

THE STATE OF THE SOVIET UNION

by William D. Jackson

The 1980s have become and are likely to remain a new "time of troubles" for the Soviet Union. Principal among these troubles is a faltering economy. The average rate of annual growth for the Eleventh Five-Year Plan (1981-86) is likely to be just over 2 per cent, half the rate achieved a decade ago; and the productivity of both labor and capital in industry during the first three years of the present Plan actually declined. Although investment in machinery production has increased by more than 20 per cent—a key element of a strategy designed to accelerate the modernization of an aged industrial plant—the growth in production of new machinery remains at a postwar low. Increased investment in agriculture has also produced disappointing results, and food shortages in cities are likely to recur in '85. The Soviet leadership must be equally troubled by the fact that, despite rising consumer expectations, growth in per capita consumption during the first three years of the present Plan has averaged a mere 1 per cent—a sharp contrast to the 4-5 per cent realized during the 1970s.

The economic slowdown presents the Soviet leadership with increasingly difficult and politically fractious choices. It is unlikely that significant rates of increase in *both* defense spending and consumption, sustained in the 1960s and 1970s, can be maintained in the '80s. It is equally unlikely that significant economic growth can be restored without diverting additional resources from defense or consumption into industrial renovation and agriculture. Sooner or later the Soviet leadership must confront the question of far-reaching economic reform and a major reallocation of resources from the nonproductive defense sector to other areas of the economy.

Moscow's economic problems must appear all the more formidable to the men in the Kremlin when viewed against a background of political problems. The Soviet Union faces a political succession crisis which could produce major turmoil in the Party and will almost certainly inhibit the ability of the government and Party to deal decisively with critical economic problems. The very continuation in office of the ailing Chernenko, Tikhonov, and Ustinov is itself a measure of continuing political and institutional problems at the highest level of government.

Since the late 1970s the Communist party has been

headed by an enfeebled general secretary incapable of working more than several hours a week. A conservative collective leadership of bureaucrats and Party chieftains—inclined to govern by half-measures—has probably institutionalized itself at the pinnacle of the Soviet system. Below the oligarchs there is the aged and conservative Brezhnev generation of regional Party officials and bureaucrats who fear that change at the center will threaten their positions and status. In the absence of strong leadership, the regime is unlikely to move decisively to deal with the structural problems of the Soviet economy.

Yet even were a new, politically energetic general secretary to arrive on the scene and attempt to exercise decisive leadership—possibly in the person of Mikhail Gorbachev, aged fifty-three, or Grigory Romanov, aged sixty, both of them Politburo members and Party secretaries whose political status has risen in the last two years—he would face a long and uncertain struggle to consolidate his power against entrenched Party and bureaucratic interests. This might take as much as three to five years, as was the case with Khrushchev in the 1950s and Brezhnev in the '60s.

In addition to its domestic difficulties, Moscow confronts a foreign policy in disarray. Soviet efforts to block the emplacement of a new generation of American missiles in Europe and to encourage a split between the U.S. and its European allies have failed. Moreover, the collapse of détente and the new weapons buildup in Europe have produced tensions between Moscow and its own allies in Eastern Europe. In Poland the economic and political situation remains tenuous, and the Polish Communist party has yet to recover from its collapse in 1981. In Afghanistan the Soviet Union finds itself bogged down for a fifth year in a costly military stalemate. On its southern border it faces an Islamic revival that could yet affect its own Muslim population in Central Asia. But what is perhaps most critical is that Moscow now confronts a second-term Reagan administration that claims a broad national mandate for its defense policies. Similarly, in Britain and West Germany the Soviets face conservative governments that enjoy significant popularity.

Faced with serious domestic and international problems, the aged and conservative collective leadership in the Kremlin has displayed little inclination to change its basic policies. The Politburo has sought to revive the flagging economy with a strategy aimed at "intensive" growth: significant increases in productivity to be achieved by plant modernization and increases in per capita productivity of

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labor. But as yet it has failed to make the basic changes in policy that would support such a strategy. The current leaders have been unwilling to reallocate substantial sums from defense production for basic investment in plant renewal; and they have sanctioned only a limited, and insufficient, expansion of material incentives aimed at increasing labor productivity. Though some ranking state economic officials have openly criticized the inadequacy of material incentives schemes, the Politburo has yet to change its conservative stance.

A SIEGE MENTALITY

Troubled by the social/political implications of the economic slowdown and faltering productivity, and under sharpened ideological attacks from abroad, the regime has moved to tighten political controls at home. As détente faltered in the late 1970s, the Brezhnev leadership stepped up the campaign against dissidents. With the outbreak of turmoil in Poland in August, 1980, the Soviets resumed their jamming of Voice of America broadcasts after a seven-year hiatus. Since Brezhnev's death a policy of increased domestic repression has been evident in the adoption of new laws designed to limit contacts between Soviet citizens and foreigners, the launching of a concerted media campaign designed to enhance the image of the KGB and to warn against ideological subversion by the West, and a further step-up in the campaign against dissidents. During 1984 the Kremlin also launched a new crackdown in the arts with a campaign to reanimate Socialist Realism as the guiding principle for all artistic efforts.

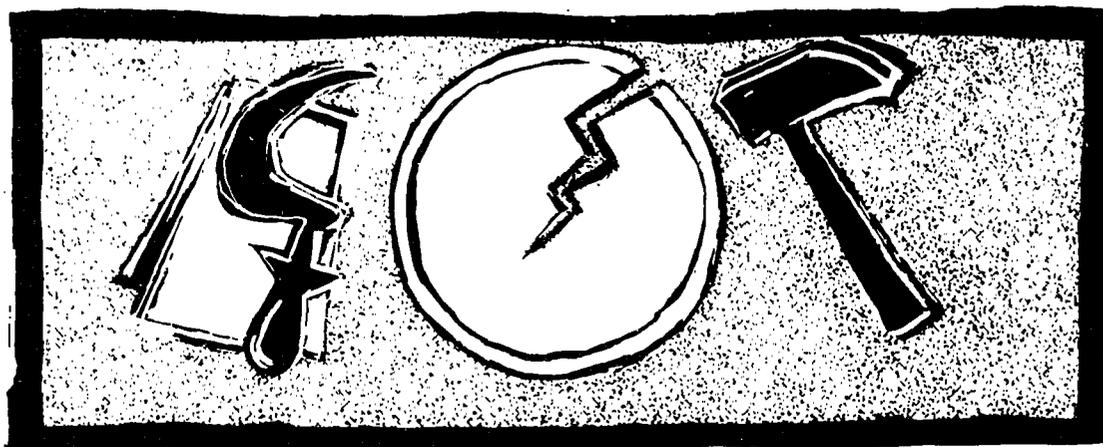
The new insecurity in Moscow appears to have several sources. First, the uncertainties that accompany transitions of power in the Soviet Union generally foster political anxiety among the Soviet elite. But the current situation appears to have deeper causes. The Polish turmoil of 1980-81 itself provoked a new level of anxiety in Moscow regarding the security of the home front. The Soviet regime, after all, was vulnerable to the same charges of corruption and neglect of the consumer economy as were leveled against Warsaw by the Polish workers. (Indeed, during 1981 there were episodes of Polish-style unrest in the Baltic republics.) The current slowdown in the Soviet economy and the effects this slowdown may have on citizen morale further exacerbate the situation. Aware of this problem, the Party has recently made a special effort to stress its commitment to improving consumer well-being. However, should it fail to satisfy that commitment, the Party's in-

creased rhetoric may serve only to widen the growing gap between expectation and performance.

Soviet anxiety has also been sharpened by a new sense of ideological vulnerability. Clearly the Polish turmoil of 1980 prompted concern about ideological security on the home front. With the election that same year of Mr. Reagan and the escalation of the ideological assault on the Soviet Union from Washington, Soviet insecurity grew significantly. Reagan's pointed attacks on the USSR have been met by new calls in the Soviet press for an intensification of ideological work at all levels of Soviet society to combat the growing subversive influence of Western propaganda. Having dismissed as "an election ploy" the muting of Reagan's rhetoric during the 1984 campaign, the Soviet leadership doubtless expects the reappearance of the old Reagan in '85.

Concern with the home front almost certainly is related to new anxieties over foreign policy. While the 1970s were a period of growing Soviet confidence in world affairs, since 1979 the Kremlin has suffered a series of major setbacks. The failure of SALT II, the crisis provoked by Hafizullah Amin's leadership of the Afghan revolution, the near collapse of the Polish Communist party, the election of conservative governments in the U.S., Britain, and West Germany committed to significant augmentation of Western military power, the deployment of new U.S. missiles in Western Europe, and the Korean airliner debacle—all have fed the development of a new siege mentality in the Kremlin. The implementation of the NATO decision to deploy missiles in Western Europe in December, 1983, in the absence of an INF agreement added to Moscow's growing sense of political vulnerability a genuine, heightened sense of military vulnerability as well. At the same time, the Soviet leadership has sought to exploit the external situation domestically, its rhetoric deliberately exaggerating the increased danger of war in order to rally the Soviet population to greater exertions on the job.

Looking at the West in 1985, Moscow sees faltering peace movements and a solidifying of conservative sentiment in the U.S. For the men in the Kremlin, the most troubling aspect of the Reagan electoral victory is its implications for the scope and pace of U.S. military programs. The MX, Trident II, and so-called Star Wars programs, in combination with the continuing deployment of Pershing II and ground-launched cruise missiles, are viewed as part of a U.S. quest for strategic superiority. At the same time, the Kremlin appears deeply pessimistic about the prospect



of progress in arms control. The probable conclusion of the Soviet leadership is that its efforts in the technological arms competition must be intensified. If the past is any guide, the Soviet leadership will bear whatever costs are necessary in an attempt to match U.S. weapons breakthroughs.

It is apparent, however, that the prospect of a Reagan victory compelled the Kremlin to reassess its position on arms negotiations, and Foreign Minister Gromyko's meeting with Reagan in September and General Secretary Chernenko's comments to the *Washington Post* in October signaled a decision by the Soviet leadership to re-engage the U.S. in negotiations. While remaining deeply pessimistic about the prospect of progress in arms control, Moscow believes a resumption of serious negotiations will at least permit the Soviet Union to regain the ground lost in world opinion as a result of its boycott of START and INF and perhaps holster the flagging European peace movement. At the same time, its interest in arriving at agreements on arms control issues, especially on space weapons, should not be underestimated.

Just where the Kremlin goes from here in attempting to deal with its complex of domestic and foreign policy problems will do much to shape the future development of the Soviet system, and world politics as well. Behind the walls of the Kremlin and in the modern building several blocks from Red Square that houses the offices of the Party Secretariat, there are on-going debates on the economic reforms necessary to revive the Soviet economy and on a foreign policy toward a second-term Reagan administration. In all probability these issues, as well as the issue of Afghanistan, will become entangled in the politics of a slow-motion succession struggle. It is also likely that the present cautious and collective leadership will reach agreement on only incremental changes in policy. Indeed, the current leadership arrangement seems conducive to the domination of policy by the most powerful bureaucratic interest in a particular sector. In foreign policy Gromyko's voice now appears to be decisive, and the aged foreign minister is unlikely to preside over a major shift in policy. On domestic security issues, the KGB bureaucracy appears to have greatest leeway. Though military influence may have increased somewhat since Brezhnev's death, the Party and military leadership seem at odds over the priority to accord defense and consumer industries in the Twelfth Five-Year Plan. The dismissal of Marshal Nikolai Ogarkov as chief of staff in September, 1984, probably reflects both a serious level of military-civilian disagreement over defense spending and an effort by the Party to reassert its authority vis-à-vis the marshals. However, given the new weapons systems under development in the United States, Ogarkov's removal cannot be expected to end the pressure on civilian leaders to augment the Soviet defense budget.

REFORM AND CRACKDOWN

There are pressures for change at work in Soviet society, and these pressures may yet bring about a major reorientation of Soviet domestic and foreign policy. On the domestic front, a rising cohort of younger, better-educated Party and government officials appears to recognize the need for the implementation of significant and far-reaching economic reforms, and in recent years this group has gained representation at the highest level of policy-making. Worker

unrest in Poland in 1981 and 1982 compelled even the more conservative members of the Politburo to acknowledge the need for some economic reforms and award greater priority to the production of consumer goods. At the same time, the Politburo has been urging local Party leaders to improve consultations with Soviet trade unions. The Party leadership has begun to show signs of recognizing that to preserve political stability they must take greater account of public wants and effect more rapid improvement in the standard of living.

Some preliminary decisions on economic reforms to be incorporated into the Twelfth Five-Year Plan have already been made. Soviet officials have indicated privately that the new Plan will place increased emphasis on the production of consumer goods and will adopt some of the economic reform measures involving a limited market socialism that have proven successful under Hungarian ("goulash") communism. Some movement in the direction of greater decentralization may also be expected, although resistance by the old guard is likely to ensure that such changes will be modest. Further, the regime can be expected to accompany any steps toward economic reform with an ideological and political crackdown, elements of which are already apparent. Indeed, there are signs that modest economic reform *cum* increased political controls may well become the Kremlin's political formula for the rest of the decade. The need to strengthen labor discipline in a period of flagging productivity also points to the likelihood of tighter political controls.

In foreign policy fewer changes seem to be under consideration. The Kremlin is likely to continue to affirm its revolutionary credentials by offering military and material assistance to leftist regimes. There is no reason to believe that, save in the case of Afghanistan and possibly Iran—the Soviet leadership will be any less cautious in avoiding confrontations with the U.S. than in the past. In Afghanistan the Soviet Union is committed to press on—and by now must feel its prestige on the line, much as was the case with the U.S. in Vietnam. Moscow's one hope for success is to achieve, by coercion or perhaps agreement, a closing of the Pakistan borders to Afghan rebels. A Soviet attempt to coerce Pakistan—possibly by an expansion of cross-border operations—could produce a serious international crisis in the second term of the Reagan presidency. In Iran, Moscow might not resist an opportunity to weaken the Islamic revolution. Such an opportunity might develop in the period after Khomeini's death, though Soviet involvement would probably remain covert and limited to political subterfuge aimed at the ayatollah's successors.

A key factor affecting Soviet policy will be the policy and rhetoric of the U.S. administration. So far the assertiveness and ideological truculence of the Reagan administration has strengthened the hands of the more conservative coalition in the Kremlin, skeptical of the prospects for cooperation with Washington. A continuation of the hard-line approach will probably only serve to deepen the siege mentality in Moscow and set the stage for the emergence of more desperate Soviet policies. At the same time, the combination of economic and political problems supplies the Soviet leadership with a set of strong incentives to work at limiting the arms race and reducing East-West tensions. A prudent U.S. policy would avail itself of the existing opportunities. WV