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Soviet Stockpile Policies

In one sense, Soviet policies with respect to stockpiling resemble policies followed in other major countries. Inventories are held in the economy as buffer stocks to minimize the effects of (1) seasonal or temporary interruptions in flows of various materials and finished goods and (2) natural disasters such as floods and droughts. In addition, inventories are held for strategic purposes, to supply the military forces and the economy with needed materials and finished goods in time of war.

An important and essential difference between the situation in the US and that in the USSR, however, must be emphasized. In the United States, inventories held for economic reasons are largely under private control, and inventories held for strategic and military purposes are largely under governmental control. But in the USSR nearly all inventories are under governmental control, because the state controls and operates productive elements of the economy that account for some 90 percent of the Gross National Product.

The Soviets cloak in secrecy much data of a sort that in the United States is openly available in voluminous statistics on inventories and stockpiles published by the government, trade

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associations, and trade journals. During the postwar period, for example, the release of certain archival material dealing with Soviet preparations for World War II has provided a few facts about inventories of strategic materials -- but only those at the beginning of that conflict. Moreover, the Soviets use complicated accounting procedures that appear to be designed to prevent reflection of stockpiling operations in financial accounts or in input-output tables. The obvious Soviet effort to conceal information on supply positions and on stockpiles of critical materials is aided by the fact that -- even should some tidbit of information on stock levels become available -- the specific purposes for which the stocks are held tend to be obscured by the broad range of functions served by governmental stocks in the USSR.

Although the taxonomic approaches of various Soviet authors who discuss the concept of reserve stockpiles vary somewhat in detail, it appears that the categories of centrally-held reserve stocks relevant to discussion of strategic problems are those shown in Figure 1. The so-called "State Reserves" (category I) may be thought of as the total inventories of materials and finished goods held in the socialized sector minus (1) the "normal" inventories of enterprises and state supply organs and (2) the Emergency and Mobilization Reserves held by the armed forces (category II).^{*} A large part of the State Reserves is held in a centralized system of storage facilities operated by the Main

^{*} Identification by number is made only to distinguish the various categories of reserves, some of which have quite similar titles. The categories are not so identified by number in Soviet usage.

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Administration for State Material Reserves, a body directly responsible to the USSR Council of Ministers.

Created to ensure uninterrupted economic development and to strengthen defensive capabilities, the State Reserves comprise stocks of the most important types of raw materials, fuels, semi-fabricated goods, finished goods, and foodstuffs; substantial inventories of military hardware are included. Use of these reserves generally requires a decree of the USSR Council of Ministers, although renewal of stocks (of grain, for example) or short-term borrowing from certain stocks may be accomplished under standing procedures.

The State Material Reserves (category I. A.), administered by the Main Administration for State Material Reserves, comprise stocks of some 1,400 commodities ranging from common consumer goods such as wheat and tobacco to critical materials such as mercury and jet fuels. In peacetime these stocks stand as a buffer against drastic interruptions in supply or as a means for servicing large essential, but unanticipated, demands for materials. In wartime, in addition to supplying essential needs of the populace and supplementing the strategic stocks of the armed forces, they are to provide the means for some reconstruction of war-damaged facilities. As noted in Figure 1, the Reserve of the USSR Council of Ministers and the Undistributed Reserve (categories I. B. and C.) are essentially

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operating reserves of the economy, held against contingencies that overtax normal operating reserves held by enterprises and by the industrial supply system. It is possible to measure changes in the stocks of some food commodities that bulk large in the State Material Reserve category. Estimates of changes for grain, butter, and sugar have been compiled for those years for which data are and available (1959-67) are shown in Table 1. As can be seen from the data, reserve stocks of these foodstuffs are subject to considerable fluctuation.*

Strategic Material Reserves (category I. D.) are known to comprise a comprehensive range of military goods including weapons, ammunition, tanks and vehicles, airplane parts, signal equipment, and fuel, together with supplies of rations, food, clothing, medical supplies, and engineering goods. A system of territorial warehouses run by the Ministry of Defense and situated throughout the USSR exists for their storage. These stocks include the portion of military output that is not sent to operational units or held in normal military supply channels.

The Emergency and Mobilization Reserves (category II) of the armed forces constitute an important part of the total stock of materials and equipment relevant to assessment of Soviet strategic

* Although the basic motives for stockpiling grain in the USSR are parallel to motives for stockpiling other commodities, grain stocks are a very highly charged and politically sensitive issue. Starchy staples such as grain are the major source of food for the Soviet populace. Implanted by repeated crop failures and famines throughout Russian history, a preoccupation with grain reserves is rooted deeply in the psyche of Soviet officials as well as consumers. In the USSR, where growing conditions are marginal over vast areas of the grain belt and where crop failure is always a possibility, the matter has overtones of serious political and strategic consequences that the Soviet leadership clearly desires to avoid.

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potential. Although not included in the definition of State Reserves offered by Soviet military writers, some part of the military Emergency and Mobilization Reserves (as well as certain other equipment with operational military units or stored in military depots) may be entered together with Strategic Material Reserves in Soviet budgetary accounting.

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FIGURE 1

Major Categories of Stockpiling in the USSR

Reserve Category	Purpose	Authority for Use of Stocks	Responsibility for Storage
I. <u>State Reserves</u>			
A. State Material Reserves	Long-term in character; backup for both peacetime and wartime requirements	USSR Council of Ministers	Main Administration for State Material Reserves has primary responsibility; some part of stocks is held in normal supply channels but earmarked as State Reserves (the organ actually maintaining the stock acts as storage agent for the Council of Ministers and the Main Administration for State Material Reserves)
B. Reserve of USSR Council of Ministers	Current reserve against contingencies in connection with implementation of annual plan	{ USSR Council of Ministers USSR Gosplan & USSR Gosstat	
C. Undistributed Reserve			
D. Strategic Material Reserves	To cover military requirements during period of conversion to war production; or, in a short war, to assure necessary supplies and equipment to the armed forces	Ministry of Defense	Storage depots of the Ministry of Defense; some part of stocks is physically held together with State Material Reserves but is earmarked for the Ministry of Defense
II. <u>Emergency and Mobilization Reserves of the Armed Forces</u>	To ensure adequate supply of mobilization and deployment and to support operations during the initial phase of operations; also to permit functioning of armed forces in case of natural disaster, etc.	Ministry of Defense	Emergency stocks are in hands of operational military units; mobilization stocks in normal military supply storage facilities

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Table 1

Additions to Stocks of Selected Food Commodities in State Material Reserves

	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Grain									
Thousand metric tons	-3,200	-7,311	-6,179	1,907	-5,465	17,745	-13,764	12,248	-7,436
Million new rubles	-182.4	-424.8	-376.3	124.0	-356.9	1,226.2	-1,138.3	1,145.7	-706.4
Butter									
Thousand metric tons a/	136	123	167	216	154	174	370	346	460
Million new rubles	385	348	484	716	560	632	1,345	1,257	1,672
Sugar									
Thousand metric tons b/	796	1,122	4,095	1,732	-1,433	1,390	3,150	1,526	327
Million new rubles c/	201.9	229.7	621.5	284.8	-315.6	246.0	760.0	328.8	187.4

a/ Data on output and retail sales of butter are in the Soviet handbooks.

b/ Combined stocks of raw, granulated, and refined sugar.

c/ Stocks of raw sugar are valued at the 1961 foreign trade price.

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