THOUGH

... of the Russian Federation. The new political system faces significant challenges, including the need to address the economic crisis, political instability, and social unrest.

2. The U.S.-Soviet ministerial will find the Soviet Union in a crisis of political power and facing fundamental choices. Gorbachev's leadership has been exposed as flawed, with his popularity declining sharply. The political system is in a state of disarray, with the old leadership structures crumbling.

3. Gorbachev has yet to fashion a coherent system of legitimate power to replace the old party-dominated system. His attempts to decentralize and democratize have been met with resistance, and his policies have not reversed the economic decline.

4. The success of Gorbachev's efforts to modernize Soviet society and the military has been limited. The economic reforms have not been implemented effectively, and the political changes have been slow and inconsistent.

5. If Gorbachev is forced to act in the short run, he may have to sacrifice pushing ahead with reform to stabilize the situation. This could lead to a more conservative approach to political change.

6. Despite the problems, Gorbachev has a reasonable chance of remaining at the helm for some time to come. His position is under pressure, but he has the advantage of effective use of his powers as President. The current decline in his popularity and authority, no matter what Gorbachev's fate, will continue in the Soviet Union for objective reasons, though its course will be delayed. The new leadership could be interrupted or undermined by an authoritarian internecine.

Crisis of Political Power

7. The mid-May U.S.-Soviet ministerial will find the Soviet Union and Gorbachev in the midst of a deep crisis of political power. Standing at the center of a crumbling political order, Gorbachev looks less a man in control and more an embattled leader. Polls suggest that his popularity has dropped sharply over the past several months, even though he remains the country's most popular political figure. The ruling party and regional political leaders have grown sharper and more open, with the new leadership now publicizing corruption with greater frequency.
10. As Gorbachev himself has admitted, he has yet to create a new system to replace the old party-dominated, Stalinist one he has thoroughly discredited and extensively dismantled. To be sure, the elements of a new system are present: the new executive presidency; the reformed, more democratic system of Soviets; greater respect for the rule of law. They have not yet matured into a coherent whole, however.

--The presidency with its two advisory bodies, the presidential council and the council of the federation, is still in the formative stages. These bodies are not playing the key decisionmaking role the Politburo once did;

--The USSR Supreme Soviet remains too understaffed, underinformed, and inexperienced to be an effective legislature. The emergence of many republic and lower-level Soviets with a greater claim to legitimacy could marginalize the all-union Supreme Soviet, while giving priority to regional interests over all-union concerns. Moreover, none of the Soviets have adequate control over budgets or resources, which is necessary for true political clout.

--The building of an independent judiciary, the key institutional guarantee of the rule of law, remains largely a promise.

11. More important, the new system itself lacks full legitimacy, though in this regard it is at least better off than the party. Rhetorically, Gorbachev and his allies have sought legitimacy in democratic principles. Practically, however, Gorbachev sacrificed his legitimacy as president by insisting that he be elected, not by popular vote, but by the Congress of People’s Deputies. The Congress itself is far from a democratically elected body, society fragmented and polarized.

12. In the absence of order imposed from the center, an increasingly politicized Soviet society has continued to fragment along national lines and polarize on the political spectrum.

--In the past two months, the three Baltic states have declared their independence and Ukrainian separatists won big in Soviet elections in western Ukraine. Moscow’s grip over events in Transcaucasia is tenuous. Sentiment for independence in Moldavia is growing.

--Across the country, Gorbachev and his reform program are coming under increasing pressure as left and right-wing populism gains strength. Organized and unorganized workers are pressurizing the government to release political prisoners, and workers sympathetic to Moscow’s position face harassment from their own unions. The result is a growing disunity and alienation.

13. At the same time, a bitter struggle is underway in the party, which despite Gorbachev’s reforms remains the dominant political institution, not so much for its soul as for its property and resources. Deep splits in the leadership are now public knowledge, as Gorbachev challenges Yershkov’s economic reform program and shevarnadze and ligachev trade charges over the tbilisi tragedy of April 1989.

14. Party factions now exist in all but name. The left, centered on the “democratic platform,” is waging an insurgency—apparently with some success—for control of party organizations. The rightwing has apparently focused its hopes on the creation of a Russian communist party as a counterweight to what it sees as a too liberal all-union party. Reaching the inevitable, the party leadership has just endorsed such a party and moved to coopt it after having nailed it against it for the past year. Non-Russian republic parties, where they have not already collapsed before national movements (as in the Baltics and Transcaucasia), are increasingly infected by nationalism and are pushing for a federal party structure. For the time being at least, the center, led by Gorbachev, is trying to keep the disparate factions united in a single party. Most observers, however, expect the party to split at the 28th party congress this July or shortly thereafter.

Gorbachev on the defensive.
CONFIDENTIAL
Department of State

1743 EUR1363

INCOMING
TELEGRAM

18. For five years, Gorbachev has confounded the doomsayers. When faced by grave challenges, he has moved boldly and outmaneuvered his opponents while radicalizing and accelerating reform across the board. He is probably inclined to do the same at this critical juncture. He has noted several times that the next year or two may well be the last chance to get it right. But there are limits to the bold departures Soviet society will tolerate, especially if they do not produce the promised economic well-being. Events are pushing Gorbachev toward a choice he has tried hard to avoid, since there does not appear to be another bold departure capable of keeping both reform on track and the federation together.

PREPARING TO SACRIFICE THE UNION?

19. If Gorbachev is forced to act in the short run, he may have to sacrifice, pushing ahead with reform - at least temporarily - to maintain the union, or risk his own political position. A policy that would permit the dissolution of the union still faces substantial resistance within the political elite, where the military in particular would sacrifice reform for the territorial integrity of the Soviet motherland. But he has also already begun to prepare the public for at least partial dissolution. The law on secession sets high hurdles, but they are not too high for some of the republics - particularly Lithuania. Moreover, as an alternative to secession, he has recently abandoned his firm opposition to both confederal relations between Moscow and the union republics and the creation of a Russian communist party. The latter should push the party further toward an ethnically-based federal structure. A confederal state structure and a federal party one would spell the end of the Soviet Union as a unitary state and might make it a unified one in name only.

WILL GORBACHEV HANG ON?

1743 EUR1363

Moscow 15714 80 of 85 111780Z

21. Despite doctrinal problems, Gorbachev has a reasonable chance of remaining at the Soviet helm for some time to come. His position is under pressure, not lost. Should he demonstrate an ability to use his new power as president boldly and effectively on the nationality and economic crises he faces, he could reverse the current decline in his popularity and authority. If he vacillates, the probability of his removal will increase.

CHANGE WILL CONTINUE, BUT SETBACKS ARE ALSO POSSIBLE

22. No matter what happens to Gorbachev personally, the pressure for change from an increasingly restive and well-informed populace will continue over the longer term. The course of change will at best be uneven in coming years, however, and we do not exclude the possibility that an authoritarian interregnum might interrupt it. An authoritarian successor regime, however, if one should occur, would be incapable over any extended period of dealing with the underlying problems of Soviet society. It or its successor, would be pushed for objective reasons to choices similar to those Gorbachev now faces.

23. LENINGRAD MINIMIZE CONSIDERED. MATLOCK

DECLASSIFIED
CONFIDENTIAL