

~~ADMINISTRATIVE INTERNAL USE ONLY~~

The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC #02213-86
1 May 1986

MEMORANDUM FOR: Director of Central Intelligence
FROM: Fritz W. Ermarth
National Intelligence Officer for USSR
SUBJECT: Draft for Florida and CSIS Speeches

1. The attached draft was prepared bearing in mind themes you might want to strike with your Naples, Florida audience and the 16 May CSIS audience--the latter comprising Kissinger and a group of brainy international businessmen. Your CSIS talk will be commented upon by Morris Greenberg and Leo Cherne. The speaker following you there will be Thane Gustaffson, a serious well-known Sovietologist.
2. Of course the draft can be reworked as you wish as concerns themes or style. I trust you will let me know if you would like to do it differently.

[Redacted Signature Box]

Fritz W. Ermarth

f.w.e.

cc: DDI
AC/NIC
VC/NIC

STAT



B-801-JR

~~ADMINISTRATIVE INTERNAL USE ONLY~~

DRAFT

DCI SPEECH TO CSIS COUNCILLORS, 16 May 1986

"ASSESSING GORBACHEV'S USSR"

Those who deal with the USSR need a hardheaded appreciation of the system, its policies, and its regime. Providing that to the US Government is one of the foremost tasks of the US intelligence community.

We peer through a veil of secrecy which has gotten only slightly more transparent over the last thirty years, largely because of costly, persistent efforts on our part. And we can't be distracted by elaborate propaganda and public relations efforts by Moscow, which have become more energetic under the new Gorbachev regime.

In the last couple of months we have had two prominent episodes that have helped our highly trained specialists on the USSR and the world at large to assess what has changed and what has not changed about the new Soviet regime.

One was a carefully stage-managed political extravaganza: the 27th Congress of the CPSU, the first of what could be three or four under Gorbachev.

The second was the Chernobyl' (cher-NO-bil) nuclear power plant disaster.

Taken together, these episodes convey a vivid message. It is not

comforting, but we cannot ignore it. Despite its professed aim to seek social and economic progress at home and amity with the surrounding world, this system is the most powerful autocracy in the world and its leaders are preoccupied, above all, with the projection of their power over their own people and their neighbors. The political processes occurring in the USSR under the new Gorbachev regime appear very unlikely to change this anytime soon. And we have to deal with it as it is, not on the basis of our hopes or of the images projected by Soviet propaganda.

Of course, Gorbachev and his team want to project an image of change to the outside world and the Soviet people. They want the Soviet people to believe that the corruption and stagnation that increasingly beset the system in the 1970s and early 1980s will be replaced by new leadership dynamism, economic growth, technological progress, and social welfare. They want the outside world to believe that Moscow is ready for fair and truly peaceful relations with its neighbors on this globe...if only the latter will accept Soviet status as a superpower and recognize the generosity of Soviet proposals.

Of course, there are some things the new Gorbachev regime is trying to change. It does want to provide more effective leadership from Moscow. It does want to reinvigorate economic growth and technological progress. It does want to reinstill some degree of optimism about the future in the Soviet people. And it does want to conduct a more effective, successful foreign policy. Previous leaderships performed badly on all these fronts in recent years, and Gorbachev wants to do better.

In a way, although he came to power by Kremlin intrigue and not any broad-based political process, Gorbachev has a kind of mandate from his constituency -- the party-state ruling apparatus, the Nomenklatura -- to get the country moving again along these lines. At the same time, he has an equally powerful mandate from that same constituency to preserve and strengthen all the essential features of the Soviet power structure, at home and abroad. He did not become General Secretary to jeopardize, much less dismantle, the system inaugurated by Lenin, constructed by Stalin, and nurtured by their successors.

It is fair to say that, in the Soviet context, Gorbachev is a neo-conservative figure, not a liberalizer. There is a lot of old-time Leninist religion in his outlook. His speeches are full of talk about "back to Leninism." He is clearly determined to reinvigorate the mobilizing role of the party apparatus and the Communist ideology, both of which had gone somewhat slack in recent years. Everytime he talks about institutional reforms to straighten out the economy, he or his lieutenants sternly remind everyone that "socialist principles" will not be abandoned. Which means highly centralized planning and the political power of the Kremlin oligarchy are to be safeguarded.

Gorbachev, with all his new looks and improved speech, is in many ways the archetypical product of his system: He is an apparatchik. He chose and started his political career in the Young Communist League under Stalin. He advanced with the patronage of such figures as Suslov, the ideological watchdog of the system for decades, and Andropov, its most successful secret

policeman since the Dzherzhinskiy, the founder of the KGB. He is not an economic technocrat, having run no farms or factories except from his party office.

Gorbachev is, in short, a political operator within the Soviet power structure. He is obviously skilled at political maneuver and struggle. He is confident of his skills. He is tactically cynical and ruthless. His public pronouncements, the testimony of insiders, and the impressions of Westerners who have met him all say he is also a true believer in his ideology. Both of these qualities -- maneuvering skill and ideological commitment -- go with another quality we should not overlook, a certain naivete, ignorance, and inexperience with respect to the outside world. He thinks he can exploit Western public opinion with better propaganda, and he may prove right. But he shows little understanding of what makes democratic politics and capitalist economics really work. This naivete, incidentally, could lead him into dangerous miscalculations in foreign policy.

Underneath the rhetoric about change, the policy agenda of the new Soviet leadership is very much like that of its predecessors.

Gorbachev seeks economic growth through technological modernization, to attain a stronger base for further economic growth, for military power, and for some degree of welfare improvements. As did Brezhnev...but not effectively.

Gorbachev wants to maintain reliable control of East Europe and to integrate it more fully with the Soviet political and economic system. As did Brezhnev.

Gorbachev wants to organize Soviet relations with his neighbors in Europe, in Asia, and to the south on the basis of their respect for Soviet power and security interests. As did Brezhnev.

Gorbachev sees the management of Soviet relations with the US as his central foreign policy problem, and wants to use detente and arms control as political tools to slacken US actions and defense programs that challenge Soviet power objectives. As did Brezhnev.

Gorbachev sees continued expansion of Soviet influence in the Third World as one of the pillars of Soviet superpower status, especially through the backing of radical Leninist elites employing military tools. As did Brezhnev.

In foreign policy, some of the tactics have changed. And the role of what we currently call "public diplomacy" has clearly expanded. But the basic objectives appear to have remained remarkably constant.

The new Soviet regime has the outlines and some of the elements of a strategy for economic revitalization, although it is not yet complete.

First comes the so-called human factors campaign. This involves the placement of better managers, penalizing the most flagrant corruption,

reducing alcohol abuse, and a lot of exhortation. Quite simply, Gorbachev wants managers to manage and the workers to work. These measures have boosted economic performance somewhat. But there are doubts about its sustainability. We have no doubts that these measures fail to address the root causes of Soviet problems: technological backwardness, and the lack of incentives to work, to risk, and to innovate.

The second element of the economic strategy is concentrate of investment resources in the machinery and hi-tech industrial sectors to provide the wherewithal for a modernization of the economy as a whole in the years ahead. These efforts will produce an upsurge in modern machinery output in the near term.

But the sustained acceleration of technological modernization throughout the economy depends on the third element of the strategy which is much talked about, but not in place, and evidently, not even agreed upon within the political leadership: Reform of the management and decisionmaking structure.

Here we have from Gorbachev two largely contradictory admonitions -- both to strengthen central planning at the top and to enhance enterprise autonomy at the bottom -- and some vague hints about policies yet to be implemented, such as price reform, encouraging wholesale trade in capital goods, and freeing the farmers to market more of their own product. Where we have seen specifics on these measures since the party congress, they are very conservative. Most analysts believe the benefits will be

The problem is, of course, that the Soviets cannot contemplate real economic reform without simultaneously contemplating an erosion of the power of the party and the central oligarchy, and with it the material privileges that make power in the USSR worthwhile. The nearest thing to spontaneous debate they had at the recent party congress makes it clear how sensitive this issue is.

Now we come to a question of the highest importance to the Soviet leadership and to us: Will the economic needs and plans of the new leadership undermine the military programs that are the real foundation of Soviet superpower status and upon which Soviet hopes to expand that status rest?

Soviet propagandists say that they want to restrain defense spending in the interest of economic growth...and there is some truth in this.

Soviet military leaders say that economic growth and technological modernization throughout the society are needed for the USSR to sustain the long-range competition in high-technology weapons. There is much truth in this.

What is the net assessment, so to speak? Our analysis leads to the view that, over the course of the current five year plan out to 1990, there is less of a conflict between Soviet economic plans and Soviet military programs than meets the eye.

Soviet economic growth and investment objectives will augur for a relatively flat rate of growth in Soviet military hardware procurement over the next five years, as they have seen for the past eight years or so. They will be able to continue to buy a very large volume of weapons and equipment despite their other priorities because they have already put into place the production lines which will sustain impressive rates of weapons production and force modernization over this period.

During the past five years, the Soviets procured something like

800 long-range ballistic missiles

40 new missile and attack submarines

2,400 new tactical fighter aircraft of modern design

12,500 new tanks

Thus, so far as its plans have been laid down, the new Soviet regime appears intent upon and capable of sustaining the structure and the modernization of its basic strategic architecture. This will involve four major components:

First, active and civil defense programs for the defense of the homeland in a major war with the West, including nuclear war. We shall see modernization of Soviet air defenses. We shall also see the continuation of long-standing programs for the development of ABM defenses of the conventional sort, using ground based missiles and radar, and equally long-standing programs for development of the more exotic technologies for missile defense such as embraced by our SDI program.

Second, the maintenance and modernization of massive continental land and air forces, both conventional and nuclear, for the dominance of the Eurasian theaters around the Soviet periphery, in Europe, Northeast Asia, and the Middle-East/South Asia.

Third, the modernization of long-range nuclear strike forces against NATO Europe, the Far East, and the Continental US. These are, in Soviet doctrine, the long-range nuclear artillery which is intended to back up the missions of homeland defense through destruction of enemy nuclear targets, and also to back up the missions of dominating the Eurasian periphery -- either by deterring nuclear attacks on Soviet forces or by destroying the sources of such attacks.

Finally, the fourth element -- of growing importance in Soviet force structure -- the capability to project military power at a distance, through a blue-water navy, long range air and sea lift, and growing resources for the supply of arms and military assistance to distant clients. These capabilities will be increasingly supported by Soviet

access to distant bases, such as Cam Ranh Bay in Vietnam. They may for many years be outweighed by comparable US naval and air capabilities for power projection. But we must remember that these US and Soviet power projection capabilities are quite unlikely to come into head-to-head conflict. Rather these Soviet capabilities are intended for military-political support of distant clients in low-intensity conflict situations. The US problem of dealing with these is largely a political one, mustering the political will to bring military, paramilitary, and other resources to bear.

All these military goals the Soviets can continue to sustain at a more or less level defense procurement effort -- for that matter, even with a slightly declining one. Steadiness and continuity are the hallmarks of their effort, not rapid ups and downs such as the US has witnessed in the post-war years.

But there are problems which loom in the distance for Moscow. The Soviet military are very conscious of them. Under the influence of such innovative strategic thinkers as Marshal Ogarkov, Soviet military doctrine appears to be evolving in the direction of more emphasis on hi-technology conventional forces and somewhat less emphasis on nuclear forces. The aim is a better mix of forces that are useful in peacetime power politics and for the conduct of real wars, which the Soviet marshals would increasingly prefer to wage without nuclear weapons even though they want to be fully prepared for nuclear combat. Soviet arms control proposals for reducing or eliminating nuclear weapons appear to be in part designed to promote these doctrinal aims, by their political

and psychological effects, even if formal agreements are never reached.

There are two problems for the Soviet marshals here:

First, the emphasis on hi-tech and costly conventional weapons in the future requires that the Soviet technology base across the economy, not just in the military industries, must be ready to take the burden. But there are reasons to question whether Gorbachev's conservative economic measures will modernize the Soviet economy fast enough.

Second, the US and its allies are conducting -- and, one hopes, will be able to sustain in the future -- military modernization programs and technology initiatives which will tend to oblige the dispersal of Soviet military technological resources across a broad range of nuclear and conventional, offensive and defense programs, precisely when the Soviet military would like to concentrate them on hi-tech conventional forces for offensive operations in the theater.

These US and NATO challenges are our strategic force modernization programs, our conventional force modernization programs -- especially the so-called emerging technologies for combatting Soviet tank armies -- and, of course, the Strategic Defense Initiative. Emerging NATO technologies on the conventional front and the SDI are exceptionally disturbing challenges to the Soviets because they attack the weapons on which the entire structure of Soviet strategic doctrine most depends: the tank and the long-range ballistic missile.

The Soviet marshals want General Secretary Gorbachev to solve both of these problems for them. They want him to fix up the economic and technology base to be ready for a demanding new round of weapons competition, especially in the conventional area. And they want him to use whatever diplomatic, propaganda, and arms control initiatives he can come up with to talk the US and its allies out of their challenging new military initiatives before they bear their unwelcome fruit for the Soviet military.

Achieving the latter is the main purpose of Gorbachev's foreign policy toward the US and Europe now. He wants to create a political environment which is most congenial to the slackening of Western defense efforts, and especially to a new sag in the level of US defense spending. He wants to achieve this without any basic revision of the structure of Soviet strategic power or the direction of Soviet foreign policy aims. This is what his arms control initiatives are basically all about. They are, on one hand, grandiose, but, on the other, not supported by any detailed explanation of how they would be implemented, nor even by any readiness of Soviet delegates at the bargaining table to even discuss them in practical terms.

To call Soviet arms control proposals propaganda somewhat understates their political importance. They are designed, not for negotiation, but for political effect in the very important cause of slackening Western defense efforts without Soviet concessions or even real negotiations.

Meanwhile, the Gorbachev regime continues the expansionist program in the Third World which saw such a "great leap forward" under the leadership of Brezhnev.

In Nicaragua, the Soviets hope to see the consolidation of an authentic Marxist-Leninist regime, supplying economic aid, military equipment, and political advice and support to that end. This will provide a base for further application of the Leninist formula for revolutionary progress in Central and Latin America.

In southern Africa, they seek to consolidate the Angolan Marxist regime and to reestablish their hold on Mozambique after some wavering by its leader. This will provide bases for more of the same in this troubled region.

The same holds true in Ethiopia, where consolidation of a Leninist autocracy takes precedence over any humanitarian concern in a land of starvation.

When their own machinations stimulated murderous factional strife in South Yemen this spring, the Soviets sought cynically to ascertain the winning side and then backed it decisively.

In Afghanistan, we see a multifaceted intensification of Soviet efforts: intensification of counterinsurgency operations, intensification of pressures on Pakistan, intensification of internal political measures to consolidate the Kabul regime, and

intensification of diplomatic efforts to split the resistance from its sources of support, especially Pakistan. So far as we can see, none of this is authentically directed at a peaceful settlement acceptable to anyone but Moscow. Rather it is aimed at stimulating a political process which leads others eventually to accept Soviet domination of Afghanistan, and the Soviet military presence needed to preserve it.

There are, of course, many other aspects of Soviet policy toward the Third World, from more or less normal diplomacy with countries such as India and Peru, to covert political action in all countries. We can expect the Soviets to seek political inroads with the new government in the Philippines. They will work both their established clients, Syria and the PLO, and moderate Arabs to enhance their influence in the Middle East. All in all, notwithstanding the muting of Soviet revolutionary rhetoric recently which has made certain clients such as Castro a bit nervous, we do not see any significant retrenchment of Soviet interest and involvement in Third World affairs.

Recent Soviet behavior toward Libya is a revealing case in point. Qadhafi's adventurism and terrorism have, of course, long rested on a foundation of Soviet supplied military power. The Soviets have multiple interests to serve: hard currency earnings, but especially troublemaking for the West. They have never regarded Qadhafi as a stable and reliable ally, but rather as a volatile, speculative investment worthy of support, and yet no risky commitment. This policy has continued under Gorbachev who received Qadhafi on a state visit last fall,

accelerated Soviet SA-5 SAM deliveries this winter, and sent him a "dear comrade" letter in the wake of our air strikes.

Thirty years of activity have given the USSR a diversified portfolio of investments in Third World revolution. They are a vital part of Soviet status as a global superpower and the Kremlin's image of itself. Gorbachev shows no sign at present of retrenchment.

This is admittedly a grim assessment of the current Soviet regime, rather starkly in contrast to many hopes and expectations at its onset. You may ask whether there is any good news for the Free World. Yes, indeed, there is!

While the USSR is avaricious and very powerful, it is not all powerful. It can be effectively resisted by determined diplomacy, by sustained defense programs, and by support to those who oppose its avarice directly.

If the foreign aggrandizements of the USSR are effectively resisted, there is a fair chance that lack of foreign policy success could combine with failures to fulfill domestic economic plans. Together they might bring Gorbachev or perhaps another successor to reevaluate basic Soviet policy priorities. This could come out in favor of a real emphasis on domestic welfare and a deemphasis on foreign and military power, rather than the sham or superficial shifts we are now seeing. This is just a possibility. It should not be excluded. But it would be even worse to assume it is now a reality, when it is not.

Finally, there is a possibility -- again just a possibility -- that the Gorbachev regime -- even though it is neither liberal nor really reformist -- could encourage by its exaggerated rhetoric and conservative measures increased pressures on it from below, from the society itself. This brings us back to our starting point. At the party congress, Gorbachev promised openness, in Russian "glasnost". At Chernobyl the people got cavalier disregard for the public good, secrecy, evasions, and the familiar priority: protect the power and the image of the ruling establishment no matter what the cost to the people. The peoples of the USSR have put up with this patiently for decades, indeed centuries. Perhaps their patience will some day wear thin. The Free World cannot assume that this will happen now, soon, or ever. But for this at least we should never cease hoping and, and by our own actions and example, encouraging.