SECRET

PAGE 01
MOSCOW 02962 01 OF 06 0318582
ACTION SS-00
INFO LOC-00 ADS-00 900 W
R 0318262 (FEB 89)
EN AMBASSADOR MOSCOW TO SECSTATE WASHDC 4104
INFO MOSCOW POLITICAL COLLECTIVE
SECRET SECTION 01 OF 06 MOSCOW 02962
EXDIS

S/S: PLEASE PASS TO HSC FOR GEN. SCOWCROFT

E.O. 12356: DECL: OADR
TAGS: POOV, ECON, UR
SUBJECT: THE SOVIET UNION OVER THE NEXT FOUR YEARS

1. SECRET - ENTIRE TEXT.

2. BEGIN SUMMARY. IN MY PERSONAL ASSESSMENT, WE CAN PLAN OUR FOREIGN POLICY WITH A HIGH DEGREE OF CONFIDENCE THAT THE SOVIET LEADERSHIP'S PREOCCUPATION WITH INTERNAL REFORM WILL CONTINUE THROUGHOUT THE FIRST BUSH ADMINISTRATION. IT IS ALMOST AS CERTAIN THAT PERESTROIKA WILL NOT RPT NOT BRING MARKED IMPROVEMENTS TO THE SOVIET ECONOMY IN THIS PERIOD AND THAT INTERNAL RESISTANCE TO MAJOR ASPECTS OF THE REFORM PROGRAMS WILL FORCE THOSE AT THE SOVIET HLM TO TACK AGAINST THE WIND MUCH OF THE TIME. THE POTENTIAL FOR SEVERE OUTBREAKS OF PUBLIC DISORDER WILL GROW. THIS WILL CONTRIBUTE TO A SENSE OF ANXIETY IN THE SUPREME COUNCILS OF THE PARTY AND STATE, THOUGH I BELIEVE THAT THEY IN THE END WILL MAINTAIN ORDER.

SECRET
SECRET

PAGE 02
MOSCOW 02962 01 OF 06 0318582

3. MIKHAIL GORBACHEV IS LIKELY TO REMAIN THE TOP

SECRET
SECRET

SOVIET LEADER FOR AT LEAST FIVE (PROBABLY TEN) MORE YEARS, BUT MY CONFIDENCE IN THIS PROSPECT IS LOWER THAN THAT IN THE CONTINUATION OF A SOVIET PREOCCUPATION WITH INTERNAL REFORM. THAT PREOCCUPATION, COMBINED WITH THE MULTITUDES DIFFICULTIES OF FORCING THE SOVIET NAStODON TO ADAPT TO THE MODERN TECHNOLOGICAL WORLD, WILL BRING AN INEXORABLE PRESSURE TO CURTAIL THE AMOUNT OF RESOURCES DEVOTED TO THE MILITARY SECTOR.

4. IN SUM, THE SOVIET UNION HAS, IN EFFECT, DECLARED THE BANKRUPTCY OF ITS SYSTEM, AND JUST AS WITH A CORPORATION WHICH HAS Sought THE PROTECTION OF CHAPTER XI, THERE IS NO TURNING BACK. END SUMMARY.

5. CRYSTAL BALLS ARE NEVER AS CLEAR AS ONE WOULD LIKE, AND THEY TEND TO CLOUD OVER DURING TIMES OF RAPID AND FUNDAMENTAL CHANGE. NEVERTHELESS, IT SEEMS TO ME THAT WE CAN MAKE SOME ASSUMPTIONS ABOUT THE SOVIET DOMESTIC SCENE OVER THE NEXT FOUR YEARS WITH A HIGH LEVEL OF CONFIDENCE. THIS MESSAGE WILL ATTEMPT TO ENCAPSULATE MY PERSONAL ASSESSMENT OF THE MOST SALIENT TRENDS. SUBSEQUENT MESSAGES WILL LOOK AT PROSPECTS FOR SOVIET FOREIGN POLICY AND US-SOVIET RELATIONS.

FOCUS ON INTERNAL AFFAIRS

6. I BELIEVE WE CAN STATE WITH NEAR CERTAINTY THAT THE CURRENT SOVIET PREOCCUPATION WITH INTERNAL REFORM WILL CONTINUE AT LEAST FOR ANOTHER FOUR YEARS -- AND PROBABLY MUCH LONGER. THIS PREOCCUPATION WILL NOT SECRET SECRET

PAGE 03  MOSCOW 02962 01 OF 06 0318582

PRECLUDE AN ACTIVIST FOREIGN POLICY (AS WILL BE DISCUSSED IN A SEPARATE MESSAGE) BUT WILL MEAN THAT FOREIGN POLICY DECISIONS WILL BE HEAVILY -- AND OFTEN DECISIVELY -- INFLUENCED BY DOMESTIC NEEDS AND IMPERATIVES.

7. WHILE THIS IS NOT THE FIRST TIME SOVIET LEADERS HAVE ATTEMPTED SOME CHANGE IN SOVIET POLITICAL AND ECONOMIC PRACTICE, TODAY'S PERESTROIKA IS POTENTIALLY THE MOST PROFOUND -- AND THEREFORE MOST DESTABILIZING.

SECRET
SECRET

PRESUMABLY, AN INITIAL ATTEMPT WOULD BE MADE TO APPLY THE THROTTLE TO THOSE ASPECTS OF THE REFORM PROCESS WHICH ARE CONSIDERED PARTICULARLY PAINFUL OR DESTABILIZING. MORE SEVERE LIMITS MIGHT BE PLACED ON THE EXPRESSION OF OPINION AND ON UNOFFICIAL GROUPS, NATIONALIST TENDENCIES MIGHT BE OPPOSED MORE FORCEFULLY, IMPLEMENTATION OF A MARKET PRICE MECHANISM POSTPONED FURTHER, AND PRIVATE ENTREPRENEURSHIP ACTIVELY DISCOURAGED. SUCH SLOWDOWNS OR REVERBALS OF POLICY COULD OCCUR, AS A MATTER OF FACT, THEY CAN OCCUR EVEN IF GORBACHEV STAYS IN POWER, BUT SUCH SHIFTS WOULD ONLY CAUSE THE ECONOMY TO SINK DEEPER INTO THE QUAGMIRE OF INEFFICIENCY, TECHNICAL BACKWARDNESS AND UNREQUITED HUMAN NEEDS. THE SOVIET LEADERSHIP'S PREOCCUPATION WITH DOMESTIC PROBLEMS WOULD CONTINUE AND EVENTUALLY ANOTHER RADICAL REFORMER WOULD LIKELY ENSUE. THERE IS A LOT OF TRUTH IN GORBACHEV'S FREQUENT ASSERTION THAT PEROESTROIKA IS CONDITIONED BY OBJECTIVE
E.O. 12356: DECL: OADR
TAGS: PGOV, ECON, UR
SUBJECT: THE SOVIET UNION OVER THE NEXT FOUR YEARS

FUNDAMENTALS. EARLIER ATTEMPTS AT "REFORM" TRIED TO KEEP THE IDEOLOGY INTACT AND SIMPLY CHANGE THE WAY IT WAS IMPLEMENTED. THIS SUFFICIENT TO ELIMINATE THE GROSSESTER ASPECTS OF STALINIST TERROR, BUT NOT TO IMPROVE THE MANAGERIAL EFFICIENCY OF THE ECONOMY.

9. WHEN GORBACHEV FIRST CAME TO POWER IT APPEARED THAT HE, TOO, WAS GOING FOR SUPERFICIAL "FIXES" IN ECONOMIC MANAGEMENT. NEVERETNELESS, AS HIS PROGRAM DEVELOPED, IT BEGAN MORE AND MORE TO CONFRONT THE IDEOLOGICAL FOUNDATION OF THE OLD PRACTICES -- AND TO CHANGE THE OLD ASSUMPTIONS.

10. THIS PROCESS FOLLOWED SEVERAL PATHS. ONE WAS AN ALL-OUT ATTACK ON STALINISM, WHICH IMPLICITLY -- AND SOMETIMES EXPLICITLY -- DENIED THAT THE STALINIST SYSTEM OF STATE MONOPOLY WAS EVEN A LEGITIMATE FORM OF SOCIALISM. CONCOMITANTLY, A GRADUAL
SECRET

REHABILITATION OF NON-STALINIST MARXIST THINKERS SUCH AS BUKHARIN HAS OCCURRED, WITH THE OBVIOUS INTENT OF

SECRET
SECRET

PROVIDING VARIANT AND MORE CONGENIAL INTERPRETATIONS OF MARXIST PRINCIPLES.

11. LENIN HAS REMAINED SACROSANCT, BUT HIS UTTERANCES ON TOPICS OF THE DAY WERE SO VARIED THAT THE DILIGENT RESEARCHER CAN FIND A QUOTE TO BOLSTER VIRTUALLY ANY PROPOSITION. "LENINISM" IN EFFECT BECOMES WHAT THE CURRENT LEADERS WANT IT TO BE -- EVEN IF THIS requires AN UNACKNOWLEDGED TRANSFORMATION OF MARXISM ITSELF.

12. AMONG THE MAJOR IDEOLOGICAL POINTS WHICH THE REFORMERS ARE TRYING TO ESTABLISH ARE THE FUNDAMENTAL ROLE OF THE MARKET IN DETERMINING ECONOMIC VALUE (WE DON'T SEE MUCH ON MARK'S LABOR THEORY OF VALUE ANYMORE!!) THE IMPORTANCE OF FOSTERING INDIVIDUAL INITIATIVE AND TAPPING INDIVIDUAL CREATIVITY THE NECESSITY FOR MORE POWERFUL ECONOMIC INCENTIVES THE NEED TO SHIFT FROM "ADMINISTRATIVE" TO "ECONOMIC" (READ MARKET) CONTROLS OF ECONOMIC LIFE; AND -- NOT LEAST -- A DOWNGRADING OF THE "CLASS STRUGGLE" TO A POSITION SUBORDINATE TO THE "COMMON INTERESTS OF MANKIND."

13. NONE OF THESE PROPOSITIONS HAS FIGURED PROMINENTLY IN PAST MARXIST THINKING -- TO PUT IT MILDLY -- AND AN INTENSE STRUGGLE IS STILL UNDERWAY HERE OVER THEM. MANY (INCLUDING LIGACHEV) ARE OPENLY SKEPTICAL ABOUT Basing SO MUCH ON MARKET FORCES, AND THE PRACTICAL EFFECTS OF MOVING IN THAT DIRECTION (RISING PRICES) ARE FIERCELY RESISTED BY AN SECRET SECRET SECRET

PAGE 03 MOSCOW 02962 02 OF 06 0318582

OVERWHELMING MAJORITY. STILL, IT SEEMS CLEAR THAT IF PERESTROIKHA EVER IS MADE TO WORK, ULTIMATE ADOPTION OF THESE VERY UN-MARXIST PRINCIPLES WILL BE ESSENTIAL.

"DIVIDENDS" SLOW TO MATERIALIZE

14. GIVEN THE DEPTH OF THE SOVIET UNION'S PROBLEMS, AND THE DIFFICULTY OF BREAKING THROUGH INSTITUTIONAL AND ATTITUINAL BARRIERS, IT SHOULD NOT BE SURPRISING THAT CONCRETE ECONOMIC DIVIDENDS IN THE FORM OF FOOD AND GOODS IN THE SHOPS HAVE BEEN SLOW IN COMING. BUT
SECRET

WHILE IT SHOULD NOT BE SURPRISING, THE GORBACHEV LEADERSHIP SEEMS TO HAVE BEEN SURPRISED. THEY CLEARLY HAVE BEEN REQUIRED TO STRETCH OUT THEIR PLANS AND ADJUST THEIR INTERIM TARGETS DOWNWARD, EVEN AS THEY WERE DEVISING EVER MORE AMBITIOUS FINAL GOALS.

15. AN OBJECTIVE LOOK AT THE MAJOR ECONOMIC INITIATIVES LAUNCHED UNDER THE BANNER OF PERESTROIKA SHOWS A RECURRENT FLAW. TOP SOVIET LEADERSHIP IS HAVING TO REVISIT EACH INITIATIVE IN ORDER TO SUSTAIN OR REBUILD MOMENTUM WHICH IS OTHERWISE LOST WHEN THE LEADERSHIP ITSELF IS NOT FOCUSED ON IT. THE POLITICAL THRUSTS OF EACH MAJOR ECONOMIC INITIATIVE (E.G., LAND-LEASING, CONSUMER GOODS, FREE TRADE ZONES, FINANCIAL AUTONOMY, INDUSTRIAL POLICY, CONSUMER GOOD PRODUCTION) HAVE FAR OUTDISTANCED ECONOMIC SUBSTANCE, AND PROVISION OF THE SPECIFICS NECESSARY FOR IMPLEMENTATION AND OVERCOMING RESISTANCE TO REFORM AT ALL LEVELS. HOWEVER, THE
FAILURE TO ENGAGE ADEQUATELY ON KEY REFORM ISSUES LIKE MONETARY AND PRICE REFORM, CREATION OF WHOLESALE MARKETS, EXTERNAL COMPETITIVENESS, AND CONVERTIBILITY, COMBINES WITH THE MOMENTUM PROBLEM TO ENSURE THAT THERE IS EFFECTIVELY NO INTEGRATED, MUTUALLY REINFORCING, SEQUENTIALLY SENSITIVE ECONOMIC REFORM PROGRAM.

16. AS THE INTRACTABILITY OF THE ECONOMIC PROBLEMS BECAME EVER MORE EVIDENT, LEADERSHIP ATTENTION FOCUSED INCREASINGLY ON POLITICAL AND SOCIAL REFORM. MOST SOVIET OBSERVERS I TALK TO ATTRIBUTE THIS TO A RECOGNITION THAT POLITICAL REFORM IS A PRECONDITION FOR EFFECTIVE ECONOMIC REFORM. (SINCE ONE OF THE ROOT PROBLEMS IN THE ECONOMY IS THE STRANGLING EXERCISED BY THE RIGID PARTY BUREAUCRACY, ONE MUST LIMIT THE POWERS OF PARTY OFFICIALS, PARE DOWN THE BUREAUCRACY, AND MAKE WHAT IS LEFT MORE RESPONSIVE TO SECRET...
SECRET

MOTIVATION FOR SOME OF THE POLITICAL REFORMS WAS A DESIRE TO PROVIDE POPULAR BENEFITS TO THE PUBLIC AT A TIME WHEN ECONOMIC RESULTS WERE DISAPPOINTING. IF BREAD WAS SHORT, AT LEAST THERE COULD BE CIRCUSES; LOCAL MEETINGS TO "NOMINATE" CANDIDATES TO A BRAND-NEW "PARLIAMENT," FOR EXAMPLE. BUT POLITICAL REFORM IS PROCEEDING NEITHER SMOOTHLY NOR AUTOMATICALLY. ITS ACHIEVEMENTS ARE PARTIAL AND QUALIFIED ONES, AND THE INITIAL ENTHUSIASM OF MANY IS TURNING INTO FRUSTRATION AND EVEN DESPAIR AS THEY SENSE THE MAGNITUDE OF THE TASK AHEAD.

STRUCTURAL AND ATTITUDINAL BARRIERS

17. FUNDAMENTALLY, SOVIET REFORMERS HAVE TO CONTENT WITH MUCH MORE THAN THE FAMILIAR AND DAUNTING PROBLEMS OF OVER CENTRALIZATION, RED TAPE, BUREAUCRATIC RESISTANCE, PARTY ARROGANCE, UNREALISTIC PLANS, CORRUPTION, AND ALL THE OTHER ILLS WHICH HAVE RECEIVED SO MUCH ATTENTION LATELY. THE SAD FACT IS THAT THE SOVIET POLITICAL AND ECONOMIC SYSTEM HAS DESIGNED TO WORK ONLY FROM TOP DOWN, ON A COMMAND BASIS, AND TO RESIST CHANGE AND SPONTANEITY, MUCH AS THE BODY'S IMMUNE SYSTEM RESISTS INFECTIONS. MOVING TO A SYSTEM WITH THE OPPOSITE ORIENTATION -- CLEARLY IMPLIED BY PERESTROIKA -- MAY NOT BE POSSIBLE ON THE BASIS OF INCREMENTAL CHANGE. TO PUT IT ANOTHER WAY, EACH CHANGE TENDS EITHER TO BE SMOTHERED BY THE SYSTEM ITSELF OR -- IF IT IS PressED RELENTLESSLY -- TO THREATEN COLLAPSE OF THE ENTIRE SYSTEM.

SECRET

SECRET

PAGE 03 MOSCOW 02962 03 OF 06 0318592

18. IF THE BULK OF THE POPULATION HAD A BETTER UNDERSTANDING OF WHAT IS REQUIRED TO GET OUT OF THE MESS ALL ACHIEVE THEY ARE IN, THE STRUCTURAL BARRIERS NOTED MIGHT SEEM SOMEHOW ERODABLE. ALAS, MOST PEOPLE HERE HAVE NOT THE FoggIEST NOTION OF WHAT CONSTITUTES MARKET ECONOMICS, NURTURED FOR DECADES ON THE MYTH THAT THERE IS A "FREE LUNCH" (SOCIALIST "BENEFITS" OF "FREE" EDUCATION, "FREE" MEDICAL CARE, CHEAP FOOD AND HOUSING) AND THAT IT IS IMMORAL TO LIVE BETTER THAN ONE'S NEIGHBOR, THERE IS FIERCE
SECRET

RESISTANCE TO MARKET PRICES, IF THEY MEAN HIGHER PRICES -- AS THEY INEVITABLY DO IN AN ECONOMY OF SCARCITY AND PRINTING-PRESS MONEY. THUS, WE NOW WITNESS THE PHENOMENON OF THE PUBLIC DEMANDING PRICE AND OTHER CONTROLS ON THE FLEDGLING COOPERATIVE (I.E., PRIVATE) SECTOR, WHICH WOULD AT BEST FORCE UPON THEM THE SAME INEFFICIENCIES AS THE STATE SECTOR AND MORE LIKELY KILL THEM OFF ALTOGETHER.

POPULAR EXPLOSIONS MAY OCCUR

SECRET
SECRET

PAGE 01  MOSCOW 02962 04 OF 06 0318592
ACTION SS-00

INFO LOG-00 ADS-00 /000 U
--------------------------050113 041902Z /38
R 031826Z FEB 89
FM AMBASSAD MOSCOW
TO SECSTATE WASHDC 4107
INFO MOSCOW POLITICAL COLLECTIVE

SECRET SECTION 04 OF 06 MOSCOW 02962

EXDIS

S/S: PLEASE PASS TO NSC FOR GEN. SCOWCROFT

E.O.12356: DECL:OADR
TAGS: PGOV, ECON, UR
SUBJECT: THE SOVIET UNION OVER THE NEXT FOUR YEARS

EXHAUSTED. MOST LIKELY, SUCH OUTBURSTS CAN BE
CONTROLLED -- BUT AT ENORMOUS COST TO THE FORWARD
MOMENTUM OF REFORM.

20. MORE SERIOUS IS THE POTENTIAL FOR MAJOR
ERUPTIONS OF NATIONALIST FEELING, AS THE BALTICS AND
THE CAUCASUS HAVE SHOWN OVER THE PAST YEAR. Indeed,
DESpite ALL OF THE CHANGES IN SOVIET SOCIETY OVER THE
PAST SEVERAL YEARS, THE GLASNOST AND THE PERESTROIKA;
ONLY NATIONALISM HAS BEEN CAPABLE OF IGNITING POPULAR
PASSIONS. And WE MUST REMEMBER THAT THE UKRAINE AND
CENTRAL ASIA -- AREAS WHERE, BECAUSE OF POPULATION
SIZE, RESOURCES AND RELIGION, NATIONALISM COULD
REPRESENT A MAJOR DANGER TO THE SOVIET EMPIRE -- HAVE
REMAINED THUS FAR ALMOST EERILY QUIET; A CALM THAT
NEITHER WE NOR THE SOVIET LEADERSHIP SHOULD EXPECT TO
CONTINUE.

SECRET
SECRET

PAGE 02  MOSCOW 02962 04 OF 06 0318592

21. A BACKLASH OF RUSSIAN NATIONALISM HAS ALREADY
BEGINN. WE CAN EXPECT IT TO INTENSIFY OVER THE NEXT
SECRET

SEVERAL YEARS AS THE MINORITY NATIONALITIES BECOME MORE ASSERTIVE, EITHER IN THE PRESS OR IN THE STREETS. NO MATTER WHAT THE DANGER TO HIS REFORM PROGRAM, THERE ARE LIMITS BEYOND WHICH NO SOVIET LEADER WILL BE ABLE TO GO, AND STILL RETAIN HIS JOB, IN TOLERATING NATIONALIST OUTBURSTS. FOR THAT VERY REASON, GORBACHEV AND THE SOVIET LEADERSHIP WILL INVEST GREAT ENERGY AND RESOURCES IN THE EFFORT TO HEAD OFF OR MANAGE NATIONALIST EXPLOSIONS.

GORBACHEV’S POSITION

22. THE GLOOMY OUTLOOK FOR TANGIBLE IMPROVEMENTS IN SOVIET ECONOMIC PERFORMANCE HAS LED MANY TO QUESTION GORBACHEV’S STAYING POWER. *MINDFUL ESPECIALLY OF KHURSHCHEV’S FATE AND ALSO, PERHAPS, INFLUENCED BY THE LOGIC OF WESTERN POLITICAL PROCESSES, SOME OBSERVERS FEEL THAT WITHOUT AN UPTURN IN THE AVAILABILITY OF FOOD AND CONSUMER GOODS FAIRLY SOON, GORBACHEV COULD BE SUCCESSFULLY CHALLENGED BY RIVALS.

23. THIS IS POSSIBLE, BUT I DO NOT CONSIDER IT LIKELY. MY GUESS IS THAT GORBACHEV WILL REMAIN THE SOVIET LEADER FOR A CONSIDERABLE TIME TO COME, WHETHER OR NOT HIS DOMESTIC POLICIES ARE SUCCESSFUL. IN THE FIRST PLACE, THE SOVIET UNION IS BY NO MEANS A PARLIAMENTARY DEMOCRACY. GORBACHEV WILL NOT BE VOTED OUT BY A PUBLIC IMPATIENT FOR TANGIBLE REWARDS. IF HE IS REMOVED, THE ONLY PLAUSIBLE SCENARIO FOR HIS REMOVAL BY POLITICAL MEANS WOULD INVOLVE A CONSPIRACY AGAINST HIM IN THE CENTRAL COMMITTEE. ANY SUCCESSFUL
SECRET
SECRET

CONSPIRACY WOULD HAVE TO INVOLVE A FAIRLY WIDE CIRCLE; SO THAT THE ORGANIZERS COULD BE CONFIDENT OF OVERWHELMING SUPPORT ONCE THE ISSUE WERE JOINED. KHURSHCHEV FELL VICTIM TO SUCH A CONSPIRACY, SO HE KNOW IT CAN HAPPEN, SO DOES GORBACHEV, OF COURSE, AND THAT IS PROBABLY WHY HE HAS PLACED THE KGB AND (LESS IMPORTANTLY) THE ARMY IN LOYAL HANDS. SO LONG AS THE KGB CHAIRMAN, THE COMMANDER OF THE KREMLIN GUARD AND THE MINISTER OF DEFENSE ARE LOYAL TO HIM, IT IS DIFFICULT TO SEE HOW A CONSPIRACY COULD BE MOUNTED SUCCESSFULLY. SINCE HE WOULD BE WARNED IN

SECRET
SECRET

Time to take "prophylactic" steps -- and would have
the means to do so. Even the first two of the trio
named would probably provide adequate insurance.

24. In addition, the constitutional changes now
planned will create an added institutional barrier to
a sudden, conspiratorial removal of the Soviet
leader. Once Gorbachev occupies the revamped office
of President, those who would plan his removal by
other than constitutional means would face a possible
hurdle which does not exist today. Since strict
adherence to constitutional procedure has never been
a noticeable Soviet or Russian trait, one cannot say
that he could not be removed by a conspiratorial
clique with the support of the Central Committee,
but it would be a more complicated task than that
facing Brezhnev and his associates when they moved
against Khrushchev. This is probably the most
important of Gorbachev's motivations in pressing so
hard for the creation of a stronger presidency with a
fixed term, to be held simultaneously with the office

SECRET
SECRET
SECRET

PAGE 01    MOSCOW 02962 05 OF 06 031900Z
ACTION SS-00

INFO LOG-00   ADS-00   1000 H
--------------050120 041902Z /38
R 031826Z FEB 89
FM AMBASSAD MOSCOW
TO SECSTATE WASHDC 4108
INFO MOSCOW POLITICAL COLLECTIVE

SECRET SECTION 05 OF 06 MOSCOW 02962
EXDIS

S/S: PLEASE PASS TO NSC FOR GEN. SCHOFIELD

E.O. 12356: DECL:ADR
TAGS: PGOV, ECON, UR
SUBJECT: THE SOVIET UNION OVER THE NEXT FOUR YEARS
OF PARTY GENERAL SECRETARY.

THE MILITARY BURDEN

25. AS PERESTROIKA FOUNDERS AND PRESSURES ON
GORBACHEV TO DELIVER INCREASED, ONE FACT LOOMS LARGER
AND LARGER: THE POLICY OF ALLOCATING
DISPROPORTIONATELY LARGE RESOURCES TO THE MILITARY
SECTOR HAS impoverishes THE CIVILIAN SECTOR AND IS
ONE OF THE ROOTS OF TODAY'S ECONOMIC DISARRAY.
FURTHERMORE, GIVEN ITS SIZE AND TECHNICAL
SOPHISTICATION, THE MILITARY SECTOR PROVIDES A
TEMPTING "RESERVE" WHICH CAN BE TAPPED TO ALLEVIATE
TODAY'S SHORTAGES. THUS, THE RECENT DECISION TO
PROCEED WITH THE UNILATERAL ARMS REDUCTIONS -- AND
EVEN MORE SUBSTANTIAL CUTBACKS IN THE INDUSTRIAL
CAPACITY DEVOTED TO MILITARY PRODUCTION -- ARE A
REACTION TO WHAT THE GORBACHEV LEADERSHIP MUST VIEW
SECRET
SECRET

PAGE 02    MOSCOW 02962 05 OF 06 031900Z

AS AN URGENT NECESSITY.

26. THE MILITARY -- AND THE MILITARY INDUSTRIAL

SECRET
SECRET

COMPLEX AS A WHOLE -- CAN HARDLY BE ENTHUSIASTIC OVER SUCH MOVES, AND WE CAN ASSUME THAT THOSE ELEMENTS OF SOCIETY WILL PUT UP A STIFF FIGHT, ESPECIALLY IF ATTEMPTS ARE MADE TO CONTINUE RETRENCHMENTS BEYOND THOSE ALREADY ANNOUNCED. THIS WOULD NOT BE TRIVIAL RESISTANCE, BUT IT MIGHT NOT AUTOMATICALLY CARRY THE DAY.


28. IF THIS IS THE CASE, THEN GORBACHEV IN FACT MAY HAVE A FREER HAND TO SQUEEZE THE MILITARY-INDUSTRIAL COMPLEX THAN MANY HAVE SUPPOSED.

IS PERESTROIKA IRREVERSIBLE?

29. I, OF COURSE, MAY BE GUESSING WRONG IN PREDICTING GORBACHEV’S POLITICAL LONGEVITY -- AND IT WOULD BE JUST MY LUCK IF I WAKE UP THE DAY AFTER THIS CABLE IS DISPATCHED TO LEARN THAT THE CC HAS ELECTED SECRET SECRET

PAGE 03 MOSCOW 02962 05 06 0319002

A NEW GENERAL SECRETARY IN AN UNANNOUNCED SESSION AND MIKHAIL SERGEYEVICH HAS ASSUMED THE DUTIES OF KOLKHOZ CHAIRMAN AT SOME LOCATION TO THE EAST.

30. THOUGH I DOUBT THAT THIS WILL HAPPEN, LET US ASSUME THAT THIS DOES -- IF NOT TOMORROW, THEN NEXT YEAR OR THE YEAR AFTER. WHAT THEN? WOULD THAT BE THE END OF PERESTROIKA?

31. ESSENTIALLY, ANY SUCCESSOR OVER THE NEXT FOUR YEARS WOULD FACE PRECISELY THE SAME PROBLEMS GORBACHEV DOES -- POSSIBLY IN MORE ACUTE FORM.

SECRET

From the National Security Archive, The George Washington University, Gelman Library, 2130 H Street, NW, Suite 701, Washington, DC 20037
SECRET
SECRET

PAGE 01  MOSCOW 02962 06 OF 06 0318597
ACTION SS-00

INFO LOG-00  ADS-00 /000 H

--------------------------050115 041902Z 38
R 031826Z FEB 89
FM AMBASSADOR MOSCOW
TO SECSTATE WASHCN 4109
INFO MOSCOW POLITICAL COLLECTIVE

SECRET SECTION 06 OF 06 MOSCOW 02962

EXDIS

S/S: PLEASE PASS TO NSC FOR GEN. SCOWCROFT

E.O. 12356: DECL: OADR
TAGS: PGOV, ECON, UR
SUBJECT: THE SOVIET UNION OVER THE NEXT FOUR YEARS

NECESSITY AND IS NOT DEPENDENT ON ANY INDIVIDUAL.
OVER THE LONG RUN, THIS IS PROBABLY RIGHT.

32. ONE THING A SUCCESSOR REGIME COULD NOT DO IS PUT
THINGS BACK LIKE THEY WERE, VINTAGE LATE 70'S OR
EARLY 80'S. THE SOVIET UNION HAS, IN EFFECT,
DECLARED THE BANKRUPTCY OF ITS SYSTEM; BUT IS
STICKING STUBBORNLY TO MOST OF ITS PRIMARY SOCIAL
GOALS, AND LIKE A CORPORATION UNDER CHAPTER XI, IS
NOW SEEKING TO REORGANIZE ITS MODE OF OPERATION IN
ORDER TO ACHIEVE THOSE OBJECTIVES. THERE IS NO
TURNING BACK, HOWEVER, AND IN TIME, EVEN
IDEOLOGICALLY-BASED GUARANTEES OF SOCIAL EQUITY MAY
HAVE TO GIVE GROUND TO MARKET-BASED EFFICIENCIES,
WITH ALL THE IMPLICATIONS THAT CARRIES FOR A
REORIENTATION OF GOVERNMENT AND SOCIETY.

33. LENINGRAD MINIMIZE CONSIDERED. MATLOCK
SECRET
SECRET

PAGE 02  MOSCOW 02962 06 OF 06 0318597