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[Redacted]

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Andropov's Foreign Policy Performance [Redacted]

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General Secretary Andropov's immediate assertion of a leading role in foreign policy and the self-confident rhetoric of the leadership on international issues suggested a potential dynamism in Soviet policy that was not present in Brezhnev's final days. Nevertheless, the past year has witnessed a substantive approach to external issues that is similar to Brezhnev's and—more surprisingly—very limited personal involvement by Andropov in comparison with even Brezhnev's final months. Poor health alone cannot explain the fact that he has traveled only once outside the USSR, held few meetings with foreign leaders since Brezhnev's funeral, and rarely commented on a series of important regional issues. [Redacted]

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[Redacted]

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Andropov and the Consumer [Redacted]

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The consumer welfare policies and approaches espoused by Andropov to date are not likely to be wellsprings of long-term, significant benefits for Soviet consumers. Andropov has been careful not to raise consumer expectations, playing down the material aspects of consumption and stressing instead the role of socialist values and popular commitment to the system as determinants of the overall "quality of life." [Redacted]

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[Redacted]

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Problems and Prospects of a New Succession [Redacted]

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Andropov's advanced age and uncertain health suggest the possibility of a new succession at any time, but the regime is not well prepared for a transfer of power. [Redacted]

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The Foreign Policy Decisionmaking Apparatus Under Andropov [Redacted] 25

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The decisionmaking apparatus inherited from Brezhnev has undergone relatively minor alterations, although the prominence of both Foreign Minister Gromyko and Defense Minister Ustinov has increased. Andropov has less need for extensive staff support, given his considerable experience in foreign affairs before becoming General Secretary, and thus far only three men have been publicly identified as his foreign policy aides. A second group of influential men around Andropov is made up of informal advisers and speechwriters who have long-term links to the General Secretary. [Redacted]

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[Redacted]

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A Progress Report on Sino-Soviet Relations [Redacted] 29

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The third round of Sino-Soviet consultative talks in Beijing that ended last month resulted in no breakthroughs on major bilateral and international issues, but the two sides are making progress toward better relations. [Redacted]

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[Redacted]

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Andropov's First Year

Perspective: Andropov's Political and Policy Momentum

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Since becoming General Secretary last November, Yuriy Andropov has accumulated more power than any of his predecessors at comparable points in their tenure. From the outset he projected the image of a sober, "take charge" leader. Many Soviet officials even seemed to be upbeat about his prospects, and they had high expectations that he would quickly provide forceful and effective rule. Despite his personal political gains over the year, however, there has been little momentum in the policy sphere, and no additions to the voting ranks of the Politburo have been made since last November. The slow pace of Andropov's policy initiatives probably stems from expectations that were unrealistic, his innate caution in pressing for major changes, political opposition and bureaucratic resistance to change, and his uncertain health. (See the lead article in this issue for an assessment of Andropov's first year in political terms.)

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Andropov appears to be looking first to the appointment of new cadres before embarking on new policies. Indeed, some personnel appointments made by the new General Secretary (those of Geydar Aliyev, Grigoriy Romanov, and Nikolay Ryzhkov, for example) suggest a willingness to promote tough, no-nonsense politicians and technocrats to tackle the Soviet Union's problems. In the process, such former Brezhnev proteges as Nikolay Shchelokov and Sergey Medunov have been ousted, and players beholden to Andropov have replaced them. A new Central Committee Economics Department has been created.

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In the foreign policy arena it is doubtful that Andropov intended to make any significant departures from Brezhnev's policies (see "Andropov's Foreign Policy Performance"). As a Politburo member and KGB chief under Brezhnev, Andropov helped to shape the basic foreign policy strategy that continues under his own leadership. He has focused on arms control measures, assuming a major role in putting forth new Soviet proposals on

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INF, MBFR, and ASAT, and taking the propaganda offensive in response to the scheduled INF deployment. A failure to prevent INF deployment will test his policies toward the United States and Europe—areas that top his foreign policy agenda. On the other hand, bureaucratic lethargy may account for the lack of effective moves to improve relations with China or Japan. In sum, Andropov has reacted to foreign policy problems, but he has not set a bold new course. [redacted]

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On domestic issues, Andropov has focused his attention on the need to revitalize the Soviet economy, attempting to “get the country moving again” after the lethargy of Brezhnev’s last years. He is aware of the tensions that declining economic growth and inefficiency are generating in Soviet society, and he is convinced of the need to combine regime firmness toward the population with greater rewards for hard work. So far, Andropov has stressed making the current system work better. He has not introduced any major changes in Soviet economic mechanisms or resource allocation priorities. Although changes in both may be in the offing, they are likely to be evolutionary in nature and preceded by considerable debate and experimentation. Andropov recognizes that any program of change he proposes must contain elements that appeal to both reformist and conservative interests within the regime. [redacted]

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Some of Andropov’s economic decisions, such as tying monetary incentives more closely to performance and, on an experimental basis, giving managers more authority, have been favored by “reformers.” Conservative elements in the party, on the other hand, probably approve of Andropov’s administrative measures (the discipline and anticorruption campaigns) that have contributed to an upturn in productivity this year. In dealing with issues of consumer welfare, Andropov has openly attempted to dampen material expectations and sought to instill a more conscientious attitude among Soviet workers (see “Andropov and the Consumer”). [redacted]

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Time, however, is Andropov’s main enemy. His age (69) and uncertain health are not likely to allow him a lengthy tenure. Vacation and illness, in fact, kept him out of action at least 12 continuous weeks this fall. If he is to be more than an interim leader, if he really intends to reshape Soviet policy for the future, he will have to push harder in the days ahead. In the foreign policy area, Soviet strategies will need to be revised, while on the home front economic stringency could force tough choices on resource allocation shifts. Andropov will have to act more boldly and decisively, even if this entails greater political and health risks. [redacted]

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If Andropov does leave the scene soon, the regime would face a difficult choice in selecting his successor (see "Problems and Prospects of a New Succession"). Sickness, death, and the consequences of earlier political battles have so reduced leadership ranks that the regime is not well prepared for a succession. At present the other senior party secretaries appear to have the best chances of succeeding Andropov: Mikhail Gorbachev, who is being promoted by Andropov; Grigoriy Romanov, whose age and experience give him a good shot at the top party job; and Konstantin Chernenko, who is still nominally number two in the party. However, there is no ideal succession candidate, no one has a lock on the post, and no one could be expected to emerge in as strong and authoritative a position as Andropov has in so short a time. Thus, a succession in the near term probably would make the Soviet leadership scene more uncertain, resulting in less room for maneuver both at home and abroad.

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**Andropov on Top:
An Assessment of His
Authority and Power** [redacted]

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During Yuriy Andropov's first year in office, he clearly has emerged as the Politburo's most powerful member and the Soviet Union's major spokesman on a broad range of issues. The June party plenum and his elevation to the presidency further confirmed the General Secretary's political standing, adding considerably to his personal authority and political prestige. He does not have any strong political rivals, and his position appears secure. The domestic agenda, moreover, has become increasingly dominated by themes associated with Andropov, such as the anticorruption and labor discipline campaigns and proposals for change in managing the economy [redacted]

In spite of such accomplishments, Andropov's failure to significantly alter the political balance in the Politburo—either by promoting supporters or removing opponents—coupled with his cautious approach in proposing new economic policies suggests that he has encountered some resistance. His age and uncertain health make it unlikely that he can successfully push through a comprehensive economic program unless he moves at the coming plenums to gain additional political support and power. Failure to do so, coupled with a lack of physical vigor, could result in his being perceived as an interim leader, one who would have difficulty generating support for Politburo changes or controversial economic initiatives. Moreover, Andropov needs to concentrate on building support within the Central Committee, bringing into its ranks a new generation of skilled managers and technocrats to follow his lead, implement his policies, and bolster his position. His ability to consolidate his power and place his stamp on the direction of Soviet policy thus will hinge on the personnel issue. [redacted]

Andropov's Progress in Consolidating Power

All previous party leaders (Stalin, Khrushchev, and Brezhnev) consolidated their positions by expanding their influence in cadre selection and reshaping the top ruling bodies (Politburo and Secretariat) to ensure support for desired programs. In the post-Stalin era this process has depended less on intimidating the

opposition than on building authority, demonstrating indispensability as a leader to various constituencies, and constructing policies that appeal to these constituencies. [redacted]

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Andropov has made rapid progress in acquiring the authority conferred by the offices and titles (President, Chairman of the Defense Council) that his predecessor took years to publicly acquire. His rival, Konstantin Chernenko, even referred to him as "head" of the Politburo at the June plenum—a plaudit Brezhnev did not receive until nine years after he became party leader. Nonetheless, it is not yet clear whether the General Secretary can translate his political standing into effective political power. [redacted]

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The importance of personnel appointments in achieving this latter goal is evident. From the beginning, Andropov has sought to convey an image of strong leadership that contrasts sharply with the perceived inertia of the late Brezhnev era. Numerous Soviet officials had privately criticized Brezhnev's unwillingness to remove incompetent or errant officials and repeatedly stated that under Andropov things would change. [redacted]

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the discipline and anticorruption campaigns will be used to gain control of the party apparatus and bring in individuals more attuned to modern management methods and more supportive of Andropov's policy initiatives. Several Andropov consultants—most notably Fedor Burlatskiy—have stressed that even modest reform goals must be preceded by a rejuvenation of party ranks. [redacted]

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[redacted] Most recently, in discussions with US Embassy officials, maverick Soviet historian Roy Medvedev underscored the importance of personnel changes, describing the placing of skilled individuals in the Soviet hierarchy as Andropov's paramount goal. [redacted]

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Despite the chorus predicting extensive personnel changes, Andropov's use of this tactic to expand his political support in the leadership has been limited to date. The June party plenum did strengthen his position. The addition of Grigoriy Romanov to the Secretariat weakened the influence of Konstantin Chernenko. This move, when combined with the apparent alliance Andropov has formed with Mikhail Gorbachev, the party secretary reportedly responsible for personnel assignments, has substantially enhanced the General Secretary's influence over the Secretariat. [redacted]

At the same time Andropov has been less successful in creating a Politburo solidly behind him, despite the opportunities presented by a depletion of the leadership ranks. The full membership of the Politburo has not been altered since last November, and two presumed Andropov clients who are potentially eligible for advancement—Yegor Ligachev, head of the Central Committee department which oversees cadre appointments, and party secretary Nikolay Ryzhkov—failed to move up. Reports persist of an anti-Andropov faction in the Politburo whose members are said to include Brezhnev loyalists Konstantin Chernenko, Premier Nikolay Tikhonov, and Kazakh party chief Dinmukhamed Kunayev. [redacted]

Andropov's caution in introducing new programs and reports of factionalism in the Politburo suggest that this opposition cannot easily be overcome. [redacted]

[redacted] Andropov's ability to promote significant economic reforms has been hampered by Politburo resistance. [redacted]

[redacted] Andropov still lacks the Politburo support necessary to streamline the Soviet system and deal with problems of low productivity, absenteeism, and supply bottlenecks. While the extent to which Andropov wishes to carry economic "reform" is still unclear, his speech to party veterans in August clearly places him on the side of innovation. [redacted]

Personnel Change—Picking Up the Pace?

Recently there have been signs that Andropov has given particular attention to changes within the party apparatus, especially those slots traditionally conferring membership in the Central Committee. Since last

November about two dozen Central Committee members have died or been retired. These vacancies presumably have given Andropov the opportunity to fill them with new individuals that are more beholden to him. Two longtime Brezhnev associates—Georgiy Pavlov (chief of the Central Committee's Administration of Affairs) and Sergey Trapeznikov (chief of the Science and Educational Institutions Department) have retired, giving the General Secretary another opportunity to install candidates of his own choice in the senior ranks of the Central Committee apparatus. Moreover, two new deputy ministers, Vasilij Lezhepekov and Kirill Vostrikov, have been appointed to the Ministry of Internal Affairs (MVD). [redacted]

Andropov also intends to utilize the party elections now under way to increase his power by removing incompetent leaders. This process could be considerably facilitated by the presence of two Andropov allies—Yegor Ligachev, head of the Central Committee department overseeing the elections, and Mikhail Gorbachev, the senior secretary responsible for cadres. At the same time, this strategy must be judiciously applied. An extensive housecleaning could alienate the majority of local party officials, whose support is essential to successful implementation of Andropov's economic program. [redacted]

Although the "reporting and election" meetings are a normal part of the cadre renewal process mandated by CPSU statutes, those scheduled for late 1983–early 1984 have been described as especially significant. [redacted]

[redacted] local party leaders will be judged by strict standards of accountability, an interpretation

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buttressed by an article in an August issue of *Partiynaya Zhizn'* (Party Life). In a September meeting with US Embassy officers, Richard Kosalopov, editor of *Kommunist* and a Central Committee member, abandoned his usual reticence in discussing personnel matters and intimated that significant changes in lower- and middle-level party officials could be expected. [redacted]

Perhaps to increase his opportunity to make further appointments, Andropov has also sought to convey a message to aging cadres that retirement is no disgrace. Departing officials are now routinely thanked for their years of government service. In Pavlov's case, his retirement notice was preceded in the central press by the announcement of a ceremonial tribute to Brezhnev in the former general secretary's hometown. The timing of this tribute suggests that Andropov may be trying to reassure Brezhnev holdovers that, although he wishes to install his own team, this need not be at the expense of Brezhnev's reputation or those who were closest to him. Instead, Andropov will seek to persuade older cadres of the benefits of timely retirement. His address to party veterans in August, and their orchestrated response to his speech, in addition, seemed designed to convey the message that the older generation should step aside. [redacted]

The Struggle in the Politburo

The ongoing election campaign, coupled with opportunities offered by the natural attrition in leadership ranks, could be exploited by Andropov to create a Central Committee presumably more in line with his policy preferences. According to Medvedev, major changes will occur among oblast first secretaries (the single-largest component in the Central Committee) as a result of the elections. These changes will then be ratified at an early party congress producing a new Central Committee. The Council of Ministers, the second-largest group represented in the Central Committee, will also undergo wholesale changes, including the eventual replacement of its head, Premier Tikhonov. [redacted]

To effect extensive changes in the Central Committee, Andropov would need strong backing in the Politburo. Although he does not now have a firm majority in that body, the next plenum and the one

following in the spring will provide new opportunities to add clients or remove rivals. While there has been little in the way of political gossip concerning the upcoming plan and budget plenum, Andropov's position would be strengthened by the promotion of several officials who are thought to be members of what one Soviet has called the Andropov team and appear to be good candidates for advancement. Ligachev's appointment to the Secretariat and Ryzhkov's elevation as a candidate Politburo member would be a strong signal that the leadership balance is moving in Andropov's direction. The promotion of Vitaliy Vorotnikov, an Andropov client who as RSFSR Premier is currently enjoying favorable media attention, or Mikhail Solomentsev, the party Control Committee chairman, as full members would help even more. Removing political opponents at this point would probably be more difficult but cannot be ruled out. Continued reports about Chernenko's ill health and Andropov's reported desire to make Gorbachev the number-two man in the Secretariat suggest that Andropov's chief rival might be under increased pressure to retire. [redacted]

In any event, Andropov's alliance with Gorbachev and Ligachev should enable him to keep placing allies in key personnel slots. The success of his economic policies (he will seek to take credit for the rate of GNP growth this year), despite their limited application, could also increase his support among key constituencies. He almost certainly continues to enjoy the backing of Defense Minister Ustinov and Foreign Minister Gromyko and the institutional support of the KGB. Andropov's previous position as head of the KGB also may serve to inhibit any active opposition on the part of his rivals, who appear to lack a strong leader around whom to rally. [redacted]

He will need a good deal of political skill, nonetheless, to project the image of a dynamic leader confronting difficult policy choices without provoking opposition from those resistant to change. In addition, he must continue to maintain an image of physical vigor or risk being perceived as an interim leader. Such perceptions, if widely held, could make it difficult to

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generate support for Politburo changes or controversial economic initiatives. His continuing absence from the political scene will not help him in this regard. These problems suggest that the outcome of Andropov's efforts to tighten control over the party apparatus and press forward with programs to improve the Soviet economy is by no means certain, although on balance it seems likely that he will make further progress in doing so.

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Andropov's Foreign Policy Performance

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The Brezhnev era represented the USSR's most successful period of international development, and General Secretary Andropov's immediate assertion of a leading role in foreign policy and the self-confident rhetoric of the leadership on international issues suggested a potential dynamism in Soviet policy that was not present in Brezhnev's final days. The improved leadership rankings at the outset of Andropov, Defense Minister Ustinov, and Foreign Minister Gromyko—the key players in national security affairs during the Brezhnev era—also pointed to a significant consensus on foreign policy issues and the prospect of greater Soviet activity to enhance the USSR's international position. Nevertheless, the past year has witnessed a substantive approach to the external issues that is similar to Brezhnev's and—more surprisingly—very limited personal involvement by Andropov in comparison with even Brezhnev's final months.

Gromyko and Ustinov, in supporting Brezhnev's detente policy in the mid-1970s. It is, therefore, no surprise that he has continued the basic strategy he inherited from Brezhnev and retained Brezhnev's foreign policy team largely intact.

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Andropov has had considerably more input in shaping Soviet foreign policy than Brezhnev did when he took power in 1964. Andropov already holds the three key national security policy positions—General Secretary, President, and Chairman of the State Defense Council. He still cannot change Soviet policy unilaterally, however, and must consult with his Politburo colleagues—particularly the senior Moscow-based members involved in foreign policy issues—and broker changes with key institutional interests like the military. This limits his ability to make dramatic or rapid shifts.

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With the exception of arms control issues, Soviet foreign policy during Andropov's first year has been marked by few initiatives and little imagination. Poor health alone cannot explain the fact that he has only traveled once outside the USSR (and then to a Warsaw Pact meeting nearly one year ago), held few meetings with foreign leaders since the Brezhnev funeral, and rarely commented on a series of important regional issues. Andropov has been associated with no major initiatives on regional issues, and even with regard to Eastern Europe—an area of special expertise and experience—there are no indications of policy lines that are different from Brezhnev's. Andropov's need to concentrate on more pressing domestic issues as well as the intractability of many foreign policy problems apparently account, in part, for the meager results in foreign policy during his first year.

Arms Control

Andropov has focused most of his attention on arms control issues, particularly INF. In doing so, he has strongly reaffirmed Moscow's commitment to arms control. He has not dramatically changed longstanding Soviet positions but has attempted to infuse new dynamism and vigor into the basic Soviet positions and has modified them in order to appear not to have lost the initiative to the United States. He has personally articulated all the key Soviet pronouncements on INF.

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Scarcely a month after replacing Brezhnev, Andropov elaborated an offer, first broached on the eve of Brezhnev's death, to reduce Soviet IRBM launchers to a level equal to that of British and French intermediate missiles. The move served to divert attention from the US "zero option" and to intensify pressure on Western governments to make concessions.

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Continuity in the Foreign Policy Team

Before becoming General Secretary, Andropov had long experience and a political stake in issues related to foreign policy. He played a key role, along with

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Andropov also has acted as principal regime spokesman for Soviet INF positions with the West Europeans and has attempted to ensure Warsaw Pact support for countermeasures in meetings with East German and Hungarian leaders. [redacted]

Andropov belatedly showed some concern for Western demands to limit Soviet SS-20s in Asia, but delays in articulating Moscow's position probably cost the Soviets credibility at the talks and internationally. In January SPD leader Hans-Jochen Vogel went public with what he thought was a promise by Andropov to dismantle some SS-20s after an INF agreement rather than transfer them to the east. Moscow, however, failed to table such an offer until August, thus embarrassing Vogel—the Soviets' preferred candidate—on the eve of the West German elections. [redacted]

Under pressure from the United States, China, and Japan, Andropov finally sought to reassure China and Japan by pledging in a 27 August interview to destroy any excess SS-20s if an agreement is achieved. He went on, however, to assert lamely that existing SS-20s were not meant for offensive use against them. Despite this concession the Soviet leader of the INF delegation maintained until mid-September that the proposal referred only to dismantling launchers and would not entail destroying missiles. Soviet officials had to correct this in a Moscow news conference which made clear that the offer included dismantling missiles as well as launchers. [redacted]

Andropov proclaimed on 27 October yet another "concession" by offering to reduce the number of SS-20 launchers in the western USSR to 140. The move presumably was intended to stimulate the flagging West European peace movement, but, in fact, it came as a disappointment to many West Europeans, who had expected larger reductions. The beginning of NATO INF deployments signals the failure of Andropov's major foreign policy effort since assuming office. [redacted]

Andropov has also unveiled several other arms control proposals to regain the initiative after US proposals. In December he proposed a mutual nonaggression treaty between NATO and the Warsaw Pact. In late

June, Moscow tabled new MBFR proposals including certain provisions for on-site inspections, thus answering a major criticism of earlier Soviet proposals. During his meeting with US senators in August, Andropov offered to place a moratorium on the testing of Soviet antisatellite systems if the United States would refrain from testing similar weapons and called for a new treaty banning antisatellite and space-based weapons. [redacted]

US-Soviet Relations

Andropov's emphasis on arms control has led him to devote considerable attention to relations with the United States. He met Vice President Bush at Brezhnev's funeral and hinted at a willingness to hold a summit meeting with President Reagan if tangible results could be achieved. These moves fit a strategy of appearing to take the high road in US-Soviet relations. [redacted]

Meanwhile, Andropov waged an active campaign to influence US public opinion in the spring and summer. It appears that he and his advisers at this point viewed the growing nuclear freeze sentiment as their best hope of pressuring the White House into arms control concessions. They may have calculated that the approach of the 1984 elections would encourage the President to moderate some of what they see as his "anti-Soviet" positions in order to improve his electoral prospects. [redacted]

By the end of the summer, it appeared that Andropov was signaling interest in lowering the level of confrontation between Washington and Moscow. Moscow had compromised on the wording of the final CSCE document in Madrid and agreed to discuss upgrading the hotline after an initially skeptical reaction. The Soviets also kept their promise to allow the Pentecostals to emigrate. In late August President Reagan lifted some trade restrictions, and the United States and the Soviet Union signed a new long-term grain agreement. Andropov told West German Chancellor Kohl in July that he was willing to meet the President sometime before the spring of 1984. [redacted]

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The inept, ill-considered Soviet handling of the KAL shutdown has, nevertheless, raised questions in the West about Andropov's image as a sophisticated spokesman on foreign policy issues. Moscow considered that the strong US response was politically motivated by anti-Soviet elements and answered US criticism with countercharges equating US actions with those of Nazi Germany. The Soviet defense was slow in developing, and it should have been apparent in Moscow that the eventual line—that the United States used the KAL flight to collect intelligence, in a deliberate provocation—was lame and bound to alienate the Western public. The shutdown made any summit meeting unlikely in the near term and severely undercut Soviet efforts to appeal to the American public over the heads of the US leaders. [redacted]

Asian Policy

On bilateral relations with China, Andropov has not advanced any new initiatives. While calling in broad terms for improved relations, he has relied more on the Ministry of Foreign Affairs and party professionals to do the spade work and has not authorized any major concessions on troop reductions or third-party issues (Afghanistan, Vietnamese occupation of Kampuchea, or Soviet troops in Mongolia), which Beijing sees as crucial to a breakthrough. Moreover, an authoritative article in September indicated that no major change in Soviet positions was likely, suggesting that Andropov is still unwilling or unable to sanction major concessions that could bring about rapid results. Nevertheless, the Soviets have managed some improvement in economic and political relations without making any concessions to Chinese demands, which is perhaps all that could have been expected. [redacted]

Nor has Andropov initiated any major changes in the Soviet approach elsewhere in Asia. The emergence of Japanese Prime Minister Nakasone, who has taken a harder line on defense issues and the Northern Territories, led to a downturn in Soviet-Japanese relations. Andropov in his August interview on Asian INF called for improved relations, but, as with other Soviet "peace" efforts, this has probably been undermined by the KAL shutdown. [redacted]

In Southeast Asia, Moscow has attempted to reassure Vietnam of continuing support despite efforts to improve relations with Beijing. Andropov met Vietnamese party leader Le Duan in July but has yet to meet

Laotian or Kampuchean leaders, leaving these chores to Gromyko and Ustinov. In Afghanistan, Andropov has sanctioned some tactical adjustments, but earlier speculation in the West that Moscow might withdraw its troops has proved unfounded. The Soviet situation, in fact, has probably worsened in Afghanistan, where the Babrak government has failed to establish international credibility and the insurgency has become more pervasive. [redacted]

Third World

Andropov's first year has witnessed no gains in the Third World except for the Middle East, where last year's Israeli invasion of Lebanon provided opportunities for preserving the critical relationship with Syria. Andropov, Gromyko, and Ustinov probably played leading roles in the initial decision in the summer of 1982 to upgrade military support for Syria after its defeat at Israeli hands in Lebanon. The Soviets carried through on delivery and manning of the SA-5 anti-aircraft missiles despite the risks of becoming more deeply involved in Middle East hostilities. They have also delivered SS-21 tactical missiles to the Syrians—the first delivery of this weapon to non-Soviet forces. [redacted]

In the war between Iran and Iraq, Andropov has continued Moscow's tilt toward Baghdad. As a result, Soviet relations with Iran have deteriorated even further. Andropov avoided committing the USSR beyond rhetorical, political, and low-level military support to Libya's intervention in Chad. He has also maintained a low profile on fighting in Lebanon and has failed to provide more than rhetorical support to Arafat in his internecine struggle. [redacted]

Soviet client regimes in southern Africa face an increasingly serious security threat from insurgents backed by South Africa, and the Soviets have had to increase deliveries of more sophisticated military hardware to maintain the regimes in Angola and Mozambique. The deteriorating security situation has abetted Soviet efforts to impede US diplomatic moves aimed at reducing tensions between South Africa and its neighbors. [redacted]

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In Central America, the Soviets appear to be more concerned about the possibility of increased friction with the United States. Andropov, perhaps as a result, has yet to meet any Cuban leader for extensive bilateral discussions. In his June Central Committee speech, Andropov suggested that the USSR is not willing to underwrite the economies of emerging "progressive" states like Nicaragua. Similarly, comments from Soviet officials avoid any hint that the USSR has made a military commitment to defend the Sandinista revolution. [redacted]

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Prospects

Soviet foreign policy continues to operate in an environment largely created by Brezhnev, but INF deployment in Western Europe will provide Andropov with a major test. Andropov's response to deployment will be the first genuine test of the creativity and effectiveness of his foreign policies, particularly toward the United States and key European countries.

[redacted]

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In the Third World, there have been no reversals, and he seems determined to carry on Moscow's longstanding opportunistic policy of exploiting political instability to expand Soviet influence. All indications so far, however, suggest that he remains cautious and will not overcommit the regime, particularly if such a step risks direct military confrontation with the United States. Andropov does not appear willing to use Moscow's increasingly strained resources to bankroll additional Third World clients. [redacted]

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**Andropov and
the Consumer**

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The Andropov regime appears to be taking a cautious approach on consumer issues. Without impinging on defense or industrial investment, it has little room for maneuver unless and until the Food Program pays some return and more resources can be spared for the provision of soft goods, consumer durables, and services. Moreover, the regime does not view major improvements in consumption as an urgent necessity. Indeed, the General Secretary stressed in his June plenum speech that improvement in the Soviet standard of living will be slow.

Queueing, informal rationing, and special distribution of meat, milk, and butter spread widely during 1979-82.

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The regime apparently is willing to settle for slow growth in consumption because the cost of doing otherwise would be extremely high. Moreover, it believes that other means are available to motivate the work force: specifically, greater wage differentiation and sterner penalties for poor work performance. Andropov has been careful not to raise consumer expectations, playing down the material aspects of consumption and stressing instead the role of socialist values and popular commitment to the system as determinants of the overall "quality of life."

For some time before the death of Brezhnev, the regime had been concerned by the agricultural sector's inability to support a standard of living commensurate with the USSR's great-power standing. The persistence of this condition was seen as an embarrassment and a contributing cause to the broader problems of consumer discontent and slow growth in labor productivity. The Brezhnev Food Program, unveiled in May 1982 after several delays, was intended to reduce the costly dependence on imports of feed grain and food; upgrade the variety, quality, and nutritional balance of the diet; and, in general, to convert the farm sector from one that is a brake on economic growth to one that is a strong contributor.

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What Andropov Inherited

Among the most difficult challenges facing Andropov when he became Secretary General of the Communist Party of the USSR one year ago was that of improving worker performance just as the increase in real consumption of the Soviet population had virtually come to a halt.

Moscow's response to slowing growth in material welfare in the Brezhnev era has been twofold and has brought mixed results. One attempted remedy, the continuing effort to tighten the reins on money income growth, has slowed the accumulation of purchasing power. Although this approach has contained the potential pressures of suppressed inflation, it has done little to improve the consumer's lot. Moscow has also consistently attempted to improve the match between the mix of goods and services and consumer desires and to improve product quality. But the predominant factor accounting for imbalances in consumer markets remains the problem of assortment. Attempts to achieve equilibrium between demand and supply for specific products have been hindered by the regime's failure: (a) to adjust relative prices, resulting in a pervasive seller's market in which prices for goods generally do not reflect scarcity or cost, and (b) to

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Although the standard of living had improved substantially during the Brezhnev era, it remained low in comparison with those of developed Western countries and most East European countries. Moreover, by the late 1970s the Soviet Union was clearly in the midst of a downward drift in economic growth that tended to force greater attention to investment in priority sectors like energy, transportation, and heavy industry. Finally, four successive years of disappointing agricultural production, combined with continuing growth in personal disposable income, led to widening gaps in demand for and supply of "quality" foods.

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provide effective incentives for producers to respond to consumer desires, to innovate, and to exercise stronger quality control. [redacted]

What Andropov Has Done

Like Brezhnev, Andropov seems to feel that, until the agricultural sector can guarantee a higher quality diet, directing additional investment resources to provide the accoutrements of a well-developed consumption sector has to be postponed. In the 1980s the Soviet consumer cannot look forward to widely available personal care services, well-designed and spacious housing, or widespread car ownership. [redacted]

The range of responses that Andropov considers appropriate and feasible to deal with the near stagnation in consumption is limited. Under Andropov, the regime has generally followed the Brezhnev approach to consumption problems: it has endorsed the Food Program, it is slowing aggregate income growth, and it is pursuing administrative measures intended to force enterprises to produce a better quality and assortment of consumer goods. Since early this year, several decrees relating to consumer goods and services have appeared; their general tone indicates high-level frustration and irritation that the variety, quality, and general availability of consumer goods and services are not improving. But the decrees do not appear to provide many, if any, additional resources. [redacted]

Finally, Andropov is trying to grapple with a situation apparent in the last years of the Brezhnev regime: having relied increasingly upon material incentives instead of discipline, the regime had neither strong positive or negative incentives at its disposal to influence worker performance in a period of slowing growth of real consumption. Although Andropov would like to have both, he recognizes that the economy is not going to provide much consumption growth in the near future, and, accordingly, he has taken several disciplinary measures to improve worker effort. [redacted]

The most recent measure dealing with worker discipline and incentives was a decree in August calling for tougher measures against absentees, drunks, and other offenders. It provides for loss of pay and vacation privileges, demotion, or even dismissal for those guilty

of such offenses while offering positive incentives for good workers. Managers are subject to disciplinary proceedings for failing to ensure labor discipline. [redacted]

Although initially the concept of worker discipline was applied to blue-collar workers and directed largely at absenteeism, drinking on the job, and high labor turnover, Andropov has extended it to society at large, and the concept of discipline now implies social order and popular commitment to the system. It is the antithesis of what a recent *Pravda* editorial condemned:

Unfortunately, people who live in their own little world of exclusive petty concerns, pushing community interests into the background, are still very much with us. This can be seen in manifestations of a private-ownership, nationalistic mentality; local self-interest; parasitism; money grubbing; acquisitiveness; drunkenness; and so on. An indifferent, narrow-minded attitude toward life is incompatible with the makeup of a conscientious Soviet citizen. [redacted]

While the discipline campaign provides the negative incentives, Andropov's approach toward remuneration is designed to be a positive motivator. He has harshly attacked wage leveling, and he is making a stronger effort to link remuneration to the contribution of each worker. So far, however, except in agriculture, little systemic change in the direction of broader pay differentiation has occurred. Instead, factory managers and trade union leaders have been told to reward better workers with more bonuses and privileges. [redacted]

What Andropov's Policies Will Achieve

The consumer welfare policies and approaches espoused by Andropov to date are not likely to be wellsprings of long-term, significant benefits for Soviet consumers. [redacted]

The Food Program. Although the Food Program has long-run potential for more efficient food production, implementation probably will be slow. Even if the program's 1990 targets for per capita consumption of

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quality foods are met on time, consumption of these highly desired foods would still remain substantially below present per capita intake achieved in countries with comparable levels of economic development. In addition, because of high demand for quality foods and because personal disposable income will continue to grow, the supply-demand gap for these products is likely to remain large. [redacted]

Adjusting Enterprise Incentives. The pronounced disequilibrium in markets for individual consumer goods and services can be traced to the inability of the planning system to ensure a mix of goods that would satisfy consumer demand at existing prices and to the failure of quality control at all stages. Enterprises generally lack a strong interest in the marketing side of their operations, despite an extensive history of government efforts to change this attitude. A new success indicator that tasks heavy-industry enterprises to produce a specified amount of consumer goods per ruble of the enterprise wage fund is not likely to help much, because it does not relieve enterprises of the obligations to meet their primary output targets. [redacted]

Labor Discipline. Andropov's efforts to improve discipline will not endure unless some way of firmly and consistently tying worker remuneration to performance is devised that does not depend upon an endless stream of decrees and harangues from the top. Establishing this link between remuneration and performance would require a reversal of the pronounced trend toward wage leveling that occurred under Brezhnev. Andropov has indicated that he will continue to push for more wage differentiation. Although a thoroughgoing and time-consuming revision of wage norms to reward higher skill levels and output would be necessary to carry out Andropov's intention of promoting productivity, this step would not be sufficient. Labor productivity growth is hampered by several problems outside the individual worker's control, such as late deliveries of supplies, equipment breakdowns, and faulty technical specifications. As it is, workers receive only half their wages when they are standing idle through no fault of their own, a situation that contributes to poor morale and falsification of output statistics by managers unwilling to antagonize their workers. [redacted]

Finally, even if the wage system is eventually structured so that payment corresponds more closely to contribution to production, better workers will be left with the quandary of how to translate their relatively higher incomes into an improved standard of living if the desired consumer goods are not available. Most workers are unlikely to accept Andropov's thesis that the quality of life does not necessarily equate with material consumption. [redacted]

Slowing Wage Growth. Although Andropov has said more than once that the consumer economy as a whole is plagued by too much purchasing power, the chief problem is one of assortment. The imbalances in the Soviet consumer goods market are less the consequence of excess purchasing power relative to the overall supply of consumer goods and services than the result of disequilibrium in markets for specific categories of goods and services or items greatly desired by consumers.¹ [redacted]

Looking Ahead

The policy implications of this situation cannot be encouraging from the perspective of the Soviet leadership. Although a continuation of the policy of slowing wage growth and allowing selective price increases for nonessential goods will help to prevent the growth of excessive purchasing power, this policy does little to provide incentives for workers. To reinforce incentives would require major restructuring of relative retail prices and substantial increases in the supply of quality foods, housing, and personal services—generally bringing the product mix into greater conformity with demand. It would also require greater attention to relative wages to bring individual incomes more

¹ The evidence lends little support to the theory that repressed inflation caused by a faster growth of incomes than of total goods and services available for purchase is the reason for pervasive disequilibrium in consumer markets. First of all, our estimates of personal money incomes and outlays over the last decade and a half show generally equivalent rates of growth. In addition, the disposable income that Soviet households have been saving is a decreasing share of their annual income gains. Finally, comparisons of the USSR with countries where consumer markets are in equilibrium suggest that the ratio of net financial assets to consumption outlays in the USSR is not disproportionately high. [redacted]

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into line with workers' contributions to production. As past Soviet experience shows, it is far more difficult to carry out these initiatives than to control the growth of household incomes. [redacted]

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The Andropov regime, while trying to dampen consumer expectations and to instill a more conscientious attitude among workers, still hopes to achieve some slow growth in the availability of consumer goods and services. We judge that Moscow would be highly reluctant to allow consumption levels to decline from their present level and will continue to import substantial quantities of consumer goods, in part by pressuring its CEMA partners for more deliveries of these goods. The 1984 economic plan and the discussions surrounding the compilation of the 1986-90 plan will provide more clear-cut evidence regarding Andropov's intentions in the consumer arena. [redacted]

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**Problems and Prospects
of a New Succession** [redacted]

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Soviet party leader Yuriy Andropov's absence from this year's anniversary ceremonies in Moscow—no general secretary has missed them in 30 years or more—is almost certainly due to a worsening of his physical health. His frail health in fact has been evident from the outset of his tenure and has given rise to speculation that the regime could face a new succession at any time. [redacted]

encounter more difficulty in consolidating his position. As a result, the possibility of protracted turmoil within the leadership cannot be ruled out. [redacted]

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The Potential for an Early Succession

There are signs, moreover, that the bureaucracy has been concerned about Andropov's physical staying power, even while the new leader's hold on power is growing and his political position is solid. [redacted]

Although Yuriy Andropov has been party chief for only a year, his advanced age and uncertain health have raised questions among Soviets and Westerners alike about the length of his tenure. Indeed the illness that prevented Andropov from attending the revolution ceremonies in early November—Khrushchev and Brezhnev never failed to attend—points to the Soviet leadership predicament. Andropov took office at age 68 (he is now 69)—almost 10 years later in life than any of his predecessors. While the specific nature of his current health problems is unknown, the official explanation that he has a cold is almost certainly an understatement of the problem. Unofficially, Soviets report that he has a kidney ailment, but, whatever the exact nature of the problems, there is no doubt that his health is frail. [redacted]

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[redacted] the Politburo is haunted by the question of succession and hard pressed to decide who from among its ranks could fill the position of general secretary if Andropov leaves the scene any time soon. [redacted]

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There are good reasons for Soviet concern over the succession: sickness, death, and the consequences of earlier political battles have so reduced leadership ranks that the regime appears less prepared for a new succession than it was when Brezhnev died last year. Moreover, no likely candidate starting from among the senior party secretaries—Konstantin Chernenko, Mikhail Gorbachev, and Grigoriy Romanov—and including the darkhorses Dmitriy Ustinov and Viktor Grishin—now seems to have a better than 50-50 chance to be selected. This situation strongly suggests that the next succession will be more controversial and tumultuous than the last one. Each of the best placed candidates—senior secretaries Chernenko, Gorbachev, and Romanov—have significant political liabilities, and Andropov's seeming support for Gorbachev will not be much help once he is dead. [redacted]

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At the same time his political position remains solid: Andropov is treated deferentially by his Politburo colleagues, he has the most authoritative voice in the leadership (while out of sight this fall, his remarks on the KAL shutdown and INF were prominently published in the Soviet media), and he was accorded top leadership status in the displays of leader portraits and slogans during the November anniversary ceremonies. Moreover, there is no evidence of organized opposition to his role in the Politburo. [redacted]

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While Andropov has from the outset seemed politically healthy, concern about his physical status began the day of Brezhnev's funeral and has heightened since then. During the June 1983 visit to Moscow of Finnish President Koivisto, for example, Finnish officials were surprised that Soviet authorities permitted

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Perhaps it will take a little longer than usual, but a new leader will emerge within a matter of days. No new leader is likely to have the power, authority, and prestige that Andropov had when he gained the post, and any new leader after Andropov is likely to

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Andropov to appear before the foreign press, an appearance which highlighted his poor condition. Another example of Andropov's physical weakness occurred the following month, when a long-scheduled meeting between Andropov and West German Chancellor Helmut Kohl had to be delayed because of Andropov's health. Even Soviet propagandists have been unable to show Andropov in good physical form. A US Embassy officer who saw a Soviet documentary film on Andropov that was released to movie theaters this summer reported that, despite the film's efforts to portray Andropov in the most favorable terms, he came across as a very sick man. Andropov's 12-week absence from public view since late summer has also served to raise doubts about his health status. He postponed a planned trip to Bulgaria, reportedly called off a planned Warsaw Pact summit meeting, and the fall meetings of the Central Committee and Supreme Soviet remain unscheduled as of 14 November, possibly because of Andropov's uncertain health status.

Soviet officials in Moscow and abroad have been openly discussing Andropov's health during the past year, indicating that it has become a subject of concern at least within the middle level of the bureaucracy:

- On one occasion a Soviet Embassy officer in Belgrade passed along a story that Andropov had diabetes, on another that he had kidney trouble.
- A Radio Moscow official told Embassy officers that Andropov's health was not good and that he had kidney trouble.

[Redacted]

- [Redacted] Andropov appeared weak and unsteady during the session, and his appearance cast a mood of uncertainty among Central Committee members about how long he would rule.

These perceptions, if widely shared in the bureaucracy, probably have slowed Andropov's effort to consolidate his position and could increase his vulnerability to political challenge. There is no question, moreover, that Andropov's long absence this fall has hurt his chances to push in new policy directions.

Unprepared for Succession

[Redacted] the Politburo is haunted by the question of succession and hard pressed to decide who from among its ranks could fill the position of general secretary if Andropov leaves the scene. Sickness, death, and the consequences of earlier political battles have so reduced leadership ranks that the regime appears less prepared for a new succession than it was when Brezhnev died last November. For example, without Andropov the party will have the smallest Politburo since the early 1950s, and there is no leader in the Secretariat who has experience comparable to that of Khrushchev, Brezhnev, or even Andropov. Moreover, when Brezhnev died there were at least two leaders well placed (holding membership in both the Politburo and Secretariat) and with the requisite experience to become general secretary: Andropov, who had been moved to the Secretariat several months before Brezhnev's death; and Brezhnev's protege, Konstantin Chernenko. Chernenko, however, has suffered health problems during the past year.

Role of the Politburo and Key Leaders

The succession decision is most likely to be made in the Politburo by the senior core of remaining leaders: senior secretaries Chernenko, Gorbachev, and Romanov, Premier Tikhonov, Defense Minister Ustinov, Foreign Minister Gromyko, Moscow party boss Grishin, and Ukrainian party chief Shcherbitskiy. It will be in the interest of these leaders to move quickly in order to avoid conflict and political paralysis and to project an image of decisiveness abroad. While a coalition could form "in the corridor" before a formal Politburo meeting, all 10 remaining full Politburo members will have a vote on the succession question. Only if the Politburo is unable to reach a consensus would the decision shift to the more than 300 voting members of the Central Committee. If the Central

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Succession Frontrunners



Mikhail Gorbachev

Position:
Central Committee
Secretary

Responsibilities:
Personnel appointments
and agro-industrial sector

Age:
52

Advantages: Andropov's choice, high visibility, recently expanded responsibilities, Central Committee clout

Liabilities: Junior, limited experience, probably lacks military and defense-industrial support

Prospect: Andropov's continuity candidate



Grigoriy Romanov

Position:
Central Committee
Secretary

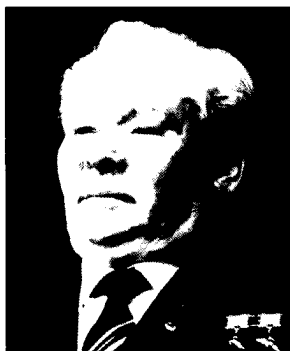
Responsibilities:
Heavy and defense-related
industry

Age:
60

Advantages: Administrative experience, probable support of defense sector, image of toughness

Liabilities: Ambitions threaten other leaders, lacks central party experience

Prospect: Ideologically conservative candidate



Konstantin Chernenko

Position:
Central Committee
Secretary

Responsibilities:
Ideology

Age:
72

Advantages: Unofficial second in command

Liabilities: Passed over once before, not fully trusted, ill health

Prospect: Compromise candidate



Dmitriy Ustinov

Position:
Defense Minister

Responsibilities:
Military Affairs

Age:
75

Advantages: Past experience in Secretariat, military backing

Liabilities: Age and ill health

Prospect: Interim leadership candidate

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Committee gets involved in the decision, support for individual leaders among its members, especially from key oblast party officials, would become very important in the selection process. [redacted]

Best Placed Candidates

Precedent suggests that Andropov's successor will come from the party secretaries who hold voting membership in the Politburo—criteria met now only by Chernenko, Gorbachev, and Romanov. Chernenko, now 72 and in ill health, must be considered a candidate for Andropov's job, but he has significant liabilities as well as some strengths. He was passed over last time, reportedly because he lacked support from such key leaders as Ustinov and Gromyko, both of whom continue to be important players in the Politburo. Indeed, Chernenko's star seemed to fade soon after Andropov took office, although he has maintained the nominal number-two position in the party. Chernenko was absent during April and May for apparent health reasons—he probably cannot be counted on to be in political life for a long period—and appeared to have been slighted in some of the Soviet press treatment of the June Supreme Soviet session and party plenum. Moreover, during Andropov's absence for vacation and health reasons, Chernenko was said [redacted]

[redacted] to be sharing party oversight responsibilities with others, a sign, [redacted] that he was not fully trusted in the top supervisory role.

There is more recent evidence, however, of a minor political comeback for Chernenko. Over the past few weeks his public level of activity has picked up: he has met with the Mexican Communist Party leader, Algerian officials, and Czechoslovak propagandists; he attended a conference of Bloc party officials in Moscow; and he published articles in prominent ideological journals. The strongest signal that he remains an important factor in the leadership—and, hence, in the succession—is the highlighting of his position as unofficial party second in command at the recent anniversary ceremonies. [redacted]

Chernenko still has the same liabilities that prevented his selection last time, plus the further problem of ill health—indeed, there would probably be reluctance to elect another sick man. Assuming that he does not

have a life-threatening disease such as cancer, however, he could be the choice of those in the Politburo who are reluctant or unable to choose among the other younger and better qualified candidates for the job. Moreover, the younger contenders might not even fight him for the job, if they perceive him as a weak and short-term prospect whose tenure would enable them to build strength for the future. These are admittedly poor reasons to select Chernenko, and the odds are less than 50:50 now that he would emerge on top in a succession. [redacted]

Gorbachev's prospects have improved in recent months, apparently because Andropov has consciously expanded his responsibilities in the leadership. Indeed, a Soviet Embassy officer in Belgrade, who has provided much insight on Kremlin politics over the past two years, told a US official in August that Andropov wants Gorbachev anointed as number two in the party. The diplomat also stated that Gorbachev's high visibility reflected an expanding portfolio that includes economic matters, agriculture, cadre policy, and ideology. A reliable Soviet informant also told our Moscow Embassy that Gorbachev is the senior secretary in charge of cadres, and Medvedev has indicated that Gorbachev (with others) may be chairing Secretariat meetings in the absence of Andropov. [redacted]

Soviets touting Gorbachev may be drawing conclusions from public events that suggest the scope of Gorbachev's activities, in fact, is growing. For example, Gorbachev presided at the appointments of two officials in July, served as master of ceremonies at a prestigious gathering of party veterans with Andropov in August, and that same month opened a Central Committee conference on cadres. In September he also attended a meeting of Soviet education—a new task for him. Gorbachev is also aided by his youth and apparent good health. Irrespective of his new responsibilities, his agricultural portfolio alone gives him much political clout. He deals with numerous oblast and kray party first secretaries from farm areas, and, by his own count, oversees 15 ministries that are responsible for more than two-fifths of Soviet GNP. [redacted]

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Gorbachev's expanding role in the leadership does not now easily convert into additional political muscle for him. So far, under Andropov, he has presided over only two important personnel shifts, and in neither case were "his" people installed. In short, he has not had enough time to make the cadre function work for him. Moreover, he probably cannot count on the support of the important heavy industry and defense constituencies in a succession fight. In this sense, Gorbachev's political base is narrower than it might seem from the growing scope of his public activities. Lastly, while Gorbachev is helped by Andropov's support, such support will not help after Andropov's passing unless he does more for him while he is on top.

[redacted]

Romanov's prospects, on the other hand, are probably better than they appear on the surface. While he has had little visibility since becoming a party secretary, and his portfolio is narrower than Gorbachev's—he evidently is responsible for heavy and defense industry—Romanov is probably perceived by the more conservative elements in the party as the better choice. For example, he has had experience as a manager of a key regional party organization with strong ties to the industrial and military sectors. Moreover, he is an ideological conservative who has taken a harder line than many of his colleagues on foreign policy issues. In a time of trouble for the USSR at home and abroad, the Soviet leaders after Andropov may look to the more conservative candidate as the better choice.

Romanov, in fact, has been considered a succession candidate for over a decade, ever since then king-maker Mikhail Suslov installed him as Leningrad party leader in 1970. Since then he has been restless with ambition, generating recurrent rumors that he would be transferred to Moscow as either a party secretary or premier. After Andropov took office he began to receive broader exposure in the leadership (his attendance in April at the Karl Marx commemoration in Berlin was seen in this context). Moreover, Romanov sat with Andropov and Gorbachev at the meeting of party veterans in August and recently was referred to favorably in remarks by a regional party leader.

[redacted]

His arrogant personality and open political self-promotion as well as stories regarding his scandalous behavior that have been circulating in the Soviet Union probably account for current perceptions among some Soviet observers—including a Soviet Embassy officer in Belgrade and Roy Medvedev—that he has limitations as a politician. Some foreign observers, such as our Consul General in Leningrad, on the other hand, now speak of a more sophisticated Romanov who is trying to pose as a gentleman on his best behavior. More importantly, according to both US and Canadian Ambassadors to Moscow, Romanov in recent exchanges has appeared to have a good grasp of the main issues—this contrasts with his earlier performance where he seemed to be ignorant of some of the basics.

[redacted]

Darkhorses

None of the senior secretaries is an ideal candidate:

- Gorbachev, 52, may be viewed as too junior, both in age and experience, for the top party job and may lack support from the military-industrial sector.
- Romanov, 60, has served only a short time as a national party secretary (since June 1983) and has a reputation for roughness that might not serve him well. His tendency in the past to frequently shuffle cadres may also be cause for concern among party bureaucrats.
- Chernenko seems to have few pluses other than his presence in the leadership and probably is not the choice of the military-security constituents

The lack of ideal candidates for the general secretary position could lead the Politburo to turn to others outside the Secretariat, such as Ustinov, Grishin, or Shcherbitskiy. Such a course is unprecedented. Former Azerbaijan party leader Geydar Aliyev, brought to Moscow under Andropov as a full Politburo member and First Deputy Premier, is also a darkhorse candidate

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Ustinov has the advantages of past experience in the Secretariat (1965-76) and service in the important military sector. At age 75, however, he is the second-oldest full member of the Politburo and has suffered from poor health. Nonetheless, if the regime wanted to send a signal that things are under control while recognizing that only an interim choice has been made, they could take the unprecedented step of selecting outside the Secretariat and pick *Ustinov*. Such a compromise choice would be only a first step, however, in a more protracted, potentially more controversial succession. [redacted]

Grishin had been mentioned by Soviet officials as a possible "compromise candidate" during the previous succession and could become one this time around. Located in Moscow, he has a definite political advantage over his other regionally based colleagues. However, he too is handicapped by health problems and is not part of the *Andropov* coalition. [redacted]

Shcherbitskiy is probably the most influential leader outside Moscow and has extensive experience in economic management. His continued failure to move to a national-level position, however, is still a serious handicap for him. Moreover, some Soviet officials who have touted him in the past now state that *Shcherbitskiy* will remain on the margins of power. [redacted]

Aliyev is known for his political ambition and ability to shift loyalties to get ahead. For that reason, however, he may not be trusted by his colleagues. As a Muslim, moreover, he probably would not be considered acceptable for the top party post by the Slavic majority in the party. [redacted]

After Andropov?

Even if the next leader could positively be identified—and *Gorbachev* and *Romanov* seem to be front-runners—his present views insofar as they could be discerned probably would provide only a general sense of the direction Soviet policy would take in the immediate post-*Andropov* period. These views probably would be modified as he attempted to gain support and even further altered by political calculations, the exigencies of events, and the broader perspective of his new post (witness foreign policy specialist *Andropov's* concentration on economic problems). [redacted]

As of now, the younger candidates to succeed *Andropov*—*Gorbachev* and *Romanov*—seem to share *Andropov's* basic domestic policy views. Both men probably view Soviet economic problems as heading the domestic agenda; both are strong advocates of discipline and greater efficiency in labor and production; and both are vigorous leaders who seem open to innovation, experimentation and change, albeit within strict ideological bounds. *Romanov*, an inveterate ideological conservative, sharply cracked down on dissidents as Leningrad leader. *Gorbachev*, in contrast, at least appears to be more pragmatic and could be more flexible, less doctrinaire, in the ideological and social sphere. *Chernenko's* views on Soviet domestic issues are more widely known than those of his younger colleagues in the Secretariat. He has long advocated investment in consumer goods sectors and greater attention to the social factor in domestic affairs, and he has stressed traditional solutions to economic problems. In recent pronouncements in the ideological sphere, however, he has taken a more conservative line. [redacted]

In the foreign policy area, certain stylistic differences seem apparent within the party Secretariat. *Gorbachev*, although lacking in foreign policy experience, projected an image of quiet self-assurance, flexibility, pragmatism, and intelligence during his recent trip to Canada. By contrast, *Romanov*, with over 20 foreign trips and fairly wide contact with foreign diplomats over the years, has far greater experience in foreign affairs. In their published statements, *Romanov* has taken a harder line than *Gorbachev* on foreign policy issues. During his May 1983 visit to Canada, *Gorbachev* hewed closely to the established foreign policy line in both public and private remarks. *Romanov's* remarks in the foreign policy area have tended to focus on arms control issues and seem to evince a special interest in US-Soviet relations. While most of his public remarks have taken a hardline, ideological stance, he has posed on occasion as a partisan of better relations with the United States in private. *Chernenko's* public remarks during the *Brezhnev* era were more enthusiastic than most other Soviet leaders in his support of improved relations with the West, particularly the United States, and of arms limitation.

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In the likely crisis atmosphere of an early Andropov succession, however, no new leader could afford to look weak or indecisive, nor could he retreat from any perceived challenge to Soviet interests abroad.

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Collectivity to the Fore

If the succession occurs soon, no new leader is likely to have the power, authority, and prestige that Andropov had when he gained the post, and any of the above candidates would probably encounter more difficulty in consolidating his position. The presence of strong political rivals from the outset—something that Andropov has not had to face—would make the maneuvering in the Politburo particularly intense and the new general secretary's position more vulnerable. The age structure of the Politburo might allow a younger candidate to consolidate power sooner, as older members die off, but rivalry among younger leaders would also intensify

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Other Topics

The Foreign Policy Decisionmaking Apparatus Under Andropov

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The decisionmaking apparatus inherited from Brezhnev has undergone relatively minor alteration, although the prominence of both Foreign Minister Gromyko and Defense Minister Ustinov has increased. Andropov has less need for extensive staff support, given his considerable experience in foreign affairs before becoming General Secretary, and thus far only three men have been publicly identified as his foreign policy aides. A second group of influential men around Andropov is made up of informal advisers and speechwriters who have long-term links to the General Secretary.

Gromyko's influence is probably at its highest level ever. In March 1983 he was named First Deputy Chairman of the Council of Ministers, a post that—combined with his job as Foreign Minister—gives him greater authority over the government's entire foreign policy apparatus, including the Ministry of Foreign Trade and the State Committee for Foreign Economic Relations. This assignment has made him the most senior of the three first deputy chairmen in the Council, by virtue of his tenure in the Politburo. It strengthens his authority—and that of Andropov—against Premier Nikolay Tikhonov, who has not been allied with Andropov and was out of the country at the time of Gromyko's promotion.

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His Foreign Policy Allies

Andropov, Andrey Gromyko, and Dmitriy Ustinov probably constitute an informal triumvirate for the making of foreign policy. All have extensive experience in this field, but it was not until Brezhnev's latter years that they entered the innermost circle of leaders. In November 1981, for example, Ustinov gave the major policy speech on the eve of the celebration of the October Revolution, the first time that a Defense Minister had done so in over two decades. In 1982 he wrote a series of articles in *Pravda*—not linked to any holiday or anniversary—on Soviet defense policy and arms control.

Andropov's Staff

In the Brezhnev era, the General Secretary's personal staff played an important role in making foreign policy decisions. The staff included a number of high-ranking foreign policy specialists who provided the expertise Brezhnev lacked and helped him become the USSR's preeminent foreign policy spokesman. According to US Embassy contacts in Moscow, however, the staff's size and role often annoyed the personnel in the Central Committee departments who dealt with foreign affairs, particularly because some Central Committee functions evidently were often preempted by Brezhnev's aides.

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Under Andropov, Ustinov's prominence has increased. His statements to TASS on 6 December 1982 about arms control and security issues, for example, suggested a degree of policy authority that Brezhnev would have reserved for himself, and the content and media play of the TASS interview underlined Ustinov's importance in Soviet defense policy.

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Andropov has less need for such extensive staff support, given his considerable experience in foreign affairs before becoming General Secretary. He also is more intellectually vigorous than Brezhnev was in his later years and is not likely to need so much guidance. However, any General Secretary needs a staff that can assign tasks to the bureaucracy, coordinate its actions, and regulate the flow of information coming to him. [redacted]

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Thus far, only three men have been publicly identified as Andropov's aides: Andrey Aleksandrov-Agentov, Arkadiy Vol'skiy, and Viktor Sharapov. Aleksandrov is the only holdover from Brezhnev's staff and seems to have responsibility for Soviet relations with the West. Vol'skiy, an engineer and former first deputy chief of the Central Committee's Machine Building Department, is probably concerned primarily with domestic affairs and industrial production. [redacted]

Burlatskiy has known Andropov at least since 1959, when he worked under him in the Bloc Relations Department of the Central Committee. Burlatskiy currently heads the Department of Philosophy of the Committee's Institute of Social Sciences, but he has told foreigners that he spends most of his time writing speeches for Central Committee members and serving as an informal adviser to Andropov. An expert on Sino-Soviet relations, he has told Westerners that much of his published analysis of Chinese domestic politics was intended as thinly veiled commentary on issues facing the Soviet Union, such as economic reform and Stalin's legacy. [redacted]

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Sharapov worked for Andropov at the KGB and has edited collections of Andropov's speeches and articles, including one collection published after Andropov was named President, and a reprint of Andropov's 1982 Lenin Day speech. Before joining the KGB in 1972, Sharapov was a *Pravda* correspondent in the United States, China, and Vietnam. He faithfully attacked US foreign policy in his role as a journalist, but we know little about his current views on foreign affairs. [redacted]

Kryuchkov has been a personal friend and confidant of Andropov since at least the mid-1950s, when he served under Andropov in the Soviet Embassy in Hungary. In 1967 Andropov took Kryuchkov with him to the KGB, and in late 1974 Kryuchkov became chief of the First Chief Directorate, the KGB component in charge of foreign intelligence. In late 1978 or early 1979 he became a deputy chairman of the KGB. [redacted] poolminded, clever, and a good organization man. He is one of the very few individuals mentioned as a "protege" of Andropov. [redacted]

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His "Kitchen Cabinet"

A second group of influential men around Andropov apparently is made up of informal advisers and speechwriters rather than formal staff aides. These include Georgiy Arbatov, Fedor Burlatskiy, Vladimir Kryuchkov, and Aleksandr Bovin. [redacted]

Bovin frequently appears on Soviet television in his official position as a political commentator for *Izvestiya* but also claims to be an unofficial consultant and speechwriter to top party leaders and one of Andropov's principal advisers. The two have known each other at least since the late 1960s, when Bovin, like others in the "kitchen cabinet," worked for Andropov in the Bloc Relations Department. He has had a visible public role in foreign affairs since Andropov became General Secretary. When asked in early 1983 whether he carried a message to Chinese leaders during a recent trip to Beijing, for example, he replied that he "was" the message, implying that Andropov

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Arbatov, a member of the Central Committee, has long been prominent as the head of the Institute of the USA and Canada and is Moscow's top expert on the United States. He has known Andropov since he worked for him in the Central Committee's Bloc Relations Department in the mid-1960s and has served as an important adviser to the Soviet leadership since the Institute was created in 1967. [redacted]

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had sanctioned his trip as a signal to China. He has told foreigners that foreign policy would be more dynamic, decisive, and flexible under Andropov than under Brezhnev, but that its broad outlines would remain the same. [redacted]

Some of these men, particularly Bovin and Arbatov, may very likely be more than advisers. Andropov has apparently used them to relay informal messages to foreign governments. They may, therefore, assume positions in the future as instruments of the foreign policy apparatus as well as advisers to the top leaders. [redacted]

Other Changes

Although Andropov has brought in his own group of personal advisers, he has made few significant changes in the foreign policy establishment. With the exception of Gromyko's appointment as First Deputy Premier, the highest level change has been the promotion in December 1982 of Viktor Chebrikov from First Deputy Chairman to Chairman of the KGB. (Andropov's immediate successor in the KGB post, Vitaliy Fedorchuk, replaced Minister of Internal Affairs Nikolay Shchelokov, a Brezhnev crony who fell victim to Andropov's anticorruption drive.) [redacted]

Chebrikov joined the KGB in 1967 with Andropov but is generally considered more of a party official than an intelligence professional. Before joining the KGB he spent over 20 years in a succession of party posts in the Dnepropetrovsk region of the Ukraine, the former political stronghold of Brezhnev. [redacted]

Chebrikov's appointment will probably have little direct effect on Soviet foreign policy, and his appointment most likely had more to do with Andropov's concern for domestic than foreign affairs. It seems unlikely, moreover, that Andropov will allow Chebrikov to use the KGB to establish an independent role in foreign policy decisionmaking, because to do so would diminish some of Andropov's own authority. The KGB is probably still one of Andropov's most important bases of power. [redacted]

Institutional Representation on the Politburo

Another unresolved question concerns the institutional representation of various foreign policy organizations on the Politburo. When the Ministers of Defense

and Foreign Affairs and the Chairman of the KGB were promoted to the Politburo in 1973, the distinction between Politburo "decisionmakers" and institutional "executives" was significantly blurred. The lack of turnover since that time, however, has made it difficult to determine whether this decision represented a precedent for the longer term or reflected Brezhnev's need to place allies on the Politburo to support his foreign policy and particularly his approach to US-Soviet relations. [redacted]

For a decade there has not really been a test case. Ustinov was already a Politburo member when he became Defense Minister in 1976. Andropov's immediate successor in the KGB was in office only a few months before he was transferred to another post. Chebrikov assumed the KGB chairmanship in December 1982. The departure of Gromyko or Ustinov—either by death or retirement—from their ministerial posts would raise the issue of institutional representation again. No current Politburo members or candidates have the type of experience to make them likely successors to either man, requiring the Politburo to look outside its own ranks to fill these institutional positions. [redacted]

It does not follow, however, that Chebrikov or the future Foreign or Defense Ministers will necessarily assume seats on the Politburo. The Politburo will certainly rely upon them, just as it relies upon other heads of government institutions, but this reliance is no guarantee of promotion. As in the case of Chebrikov, men such as Andropov might have strong reason to prefer that these new "executives" remain in the political background. If so, the gap between executives and decisionmakers that existed prior to 1973 may soon reemerge. [redacted]

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**A Progress Report on
Sino-Soviet Relations** [redacted]

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Although the third round of Sino-Soviet consultative talks in Beijing that ended in October resulted in no breakthroughs on major bilateral and international issues, the two sides are making some progress toward better relations. The political dialogue will continue, and the parties have agreed to a further expansion of contacts. These contacts still are quite limited when measured against either country's dealings with the United States, but they are striking compared with the situation prevailing less than two years ago. [redacted]

Ups and Downs in the Political Dialogue

Both sides appear to have entered into the second round of consultative talks held in Moscow in March 1983 optimistic that the other side's problems with the United States might make it more accommodating. But both appear to have emerged from those talks discouraged over the other's obduracy. [redacted]

Moscow vented its frustration first. An *Izvestiya* commentary on 19 April broke a seven-month moratorium on media criticism of China when it accused the Chinese of creating artificial obstacles to improved relations, especially with its "fabrications" about a Soviet threat. [redacted]

In a press interview with East European journalists on the eve of his departure for Yugoslavia and Romania in early May, Chinese General Secretary Hu Yaobang complained about Soviet sabotage along the border, revealing that some 200 Soviet "spies" had been arrested by the Chinese in the last year alone. Hu also said that the situation in southeast Asia could lead to conflict between the USSR and China. [redacted]

The Chinese subsequently claimed they canceled a visit by Deputy Foreign Minister Kapitsa to Beijing in May and decided against letting Chinese Vice Foreign Minister Qian Qichen stop off in Moscow for talks en route home from Eastern Europe the same month. This probably was because of Mongolia's then unpublicized expulsions of its Chinese minority. On 6 June Chinese Premier Zhao Ziyang, in a speech

before the National People's Congress, reiterated that Moscow must make a serious move toward meeting Beijing's "positive proposals" at the March talks. [redacted]

Moscow, stung by Zhao's remarks, within a few days accused him of making a "slandorous assertion" about a Soviet threat to China, repeating "hackneyed accusations" against Vietnam and Kampuchea, and misrepresenting Soviet attempts to defend Afghanistan from "imperialist aggression." This was the first attack on a Chinese leader by name since the resumption of the Sino-Soviet dialogue last fall, and it presumably was meant to underscore Moscow's refusal to make unilateral concessions on these three issues that China insists are the main "obstacles" to better relations. The Soviets followed up with another broadside in *Izvestiya* on 19 June, complaining that the Chinese media were continuing to spread "malignant assessments and misrepresentations" of Soviet foreign policy and equating it with Washington's "aggressive militarist course." [redacted]

Even as the rhetoric was heating up, however, both sides managed to handle a few potentially thorny problems in relatively low-key fashion. For example, they pulled their punches during the Chinese artillery attack on the Vietnamese border in April. China's show of force to punish the Vietnamese for their offensive in Kampuchea was limited despite the rhetoric about a "second lesson." Moscow responded with restraint and did not give fulsome expressions of support for its Vietnamese ally. [redacted]

The two sides were similarly circumspect in handling Mongolia's expulsion of its Chinese minority, a move that almost certainly had Moscow's approval. The Chinese eventually delivered a formal protest to the Mongolians on 3 June, almost three months after the expulsions began, but they avoided blaming the Soviets. Moscow publicized the Mongolians' case but was

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careful not to rub salt in the Chinese wounds. The Chinese have remained silent since then, even though press reports indicate the expulsions are continuing at the rate of about 100 a week. [redacted]

Deputy Foreign Minister Kapitsa to Beijing

In early July the Soviets took some steps to check the seeming downturn in the dialogue by making a proposal on behalf of the USSR and all its European allies for joint cooperation against "imperialism." The Chinese reportedly rejected the proposal, but they did agree to reschedule Kapitsa's trip to Beijing. [redacted]

In August a Chinese Embassy officer in Moscow informed US officials of plans for the two countries' foreign ministers to meet at the UN General Assembly this fall, and leaders of both countries made conciliatory public statements that helped meet the other's security concerns. In a *Pravda* interview on 27 August, General Secretary Andropov stressed the need for better relations in view of the current exacerbation of the international situation—an allusion to Soviet problems with the United States—and expressed confidence both sides wanted to curb military spending so as to free resources for domestic economic programs. [redacted]

Two days later, in an interview in the Italian Communist Party paper *L'Unita*, Hu Yaobang tried to meet Soviet concerns that normalization of bilateral relations not jeopardize Soviet interests in third countries. Hu noted that China has never hurt Vietnam, Kampuchea, Afghanistan, or Mongolia and will "never harm them in the future," thereby offering a guarantee, of sorts, of good behavior. The Chinese response to Andropov's conciliatory remarks was given in a banquet speech for visiting King Hussein of Jordan on 2 September. Chinese President Li Xiannian welcomed Andropov's expression of interest in improved relations and expressed his own hope that the "obstacles" will be removed so that normal relations can be established. Li, like Hu, avoided putting the burden of removing these "obstacles" entirely on Moscow. [redacted]

The Chinese did not let the KAL shutdown in early September derail Kapitsa's trip to Beijing, and they did not support international efforts to condemn Moscow. The planned foreign ministers' meeting, however, was one of the casualties of the Soviet

decision not to have Foreign Minister Gromyko attend the UN session. According to an American correspondent in Beijing, the meeting was to have focused primarily on the agenda for the next round of talks in Beijing. The Soviets reportedly tried to arrange a meeting at another neutral venue—Romania or Yugoslavia—but the Chinese refused. [redacted]

Press and diplomatic sources report that, during Soviet Deputy Foreign Minister Kapitsa's visit to Beijing in mid-September, the two sides agreed to open a second channel of communications at the deputy foreign minister level. Chinese Vice Foreign Minister Qian Qichen will visit Moscow next year. [redacted]

The Soviets evidently made the suggestion in the hope of channeling talks about the Kampuchean, Afghan, and Mongolian issues into the new forum. Kapitsa has said they also want to persuade the Chinese to cooperate on those foreign policy issues such as the Middle East and South Africa where the two sides have similar positions. [redacted]

Although the Chinese agreed to the new talks, they apparently did not drop their right to raise international issues at the normalization meetings. They evidently wanted in part to demonstrate progress in Sino-Soviet relations on the eve of Secretary of Defense Weinberger's visit. Beijing may also see in the new forum another channel for putting pressure on Moscow for movement on Vietnam, Afghanistan, and the Soviet military buildup on its border. [redacted]

[redacted]
China also accepted Soviet offers to assist in rehabilitating two to four Soviet-built industrial plants, substantially increase bilateral trade and student exchanges, and further expand scientific and cultural contacts. The Chinese, however, reportedly rejected a Soviet proposal for regular meetings at the foreign minister level and for a resumption of the border talks. The Soviets are likely to continue pushing the latter proposal. [redacted]

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The Third Round of the Normalization Talks

The third round took place in Beijing from 6 through 28 October with Soviet Deputy Foreign Minister Ilichev and Chinese Vice Foreign Minister Qian as chief negotiators. [redacted] the Chinese are pressing Moscow to replace the "overly ideological" Ilichev as a negotiator. Moscow, however, reportedly is reluctant to do so because the only other Sinologist of comparable rank is Kapitsa, and the Soviets are reluctant to close down their newly opened second channel of communication to Beijing. [redacted]

China entered the talks with its leverage enhanced by the recent improvement in Sino-US ties and the downturn in Soviet-US relations. The Soviets recognized this and probably were concerned that they give no sign they were prepared to bend because of it. Two major Soviet journal articles on the eve of the talks—the first in 18 months—implicitly urged Chinese concessions. They argued that Beijing's military position had actually deteriorated because of its new relationship with the United States. [redacted]

During the round, Soviet diplomats complained that China appears to have added yet another obstacle to its list of preconditions for better relations—Soviet SS-20 deployments in the Far East. Chinese officials say they have not been reassured by Andropov's statement that SS-20s removed from Europe as a result of an INF agreement there would not be shifted to the Far East and were determined to raise the issue. One day after Kapitsa left Beijing in September, *Peoples Daily* for the first time publicly called on the USSR to "considerably reduce" its missiles in the Far East. [redacted]

[redacted] the Soviet approach in the consultative talks has involved normalization without accommodation—a fair description of Soviet policy to date. The Soviets have resubmitted proposals for better relations that have long been on the table. These include:

- Conclusion of a statement establishing the principles of bilateral relations, first suggested immediately after Mao's death.
- Conclusion of a nonuse-of-force or nonaggression pact, broached in the aftermath of the 1969 border clashes.
- Cessation of press polemics and propaganda, prof-fered every time that talks have been held since relations began to deteriorate in the 1950s. [redacted]

The only new proposal that Moscow put forth when these talks resumed in 1982 involved certain confidence-building measures (CBMs). No good information is available on what precisely these entail, but they may be similar to the CBMs that have been agreed to or proposed between the Soviets and other nations, such as advance notification of exercises and no first use of nuclear weapons. Western press reports, citing sources close to the Soviet side, also say that Moscow proposed that the Chinese and Soviet border guards exchange information on their training and make reciprocal factfinding cross-border visits. The Soviet objective is to first reduce tensions with the Chinese and then to use such a reduction in tensions to change the international perception of Soviet weakness in the Sino-Soviet-US triangular relationship. [redacted]

China has rejected these proposals and put forth specific suggestions for removing the three obstacles to better relations. It has given wide publicity to its demands on all three questions. Vietnam must declare its intention to withdraw from Kampuchea unconditionally and then actually begin withdrawals and to cease hostile acts against China. China will then agree to negotiate with Vietnam. Soviet troops must withdraw from Afghanistan and Mongolia, and the Soviets must reduce the number of troops and missiles along the Sino-Soviet border, preferably to the level prevailing in 1964. [redacted]

The Soviets have responded to Chinese discussion of the obstacles by encouraging Beijing to talk directly to the Vietnamese and the Mongolians. They have also attempted to reassure the Chinese that Soviet involvement in Afghanistan poses no threat to their security, and the Soviet military posture on the border is defensive. [redacted]

[redacted] In short, the dialogue on these issues thus far appears to have been sterile, with each side essentially talking past the other. [redacted]

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Both parties recognize, however, that their dialogue with one another enhances their respective leverage in relations with the United States. Thus, each time they have met they have generally agreed to some additional resumption of heretofore banned cultural, economic, or scientific contact. [redacted]

The Areas of Progress

The most important area of progress in the past year probably has been in the trade relationship. In March the two sides signed an agreement that will increase this year's trade turnover to \$800 million—the highest level since the early 1960s. The Soviets are arguing that this trade should be at the same level as Sino-US trade—\$5 billion. Although the Chinese do not appear that eager for Soviet goods, the two sides reportedly have already agreed on substantially higher levels for next year. [redacted]

In addition, the two sides have:

- Agreed to resume local border trade and reopen five border crossing points along their eastern and western frontiers.
- Signed a civil air protocol that permits a mutual expansion in air service.
- Increased cultural, sports, and tourist exchanges—nonexistent in the 1960s and 1970s.
- Resumed visits by the "Friendship Societies."
- Agreed to exchange a limited number (10 this year, more next) of students and a wide variety of technical personnel.
- Signed a new accord calling for a larger exchange of books and other published materials. [redacted]

Prospects

Although Beijing and Moscow see major benefits to a further easing of tensions, the legacy of mistrust will not be easy to overcome and will continue to complicate negotiations. The territorial dispute is particularly difficult to deal with, because concessions by either side would set precedents that third parties could cite in pressing their own claims against China and the USSR. Both sides almost certainly also fear that any concessions on such an important issue would only whet the other side's appetite for more. In addition, the leadership in both capitals may be unsure of the ability of their opposite numbers to deliver on any bargain. [redacted]

The two countries are well aware that any agreement or disengagement along the Sino-Soviet border must take into account the interests of the military establishments. A decision to offer major concessions on troop cuts, for example, would—even in the best of circumstances—entail acrimonious debate, especially in Moscow. This would be an unattractive proposition for Andropov, who particularly needs the military's support in the current period. The Chinese leaders, for their part, might also be reluctant to get into a row with their top military leaders once Deng Xiaoping leaves the scene. [redacted]

There seems to be little prospect, therefore, of a major breakthrough soon, and the Sino-Soviet dialogue, even under the most favorable circumstances, is unlikely to lead to a full rapprochement—with both sides cooperating on a wide variety of issues and treating each other as equals—within the next five years. The most either side seems to expect, or perhaps would even want, is a limited detente—a further relaxation of tensions, an increase in trade and other bilateral contracts, and some movement on the border dispute and other security issues. In moving toward this objective, moreover, both sides will proceed cautiously to maximize their leverage with the United States and minimize the damage to their other interests in Asia. [redacted]

Nonetheless, if the current process stays on track, the two sides probably will eventually repair a good deal of the damage that was inflicted on their relationship during the 1960s and 1970s. The parties, by simply adhering to their present course of one small step at a time, could make considerable progress in expanding trade, scientific, and technological exchanges and the like. They might then reach the point where they would be willing to initiate serious negotiations over one or more of the main stumblingblocks to improved relations. For example, they might arrange parallel talks between the USSR, China, and Mongolia on mutual force reductions. Progress on such issues would be likely to be slow, however, mainly because of the military and geographic disparities. [redacted]

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Briefs

Nuclear Missile

Deployments

The Soviet Defense Ministry's announcement late last month that preparations have begun for deploying "operational-tactical" missiles in East Germany and Czechoslovakia increases the probability that the Soviets plan to move SS-12/22 ballistic missiles, as well as SS-23s, into Eastern Europe as one response to the NATO INF deployments.

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The announcement, which was carried by TASS and Radio Moscow, said that an understanding had been reached with East Germany and Czechoslovakia and that work had started in those countries in preparation for the deployments. Use of the term "operational-tactical" clearly indicates that in their earlier threats to deploy new missiles in Eastern Europe, the Soviets were referring to the SS-12/22, which has an operational range of over 900 kilometers, or the SS-23, which has a range of 500 kilometers. The term would not apply to the SS-21—a "tactical" missile already fielded with more than half of the 19 Soviet divisions in East Germany. Deployment of the SS-23, which is designed to replace the Scud-Bs already in Eastern Europe, probably would not require the permission of the host country.

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**USSR: Comparison of 1967 and 1982
Wholesale Price Revisions**

Percent change

	1967 Revision	1982 Revision
Total industry	7	12
Heavy industry	15	14
Electric power	16	23
Fuels	NA	62
Oil	8	NA
Coal	81	NA
Ferrous metals	47	23
Chemicals	-6	0
Machinery	-3	-1
Lumber	17	22
Paper	23	
Construction materials	19	22
Light industry	-1	8
Light	0	11
Food	-3	6

[Redacted]

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**Wholesale Price
Increases**

[Redacted]

According to data recently released by the Central Statistical Administration, Soviet industrial wholesale prices increased 12 percent in 1982. The largest increases occurred in fuels (62 percent), electric power (23 percent), and ferrous metals (23 percent). Machinery prices were reported as having fallen. [Redacted]

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The magnitudes of the 1982 price revisions were substantial by Soviet standards. Overall industrial prices, for instance, were raised more than during the last major revision of wholesale prices, which occurred in 1967. The continued surge in industrial material prices reflects in large part higher costs associated with developing lower quality raw materials in less accessible locations. Last year's revision of industrial wholesale prices is intended to boost industrial profit margins, promote resource conservation, and spur the production of higher quality goods. But prices play a limited role in the allocation of resources in the Soviet Union, so the changes, other than raising profit margins, are not likely to help much in achieving these goals. [Redacted]

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**Pipeline Computer
Control Development**

[Redacted]

A French firm under contract to develop a computerized control system for the Siberian export pipeline is being impeded by lack of information from the Soviets and by technical problems. Moscow has so far refused to provide operating data needed to prepare software, reportedly delaying fulfillment of the contract. The French company also has encountered serious technical problems in developing the system [Redacted]

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The firm reportedly had hoped to begin operational testing of software for the system in January 1984, but in July the Soviets requested a one-year extension of the contract completion date, citing pipeline construction delays and cost overruns.

[Redacted]

The Soviets may be unable to provide the necessary data because they have not decided how they will integrate the control system and the existing pipeline grid. In addition, Moscow may intend to evade its obligations to make payments on the contract until it has received a tested program for the system.

[Redacted]

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Decree on Industrial Innovation Ignored [Redacted]

The Central Committee recently attacked a major R&D facility—the Ural Scientific Center—for disregarding the regime’s August decree on “measures to stimulate scientific and technical progress in the national economy.” In reporting the Committee’s criticism, *Pravda* indicated that the decree was being widely ignored.

[Redacted]

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The decree, a highly publicized step to increase productivity and innovation, is hortatory and vague for the most part but does include a few specific measures. On 1 January 1984 all industrial output will be divided into two classes—top quality and first quality. Articles that fail to reach the first-quality level are to be withdrawn from production within two years. To accelerate the process of quality differentiation, the price of such goods will be lowered 30 percent, while the price of all top-quality articles will be raised 30 percent. To raise the importance of progress in science and technology (S&T) as a performance indicator, plant managers will be required to submit and fulfill an annual plan for the introduction of new technology or suffer a reduction in their total bonus payments of up to 25 percent.

[Redacted]

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These directives are not likely to remove the systemic constraints which currently inhibit the pace of technological development. Marginal improvement in Soviet S&T performance may result, however, from any additional investment resources shifted to this area and from the threatened sanctions aimed at making R&D and production enterprise managers take their S&T responsibilities more seriously.

[Redacted]

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Soviets Selling Microcircuits [Redacted]

The USSR reportedly is successfully marketing Soviet-manufactured series-74 integrated circuits in Japan and, to a much lesser extent, in the United States.

[Redacted]

[Redacted] the Soviets have taken advantage of the opportunity created when Japanese and US firms concentrated on producing more advanced semiconductors. The Soviets recognized there would be a shortage of series-74 circuits, which they have been producing for more than a decade. They are selling the circuit—a basic component widely used in civil and military production worldwide—at less than one-third the price being charged by Japanese and US firms.

[Redacted]

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The Soviets probably hope to gain some market recognition by selling integrated circuits in Japan and the United States—world leaders in this field. It is not clear how the foreign sales will affect supplies of these devices in the USSR. The military, however, presumably would be insulated from any disruptions. [redacted]

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Soviet Manganese Purchases [redacted]

[redacted] the Soviets have purchased as much as 500,000 metric tons of high-grade manganese ore during the first half of 1983—about 400,000 tons from Australia and the rest from Gabon. This purchase is the first evidence of Soviet manganese ore imports in over a decade. With about 30 percent of known world reserves, the Soviet Union is the largest producer of manganese ore, and production was about 10 million tons last year. The Soviets, however, have been plagued by declining quality of their ore. We believe the high-quality imported ore is needed to blend with Soviet ore for use in new Japanese-designed electric furnaces for the manufacture of high-grade ferro-manganese, a compound used to increase the hardness and wear resistance of steel. [redacted]

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