Council of Ministers Presidium and that a companion interagency regional commission (located in Tyumen') had been established under Gosplan. He called these actions "steps in the right direction" and emphasized that "this work must continue."

In July 1981 another commission was set up under the Presidium for the conservation and rational use of resources, and by decision of the recent May plenum a similar commission has been created to oversee the national food program and the "agro-industrial complex." [1] All three commissions, headed by deputy premiers, are analogous in scope and position to the VPK, and a similar approach is likely for other target programs.

Similar restructuring is taking place in some republics. The Ukraine, which has six target programs, has established coordinating commissions under the Council of Ministers for all of them, with a deputy premier personally in charge of each. In Latvia, one central coordinating commission (led by a deputy chairman of the Council of Ministers) has been set up and oversees all 12 of the republic's priority programs. Presidium commissions for the food program and resource conservation along the lines of the new bodies in Moscow also are being formed in all the union republics.

Georgian party boss Eduard Shevardnadze is advancing the administrative restructuring even further. As early as last year, he established a republic commission with himself as chairman to oversee preparation of the food program and, already in late January of

[1] The "agro-industrial complex" in Soviet parlance generally covers the Ministry of Agriculture, the ministries providing inputs to agriculture (such as fertilizers, pesticides, machinery, mixed feed, repair services, roads, storage, and transportation facilities), the Ministry of Procurement, and the ministries managing the food processing and milling industries. Organizationally, however, the new Presidium Commission is defined more narrowly and excludes Soviet ministries producing machinery for food production and the USSR Ministry of Production of Mineral Fertilizers even though proponents of the agro-industrial complex concept had urged that they be represented.

this year, a republic interdepartmental coordinating council under a deputy premier to oversee the agro-industrial complex. In another institutional departure, the Georgian Central Committee in mid-May decided to set up a republic coordinating council on science and technical progress that Shevardnadze also will head with other members of the republic party bureau (that is, the Georgian politburo) leading various working groups. At republic party meetings Shevardnadze has suggested that these restructuring efforts may be only a first step and possibly a backdoor approach to more general administrative reform and greater party control.

The Party's Role in Target Programing and Economic Management

The political pressure for target programing and administrative reform is coming from the party because there are no appropriate government bodies that can effectively handle these questions. As a regional party first secretary explained in the September 1981 issue of *Kommunist*, "Someone must take the initiative and assume responsibility." "By the logic of things," he added, "the party committee must act as such an organizing center."

The increasing party intervention in target programing is being openly debated in the Politburo. Following Brezhnev's lead, several top party officials have emphasized in recent months the Party's strategic role in target programs:

- In a *Pravda* article in August 1981, Grigoriy Romanov noted that the Leningrad party oblast committee "unites and directs" all work in this area and stressed that each program "must come under strict party control."

- At recent republic plenums and in press articles Vladimir Shcherbitskiy and Shevardnadze have emphasized the supervisory responsibilities of republic and oblast party secretaries for priority problems as well as the need for government restructuring for more effective management of target programs.

More importantly, Andrey Kirilenko argued in *Kommunist* in August 1981 on behalf of a greater party role, observing that the imperatives of technical progress require more comprehensive program planning and more active party intervention in modernizing the economy; at two back-to-back party-government conferences on problems in the nuclear power industry in July 1981 and February 1982—sponsored by the Central Committee and presided over by Kirilenko—"stricter party control" was the recommended solution for improving the situation.

Konstantin Chernenko, on the other hand, appears to be opposed to this view. In the September 1981 issue of *Kommunist*, Chernenko accented the need for the party to address the social problems of the technological revolution and pressed for reducing its managerial role. Chernenko claimed that usurpation by party officials of economic management functions "only creates the appearance of strengthening the party's role and, in fact, often does much harm." He insisted that clearer delineation of functions, not substitution, is required "so that everyone knows his own lines." Citing Lenin, he also implied that a better distribution of functions was needed even at the Central Committee. Chernenko repeated these points in February 1982 and again in April in articles in *Voprosy istorii KPSS* and *Kommunist*

Shcherbitskiy and Shevardnadze have been more equivocal. In general, they are "prointerventionist" and support tighter party control over priorities and the management bureaucracy, but they apparently believe these goals can be accomplished by forms of party intervention less direct than those Kirilenko advocates and by less direct control from central party organs. These two republic party leaders have even echoed the Chernenko line that usurpation of economic management functions by party officials leads inevitably to reduced managerial responsibility and effectiveness. At republic party special plenums on science and technology in April and May of this year, on the other hand, they both, like Kirilenko, insisted on the need for greater party intervention to break the barriers of bureaucratic and technological conservatism.

The Central Committee plenum in November 1981 failed to resolve this issue. From his published remarks Brezhnev seems to have come down more on the side of the prointerventionists stressing, "We have

a right to expect that party committees at all levels will enhance appreciably their influence on economic life." At the same time, he warned that influence was not to be equated with petty supervision or substitution for economic and administrative organs. *Pravda* has repeated these themes in its postplenum editorials, along with the point that the drawing up of target programs "is within the power of any party organization." The editors of *Kommunist* have similarly emphasized that the target programing approach has acquired "the force of a general party directive."

Implications and Prospects

Because of the infancy of most target programs and the new organizational structures set up to monitor them, their impact is uncertain. This approach to economic management, nonetheless, might have important implications for economic policy, political succession, administrative reform, military-civilian relations, and Soviet foreign policy. Fundamentally, the approach is politically unsettling for a broad array of Soviet bureaucratic elites because it threatens to undermine—and undo—basic organizational policies, institutional relationships, and operating principles that have regulated Soviet politics during much of the Brezhnev era. At the same time, it imposes increased demands on an already heavily burdened bureaucratic establishment.

Economic Policy and Planning

Special programs and greater party control are not likely to be effective in solving the economy's major long-term problems and chronic ills. These administrative approaches may create even greater imbalances and bottlenecks and impede economic performance. They may prove, particularly if implemented with force, to be new Khrushchev-style "harebrained schemes." In a June speech in Krasnoyarsk, Party Secretary Konstantin Chernenko implied that Brezhnev's food program already is meeting heavy behind-the-scenes criticism when he emphasized that it was not a "wild, abstract, and ineffective" plan of action. At the same time, Kazakh party boss Dinmukhamed Kunayev similarly denied there was anything "supernatural or impracticable" about the program. Beyond these difficulties, the programs themselves promise to have a long gestation period, and their integration with overall economic plans promises to take much more time. Thus they may prove to be "paper tigers" rather than viable ways of designing and managing the future.

The real impact of these target programs on Soviet decisionmaking, if any, is likely to be felt in the next five-year plan (1986-90) rather than in the current one. In the interim, these programs no doubt are chewing up a sizable amount of bureaucratic man-hours. In terms of the planning cycle, the key decisions and policy choices for the next plan will be taken in 1983 and 1984 despite present delays and bottlenecks. By that time the major programs should be well fleshed out, and they probably will weigh heavily in economic plan deliberations. As recently demonstrated by the food program, Brezhnev already is trying to use this policy planning tool to lock the leadership into a particular course of action and to guarantee the investment resources needed for its implementation, but whether this tactic will survive succession politics is problematic.[1]

Bureaucratic Politics and Leadership Succession

Whatever their economic effect, however, the target programs will probably have a great impact on bureaucratic infighting and succession maneuvering. The programs themselves are products of the Soviet political process and reflect the mindset of the ruling elite, its penchant for administrative approaches and strong bureaucratic aversion to radical structural reform. The programs create possibilities for new political alliances and interest groupings that criss-cross sectoral and regional lines. Bureaucratic competition among target programs also will probably build as existing programs fight to maintain their priority while other projects struggle to acquire target program status. As overall responsibility for target programs is vested increasingly in the deputy chairmen of the Council of Ministers, friction could develop among them, as well as between the Council's Presidium and the more traditionally oriented ministries

[1] For an evaluation of the recently announced Food Program in general and for a more elaborate discussion of the agro-industrial complex, see forthcoming CIA Intelligence Assessment *The Brezhnev Food Program*

Even within the Politburo and Secretariat, some members' prestige and political fortunes might become increasingly wrapped up in the target programs under their sectoral or territorial supervision, particularly if they and their programs get caught up in the struggle for power and policy after Brezhnev. Chernenko has identified himself closely with the food program while Mikhail Gorbachev, the Secretary for Agriculture, will bear prime responsibility for its implementation. Vladimir Dolgikh, the Secretary for Heavy Industry and new candidate member of the Politburo, appears to have general oversight of the energy and conservation programs. Politburo candidate member and Russian Federation (RSFSR) Premier Mikhail Solomentsev would seem to have keen interest in the fate of the program for agricultural redevelopment of the RSFSR's nonchernozem soil zone and the Siberian-based programs

The political succession and the uncertainity it creates, on the other hand, might have a dampening effect on the prospects for reform of economic management. No leader likely to succeed Brezhnev would have, initially at least, the power to push through a comprehensive reform program over the opposition of entrenched bureaucratic interests.* In addition, because of the advanced age of the present ruling group, Brezhnev's replacement may be only an interim successor, and leadership turnover will probably accelerate in the coming years—a factor that will complicate further the problems of building a consensus on and commitment to reform. Any major management reform, thus, will probably have to await the emergence in the late 1980s of a somewhat younger group of Politburo members who might be more receptive to change and sensitive to deficiencies of the existing system as well as the consolidation of the new party leader's position. In this sense, succession may open the way for reform but only after a possibly lengthy transition period

Meanwhile, Brezhnev's own efforts in recent months to force administrative change and to try to prearrange the succession in Chernenko's favor have prompted political reaction and bureaucratic resistance that could subvert his program approach and precipitate the succession struggle. At the same time, Brezhnev's frail physical health, if not eroding political authority, probably strengthens doubts among his colleagues and the bureaucracy about his capacity to carry out his policy designs and even possibly to continue at the leadership helm. As cited earlier, Soviet leadership statements indicate that differences have emerged over the food program, complicating its future and its managerial schemes. In the coming months, preoccupation with the power struggle may overshadow all other Politburo concerns.

Administrative Restructuring and Economic Reform

These developments, moreover, appear to have shifted the debate on economic reform. Until recently, Soviet leaders sought to improve economic performance primarily through further centralization of planning rather than reorganization of management. Bureaucratic restructuring was generally downplayed, we believe partially in overreaction to Khrushchev's "excessive organizational itch" and arbitrary ways. Having restored the system of centralized branch ministries, abolished by Khrushchev, the leadership adopted a conservative and cautious attitude toward structural change. Over the past two years, however, Brezhnev, who unlike Khrushchev did not generally force radical organizational reforms on reluctant colleagues, has increasingly pushed the pace of administrative change along with the target program approach.

This approach to planning and management suggests possibly two alternative organizational paths for the future. On the one hand, target programs are providing a vehicle for organizational change—albeit limited and ad hoc—in both the government and the party. Restructuring is assuming the form of additional bureaucratic layering and of special coordinating commissions in both hierarchies rather than any fundamental change in their formal administrative structures. Although this may be a prolonged and piecemeal process, and any significant breakthroughs may not come until after the succession, the groundwork for institutional change is being laid

* Both the leading succession contenders at the moment—Chernenko and newly appointed Secretary Yuriy Andropov—significantly lack experience in the economic area.

On the other hand, the programs and new coordinating organs can be seen as bureaucratic devices for limiting the scope of organizational change. They can create the appearance of leadership action and structural change while avoiding substantive modifications of the planning and management system. In short, they may be used to finesse the problems of real administrative reform. How they are used and abused for political purposes will reflect the course of succession politics and the extent to which the programs themselves become means of conducting the struggle for power by aspiring individuals and groups

Governmental Reorganization. Governmental restructuring has centered on efforts to give the Presidium of the Council of Ministers a more active role in management of the economic bureaucracy and to enable it to function more effectively as an "Economic Bureau" and court of appeal in interdepartmental disputes, standing between Gosplan and the Politburo. The new commissions provide potentially important leverage points at the top of the administrative machinery where leadership views and political pressure can be brought to bear for purposes of improving problem solving, overcoming bureaucratic squabbling, and forcing interagency coordination in vital policy areas. Because Presidium commissions often function de facto as auxiliary agencies of the Politburo and—like the VPK—may be overseen directly by the Party Secretariat, these measures also appear aimed at strengthening the effectiveness of the Politburo itself and of the role of Central Party organs in the making and management of economic policy

Although this approach is not new, changing political conditions on top of the continuing economic slowdown during the past two years have permitted intensified restructuring efforts. Since the departure of Aleksey Kosygin as premier at the end of 1980, his successor, Brezhnev's associate Nikolay Tikhonov, and a new team of deputy premiers have been seemingly more willing and able to press Brezhnev's supraministerial coordinating bodies. The three newly created Presidium commissions under the Council of Ministers, in fact, may be incipient forms of those specialized supraministerial organs called for by Brezhnev as early as the 1976 party congress and subsequently at almost every major leadership forum.

The death of veteran party ideologue Mikhail Suslov in January 1982 also removed from the Politburo and Secretariat an important conservative and stabilizing force who generally opposed economic reform and institutional experimentation

Party Reform. The target programing approach and structural changes under way in the governmental machinery raise the prospect of some organizational adaptation in the party apparatus as well. Having undone Khrushchev's institutional innovations and restored the pre-1962 party structure, his successors have adopted as staunchly conservative a stance toward organizational experimentation in the party as they have in the government. Indeed, the formal party statutes have not been modified at all by the past two congresses, an absence of change unprecedented in Soviet party history. Since party organization traditionally mirrors the governmental economic structure, however, there will probably be pressure to realign functional responsibilities so that the party apparatus can police effectively the newly evolving system of target programs and government coordinating bodies.

Some movement already is being made in this direction. A few oblast party committees have begun to set up special offices or staffs to oversee key programs. In line with the decisions of the May 1982 plenum, agricultural departments are being established in rural district party committees to monitor implementation of the food program and coordination within the agro-industrial complex. In general, the new managerial approach and increased accent on party control of economic administration suggest that a regrouping, and possibly expansion, of the party apparatus may be in the offing along with some organizational change. Such changes will be controversial, however, and probably will be slow in coming and perhaps largely cosmetic

The recent changes at the Council of Ministers also would seem to bear directly on the assignment of responsibilities within the Politburo, the allocation of tasks and organization of work within the Secretariat, and the relations between central party organs and

the highest levels of the Soviet Government. Although we do not know what kinds of ad hoc adjustments have been made with respect to these issues, some organizational adaptation in the Party machinery would seem to be on the agenda. At the same time, whatever new structural designs are adopted, they will necessarily become wrapped up with larger political maneuvering and personal rivalries within the leadership in the struggle for Brezhnev's mantle.

Military-Civilian Relations

On another level, this approach could add a new dimension to military-civilian industrial relations. In the past, the military did not have to contend with any civilian counterpart of the VPK. The creation of commissions under the Council of Ministers for certain civilian programs and their endowment with broad monitoring and coordinating responsibilities like those of the VPK is a new wrinkle. These commissions, nonetheless, are still largely experimental and untried structures with ill-defined powers and an uncertain future. Until they gain real authority and legitimacy through the experience of their usefulness, their effectiveness in overseeing their own programs remains problematic, and their ability to challenge the VPK or to extend their bureaucratic sway over the operations of the defense industry is very much in doubt.

Whether these new structures and programs become merely minor irritants or major constraints on the military-industrial complex remains to be seen. At the May 1982 plenum, Brezhnev seemed to make special assurances to the military that the food program would not adversely impact on defense programs and national security. Yet, to the extent the new approaches help the Soviets gain a better hold on their critical civil sector problems, they may affect the balance between defense and civilian priorities and the ability of military program managers to carry out their missions. Civilian target programs may begin to compete with defense projects for increasingly scarce resources and leadership attention.

This competition is likely to be more indirect than explicit, however. By trying to stretch the priority principle to cover critical civil sector problems, Soviet leaders will necessarily reduce the resources available for nonpriority activities. While the battle over priorities will grow more intense, the main struggle probably will not be between major military and major civilian programs but is more likely to take place within the civil sector. The real losers in this new game are likely to be those civilian projects that fail to win priority status. At the same time, it is possible that these projects might include some organizations that are third or fourth order suppliers or producers for the military. As a result, some defense programs and defense industrial activities might be indirectly affected by the new approaches.

As yet, there is little evidence on how the Soviet defense establishment actually stands on the new planning and management approaches being used in the civilian sphere. Articles in the military press sometimes depict target programs as having "strategic" or "security" significance, suggesting high-level support, particularly for those programs oriented to critical sectors like machine building, metallurgy, or the fuel and energy complex. Here the armed forces themselves have a strong vested interest in improving Soviet economic performance and expanding production and innovation capacity. Military opinion probably also favors gradual upgrading of the traditionally neglected civilian industries that will provide broad, infrastructural support for new weapon systems. Recent statements in the Soviet press by high-ranking officers, including Defense Minister Dimitriy Ustinov and particularly General Staff Chief Nikolay Ogarkov, reflect keen sensitivity to the prospects and implications of intensified economic warfare with Washington and, accordingly, to the need to overcome existing vulnerabilities and weaknesses. Similarly, the military high command probably is not totally impervious to arguments that improvements in social conditions, consumer welfare, and the overall health of the economy will ultimately impact on Soviet defense capabilities in the broadest sense

At the same time, the new management approaches probably instill apprehension in military circles. The formerly unique position of the VPK and the absence of civil economic counterparts at the apex of the

governmental structure reflected clearly the institutionalization and legitimation of the priority of military over civilian needs. Some members of the military may fear that the recent institutional changes could evolve over time to the detriment of the VPK and of defense industrial activities. The military establishment also may be concerned that the target programs could take on broader dimensions during the succession. Should the succession shape up so as to give rise to a more open debate over investment policy, the target programs might get caught up in the struggle for power and disputes over resource allocation. Should they become vehicles for conducting succession politics, the programs might come into more explicit conflict with the defense establishment. The particular way the target programs and new coordinating structures evolve may also give some signs about the state and direction of the allocation debate and the broader tradeoffs between defense, economic growth, and consumption.

Foreign Dimensions

The leadership's sensitivity and desire to protect itself from trade bans and technology embargoes seems to have become a common thread through the target programs as a whole. The list of programs was initially compiled during the imposition of Western economic sanctions against the USSR in reaction to the Soviet invasion of Afghanistan and the declaration of martial law in Poland. One of the original programs singled out for this new priority status reportedly focused on the development of certain scarce but unspecified strategic goods that had been major import items in the past—reflecting leadership concern over Soviet vulnerability and dependence exposed by the sanctions.[9]

Brezhnev hammered on this theme at the May plenum on the food program. He cited the growing dependence of the USSR on food imports as "a major strategic concern," and he emphasized that a key aim of the target program was to restrict food imports from capitalist countries in order to "guarantee against all eventualities." With the US grain embargo in mind, Brezhnev declared, "The country cannot depend on the whims of Western leaders who are trying to use international economic relations as a means of political pressure." And he added with emphasis, "We have never put up with this, nor are we going to."

Alongside the theme of reducing Soviet dependence on Western states, increased stress is given to greater reliance on cooperation with socialist countries, and to integrating the target programs more closely with the economic strategy for the 1980s of the Soviet-led Council for Mutual Economic Assistance (CEMA). Premier Tikhonov sounded this line in June at the annual conference of CEMA country premiers in Budapest by soliciting member participation in the Soviet food program and calling for tighter Bloc cohesion to counter Western policies of economic warfare. The coming months are likely to see increased Soviet pressure on the member states to cooperate in common critical areas. In particular, there will probably be even greater dovetailing of Soviet target programs with the five long-term CEMA cooperative target programs (energy, fuel and raw materials, machine building, foodstuffs, industrial consumer goods, and transportation) adopted at the end of the 1970s.

On another level, the target programs reflect the Soviets' apparently enhanced willingness to consider the relevance of aspects of East European economic experience to their own current and long-term policy concerns. The food program in particular draws explicitly upon Hungarian and Bulgarian agricultural practices. More broadly, however, a special commission has been created recently under the Presidium of the USSR Council of Ministers (headed by deputy premier and Gosplan Chairman Baybakov) to study the applicability of East European economic systems to the USSR and to see if there are any lessons that might offer some answers for its troubled economy. The target programs provide a possible vehicle for transferring selected aspects of East European economic reforms to Soviet soil, a dimension that Soviet economic reformers are increasingly likely to play up.

[9] Such goods might include high-quality speciality steels that make up the second-largest Soviet import item next to grain. Tin, tungsten, and molybdenum are strategic materials that might fall within the framework of this program. Large-diameter pipe also might be on such a critical target list.