CONFIDENTIAL

Department of State

SUBJECT: GORBACHEV CONFRONTS CRISIS OF POWER

1. CONFIDENTIAL - ENTIRE TEXT.

2. THE U.S.-SOVIET MINISTERIAL WILL FIND THE SOVIET UNION AND GORBACHEV IN THE MIDDLE OF A SEVERE POLITICAL CRISIS. GORBACHEV'S POPULARITY HAS DROPPED SHARPLY OVER THE PAST FEW YEARS, ALTHOUGH HE REMAINS THE MOST POPULAR SOVIET POLITICAL LEADER. YET EVEN HE HIMSELF APPEARS UNDER PRESSURE, NOT LOST. BOLD, EFFECTIVE USE OF HIS POWERS AS PRESIDENT COULD REVERSE THE CURRENT DECLINE IN HIS POPULARITY AND AUTHORITY. NO MATTER WHAT GORBACHEV'S FATE, CHANGE WILL CONTINUE IN THE SOVIET UNION FOR OBJECTIVE REASONS, THROUGH ITS COURSE WILL BE UNHEALTHY, AND COULD EVEN BE INTERRUPTED BY AN AUTHORITARIAN INTERREGNUM.

3. GORBACHEV HAS YET TO FASHION A COHESIVE AND EFFECTIVE POLITICAL STRATEGY TO REPLACE THE OLD PARTY-DOMINATED STALINIST ORDER AS SOVIET SOCIETY HAS BECOME MORE RADICALIZED. THE PARTY ITSELF, AS YET STILL THE DOMINANT POLITICAL INSTITUTION, IS BEING FRACTIONALIZED AND PROBABLY DOOMED TO SPLIT AT THE 28TH PARTY CONGRESS THIS JULY OR SHORTLY THEREAFTER.

4. THE SUCCESS OF GORBACHEV'S EFFORT TO MODERNIZE SOVIET SOCIETY AND AT THE SAME TIME KEEP THE FEDERATION TOGETHER APPEARS INCREASINGLY PROBLEMATIC. DEMOCRATIZATION AND MARKET REFORMS ARE ENCOURAGING REGIONAL, ETHNIC, AND CLASS TENSIONS AND THEY COMPLICATE THE FORMING OF THE NATIONAL CONSENSUS NEEDED FOR FURTHER REFORM. TRUE TO HIS PAST, GORBACHEV IS PROBABLY INCLINED TO MOVE GENTLY TO RESOLVE THE CURRENT CRISIS. HE HAS SAID THAT THE NEXT YEAR OR TWO WILL MAKE OR BREAK THE REFORM PROCESS. NEVERTHELESS, HE MAY FIND THERE IS NO BOLD DEPARTURE THAT WILL ALLOW HIM TO KEEP BOTH REFORM AND THE FEDERATION TOGETHER.

5. IF GORBACHEV IS FORCED TO ACT IN THE SHORT RUN, HE MAY HAVE TO SACRIFICE PUSHERING AHEAD WITH REFORM.

6. DESPITE THE PROBLEMS, GORBACHEV HAS A REASONABLE CHANCE OF REMAINING AT THE HELM FOR SOME TIME TO COME. HIS POSITION IS UNDER PRESSURE, NOT LOST. BOLD, EFFECTIVE USE OF HIS POWERS AS PRESIDENT COULD REVERSE THE CURRENT DECLINE IN HIS POPULARITY AND AUTHORITY. NO MATTER WHAT GORBACHEV'S FATE, CHANGE WILL CONTINUE IN THE SOVIET UNION FOR OBJECTIVE REASONS, THROUGH ITS COURSE WILL BE UNHEALTHY, AND COULD EVEN BE INTERRUPTED BY AN AUTHORITARIAN INTERREGNUM. END SUMMARY.

CRISIS OF POLITICAL POWER

7. THE MID-MAY U.S.-SOVIET MINISTERIAL WILL FIND THE SOVIET UNION AND GORBACHEV IN THE MIDDLE OF A SEVERE POLITICAL CRISIS. STANDING AT THE CENTER OF A GROWING 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 FEW YEARS, EVEN IF HE REMAINS THE COUNTRY'S MOST POPULAR POLITICAL FIGURE. CRITICISM OF HIM AND HIS POLICIES HAS GROWN SHARPER AND MORE OPAQUE, WITNESS THE JERKING MARCHERS ON RED SQUARE. THIS MAY DAY AND PUBLIC ALLEGATIONS OF CORRUPTION. GORBACHEV'S OWN REPEATED PROTESTATIONS TO THE CONTRARY, MANY SOVIETS, INCLUDING EMBASSY CONTACTS ACROSS THE POLITICAL SPECTRUM, WONDER WHETHER HE HAS A CLEAR SENSE OF WHERE HE WANTS TO TAKE THE COUNTRY AND HOW TO GET THERE. MANY ALREADY REGARD HIM AS A SPENT POLITICAL FORCE.

8. THE SIGNS OF CRISIS ARE LEGION: SHARPLY RISING CRIME RATES, PROLIFERATING ANTI-GOVERNMENT DEMONSTRATIONS, BURGERING SEPARATIST MOVEMENTS, DETERIORATING ECONOMIC PERFORMANCE AND STAGNANT ECONOMIC REFORM, CONFUSING SIGNALS ON PARTY REFORM, AND A SLOW, UNCERTAIN TRANSFER OF POWER FROM PARTY TO STATE AND FROM THE CENTER TO THE PERIPHERY. THESE DOMESTIC SHOCKS TO THE SYSTEM ARE CONFounded BY THE RECENT UNRAVELLING OF THE SOVIET SECURITY SYSTEM IN EASTERN EUROPE, ALSO UNACCOMPANIED AS YET BY THE ESTABLISHMENT OF ANY CREDIBLE ALTERNATIVE EUROPEAN-WIDE INSTITUTIONS.

9. IT IS A CRISIS OF GORBACHEV'S MAKING, IF NOT OF HIS DESIGN. FIVE YEARS OF GORBACHEV'S PERESTROIKA HAVE UNEARTHED THE KEY INSTITUTION OF POLITICAL POWER IN THE SOVIET UNION, THE COMMUNIST PARTY. GORBACHEV HAS

--- COMPROMISED THE PARTY'S RIGHT TO RULE BY CHASTISING MARXISM-LENINISM, LEGALIZING A MULTIPARTY SYSTEM, AND PERMITTING REVELATIONS ON THE PARTY'S PAST CRIMES, PRESENT CORRUPTION, AND HISTORICALLY ICHTIC ECONOMIC MANAGEMENT;

--- UNDERMINED THE PARTY'S ABILITY TO RULE BY REMOVING IT FROM THE DAY-TO-DAY MANAGEMENT OF THE ECONOMY AND INHIBITING THE SEPARATION OF PARTY AND STATE; AND

--- SERIOUSLY STRAINED THE PARTY'S WILL TO RULE BY ABANDONING REGIONAL PARTY LEADERS FACED BY MONETARY, PUBLIC DISCONTENT, REFUSING TO PROVIDE DETAILED POLICY GUIDANCE, AND TRIMMING THE PRIVILEGES OF POWER.
ATTACKS GORBACHEV AND HIS BRAND OF REFORM. WORKERS ARE ORGANIZING - LARGELY BY INDUSTRY AND REGION - TO SECURE THEIR SHARE OF A DIMINISHING ECONOMIC PIE, WITH LITTLE REGARD FOR THE GREATER INTERESTS OF THE COUNTRY AS A WHOLE.

PARTY SPLITTING

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 NATURED INTO A COHESIVE WHOLE, HOWEVER.

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.

12. IN THE ABSENCE OF ORDER IMPOSED FROM THE CENTER, AN INCREASINGLY POLITICIZED SOVIET SOCIETY HAS CONTINUED TO FRAGMENT ACROSS NATIONAL LINES AND POLARIZE ON THE POLITICAL SPECTRUM.

OEIlOCRATIZATION AND GLASNOST' HAVE ONLY EXACERBATED "ECONOMIC REPARATIONS TO SACRIFICE THE UNION' CONSERVATIVE OPPONENTS STILL ENTRENCHED IN THE ECONOMIC MINISTRIES. THE 2000ERN, HIGH-TECH SOCIETY. GORBACHEV INTANTS. INDEED, HE DROVE BOLDLY FOR OPPOSITION TO BOTH COMMUNAL RELATIONS BETWEEN DISSOLUTION OR THE UNION STILL FACES SUBSTANTIAL DEPARTURES SOVIET SOCIETY WILL TOLERATE, ESPECIALLY IF ANOTHER BOLD DEPARTURE?

THE LACK OF A NATIONAL CONSENSUS IPEDES RAPID MOVEMENT ON ECONOMIC REFORM. "SHOCK THERAPY" ALONG POLISH LINES STRAINS THE FABRIC OF EVEN A UNITED SOCIETY; IT WOULD LIKELY TEAR THE SOVIET UNION APART. PIECENAIL REFORMS, HOWEVER, LEAVES REFORM AT THE MERCY OF CONSERVATIVE OPPONENTS STILL ENTRENCHED IN THE ECONOMIC MINISTRIES.

IN SHORT, THE TWO GOALS OF PERESTROIKA - MODERNIZATION AND A STRENGTHENED SOVIET FEDERATION - INCREASINGLY APPEAR TO BE MUTUALLY EXCLUSIVE.

ANOTHER BOLD DEPARTURE?

18. FOR FIVE YEARS, GORBACHEV HAS CONFRONTED 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 YEAR AND A HALF WILL MAKE OR BREAK THE REFORM PROCESS, SO HE REALIZES HE CANNOT DELAY BOLD DEPARTURES INDEFINITELY. 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 NATION. BUT HE HAS ALSO ALREADY BEGUN TO PREPARE THE PUBLIC FOR ANOTHER BOLD DEPARTURE CAPABLE OF KEEPING BOTH REFORM ON TRACK AND THE FEDERATION TOGETHER.

PREPARING TO SACRIFICE THE UNION?

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 UNSTABLE IN COMING YEARS. HOWEVER, AND WE DO NOT INCLUDE THE POSSIBILITY THAT AN AUTHORITARIAN INTERREGNUM MIGHT INTERRUPT IT. AN AUTHORITARIAN SUCCESSOR REGIME, HOWEVER, IF ONE SHOULD OCCUR, WOULD BE INCAPABLE 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 werde FACES.

23. LENINGRAD MINIMIZE CONSIDERED. MATLOCK