

DDCI CHRONO - December 1987

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	4	8 December	Congratulatory letter to BG James R. Clapper, Jr., USAF, on his promotion to Major General.	
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	8	10 December	Congratulatory letter to James H. Burnley, IV on being named Sec. of Transportation.	
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25X1	10	11 December	Letter to	
	11	11 December	Note to DCI re Embassy Security.	
	12	11 December	Note to DCI re IG report.	
25X1	13	15 December	Notes to Blackwell, NIO/USSR; MacEachin, D/SOVA; SOVA/DI; SOVA/DI attaching draft Soviet speech.	
25X1	14	15 December	Memo for IG, GC, Comptroller, OCA, re the IG be the focal point for contact between the Agency and the new Audit and Inspection Unit.	
	15	15 December	Memo to DCI re The Second Biannual Report on Counterintelligence and Security Countermeasures.	
	16	16 December		

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25X1	17	17 December	Note to DDA re re <input type="text"/>
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25X1			Memo for NIO/GP re Terms of Reference/Concept Paper for <input type="text"/>
	21	31 December	Note to DCI re packaging of inspection reports.

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7 December 1987

MEMORANDUM FOR: Director, Intelligence Community Staff
FROM: Deputy Director of Central Intelligence
SUBJECT: Support to SAFE

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1. I've reviewed the compromise proposal put forward by the Intelligence Community Staff and would like for you to prepare correspondence to the Director, DIA and the Executive Director, CIA. I want the correspondence prepared as reflecting a decision.

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2. The only change in your "compromise" proposal will be in paragraph 4. I want the correspondence to show that CIA will provide \$7.1 million in FY-88 and \$3.2 million in FY-89 toward completion of remaining SAFE deliveries -- 3.2 through 3.8, Delivery 4, Set 1 and MRP rewrite. I am not prepared to contemplate any significant fund program slippages or software changes that would drive costs of the program in FY-89 to a shortfall that would require a commitment of resources above the \$3.2 million for CIA. This is more than twice the shortfall identified by CSPO.

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3. Correspondence should be prepared directing CIA and DIA to organize themselves in such a way to support CSPO to ensure that shortfalls beyond this extent do not occur. To the degree shortfalls are anticipated, measures should be taken to keep the program within the bounds identified. I want the correspondence to reflect that this financial sinkhole must be closed as we move into an extremely constrained budgetary environment. Neither agency will be in a position to contribute the kind of money identified as a maximum shortfall by the Intelligence Community Staff. It is also imperative to put a freeze on software developments to the degree necessary to prevent expenditures from increasing beyond program levels. It will be the responsibility of CIA, DIA and CSPO working together to ensure that the program is closed out at the budgetary levels identified.

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Robert M. Gates

DCI
EXEC
REG

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Distribution:
Orig - Adse (copy also WASHFAXED)
1 - DDCI Chrono
1 - ER

DDCI Chrono Copy
(Orig. letter on DDCI
personal stationery)

8 December 1987

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Dear 

Imagine my surprise to receive your invitation to the annual meeting of the Williamsburg Chapter of the Artillery Punch Drinking and Carol Singing Society. I remember the first meeting vividly, probably somewhat better than Becky does -- she, of course, having been inducted into the Society with little preparation or warning.

I very much regret that we will be in Colorado that week, and therefore will be unable to attend. We are really sorry to miss this chance to see old friends so long absent, but never far from our thoughts.

Please tell everyone that we wish we could be there and would work hard to be present at the next meeting of the Chapter, or at least of the survivors of the upcoming session. (You know, none of us are as young as we were at the first meeting.)

Please pass along to Dan how very much I appreciated and was moved by his letters last February and March. Hearing from him after so long a time and with the thoughtfulness only an old friend could offer really touched me. When the situation righted itself enough that I began to try and write some notes to people I had heard from, I simply could not lay hands on Dan's address, and have felt guilty about it ever since. Regrettably, neither of his letters had a return address on them. Please ask him to send a card or something with his address so I can get in touch with him directly.

Again, it is so good to hear from you after all these years. Maybe early in the spring we could all get together in Williamsburg.

As ever,

/s/ Bob

Central Intelligence Agency



Washington, D.C. 20505

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8 December 1987

Brig. Gen. James R. Clapper, Jr., USAF
Director for Intelligence
Headquarters, U.S. Pacific Command
Camp H.M. Smith, Hawaii 96861-5025

Dear Jim,

Congratulations on your selection for promotion to Major General. I enjoyed meeting and talking with you recently, and am pleased to hear this good news. It clearly recognizes your dynamic and creative leadership -- with Pacific Command as at U.S. Forces, Korea -- in improving the quality of intelligence in substance, relevance, timeliness, and presentation.

This is also a welcome opportunity to let you know that I appreciate the courtesies and confidence you show [redacted] and the spirit of cooperation you bring to the many interests and important endeavors we share.

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Sincerely,

[redacted signature box]

Robert M. Gates
Deputy Director of Central Intelligence

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Bob,
If John's suggested text
is OK with you, I'll have
Cheryl type the letter.

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Cheryl:
pls type letter

Date 3 Dec 87

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ADMINISTRATIVE - INTERNAL USE ONLY

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9 December 1987

MEMORANDUM FOR: Chief, DCI Administrative Staff

SUBJECT: Payment for Charges Incurred by the
DDCI for Representational Purposes

Payment from U.S. Government funds for representational expenses incurred by the DDCI for the purpose of conducting official business of the United States Government is authorized under the policy set forth in

STAT [redacted] or the following functions:

Date Name Organizational Affiliation

STAT 87.10.1 Robert M. Gates (host) DDCI
[redacted]

STAT 87.10.2 Robert M. Gates (host) DDCI
[redacted]

STAT Mr. Hirsch CIA
Mr. Kerr CIA
[redacted] CIA
CIA
CIA

87.10.13 Robert M. Gates (host) DDCI
6 guests (operational dinner)

STAT [redacted]
O/DDCI

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The Deputy Director of Central Intelligence

Washington, D. C. 20505

10 December 1987

[Redacted]

Dear Paul,

[Redacted] called to tell me about your heart attack and illness. This is a tough time and struggle lies ahead, but I hope you will take strength and hope from the certain knowledge that you have many friends and we are all praying and hoping for your quick recovery.

If there is anything I can do, please let me know. We are thinking of you.

Warm regards,

[Redacted]

Robert M. Gates

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

10 December 1987

The Honorable James H. Burnley, IV
The Secretary of Transportation
Washington, D.C. 20590

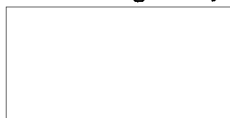
Dear Jim,

I am sorry to be so slow, but congratulations on your promotion from the ranks of the Number Two's. While being a Cabinet officer is certainly a high honor, I think you will not find them as fun-loving a group as your erstwhile colleagues.

In all seriousness, your selection and confirmation is both an honor and recognition by the President and the Congress of your many achievements and skills.

You have my very best wishes for a successful tenure.

Warm regards,



Robert M. Gates



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Central Intelligence Agency



Washington, D. C. 20505

11 December 1987

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[Redacted]

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Dear

[Redacted]

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[Redacted] recently sent me a copy of your resume and relayed your frustration over not hearing anything official from the Agency about your past applications. I asked our employment personnel to look into this matter and to review your file and any related correspondence. According to our records, letters were sent in June 1984 and June 1986 indicating that we were unable to offer employment. I don't know why you did not receive these, and if the error was ours, I apologize.

Unfortunately, we do not now have a position that matches your qualifications. Indeed, hiring limitations are among the most severe we've had in years. I know this is small consolation; your strong desire to work for the Agency is evident.

I appreciate your longstanding interest in the Agency. I regret that my response could not be more favorable and wish you success in your future endeavors.

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Sincerely,

[Redacted Signature]

Robert M. Gates
Deputy Director of Central Intelligence

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

11 December 1987

TO: Director of Central Intelligence

SUBJECT: Embassy Security

Attached is the options paper on the Embassy Security Audit Unit as prepared by [redacted]. Also enclosed is a memorandum from [redacted] of our Office of Security with his views on the subject. I believe your decision on this can be used to bring to a head continuing differences with the Department of State and get this issue resolved once and for all -- are we or are we not to go ahead? The President and Colin Powell seem to think we should proceed.

[redacted] concedes that the largest option ([redacted] people) is not feasible if only because there are not enough people in the Community with qualifications to staff such an organization. (Truth be told, this is probably true of all of the options at this stage of the game.) Both [redacted] urge you to "go big". I think that there is merit in [redacted] apparently preferred option of [redacted] people -- a unit large enough to conduct "threat-driven" as well as event-driven inspections but not assuming responsibility for inspection of every single diplomatic installation on a routine basis.

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

11 December 1987

SUBJECT: Embassy Security (continued)

I recommend the following:

1. That you approve the person option.
2. That you meet with the directors of DIA, FBI and NSA to review this and obtain their support.
3. That at the next convenient lunch or meeting with Secretary Shultz you convey to him how you intend to proceed.
4. That you communicate your decision to the President in response to Colin Powell's memorandum, with the caveat that we cannot take these resources out of our hide -- we cannot proceed without new positions and new money as well as the training of a substantial number of experts.
5. After all of this, that you solicit nominations from DIA, CIA and NSA for the head of the audit unit.

Robert M. Gates

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

11 December 1987

TO: Director of Central Intelligence

Regarding the IG report my three suggestions were:

- Elevate the deputy Inspector General to SIS-05 (from SIS-04) to make the IG office parallel to the directorates.
- Limit the pool of fast-rising managers assignment to the IG to Category I GS-15s through SIS-03 (that is, only the very best GS-15s).
- Leave open the possibility of future growth of the Investigations and Compliance Staff to accommodate possibly much more aggressive use of this unit, especially by the DCI and DDCI.

Robert M. Gates

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15 December 1987

NOTE TO: Bob Blackwell, NIO/USSR
Doug MacEachin, D/SOVA/DDI
[redacted] SOVA/DDI
[redacted] SOVA/DDI

FROM: Deputy Director of Central Intelligence

Attached is a rather significantly revised draft of a speech on what's going on inside the Soviet Union that I hope to use several times in the next month or so. It is a bit long now and any suggestions you have for trimming it would be welcome.

Beyond this, I would like your comments on the speech as well as any corrections or identification of inaccuracies. In particular, I would appreciate your updating the statistics on personnel changes on pages 6 and 7 (including filling in the blanks), and if you could provide me two or three additional similar type statistics I would be grateful.

Finally, I would like to have a paragraph on economic performance in 1987 on page 9. I think the contrast with the description of 1986 would be useful. You will undoubtedly see that I have cribbed shamelessly from some parts of the NIE and from DDI publications although obviously the final assessment is my own. I would like to work on the speech while I am on leave and therefore would appreciate your comments and additional text by COB Thursday, 17 December.

Thanks.

[redacted]
Robert (M) Gates

Attachment:
As Stated

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15 DECEMBER 1987

WHAT IS GOING ON IN THE SOVIET UNION

INTRODUCTION

WITH THE SELECTION OF MIKHAIL GORBACHEV AS GENERAL SECRETARY IN THE SPRING OF 1985, THE POLITBURO SIGNALLED ITS RECOGNITION THAT THE SOVIET UNION WAS IN DEEP TROUBLE -- ESPECIALLY ECONOMICALLY AND SPIRITUALLY -- TROUBLE THAT THEY RECOGNIZED WOULD SOON BEGIN TO HAVE REAL EFFECT ON MILITARY POWER AND THEIR POSITION IN THE WORLD. DESPITE ENORMOUS RAW ECONOMIC POWER AND RESOURCES, INCLUDING A \$2 TRILLION A YEAR GNP, THE SOVIET LEADERSHIP BY THE MID-1980S CONFRONTED A STEADILY WIDENING GAP ECONOMICALLY, TECHNOLOGICALLY AND IN VIRTUALLY ALL AREAS OF THE QUALITY OF LIFE WITH THE WEST AND JAPAN.

THE LEADERSHIP ALSO APPEARS TO HAVE RECOGNIZED THAT THE PAST QUARTER CENTURY PRODUCED IMPORTANT CHANGES IN SOVIET SOCIETY.

- THANKS TO MODERN COMMUNICATIONS, THE POPULATION HAD BECOME LESS ISOLATED AND THUS ABLE TO REACT TO REGIME PROPAGANDA MORE CRITICALLY AND TO COMPARE THEIR LOT WITH THAT OF OTHER PEOPLES ENJOYING A HIGHER STANDARD OF LIVING.

- EXPANDED EDUCATION BROADENED THE HORIZONS OF MANY SOVIET CITIZENS, TRANSFORMING AT LEAST A PART OF THE TRADITIONALLY PASSIVE AND INERT MASS INTO A PUBLIC OF CITIZENS WITH DIVERSE INTERESTS AND INDIVIDUAL IDENTITIES.

- IDEOLOGY DIMINISHED AS A SOURCE OF LEGITIMACY. THERE WAS A GENERAL INCREASE IN CYNICISM ABOUT THE REGIME AND ITS POLICIES, AND SPREADING SOCIAL MALAISE.

- MORE AND MORE CITIZENS BEGAN TO DROP OUT OF PUBLIC ACTIVITIES TO PURSUE PRIVATE ACTIVITY SUCH AS TRAFFICKING ON THE BLACK MARKET. THE UNOFFICIAL ECONOMY BURGEONED.

- THERE WAS A SIGNIFICANT RISE IN THE ALIENATION OF SOVIET YOUTH AND INCREASING NUMBERS OF YOUNG PEOPLE BEGAN TO ENGAGE IN VARIOUS TYPES OF UNACCEPTABLE BEHAVIOR.

AS A RESULT OF THESE ECONOMIC AND SOCIAL TRENDS, THE POLITBURO RECOGNIZED THAT THE SOVIET UNION COULD NO LONGER RISK THE SUSPENDED ANIMATION OF THE BREZHNEV YEARS, AND COALESCED AROUND AN IMAGINATIVE AND VIGOROUS LEADER WHO COULD REVITALIZE THE COUNTRY WITHOUT ALTERING THE BASIC STRUCTURE OF THE SOVIET STATE OR COMMUNIST PARTY.

IN GORBACHEV THEY HAVE GOTTEN MORE THAN THEY BARGAINED FOR. THE EXTRAORDINARY SCOPE OF HIS INITIATIVES, HIS ENERGY, AND HIS WILLINGNESS TO BREAK WITH PAST PRACTICES, HAS PROMPTED DEBATE NOT ONLY AT HOME BUT IN THE WEST AS TO GORBACHEV'S ULTIMATE OBJECTIVES. WITH ALL THE SPECULATION, IT IS WORTH TAKING A LOOK AT WHAT IS GOING ON -- WHAT HE ACTUALLY HAS DONE AND WHERE HE INTENDS TO GO. AND THEN WE CAN ASSESS THE IMPLICATIONS FOR THE UNITED STATES AND WHETHER WE WANT HIM TO SUCCEED.

STRENGTHENING THE LEADERSHIP AND HIS POSITION

THERE IS STRONG SUPPORT IN THE POLITBURO FOR GORBACHEV PERSONALLY AND, IN PRINCIPLE, THE NECESSITY TO MODERNIZE THE ECONOMY. WHILE POLITBURO POLITICS ARE ALWAYS OVER SIMPLIFIED AND OFTEN MISUNDERSTOOD IN THE WEST, FOR CLARITY AND BREVITY ONE MAY PRESUME THREE APPROACHES TO MODERNIZATION IN THE

POLITBURO. THE FIRST, LED BY GORBACHEV, SEES A NEED TO UNDERTAKE A FAR-REACHING RESTRUCTURING OF STALINIST ECONOMIC POLICY AND ITS CENTRALIZED SLUGGISH BUREAUCRACY, AND, FURTHER, THAT REAL MODERNIZATION AND TECHNOLOGICAL ADVANCE REQUIRES A LOOSENING OF POLITICAL CONTROLS -- INCLUDING CONTROLS ON INFORMATION.

ANOTHER APPROACH, PROBABLY BEST REPRESENTED BY LIGACHEV, IS THAT MODERNIZATION CAN BE ACHIEVED BY REDUCING CORRUPTION, BY IMPROVING MANAGEMENT (AND MANAGERS), BY MEASURES MAINLY DESIGNED TO MAKE THE EXISTING SYSTEM FUNCTION MORE EFFICIENTLY AND BY SOME CHANGES IN THE SYSTEM AT THE MARGIN. THOSE WHO HOLD THIS GENERAL VIEW SEE SIGNIFICANT POLITICAL REFORMS AS UNNECESSARY AND DANGEROUS. THE THIRD MIDDLE APPROACH, PERHAPS LED BY PREMIER RYZHKOV, IS MORE ATTUNED TO GORBACHEV'S VIEW OF THE NEED FOR FAR-REACHING ECONOMIC REFORM -- THOUGH MORE SELECTIVE, BUT IS CONCERNED ABOUT THE DANGERS OF LOOSENING POLITICAL CONTROLS.

NONE OF THE THREE APPROACHES HAS A MAJORITY OF SUPPORT IN THE POLITBURO AND INDIVIDUAL MEMBERS PROBABLY FIND THEMSELVES TAKING DIFFERENT APPROACHES FROM ISSUE TO ISSUE WHILE THE POLITBURO LINE UPS THUS ARE FAIRLY FLUID NONETHELESS. NEARLY EVERY STEP GORBACHEV SEEKS TO TAKE TOWARD STRUCTURAL ECONOMIC OR POLITICAL CHANGE IS A STRUGGLE, AND SUPPORT IN THE POLITBURO FOR HIS INITIATIVES SHIFTS CONSTANTLY FROM ISSUE TO ISSUE. FOR

EXAMPLE, HIS PROPOSALS FOR ECONOMIC CHANGE AND A PARTY CONFERENCE WERE REJECTED IN JANUARY 1987, BUT ADOPTED IN JUNE. AND, DESPITE SIGNIFICANT SUCCESS IN JUNE, HIS PROGRAM HAD AGAIN RUN INTO TROUBLE BY FALL. SO, HE FACES A DAY TO DAY STRUGGLE EVEN IN A POLITBURO WHERE A MAJORITY OF MEMBERS ARE NEW SINCE BREZHNEV'S DEATH. AND, AS WE SAW IN NOVEMBER WITH THE EXPULSION OF MOSCOW PARTY BOSS YELTSIN, EVEN HIS ALLIES CAN BE A HINDRANCE IN THE DELICATE POLITICAL BALANCING AND BARGAINING HE MUST PURSUE TO ACHIEVE PROGRESS.

BELOW THE POLITBURO, SUPPORT FOR CHANGE -- AND ESPECIALLY FAR-REACHING CHANGE -- IS EVEN SHAKIER. OPPOSITION FROM THE PARTY CENTRAL COMMITTEE AND PARTY APPARATUS IS A CRITICAL PROBLEM FOR GORBACHEV. SENIOR LEVELS OF THE ECONOMIC BUREAUCRACY STAND TO LOSE THE MOST IF GORBACHEV MOVES TO DECENTRALIZE THE SYSTEM AND ARE IMPORTANT OBSTACLES TO IMPLEMENTATION OF HIS PROGRAM. WHILE MANY SENIOR OFFICIALS OF THE NATIONAL SECURITY BUREAUCRACIES UNDERSTAND THE CONNECTION BETWEEN A STRONG DEFENSE AND A HEALTHY ECONOMY, THEY ALSO ARE UNHAPPY WITH CONSTRAINTS ON DEFENSE SPENDING AND SKEPTICAL OF PROMISED BENEFITS. OTHERS, FOR EXAMPLE THE KGB, ARE CONCERNED ABOUT THE POTENTIAL FOR INSTABILITY AT HOME AND IN EASTERN EUROPE CREATED BY ANY RELAXATION OF POLITICAL CONTROLS. THE SOVIET POPULATION SEEMS TO BE PASSIVELY SUPPORTIVE, BUT THEY HAVE SEEN CAMPAIGNS FOR CHANGE COME AND GO AND THEY TOO ARE SKEPTICAL THAT GORBACHEV'S EFFORTS WILL PRODUCE LASTING

RESULTS. THE INTELLIGENTSIA ARE PROBABLY THE ONLY GROUP THAT COMES CLOSE TO GIVING WHOLE-HEARTED SUPPORT -- COLD COMFORT TO THE GENERAL SECRETARY.

IN SUM, GORBACHEV HAS MADE HEADWAY IN THE POLITBURO BUT FACES A LARGELY HOSTILE PARTY AND STATE BUREAUCRACY AND A CONSERVATIVE AND APATHETIC POPULATION. IT IS A FORMIDABLE CHALLENGE THAT HAS FACED EVERY RUSSIAN AND SOVIET LEADER SEEKING CHANGE OR MODERNIZATION BUT, UNLIKE THEM, GORBACHEV REALISTICALLY CANNOT RESORT TO WIDE-SCALE TERROR AND VIOLENCE TO ELIMINATE THOSE WHO STAND IN HIS WAY. HE MUST RELY ON A LONG TERM, LARGELY NON-VIOLENT PURGE OF PARTY AND BUREAUCRACY AND PLACEMENT OF HIS SUPPORTERS IF HE IS TO REMAIN IN POWER AND TO SUCCEED AT ALL. THE CENTRAL QUESTION IS WHETHER HE WILL GET ENOUGH TIME.

REJUVENATION OF THE ELITE

THE PURGE IS UNDERWAY. _____ MEMBERS OF THE POLITBURO ARE NEW SINCE GORBACHEV BECAME GENERAL SECRETARY. _____ PERCENT OF THE CENTRAL COMMITTEE IS NEW SINCE HE ASSUMED THE REINS.

THERE HAVE BEEN OTHER LARGE SCALE PERSONNEL REPLACEMENTS.

-- OF THE ELEVEN OTHER PARTY SECRETARIES, NINE ARE NEW GORBACHEV APPOINTEES.

- 59 OF 105 MEMBERS OF THE USSR COUNCIL OF MINISTERS ARE NEW SINCE GORBACHEV ASSUMED POWER.

- HE HAS APPOINTED TWELVE NEW DEPUTY CHAIRMEN OF THE COUNCIL OF MINISTERS OUT OF FOURTEEN.

- 47% OF THE OFFICIALS IN THE AGRO-INDUSTRIAL COMPLEX HAVE BEEN REPLACED.

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BEYOND A SENSE OF PERSONAL JEOPARDY, MANY WHO OPPOSE GORBACHEV'S POLICIES BELIEVE THOSE POLICIES TO BE INHERENTLY

MISTAKEN AND BAD FOR THE COUNTRY, THAT THEY ARE NOT IDEOLOGICALLY SOUND, AND THAT THEY COULD THREATEN PARTY CONTROL.

MODERNIZATION OF THE ECONOMY

ALTHOUGH BY 1985 GORBACHEV HAD BEEN ON THE POLITBURO FOR SIX YEARS AND A CENTRAL COMMITTEE MEMBER FOR 14 YEARS, HE NOW ADMITS THAT WHEN HE BECAME GENERAL SECRETARY HE UNDERESTIMATED THE SEVERITY OF THE ECONOMIC PROBLEMS AFFLICTING THE SOVIET UNION. ACCORDINGLY, HE SEEMS TO BE INCREASINGLY RECEPTIVE TO MORE RADICAL PROPOSALS FOR CHANGE. MANY OF HIS RECENT REMARKS SHOW INCREASING FRUSTRATION OVER THE LIMITS IMPOSED ON HIS FREEDOM OF MANEUVER BY THE STALINIST-ERA COMMAND ECONOMY DOGMA HE HAS INHERITED.

ESSENTIALLY, HE SEEMS TO HAVE ADOPTED A TWO STEP APPROACH TO REVIVING THE ECONOMY. INITIALLY, GORBACHEV RELIED ON A COMBINATION OF MEASURES TO STRENGTHEN PARTY CONTROL, IMPROVE WORKER ATTITUDES, AND WEED OUT INCOMPETENCE -- WHAT HE REFERS TO AS "HUMAN FACTOR" GAINS. THE MOST VISIBLE AND DRAMATIC PART OF THESE EFFORTS HAS BEEN HIS CAMPAIGNS FOR DISCIPLINE AND AGAINST CORRUPTION AND ALCOHOLISM. THESE MEASURES HAVE HAD A

POSITIVE IMPACT AND ARE INTENDED, ONE MIGHT SAY, TO "KICK START" THE ECONOMY -- TO INCREASE PRODUCTIVITY AND GNP SIMPLY THROUGH HARDER AND MORE DISCIPLINED WORK FOR TWO OR THREE YEARS UNTIL MOMENTUM CAN BE SUSTAINED BY THE SECOND STEP -- GENUINE IMPROVEMENTS IN INDUSTRIAL PRODUCTIVITY THROUGH MODERNIZATION OF THE COUNTRY'S PLANTS AND EQUIPMENT.

IMPROVED WORKER DISCIPLINE AND PRODUCTIVITY, AS WELL AS GOOD LUCK, MADE 1986, THE FIRST FULL YEAR OF GORBACHEV'S STEWARDSHIP, A GOOD ONE IN TERMS OF ECONOMIC PERFORMANCE. SOVIET GNP GREW BY MORE THAN 4%, THE HIGHEST RATE IN A DECADE. INDUSTRY, THE FOCUS OF HIS MODERNIZATION EFFORT, ALSO RECORDED ITS BEST GROWTH IN A DECADE. THERE WAS RECORD FARM OUTPUT, INCLUDING THE LARGEST GRAIN HARVEST SINCE 1978.

THE JUNE 1987 CENTRAL COMMITTEE PLENUM PROVIDED THE CLEAREST EVIDENCE SO FAR THAT GORBACHEV SEEKS A RADICAL OVERHAUL OF THE STALINIST COMMAND ECONOMY. THE BLUEPRINT FOR REFORM ADOPTED IN JUNE IS A COMPROMISE BETWEEN THOSE WHO WANT TO DISMANTLE THE COMMAND ECONOMY NOW AND THOSE WHO WANT TO PROCEED MORE CAUTIOUSLY. BUT IT DOES CONTAIN THE OUTLINES OF A NEW, MORE MARKET BASED MECHANISM FOR RUNNING THE ECONOMY THAT I BELIEVE GORBACHEV WILL PUSH. IT CALLS FOR SCALING BACK CENTRAL PLANNING AGENCIES AND ECONOMIC MINISTRIES, RADICALLY MORE INDEPENDENCE FOR FACTORIES IN CHOOSING SUPPLIERS AND COMPETING FOR CUSTOMERS, AND PARTIAL DE-REGULATION OF MANY PRICES. THE

REGIME HAS UNDERTAKEN A CAUTIOUS EXPANSION OF THE PRIVATE SECTOR, ESPECIALLY IN THE AREA OF CONSUMER SERVICES. GORBACHEV'S INITIAL FOCUS HAS BEEN ON THE INDUSTRIAL SECTOR, NOT AGRICULTURE -- PARTLY BECAUSE HE SEES INDUSTRY AS KEY TO TECHNOLOGICAL PROGRESS, PARTLY BECAUSE OF THE POLITICAL DANGERS OF TAMPERING WITH COLLECTIVIZED AGRICULTURE.

TAKEN AS A WHOLE, THE REFORM MEASURES PUT IN PLACE IN GORBACHEV'S TWO AND A HALF YEARS OF TENURE ARE AN IMPRESSIVE PACKAGE THAT IN SCOPE AND SPECIFICITY GOES WELL BEYOND THE SO-CALLED KOSYGIN REFORMS ADOPTED IN 1965. NEVERTHELESS, THE REFORMS DO NOT GO NEARLY FAR ENOUGH. THE REFORM PACKAGE AS NOW CONSTITUTED IS A SET OF HALF MEASURES THAT LEAVES IN PLACE THE PILLARS OF SOCIALIST CENTRAL PLANNING: STATE OWNERSHIP, THE FRAMEWORK OF CENTRAL PLANS, NUMEROUS OLD AND NEW ADMINISTRATIVE AGENCIES OVERSEEING AND PARTIALLY DIRECTING THE ACTIVITIES OF ENTERPRISES, RATIONING OF MANY RAW MATERIALS AND INVESTMENT GOODS, RIGID STATE-FIXED PRICES FOR KEY PRODUCTS AND DETAILED STATE MONITORING OF ALL OTHERS, AND ENTERPRISE INCENTIVES GEARED TO MEETING PLAN GOALS FOR OUTPUT AND ORIENTED TOWARD DEALING WITH ADMINISTRATIVE SUPERIORS, RATHER THAN FOLLOWING SIGNALS FROM MARKETS.

BECAUSE OF SUCH INTERNAL CONTRADICTIONS AND THE RETENTION OF SO MANY ELEMENTS OF THE PRESENT SYSTEM, THE REFORMS, EVEN IF FULLY IN PLACE IN 1991 AS INTENDED, WILL NOT CREATE THE DYNAMIC

ECONOMIC MECHANISM THAT GORBACHEV SEEKS AS THE MEANS TO REDUCE OR CLOSE THE TECHNOLOGICAL GAP WITH THE WEST AND SPELL TROUBLE FOR HIS ECONOMIC PROGRAM GENERALLY. INDEED, ITS AGGRESSIVE IMPLEMENTATION IS CAUSING SERIOUS DISRUPTIONS AND TURBULENCE IN THE ECONOMY AND WILL CAUSE MORE AS THE BUREAUCRATIC FACTIONS ATTEMPT TO ADJUST TO THE MANY CHANGES BEING IMPOSED FROM ABOVE. SPECIFICALLY:

- GORBACHEV'S QUALITY CONTROL PROGRAM IS DISRUPTING PRODUCTION AND THE SUPPLY NETWORK AS POOR-QUALITY GOODS ARE REJECTED. A HIGH GROWTH RATE AND IMPROVED QUALITY ARE NOT READILY COMPATIBLE OBJECTIVES. INDUSTRIAL PRODUCTION GOALS, FOR EXAMPLE, ARE TOO HIGH TO ALLOW FOR A SLOW DOWN IN PRODUCTION TO INSTALL NEW MORE TECHNOLOGICALLY ADVANCED EQUIPMENT.

- NEW INITIATIVES IN ORGANIZATION AND MANAGEMENT ARE CREATING CONFUSION AND APPREHENSION, AND BUREAUCRATIC FOOT-DRAGGING AND OUTRIGHT RESISTANCE IN OTHERS.

- THE RAPID PACE OF THE REFORM PROGRAM IMPOSES A STAGGERING SET OF TASKS ON THE CENTRAL BUREAUCRACIES AND ON THE PRODUCING UNITS, WHILE SIMULTANEOUSLY DEMANDING FULFILLMENT OF THE 12TH FIVE-YEAR PLAN (1986-90).

- DESPITE CONSIDERABLE RHETORIC, NONE OF THE PROPOSALS SO FAR GREATLY CHANGES THE SYSTEM OF ECONOMIC INCENTIVES THAT DISCOURAGE MANAGEMENT INNOVATION AND TECHNOLOGICAL CHANGE.

- A SHARP DECLINE IN SOVIET HARD CURRENCY EARNING (THE RESULT OF FALLING OIL PRICES AND THE DEPRECIATION OF THE DOLLAR) WILL LIMIT MUCH NEEDED SPECIALIZED IMPORTS FROM THE WEST.

- FINALLY, FOR A MODERNIZATION DRIVE THAT DEPENDS IN SUBSTANTIAL MEASURE ON HARDER WORK, THERE ARE FEW REWARDS FOR SUCH WORK. UNSATISFIED CONSUMER DEMAND IS REFLECTED IN CONTINUING LONG LINES IN STATE STORES AND RISING PRICES IN THE COLLECTIVE FARM MARKETS.

BEYOND THE SPECIFIC DIFFICULTIES FACING GORBACHEV'S ECONOMIC PROGRAM, THERE ARE BROADER REASONS FOR THE SHARP CONTRAST BETWEEN GORBACHEV'S RADICAL RHETORIC AND HIS MORE MODEST RECORD OF ACCOMPLISHMENT TO DATE:

- IT IS IN PART A MATTER OF TIMING. GORBACHEV, WHO HIMSELF CHARACTERIZED PROGRESS ON THE ECONOMIC FRONT SO FAR AS "INSIGNIFICANT" AT THE JUNE 1987 PLENUM, APPRECIATES THAT IMPLEMENTING HIS VISION WILL TAKE YEARS, IF NOT DECADES.

-- A SERIES OF OBSTACLES -- FROM POLITICAL RESISTANCE TO ECONOMIC CONSTRAINTS -- HAVE SLOWED GORBACHEV'S MOMENTUM AND FORCED HIM TO COMPROMISE.

-- BUT DESIGN FLAWS IN THE NEW LEADERSHIP'S APPROACH, IN MY VIEW, REMAIN PART OF THE PROBLEM. AS IT COMES FACE TO FACE OVER THE NEXT FEW YEARS WITH THE GAPS AND CONTRADICTIONS IN THE LEGISLATION APPROVED SO FAR -- AND THE CONFUSION AND PERFORMANCE PROBLEMS THAT WILL RESULT -- THE REGIME WILL HAVE TO CHOOSE BETWEEN STEPS WHICH EXPAND ON THE MORE RADICAL ELEMENTS OF THE VISION GORBACHEV HAS ARTICULATED OR, ON THE OTHER HAND, STEPS THAT DILUTE THE THRUST OF THE REFORMS AND REASSERT CENTRAL PLANNING AS THE MAIN FEATURE OF THE ECONOMY.

THUS, WHILE IMPORTANT BATTLES HAVE BEEN WON IN PRINCIPLE, TO CHANGE FUNDAMENTALLY THE MAIN PILLARS OF THE STALINIST ECONOMIC SYSTEM, THE WAR MUST STILL BE FOUGHT AND WON. AND, AS GORBACHEV PERCEIVES THAT THE CAUTIOUS CHANGE THUS FAR ACCOMPLISHED IS INADEQUATE TO ACHIEVE HIS GOALS, HE IS LIKELY TO TAKE MORE AND MORE RADICAL MEASURES AND DISRUPTIVE REFORMS IN ORDER TO MAKE FURTHER PROGRESS. THIS, IN TURN, WILL GENERATE FURTHER OPPOSITION AND CONTROVERSY.

POLITICAL REFORM

GORBACHEV'S PLANS FOR THE POLITICAL SYSTEM REMAIN LESS WELL-DEFINED THAN HIS ECONOMIC AGENDA. BUT HE AND HIS ALLIES HAVE SHOWN A GROWING CONVICTION THAT THE REVITALIZATION OF SOCIETY AND ECONOMY CAN SUCCEED ONLY IF THERE ARE SIGNIFICANT CHANGES IN THE POLITICAL ARENA AS WELL. THE REGIME APPEARS TO BE MOVING ON AT LEAST THREE FRONTS TO CREATE THE POLITICAL CLIMATE IT SEEKS.

THE FIRST IS IDEOLOGY. GORBACHEV IS FRUSTRATED WITH THE STRAITJACKET OF INHERITED DOCTRINE THAT OPPONENTS OF CHANGE HAVE SOUGHT TO IMPOSE ON HIM. GORBACHEV TOLD THE JANUARY 1987 CENTRAL COMMITTEE PLENUM, THAT "THE THEORETICAL CONCEPTS OF SOCIALISM REMAINED AT THE LEVEL OF THE 1930S AND 1940S." HE SEEKS TO EXPAND HIS ROOM TO MANEUVER BY AN INCREASINGLY OPEN ATTACK ON STAGNATION IN IDEOLOGY AND BY DEPICTING HIS OWN PROPOSALS AS AN EFFORT TO RETURN TO LENIN'S ORIGINAL INTENT.

THE SECOND FRONT IS GLASNOST, OR OPENNESS. TIGHT CENTRAL CONTROLS OVER THE FLOW OF IDEAS AND INFORMATION LIE AT THE HEART OF THE SOVIET SYSTEM. REMARKS BY GORBACHEV, AND HIS KEY ALLIES INDICATE THAT THE NEW LEADERSHIP BELIEVES THAT THIS APPROACH IS INCOMPATIBLE WITH AN INCREASINGLY WELL-EDUCATED SOCIETY, COMPLEX ECONOMY AND THE POLITICAL NEEDS OF THE MOMENT.

I SEE SEVERAL MOTIVES BEHIND GLASNOST.

- IT ENABLES THE REGIME TO COMPETE WITH FOREIGN AND OTHER UNOFFICIAL SOURCES OF INFORMATION. SINCE THE POPULATION WILL HEAR ABOUT RIOTING IN KAZAKHSTAN AND THE DISASTER AT CHERNOBYL ANYWAY, GORBACHEV BELIEVES IT IS BEST TO PRINT THE NEWS AND PUT AN OFFICIAL SPIN ON IT.

- GLASNOST IS BEING USED TO PILLORY OFFICIALS GORBACHEV HAS TARGETED AND TO PRESSURE THEM TO GET WITH THE PROGRAM.

- IT IS BEING USED TO HIGHLIGHT SOCIAL PROBLEMS HE WANTS TO ATTACK -- SUCH AS ALCOHOLISM AND DRUG ABUSE -- IN ORDER TO MOBILIZE SOCIETY BEHIND HIS CAMPAIGNS.

- BY ALLOWING UNORTHODOX CULTURAL WORKS TO APPEAR, GORBACHEV IS HOPING TO REDUCE THE INCENTIVE TO BYPASS OFFICIAL ORGANS AND PUBLISH MATERIALS IN THE UNDERGROUND PRESS.

- HE HOPES TO USE THE ATMOSPHERE OF GREATER OPENNESS TO COOPT INTELLECTUALS AND PARTICULARLY ENGINEERS AND SCIENTISTS TO BE FULL PARTNERS IN THE ATTEMPT TO MODERNIZE THE ECONOMY -- TO OVERCOME THEIR CYNICISM.

-- FINALLY, HE INTENDS TO LEGITIMIZE BROADER DISCUSSION OF PROBLEMS AND POSSIBLE SOLUTIONS THAN PERMITTED HERETOFORE IN ORDER TO BREAK THE BACK OF DOMESTIC RESISTANCE AND INCREASE HIS ROOM FOR MANEUVER AT HOME. FURTHER, HE SEES THE EXPANSION OF POLITICAL DEBATE AS A NECESSARY STEP TO ACHIEVE HIS LONGER RANGE GOALS.

TO KEEP GLASNOST IN PERSPECTIVE, IT IS IMPORTANT TO OBSERVE THAT THERE HAS BEEN NO DIRECT CRITICISM OF GORBACHEV PERSONALLY OR HIS LEADERSHIP. SIMULTANEOUSLY, UNDER HIS AUTHORITY, THERE HAS BEEN INTENSIFIED REPRESSION OF UNOFFICIAL CHANNELS OF INFORMATION. WITH RARE EXCEPTIONS, ONLY THOSE IN AGREEMENT WITH THE CENTRAL THRUST OF GORBACHEV'S POLICIES ARE ALLOWED TO VOICE THEIR VIEWS. NONETHELESS, THE PUBLICATION OF DIVERSE AND CRITICAL INFORMATION, AS WELL AS OF SOME WESTERN COMMENTARY AT VARIANCE WITH OFFICIAL SOVIET VIEWS, HAS BEEN REMARKABLE AND HAS LED TO CONTROVERSY OVER THE POLICY ITSELF. INDEED, GORBACHEV HAS SET LOOSE FORCES THAT WILL BE IMMENSELY DIFFICULT AND PAINFUL TO LEASH -- AS MUST HAPPEN AT SOME POINT.

THE THIRD FRONT IS DEMOCRATIZATION. GORBACHEV'S CAMPAIGN FOR "DEMOCRATIZATION" IS DESIGNED TO REVITALIZE THE COUNTRY'S POLITICAL INSTITUTIONS. GORBACHEV WANTS TO SANCTION MULTIPLE CANDIDATES FOR LOCAL AND REGIONAL ELECTIONS IN THE PARTY AND STATE APPARATUS BOTH TO HELP DISLODGE CONSERVATIVE OFFICIALS

WHO ARE RESISTING HIS REFORMS BUT ALSO TO SANCTION A MEASURE OF DIVERSITY AND DEBATE IN ORDER TO GIVE SOVIET CITIZENS AND THE PARTY RANK-AND-FILE A SENSE OF GREATER PARTICIPATION IN AND COMMITMENT TO THE POLITICAL SYSTEM.

THE EXPANSION OF THE BOUNDARIES OF POLITICAL DEBATE IS GORBACHEV'S MOST SUBSTANTIAL ACCOMPLISHMENT SO FAR. YET, GLASNOST ASIDE, GORBACHEV'S ACCOMPLISHMENTS ON THE POLITICAL FRONT ARE MODEST.

WHILE GORBACHEV'S BOLD POLITICAL MOVES AND RADICAL RHETORIC HAVE THOROUGHLY SHAKEN THE SOVIET SYSTEM, HE HAS NOT YET CHANGED IT. THE REGIME'S ACTUAL REFORM INITIATIVES HAVE SO FAR BEEN CAREFULLY CIRCUMSCRIBED TO INSURE THAT THEY DO NOT DEPART TOO BOLDLY FROM EXISTING APPROACHES. THE ULTIMATE FATE OF HIS VISION OF REFORM WILL DEPEND ON HOW SUCCESSFUL HE IS IN PUSHING AHEAD WITH ITS IMPLEMENTATION OVER THE NEXT DECADE IN THE FACE OF DESIGN FLAWS, ECONOMIC DISRUPTION, AND TREMENDOUS OPPOSITION AND, WORSE, APATHY. AND BUREAUCRATIC AS WELL AS POPULAR HOSTILITY IS LIKELY TO GROW AS DISRUPTION AND DISLOCATION BROUGHT ABOUT BY CHANGE RESULT IN ECONOMIC SETBACKS AND, IN ALL LIKELIHOOD, A WORSENING SITUATION FOR THE CONSUMER. WHAT GORBACHEV IS SUCCESSFULLY CHANGING IS THE PARTY AND STATE BUREAUCRACY. ONCE AGAIN, THE PURGE HAS BECOME THE VEHICLE FOR CONSOLIDATING AND ENHANCING PERSONAL POWER, AS WELL AS FOR IMPLEMENTING CHANGE.

IMPLICATIONS FOR FOREIGN POLICY

THERE SEEMS TO BE GENERAL AGREEMENT IN THE POLITBURO THAT, FOR NOW, ECONOMIC MODERNIZATION REQUIRES A BENIGN INTERNATIONAL ENVIRONMENT. THE ELEMENTS OF FOREIGN POLICY THAT SPRING FROM DOMESTIC ECONOMIC WEAKNESS ARE A MIX OF NEW INITIATIVES AND LONGSTANDING POLICIES. FIRST, GORBACHEV WANTS TO ESTABLISH A NEW AND FAR-REACHING DETENTE IN THE LATE 1980S TO OBTAIN TECHNOLOGY, INVESTMENT, TRADE AND, ABOVE ALL, TO AVOID MAJOR NEW MILITARY EXPENDITURES WHILE THE SOVIET ECONOMY IS REVIVED. GORBACHEV MUST SLOW OR STOP AMERICAN MILITARY MODERNIZATION, ESPECIALLY SDI, THAT THREATENS NOT ONLY SOVIET STRATEGIC GAINS OF THE LAST GENERATION BUT WHICH ALSO, IF CONTINUED, WILL FORCE THE USSR TO DEVOTE HUGE NEW RESOURCES TO THE MILITARY IN A HIGH TECHNOLOGY COMPETITION FOR WHICH THEY ARE ILL-EQUIPPED. THE SOVIETS KNOW THAT DETENTE IN THE EARLY 1970S CONTRIBUTED SIGNIFICANTLY TO DOWNWARD PRESSURE ON WESTERN DEFENSE BUDGETS, SLOWED MILITARY MODERNIZATION, WEAKENED RESOLVE TO COUNTER SOVIET ADVANCES IN THE THIRD WORLD, AND OPENED TO THE USSR NEW OPPORTUNITIES FOR WESTERN TECHNOLOGY AND ECONOMIC RELATIONS.

SECOND, A LESS VISIBLE BUT ENDURING ELEMENT OF FOREIGN POLICY -- EVEN UNDER GORBACHEV -- IS THE CONTINUING EXTRAORDINARY SCOPE AND SWEEP OF SOVIET MILITARY MODERNIZATION

AND WEAPONS RESEARCH AND DEVELOPMENT. DESPITE SOVIET RHETORIC, WE STILL SEE NO LESSENING OF THEIR WEAPONS PRODUCTION. AND, FURTHER, SOVIET RESEARCH ON NEW, EXOTIC WEAPONS SUCH AS LASERS AND THEIR OWN VERSION OF SDI CONTINUES APACE. VIRTUALLY ALL OF THEIR PRINCIPAL STRATEGIC WEAPONS WILL BE REPLACED WITH NEW, MORE SOPHISTICATED SYSTEMS BY THE MID-1990S, AND A NEW BOMBER IS BEING ADDED TO THEIR ARSENAL FOR THE FIRST TIME IN DECADES. THEIR DEFENSES AGAINST US WEAPONS ARE BEING STEADILY IMPROVED, AS ARE THEIR CAPABILITIES FOR WAR-FIGHTING. AS OUR DEFENSE BUDGET DECLINES AGAIN, THEIRS CONTINUES TO GROW, ALBEIT SLOWLY. GORBACHEV IS PREPARED TO EXPLORE -- AND, I THINK, REACH -- SIGNIFICANT REDUCTIONS IN WEAPONS, BUT PAST PRACTICE SUGGESTS THE SOVIETS WILL SEEK AGREEMENTS THAT PROTECT EXISTING ADVANTAGES, LEAVE OPEN ALTERNATIVE AVENUES OF WEAPONS DEVELOPMENT, OFFER COMMENSURATE POLITICAL GAINS, OR TAKE ADVANTAGE OF US UNILATERAL RESTRAINT OR CONSTRAINTS (SUCH AS OUR UNWILLINGNESS IN THE 1970S TO BUILD A LIMITED ABM AS PERMITTED BY THE TREATY).

THE THIRD ELEMENT OF GORBACHEV'S FOREIGN POLICY IS CONTINUED PROTECTION OF SOVIET CLIENTS IN THE THIRD WORLD. UNDER GORBACHEV, THE SOVIETS AND CUBANS ARE NOW PROVIDING MORE THAN A BILLION DOLLARS A YEAR IN ECONOMIC AND MILITARY ASSISTANCE TO NICARAGUA; MORE THAN A BILLION DOLLARS WORTH OF MILITARY EQUIPMENT WAS SENT TO VIETNAM, LAOS AND CAMBODIA IN THE FIRST SIX MONTHS OF THIS YEAR; MORE THAN FOUR BILLION

DOLLARS IN MILITARY EQUIPMENT HAS BEEN SENT TO ANGOLA SINCE 1984. AND, OF COURSE, CUBA GETS ABOUT FIVE BILLION DOLLARS IN SOVIET SUPPORT EACH YEAR. AT A TIME OF ECONOMIC STRESS AT HOME, THESE COMMITMENTS SPEAK VOLUMES ABOUT SOVIET PRIORITIES.

THE FOURTH ELEMENT OF GORBACHEV'S FOREIGN POLICY IS NEW AND DYNAMIC DIPLOMATIC INITIATIVES TO WEAKEN TIES BETWEEN THE US AND ITS WESTERN ALLIES, CHINA, JAPAN, AND THE THIRD WORLD; TO PORTRAY THE SOVIET GOVERNMENT AS COMMITTED TO ARMS CONTROL AND PEACE; AND TO SUGGEST MOSCOW'S INTEREST IN DIPLOMATIC SOLUTIONS TO AFGHANISTAN AND CAMBODIA. WE CAN AND SHOULD EXPECT NEW AND BOLDER INITIATIVES INCLUDING CONVENTIONAL FORCE REDUCTIONS -- POSSIBLY UNILATERAL -- THAT WILL SEVERELY TEST ALLIANCE COHESION. SIMILARLY, NEW INITIATIVES WITH CHINA AND JAPAN WILL BE ATTEMPTED TO OVERCOME BILATERAL OBSTACLES TO IMPROVED RELATIONS AND TO EXPLOIT PROBLEMS BETWEEN THEM AND THE US. AND, IN THE THIRD WORLD, THEY WILL SEEK TO TAKE ADVANTAGE OF ANY RELAXATION OF US VIGILANCE OR CONSTANCY.

CONCLUSIONS

THERE CLEARLY ARE GREAT CHANGES UNDERWAY INSIDE THE SOVIET UNION AND IN SOVIET DIPLOMACY. WHILE ACTUAL CHANGES IN THE ECONOMY OR POLITICAL LIFE OF THE SOVIET UNION SO FAR HAVE BEEN MODEST, WHAT GORBACHEV ALREADY HAS SET IN MOTION REPRESENTS A

POLITICAL EARTHQUAKE. ONE CANNOT, IT SEEMS TO ME, DISMISS WHAT HE IS SAYING OR ATTEMPTING AS SIMPLY NOISE OR MORE OF THE SAME, BETTER PACKAGED. HE IS PULLING ALL OF THE LEVERS OF CHANGE IN A SOCIETY AND CULTURE THAT HISTORICALLY HAS RESISTED CHANGE -- AND WHERE CHANGE USUALLY HAS BEEN VIOLENT AND WRENCHING. THE FORCES HE HAS UNLEASHED ARE POWERFUL BUT SO ARE THE PEOPLE AND INSTITUTIONS HE HAS ANTAGONIZED -- THUS SETTING IN MOTION A TREMENDOUS POWER STRUGGLE -- A PURGE -- NO LESS DRAMATIC FOR THE ABSENCE OF SHOW TRIALS AND TERROR.

THE STRUGGLE IS ESSENTIALLY BETWEEN THOSE SEEKING TO PRESERVE THE STATUS QUO -- AND THEIR POWER IN IT -- AND GORBACHEV AND HIS ALLIES WHO SEEK TO REPLACE THOSE NOW IN POWER AND, IRONICALLY, TO TURN THE CLOCK BACK, BACK BEFORE STALINISM TO LENINISM. AS THE SOVIETS SAY, IT IS NOT BY ACCIDENT THAT GORBACHEV CONSTANTLY REFERS TO LENIN OR THAT OTHERS SPEAK OF THE OSSIFIED IDEOLOGY OF THE 1930S AND 1940S. GORBACHEV SEEKS TO RESTORE IN THE USSR A SYSTEM IN WHICH SOME -- THOUGH CERTAINLY NOT ALL -- ELEMENTS OF THE STALINIST ECONOMIC STRUCTURE AND BUREAUCRACY ARE ELIMINATED THUS OPENING THE WAY TO GREATER FLEXIBILITY AND INNOVATION AND THEREBY TO MODERNIZATION AND IMPROVED PERFORMANCE. IT ALSO MEANS A MASSIVE PURGE OF THE PARTY AND GOVERNMENT BUREAUCRACY, NOW UNDERWAY.

IN THE POLITICAL ARENA, GORBACHEV'S LENINISM MEANS THE CONTINUED POLITICAL MONOPOLY OF THE COMMUNIST PARTY, ITS ROLE AS SOLE ARBITER OF THE NATIONAL AGENDA, ITS CONTROL OF ALL THE LEVERS OF POWER, AND ITS ULTIMATE AUTHORITY OVER ALL ASPECTS OF NATIONAL LIFE -- INCLUDING THE LAW. GORBACHEV'S OWN BOOK MAKES CLEAR THAT "DEMOCRATIZATION" SOVIET-STYLE DOES NOT MEAN MOVING THE USSR AWAY FROM MARXISM-LENINISM AND ITS ESSENTIALLY TOTALITARIAN STRUCTURE. I, FOR ONE, DO NOT FIND A RETURN TO LENINISM COMFORTING.

GORBACHEV'S PROGRAM IS SHOT THROUGH WITH PARADOX. AS OTHERS HAVE POINTED OUT, IN ORDER TO WIELD THE POWER NEEDED TO DECENTRALIZE THE ECONOMY, HE MUST FIRST CENTRALIZE EVEN MORE TO WEAKEN THE ECONOMIC BUREAUCRACY AND REGIONAL PARTY ORGANIZATIONS. TO DE-STALINIZE THE ECONOMY, HE WILL FOCUS ON MODERNIZING INDUSTRY AND USE COLLECTIVIZED AGRICULTURE TO HELP PAY THE WAY -- JUST AS STALIN DID. TO IMPROVE ECONOMIC PERFORMANCE, HE WILL FIRST CREATE DISRUPTION AND WORSENEED PERFORMANCE. TO GIVE THE PEOPLE MORE INCENTIVES TO WORK HARDER, HE WILL PURSUE POLICIES THAT REDUCE THE AVAILABILITY OF CONSUMER GOODS. TO WEAKEN THE SO-CALLED SECOND ECONOMY, HE WILL SELECTIVELY LEGITIMIZE IT. AND, FINALLY, ONE OF THE GREATEST PARADOXES IS THAT THE EFFORT TO MODERNIZE THE CIVILIAN SIDE OF THE ECONOMY WILL LIKELY BENEFIT THE MILITARY MORE BECAUSE THE DEFENSE INDUSTRIES ARE IN A BETTER POSITION TO ASSIMILATE MODERNIZATION THAN THEIR CIVILIAN COUNTERPARTS.

WESTERNERS FOR CENTURIES HAVE HOPED REPEATEDLY THAT RUSSIAN ECONOMIC MODERNIZATION AND POLITICAL REFORM -- EVEN REVOLUTION -- SIGNALLED AN END TO DESPOTISM AND THE BEGINNING OF WESTERNIZATION. REPEATEDLY SINCE 1917, THE WEST HAS HOPED THAT DOMESTIC CHANGES IN THE USSR WOULD LEAD TO CHANGES IN COMMUNIST COERCIVE RULE AT HOME AND AGGRESSIVENESS ABROAD. THESE HOPES, DASHED TIME AND AGAIN, HAVE BEEN REVIVED BY GORBACHEV'S DOMESTIC AGENDA, INNOVATIVE FOREIGN POLICY AND PERSONAL STYLE.

YET ENDURING CHARACTERISTICS OF SOVIET GOVERNANCE AT HOME AND POLICY ABROAD MAKE IT CLEAR THAT -- WHILE THE CHANGES UNDERWAY OFFER OPPORTUNITIES FOR THE UNITED STATES AND FOR A RELAXATION OF TENSIONS -- GORBACHEV INTENDS IMPROVED SOVIET ECONOMIC PERFORMANCE, GREATER POLITICAL VITALITY AT HOME, AND MORE DYNAMIC DIPLOMACY TO MAKE THE USSR A MORE COMPETITIVE AND STRONGER ADVERSARY IN THE YEARS AHEAD. WE MUST NOT MISLEAD OURSELVES OR ALLOW OURSELVES TO BE MISLED INTO BELIEVING OTHERWISE.

HOW THEN DO I ANSWER WHETHER IT IS IN OUR INTEREST FOR GORBACHEV TO SUCCEED OR FAIL? I BELIEVE THAT TO THE DEGREE HE IS EVEN MODESTLY SUCCESSFUL -- AND HE IS HAVING SOME SUCCESS -- THE UNITED STATES WILL FACE A FAR MORE DYNAMIC AND DANGEROUS ADVERSARY IN THE 1990S AND BEYOND: A MILITARILY MORE POWERFUL, DOMESTICALLY MORE VITAL AND POLITICALLY MORE ADROIT SOVIET

UNION WHOSE AGGRESSIVE OBJECTIVES ABROAD AND ESSENTIAL
TOTALITARIANISM AT HOME REMAIN LARGELY UNCHANGED. A STILL LONG
COMPETITION AND STRUGGLE LIE BEFORE US. SEEING REALITY CLEARLY
-- THE OPPORTUNITIES AS WELL AS THE DANGERS -- WILL BE AN
EXTRAORDINARY CHALLENGE FOR THE WESTERN DEMOCRACIES IN THE
YEARS AHEAD.

ER 4864-87

15 December 1987

MEMORANDUM FOR: Inspector General
General Counsel
Comptroller
Director of Congressional Affairs

FROM: The Deputy Director S.

SUBJECT: Audit and Investigation Unit

The Director has decided that the Inspector General should become the focal point for contact between the Agency and the new audit and investigations unit of the Senate Intelligence Committee. He has also asked the Inspector General to meet with Dave Doherty, Dan Childs and Dave Gries to draw up guidelines for this activity. As the relationship develops, these officers should consult as needed to make sure that the unit obtains the necessary access and the Agency protects sources and methods.


Robert M. Gates

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CONFIDENTIAL

CL By Signer

ER 4865-87

15 December 1987

MEMORANDUM FOR: Director of Central Intelligence

FROM: Deputy Director of Central Intelligence

SUBJECT: The Second Biannual Report on
Counterintelligence and Security
Countermeasures

Attached is the Second Biannual Report for your submission to the President and, in turn, for his report to the Congress on counterintelligence and security countermeasures.

I hesitate to send you this note because if you agree with me, it will mean a fair amount of further work and some delay.

I think the proposed report lacks integration, analysis and polish. It is simply a collection of Interagency Group Chairmens' reports to you as Chairman of the Senior Interagency Group/Intelligence (SIG-I), with a brief (6 1/2 page) memorandum to Colin Powell summarizing the highlights of actions taken and underway. There is really no overall assessment in the report whether progress has been outstanding, poor or mixed -- and why. There is no distillation of what this pile of paper means in terms of whether we are making real progress.

One rather straightforward improvement would be to expand your memorandum to Powell by two or three pages to provide just the above kind of analysis. In addition, I was struck by the absence in the draft summary report of any specific reference to the ongoing effort to improve counterintelligence in our embassies abroad or new counterintelligence problems [redacted]

[redacted] A couple of paragraphs wrapping up the last year -- both progress and problems -- would seem to be in order.

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All in all, I found even the proposed summary pretty bureaucratic and not very impressive. I think the problem is mainly in the packaging, but in my opinion the summary memo does need more work.

25X1



Robert M. Gates

Attachment:
As Stated

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17

17 December 1987

NOTE TO: Deputy Director for Administration
FROM: Deputy Director of Central Intelligence

As requested by the Director, please arrange for
promulgation of the attached [redacted]

I also would like to have copies of the printed regulation issued to every senior manager in the Agency with a covering memorandum to be prepared for the Director's signature on the importance of reading and being familiar with the contents. It is in many respects our "bible."

Further, more people in the Agency generally need to be aware of [redacted]. Henceforth, I believe a copy of the regulation should be issued to every CT, everyone going through management training, every participant in the mid-career course and everyone going through the new supergrade course. Please develop other proposals for keeping this regulation at the forefront of our officers' minds as they go about their daily business.


Robert M. Gates

Attachment:
As Stated

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SECRET

C1 By Signer
DECL OADR

The Deputy Director of Central Intelligence

Washington, D.C. 20505

7 December 1987

TO: James Geer
Assistant Director, Intelligence Division
Federal Bureau of Investigation

Jim -

Attached is my draft of the memcon for your information. As I indicated, if you want to share it with Buck, Judge Sessions or John Otto, feel free but I would ask that it not be circulated beyond them. Obviously I have focused on the conversation between

STAT [redacted] and me and probably did not capture some of the summit business talk between Powell
STAT and [redacted] Anyhow, enjoy! (By the way, where were you Friday night? The waiter looked very familiar.)

STAT




Robert M. Gates

Attachment:
As Stated

The Deputy Director of Central Intelligence

Washington, D.C. 20505

7 December 1987

STAT To: 
National Security Council Staff

Per our conversation here is my draft. I would appreciate getting the finished version back from you as early as possible next week. I have tried to include both the substantive discussions and as much of the banter as I could remember. If you have a different recollection of any of the substantive conversations, give me a call.

STAT 
Robert M. Gates

Attachment:
As Stated

The Deputy Director of Central Intelligence

Washington, D.C. 20505

7 December 1987

TO: ~~✓~~ Acting, DDO

~~✓~~ DDS&T

~~✓~~ DDI

~~✓~~ Acting, C/NIC

~~✓~~ NIO/USSR *wcb, mandy*

DDO/SE

DDI/USSR

Attached is my draft memcon of the dinner
STAT last Friday night [redacted]

STAT [redacted]
and Colin Powell will be supplementing it with
their own recollections and I will circulate the
final version of the memcon to you. At least
until the Summit is over, I think we should be
quite discreet about this (even though Powell
told his entire staff meeting about it).

STAT [redacted]

Robert M. Gates

ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI		X		
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/OCA				
14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	D/SOVA		X		
18	C/SE/DO		X		
19	C/CI/DO		X		
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21					
22					
SUSPENSE		_____			
		Date			

EYES ONLY

Remarks Copy provided to Mr. Ermarth, NSC Staff.

(NO FURTHER REPRODUCTION OR DISSEMINATION
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[Redacted Signature Box]

Executive Secretary
 18 Dec 87

Date

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

12/31

Judge - (for future reports)

I do not believe you have time -- or that it is a good use of your time -- to plow through the full text of all these inspection reports. To allow you to get the essence of these reports and react in a timely way, I believe we need to ask for a more detailed, better summary. Three pages (in the attached) is insufficient in this regard. The "Report to the DCI" should be about 5-10 pages, with the full text an attached annex to which we can refer. Recommendations and a place for you to indicate decisions should be incorporated in the 5-10 page "Report". This would allow us to respond quickly and in an informed way to IG reports, especially routine ones.

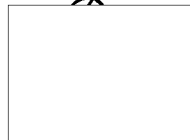
cc: IG

STAT

31 December 1987

MEMORANDUM FOR: Deputy Director for Science and Technology
FROM: Deputy Director of Central Intelligence
SUBJECT: OTS IG Report

I am unfamiliar with much of the organizational and cultural history of OTS as well as its relationship with the DO. However, there is one element of the report that sounds very familiar, I am sure, to both you and me -- the problem of communication between the producer and the consumer and the dangers of parochialism and insularity. I strongly encourage you and Joe to take steps to encourage (or force) greater communication between OTS personnel and the DO, and also looking to outside sources for both ideas and equipment. A "not invented here" syndrome strikes me as even more unacceptable and counterproductive in OTS as we knew it to be in the DI. I know you are instinctively inclined in this direction and I urge you and Joe to take special steps to move OTS in that direction.



Robert M. Gates

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