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USSR Review



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September 1988

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| | The foreign policy of the Brezhnev regime has been criticized implicitly by Gorbachev and more directly by foreign policy specialists and commentators in the press. If these criticisms lead to a change in policy, the Soviet Union could make more sophisticated and cautious foreign policy decisions to avoid triggering Western reactions. | | 25X1 |
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**Implications of the Withdrawal of Soviet Forces
From Hungary** [Redacted]

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Moscow and Budapest apparently have discussed—and may have agreed on—the reduction of Soviet forces in Hungary. Moscow probably believes that such a reduction would complicate NATO’s decisionmaking on issues like force structure and modernization—while promoting European arms control—without unduly disrupting Soviet military capabilities or opening the door to widespread unrest in Eastern Europe.

[Redacted]

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[Redacted]

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**Soviet Equities in an End to the Iran-Iraq War:
Opportunities and Risks** [Redacted]

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For the USSR an end to the war would lead to a reduced US naval presence in the Gulf and open up opportunities for the Soviets to improve relations with Iran. At the same time, Moscow is already concerned that the US-Iranian relationship will improve and that both Tehran and Baghdad will turn to the West to rebuild their war-damaged economies. [Redacted]

[Redacted]

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New Review Process Affects Economic Reform [Redacted]

29

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In recent months, three important pieces of Soviet economic legislation have been remanded for further work after extensive debate at “open” sessions of the Council of Ministers’ Presidium. If this practice continues, it will postpone needed economic changes and complicate the task of quickly providing the fruits of *perestroyka* to a skeptical Soviet citizenry. Such delays are preferable, however, to the adoption of ill-conceived reform legislation that could ultimately prove unworkable and further undermine popular support. [Redacted]

[Redacted]

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The Impact of *Perestroyka* on Employment in the USSR [Redacted] 33

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After many years of continuous growth in employment, Moscow has reported a decline of 400,000 in the total number of state employees in the first half of 1988 and a reduction of 1 million in the work force in material production. Gorbachev's wage reform, which requires enterprises to finance new and higher pay scales from their own resources, is forcing the release of redundant workers. Demographic trends and industrial modernization probably are also contributing to a contraction of the labor force.

[Redacted]

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[Redacted]

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Criticism of Soviet Science at the June Party Conference [Redacted] 39

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During the CPSU Conference in June 1988, many speakers—led by General Secretary Gorbachev—expressed dissatisfaction with the poor state of Soviet science. Significantly, the speeches also surfaced widespread concern that at least some of the measures Gorbachev has taken to improve scientific and technical performance are not having the intended effect. We expect the debate over science policy to intensify over the next several months, spurred by admissions at the conference that the regime has no clear strategy of how to address and improve the situation quickly.

[Redacted]

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[Redacted]

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The Soviet Aircraft Carrier Program: A Potential Victim of "Reasonable Sufficiency"? [Redacted] 45

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[Redacted] as part of the debate on the implications of "reasonable sufficiency," the Soviets are reexamining their plans for the construction of aircraft carriers.

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USSR-North Korea: Implications of Soviet Arms Deliveries [Redacted]

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For the first time in over a decade, the Soviets have delivered advanced weapons to North Korea. The delivery is intended to counter US deliveries to South Korea, compensate for Moscow's participation in the Olympics and its expanding ties to the South, and gain influence with the North Korean military. Moscow's desire to advance the Sino-Soviet dialogue and improve relations with Japan and South Korea, however, probably will preclude the provision of weapons that could alter the military balance on the Korean Peninsula. [Redacted]

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[Redacted]

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Unrest in the USSR Since January 1987: A Statistical Analysis [Redacted]

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Since January 1987, we have noted 600 cases of unrest in the USSR. Incidents of unrest began to climb rapidly in the second quarter of 1987 when ethnic minorities seized the opportunity to press for long-held nationalist goals. While unrest has shown continuous growth, the nationalist activism has grown most rapidly, accounting for over 60 percent of all cases during the first two quarters of 1988. Meanwhile, nonnationalist activism, ranging from environmental protests to workers' strikes continued to grow, albeit more slowly. Individual cases of unrest may have peaked in the second quarter of 1988; cases in July were fewer than in either May or June. Large nationalist demonstrations in the Baltic states in August, however, clearly indicate that public activism itself has not subsided. [Redacted]

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Notes

Akhromeyev Comments on the Defense Council [Redacted]

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Articles

The Soviet Economy at Midyear 1988: Growth Resumes but *Perestroika* Sputters



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Soviet economic performance picked up somewhat during the first half of 1988, but major problems persist. For ministries and enterprises, still largely responsible for fulfilling plan targets, the improvement after an exceedingly poor showing in 1987 is encouraging. For architects of the reform program, however, the growing evidence that many basic structural problems are proving highly resistant to the new reform measures is alarming. Moreover, consumer welfare still has not improved appreciably under Gorbachev, and complaints about shortages, queues, and rationing seem to be rising. 


Moscow's economic policies remain in a state of flux. Attention appears to have shifted from industrial modernization and economic reform toward a new emphasis on doing more for the consumer. If sustained, this new emphasis could mark a fundamental change in Soviet resource allocation policy so that heavy industry, including the defense sector, would lose some of its traditionally high priority. 

Higher Growth Rates


Nearly all sectors of the economy grew more rapidly in the first half of 1988 than they did in the same period of 1987. The better performance, we believe, can be attributed largely to:

- Improved weather and the consequent easing of transportation bottlenecks.
- A possible reduction in disruption from the quality control program.
- Some adjustment on the part of enterprises to new management and reform measures.

- The low statistical base from which growth was calculated, which resulted from poor performance in the first half of 1987.

In addition, productivity improved in several sectors because the gradual implementation of wage reform and enterprise self-financing forced enterprises to disgorge some of their redundant labor.¹ 

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Industry. Civilian industrial production, according to our estimates,² rose by 3 to 3.5 percent during the period January-June 1988, while it had risen only 1.5 percent during January-June 1987 (see table). Most noteworthy was the better performance of the machinery sector, which accounts for about one-third of industrial production and is critical to General Secretary Gorbachev's modernization program. Its recovery, however, was led by a 9-percent increase in output of consumer durables, with producer durables—a category that includes such critical items as machine tools—growing at a considerably slower rate, about 2.5 to 3.0 percent. 

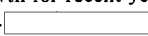
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¹ See "The Impact of *Perestroika* on Employment in the USSR" in this issue. 

² The Soviets have not published statistics in 1988 on some types of machinery, chemical products, and industrial materials that are part of the sample we use to estimate the growth of industrial output. We estimated the growth of production in these branches during the period January-June 1988 on the basis of official plan fulfillment statistics and the relationship that has held between these data and our estimates of growth for recent years when the statistics in question were published. 

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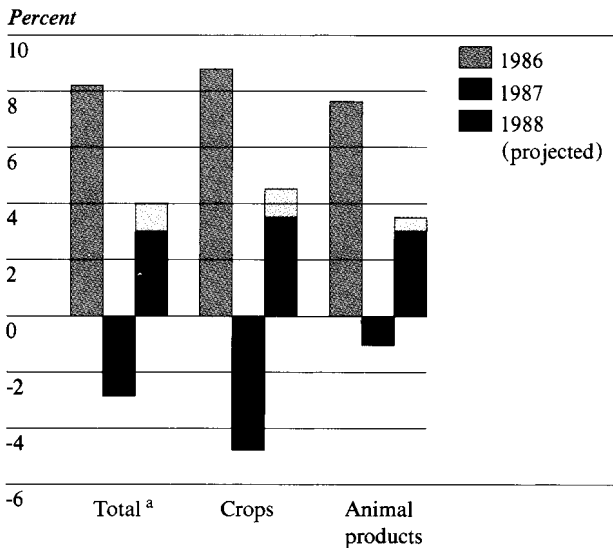
USSR: Comparison of Rates of Growth in Industrial Production ^a Percent

| | 1985 | 1986 | 1987 ^b | 1988 ^b |
|------------------------|------------|------------|-------------------|-------------------|
| Industry | 1.8 | 2.6 | 1.5 | 3.4 |
| Machinery | 2.4 | 2.8 | -2.3 | 3.3 |
| Ferrous metals | 0.7 | 3.4 | 1.4 | 3.0 |
| Fuel | 0.9 | 3.5 | 2.7 | 2.4 |
| Electric power | 3.4 | 3.3 | 3.9 | 2.9 |
| Chemicals | 3.8 | 4.7 | 2.3 | 3.8 |
| Wood, pulp, and paper | 2.2 | 5.0 | 1.2 | 3.8 |
| Construction materials | 1.5 | 3.6 | 3.0 | 3.0 |
| Light industry | 2.6 | 1.3 | 0.5 | 3.2 |
| Food industry | -1.7 | -4.5 | 6.1 | 3.3 |

^a Percent growth in value added at factor cost.
^b Percent growth of first half of the year over first six months of the preceding year.

[Redacted]

Figure 1
USSR: Agricultural Production Growth



^a Growth of production net of feed, seed, and waste valued in 1982 average realized prices.

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The overall performance of the fuel and energy branches was mediocre—oil output increased by 0.4 percent, coal by nearly 2 percent, and gas by a robust 6 percent; electricity generation was up by nearly 3 percent.³ Although the chemicals and ferrous-metal branches showed respectable growth, Soviet press reports indicate that not enough high-demand modern chemicals and steel products were produced. Output of construction materials, meanwhile, grew at about the same rate as in 1987, but the Soviet Council of Ministers singled out this industry's performance as "utterly unsatisfactory." [Redacted]

Agriculture. At midyear we estimate that crop output will be about 4 percent higher than in 1987 (see figure 1). Assuming average weather for the remainder of

³ These are growth rates in daily production, calculated from reported output figures, with an adjustment for the extra day in the leap year. [Redacted]

the crop season, grain output should reach 205 million tons—slightly less than the past two years—and the harvest of potatoes and fruit should be substantially higher than in 1987 when a late spring and heavy rains cut production. [Redacted]

Production of milk and eggs during the January-June period exceeded 1987's record highs, and meat production in the socialized sector was up by 8 percent. But the continuing decline in herd numbers—although slowing—and rain-related problems in the forage harvest will make it difficult to sustain this rate for the rest of 1988. Still, we estimate that meat production will reach, and may even surpass, this year's planned target of 18.9 million tons. Considering the prospects for crops and livestock together, we

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project that net agricultural output will be 3 to 3.5 percent higher than in 1987 and slightly more than the record 1986 level. [redacted]

Economic Perestroika Sputters

Gorbachev scored a major success at the party plenum in June 1987 when the *Osnovnyye polozheniye* (Basic Position) adopted incorporated most of his initiatives. Since the plenum, however, the General Secretary's programs have lost momentum—a development that greatly worries the regime. In particular, Gorbachev has made it clear that he is dissatisfied with the rates of progress in raising living standards, retooling industry, and improving the quality of industrial output. [redacted]

Consumer Welfare. Supplies of consumer goods and services increased significantly in the first half of 1988, but the leadership still has far to go to convince consumers that real improvement in living conditions is likely soon. State retail sales of goods—the primary source of goods purchased by Soviet shoppers—were up by 6.4 percent (see figure 2). The Soviets also reported a 17-percent increase in sales of consumer services.⁴ But complaints of shortages, increased rationing, and higher prices belie these statistics. [redacted]

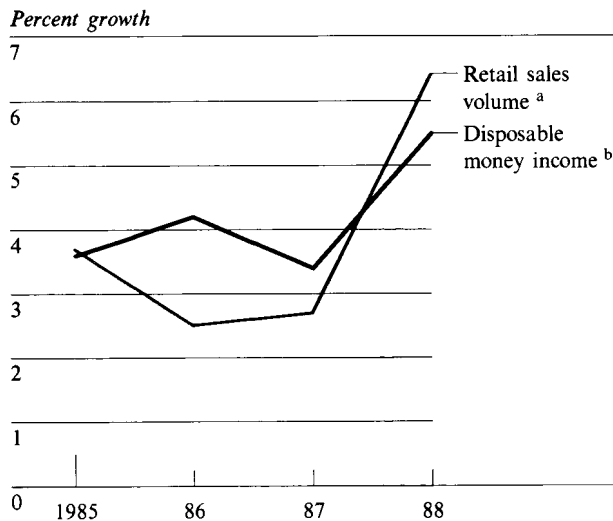
Gorbachev's efforts to improve the lot of the consumer have not produced the results hoped for. Expansion of private business—Gorbachev's most potentially rewarding consumer initiative—is off to a slow start. Moscow in May 1988 approved a law aimed at bolstering the legal underpinning of cooperatives. However, popular and official ambivalence toward income inequality continues to hamper private business. Output of cooperatives, in fact, fell in the second quarter of 1988, according to *Izvestiya*. [redacted]

Moscow has also expressed keen disappointment with the results of its efforts to improve food supplies. At the party plenum in July 1988, Gorbachev called for “urgent and radical measures of a current and long-term nature” to address the food problem. Although

⁴ Specifically, personal care, repair, passenger transportation, communications, utilities, and legal services. Moscow also reported an increase of 600,000 jobs in consumer services. Nonetheless, the reported increase in services probably reflects in part substantial inflation resulting from a steep increase in wages of service personnel. [redacted]

Figure 2
USSR: Trends in Consumer Welfare, 1985-88

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^a Calculated in comparable rubles.
^b Calculated in current rubles.
^c First half of 1988 compared with first half of 1987.

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meat output from the state sector rose by 8 percent in the first half of 1988, the increases in output have not been sufficient to satisfy growing demand. Growth of purchasing power accelerated in 1988 as wage restructuring contributed to a runup of 6 percent—twice the rate of recent years—in average wages for state employees during January-June. Inflationary pressures were reflected in an 8-percent increase in collective-farm market prices in January-March 1988, as well as in lengthy queues and large increments in personal savings deposits. [redacted]

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The leadership is concerned that sluggish performance in the consumer sector is undermining economic restructuring and is taking steps to bolster the consumer program:

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- The 1988 plan calls for a shift in investment resources from “material production” to housing construction and consumer services.

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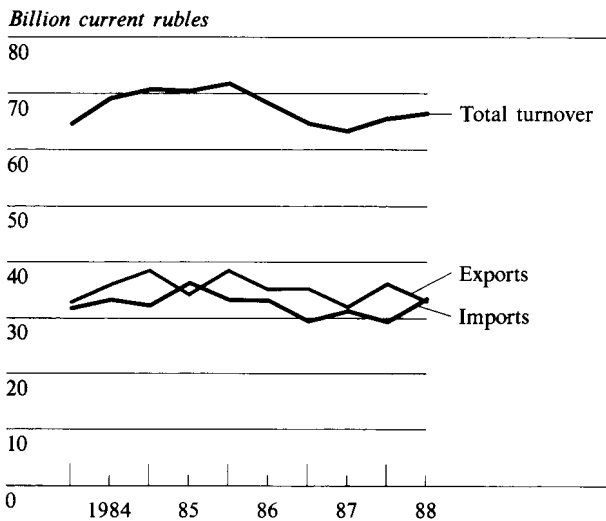
- The Soviets are also negotiating purchases of Western manufacturing equipment for consumer industries. The Soviets recently signed a \$2.1 billion line of credit with West German bankers to finance purchases of machinery for the consumer sector.
- Defense industries have been called on to furnish additional resources and facilities to support the new emphasis on the consumer.
- The Council of Ministers also recently approved three resolutions that outline plans to improve the provision of consumer goods and services. The resolutions increase production targets for clothing and appliances in 1988-90 and call for substantial increases in 1995 in sales of services as well as improved performance in retail trade. [redacted]

Foreign Trade. The leadership is banking on joint ventures and the extension of foreign-trade rights to enterprises to expand the USSR's exports of manufactured goods. The six-month plan fulfillment report noted that there had been an increase in the number of approved joint ventures and an expansion of ministries and enterprises granted trading rights but complained that the pace of restructuring in foreign trade was too slow. The leadership has criticized the slow growth in exports of manufactured goods and the fact that fuels and raw materials continue to dominate sales. [redacted]

Official statistics show trade turnover grew by 5 percent over the first half of 1987 (see figure 3). Imports rose by 7 percent and exports by 3 percent. The import push resulted in a trade deficit of \$740 million, whereas there was a surplus of over a billion dollars during the same period of 1987. [redacted]

Industrial Modernization. Moscow has made it clear that civilian machine building will continue to receive priority access to resources, but industrial modernization is no longer a major theme of General Secretary Gorbachev's speeches as it was when he first assumed power. The investment surge that began in 1986 has failed to bring on line ("commission") planned increases in new production capacity. Most recently, official figures indicate that investment spending this year has exceeded planned levels, but completion of new factories probably has fallen considerably short

Figure 3
USSR: Trends in Foreign Trade ^a



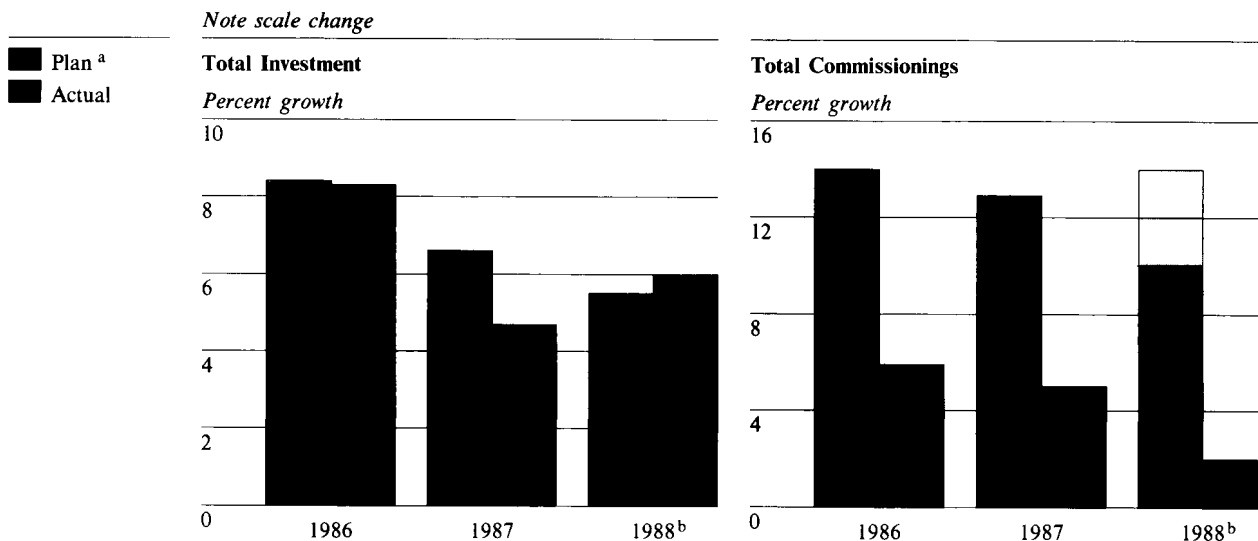
^a All data are for six-month periods.

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of goals again (see figure 4). The Soviet centrally planned economy continues to encourage the startup of investment projects rather than their completion, causing long delays. [redacted]

Direction of Quality Control Uncertain. The quality of a wide range of production extending from machinery to textiles was criticized in Goskomstat's report on six-month performance. Measuring the degree of change in overall quality is difficult, but the Soviet leadership clearly is dissatisfied with the progress that is occurring. The status of *gospriyemka*, the state acceptance program intended to raise quality standards in industry (particularly in machine building), is unclear. The Presidium of the Council of Ministers tabled indefinitely a proposal to administer quality guidelines more strictly, which suggests that debate on how best to improve product quality is continuing. Many ministries oppose the concept of compulsory,

Figure 4
USSR: Investment Versus Commissionings



^a Plan goals are for growth over actual levels achieved in the previous year.
^b Actual growth of investment and commissionings is for the first six months of 1988 compared with the same period in 1987. Moscow has not published an annual goal for 1988 commissionings growth, but on the basis of the high 1986-87 targets it probably is at least 10 percent.

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centrally administered quality control, but some government leaders believe such an approach is necessary to upgrade product quality. [Redacted]

System Overhaul. Under the economic reform program, many enterprises have had to manage their finances differently since 1 January 1988. The central role of directive planning in the economy, however, has been preserved by manipulating the new system of "state orders."⁵ Many enterprises have been tasked to

⁵ A factory or enterprise works to a state order when it receives a contract from its parent ministry and/or Gosplan to produce a certain quantity of output. Such orders entitle an enterprise to a guaranteed supply of the materials needed to fulfill the contract, largely eliminating the need for an enterprise to obtain these inputs from other enterprises or, in other words, to operate independently in wholesale trade. Gorbachev conceded this point in his speech to the party plenum in July 1988, saying that "the state order . . . has become a covert form of planning of the volume of production." [Redacted]

[Redacted]

allocate 100 percent of their production capacity to state orders, giving them no freedom to arrange interfirm contracts or otherwise act independently of central planners. A sense is growing this year that some new measures need to be adopted to lessen the still largely undiminished role of directive planning in the economy, and give a greater role to markets (see inset). The Council of Ministers report on the half-year plan results, in addition to taking a highly critical tone with regard to performance and castigating three ministers by name, expressed "concern over the fact that the state of affairs in the national economy is improving only slowly, and the creation of the necessary prerequisites for effecting a fundamental breakthrough in economic and social development is not being properly ensured." [Redacted]

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The Reform Debate

The foundation of Gorbachev's reform program—introduced on a large scale on 1 January 1988—was laid at the Central Committee plenum in June 1987. The reforms are off to a rocky start, and the leadership has been discussing some fixes to its program. Most recently, however, a debate over the larger direction of the economic reform has broken out, with "Second Secretary" Ligachev questioning the desirability of allowing a genuinely free market system and private ownership, and Politburo member Yakovlev defending the concept of a market system and individual property rights. [redacted]

The leadership seems to be both more sharply divided over the general concept of market-oriented reform and unable to agree on initiatives to restore some momentum to the reform effort. Proposals under discussion include:

- A reduction in the extent of the state order system (now encompassing 90 percent of industrial production) in the hope of forcing enterprises to cut back on production of unneeded and low-quality goods. One report stated that restrictions would be set at 60 and 40 percent of production in 1989 and 1990, respectively. But after much discussion, a "temporary regulation" on state orders appeared at the end of July 1988 that does little to change the present system.

- Shrinking state budget deficits, in part by ending bailouts to troubled enterprises. The hope is to control the growth of personal incomes that is contributing to inflation by forcing enterprises to cut back on wages unless supported by enterprise earnings. Embarking on such a course, however, would be extremely difficult because it would threaten unemployment on a scale the leadership seems unwilling to accept.

- Expansion of the compulsory, centrally administered program of quality control. This issue has been shelved for the time being.

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- Long-term leasing of land and machinery in the countryside so as to increase incentives to produce and market agricultural output. Gosagroprom, the State Agroindustrial Committee, published recommendations that, if enacted, would allow individual and small groups to lease land for up to 50 years.

- Moving up the timetable on price reform—in our opinion, the most necessary element to the development of an efficient economy. Although Gorbachev broached the idea of quicker action on prices, a wide spectrum of society fears market prices, and the odds on near-term action are slim. [redacted]

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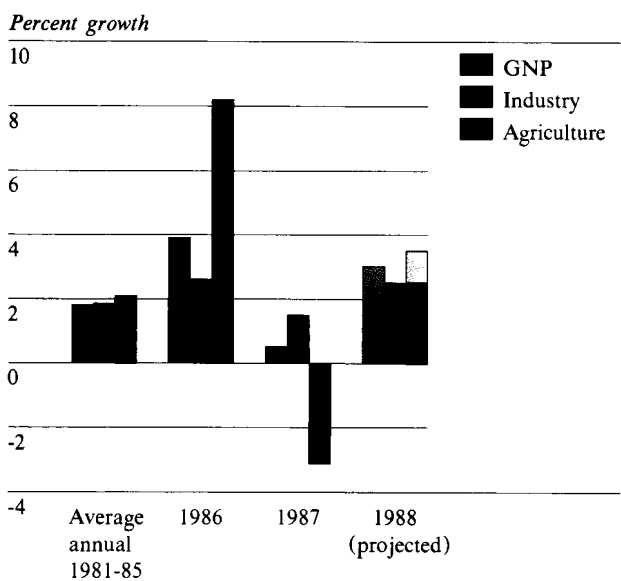
Outlook

Because of continuing controversy on the role of markets and the private sector, the General Secretary will probably remain focused on political reform. We project that—against a plan goal of 4.1 percent—GNP probably will increase by about 2 to 3 percent in 1988, on the basis of expected growth in industrial output of about 1.5 to 2.5 percent and a rise of 2.5 to 3.5 percent in value added in agriculture (see figure 5). [redacted]

Meanwhile, the expansion in consumer demand in 1988 is likely to outpace the availability of consumer goods and services, and enterprise finances may deteriorate somewhat as the regime tries to cut back the amount of credit available to cover operating losses. Enterprises will still have insufficient incentive to concentrate resources on the completion of investment projects. The leadership may be able, however, to get a somewhat better grip on light-industry retooling by requiring greater defense industry participation in the program. [redacted]

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Figure 5
USSR: Trends in Economic Performance ^a



^a Calculated using value added in 1982 rubles.

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The regime, still vacillating between efforts to sustain growth and to change the way the economy works (see inset), probably will make little progress on either count in 1988. It will continue to be hindered by its own piecemeal agenda for introducing elements of the reform and by its inability to put in place a combination of carrots (fully stocked store shelves) and sticks (income differentiation based on contribution to production) necessary to motivate the work force. Past mistakes not yet corrected—such as excessive investment in energy production to the detriment of energy conservation and a poorly developed farm-to-market infrastructure—will continue to take their toll. Meanwhile, Gorbachev seems to be shifting his ground on when his policies will prove themselves. He recently declared that the range of economic problems confronting the USSR is far more extensive than he had originally believed (legacies of the ineptness of previous regimes) and will take longer than planned to solve.

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Growth Versus Change

Is it feasible to continue planning high rates of economic growth at the same time that the economy is being restructured? Debate over this issue is heating up in the Soviet Union. Two prominent economists recently argued, for instance, against such a strategy. According to Nikolay Shmelev of the Institute for Study of the USA and Canada:

It must be clearly understood . . . that, by continuing to opt for purely quantitative, volume [oriented] economic growth, we are unable to solve the problem of fundamentally improving output quality, retooling the national economy, improving efficiency, and we cannot turn the economy around toward the consumer. [redacted]

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It is impossible to restructure and "accelerate" at the same time. First, we must stop in order to change the structure of the national economy in favor of new sectors, to reduce the proportion of raw materials in production, and to reduce the share of sectors requiring major investments. Only after this has been done will it be realistic to return to the task of achieving high growth rates.

The regime seems uncertain about how to handle the "growth versus reform" issue. On the one hand, Gorbachev continues to emphasize high rates of growth. In his address to the national party conference, he said that the "economy is gradually gaining momentum . . . national income is increasing more rapidly than envisaged by the plan [this year]" and commented that "all this is the real fruit of restructuring." At the same time, he admitted that the economic reforms still have not taken hold. Part of the indecision may result from the fact that gauging economic progress in other than traditional terms raises the question of how the progress of restructuring could be measured. [redacted]

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What is needed, according to Shmelev, is a lowering of growth rates in the 1986-90 period in order to concentrate on "qualitative improvements and the introduction of advances in scientific and technological progress." [redacted]

Leonid Abalkin, director of the Economics Institute of the Academy of Sciences, also addressed this issue at the party conference in June 1988:

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Gorbachev Promotes New Party Line on the Nature of the Capitalist Threat

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General Secretary Gorbachev and his allies are arguing for a change in the party line on key issues that have formed the theoretical basis of East-West relations since the days of Lenin. They are promoting the view that the decline of capitalism is not inevitable, that capitalism is not inherently militaristic, and that relations with the capitalist world should not be totally dominated by class interests. The policy implications of these formulations are that competition with the West can be shifted from a military to an economic basis, making a lengthy period of detente both possible and desirable. This, in turn, would help to lay the groundwork for a reduction in defense spending.

While these new formulations clearly serve Soviet propaganda interests—by helping to promote a less threatening image of the Soviet Union abroad—the sharp debate they have unleashed within the Soviet elite makes it clear that there is more at stake. “Second Secretary” Ligachev, other party conservatives, and top military spokesmen have openly questioned these new formulations and continue to advance the traditional assessment of the West.

“New Thinking” About the West

Gorbachev’s “new thinking” is based on the idea that the greatest strength of the West and its essential challenge to Soviet socialism is economic, rather than military, and that an arms race plays into the hands of the West by undermining the Soviet economy. His arguments on the nature of capitalism are aimed at bringing Soviet doctrine into line with this new view of East-West competition, but they have not yet been adopted as party policy. Indeed, when Gorbachev first raised them in his speech in November 1987 on the 70th anniversary of the revolution, he posed them only as rhetorical questions. His remarks, however, clearly suggested that they could be answered in the affirmative. He asked:

- “Is the capitalist economy capable of developing without militarism?” and “can it function and develop without it?” He indicated that he believes it

can, pointing out that West Germany and Japan went through a period “of rapid capitalist development with minimal military expenditure.”

- Can human values come to play a larger role than “narrow, class-based features of the capitalist system?” In response, he suggested there could be a long-term alliance of sorts between capitalism and Communism against common enemies, such as nuclear war or environmental dangers.

The top members of the Soviet leadership responsible for foreign policy—Foreign Minister Shevardnadze and party secretaries Yakovlev and Dobrynin—have publicly supported Gorbachev’s position, and party secretary Medvedev elaborated the new view of capitalism at a conference of social scientists shortly after Gorbachev’s November speech. Medvedev sharply criticized past Soviet analysis of the West for focusing only on “capitalism’s decay and the inevitability of its collapse” and ignoring its strengths. He stressed that Soviet thinking should also look at “the ability of contemporary capitalism to rise to new levels of production socialization” and adapt to challenges, pointing out that Lenin believed that “the trend toward stagnation and decay under imperialism is not absolute.” Because Soviet policy has been based on the incorrect notion that capitalism is in decline, he said, “it is necessary to look afresh at our understanding of the nature and forms of coexistence” and to think about them in terms “of protracted coexistence.”

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Soviet academics have responded to Gorbachev’s questions by arguing that a “distorted” view of the West developed during the Stalin era. The editor of the journal of the Institute for World Economics and International Relations argued in its June 1988 issue that Stalin played up the danger of external and internal enemies “to instill fear” in the population and

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justify his harsh methods. The author took issue with other Soviets who argue that this redefinition of relations is a "betrayal" of revolutionary thinking, specifically denouncing the Andreyeva letter of March 1988 that served as a platform for conservative views on a broad range of issues. Similarly, an article in the December 1987 issue of the journal of the Institute for the Study of the USA and Canada attributed the idea of East-West confrontation to the period immediately after the Bolshevik revolution when armed struggle between the two sides seemed imminent. [redacted]

Although other Soviet academics have previously argued along lines similar to those now being advanced, their views have not been reflected in authoritative party statements. Instead, party doctrine has maintained that the West is in a state of decline, making it increasingly dangerous as it tries to shore up its economy by relying on militarism. From the doctrinal perspective, therefore, there was little prospect of abatement in East-West military competition. This traditional line was contained in the Communist Party of the Soviet Union Program adopted at the 27th Party Congress in 1986, as well as in Gorbachev's own remarks at the session (see inset). [redacted]

Controversy among the leadership over these issues has also surfaced at other critical points in Soviet history when fundamental questions of international relations were being reassessed. It first arose in the 1920s in connection with a debate within the Soviet leadership over whether the Soviet Union should focus on actively promoting world revolution or, in Stalin's words, building "socialism in one country." The standard Soviet position of East-West confrontation emerged from this debate. As part of the effort to tar this view of the West as a Stalinist error, an article in a December 1987 issue of a Moscow weekly pointed out that Nikolay Bukharin had argued against the view of Stalin and Trotsky that capitalism is "disintegrating" and "tottering," claiming instead that it was very resourceful and able to overcome its problems. Similar high-level debates took place in the Soviet Union on the eve of the Cold War, when a leading economist, Eugene Varga, unsuccessfully maintained that capitalism would remain viable in the long term. [redacted]

Soviet View of the West at the 27th Party Congress

At the 27th Communist Party of the Soviet Union (CPSU) Congress in early 1986, the traditional view of capitalism was still evident in the Soviet leadership's thinking. [redacted]

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1986 CPSU Program:

- *Capitalism "is strong and dangerous, but has already passed its zenith. The general crisis of capitalism is deepening."*
- *In the West, militarism is a "constant and increasing source of the danger of war."*
- *"No 'modifications' and maneuvers by present day capitalism can or will abrogate the laws of its development, eliminate the acute antagonism between labor and capital and between monopolies and society, or extract the historically doomed capitalist system from a state of all-embracing crisis."* [redacted]

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Gorbachev's Speech to the 27th Congress:

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- *"The past period has amply confirmed that the general crisis of capitalism is growing deeper. . . . Militarism, which has spread to all areas, is applied as the most promising means of shoring up the economy."*
 - *"The US and its military-industrial machine, which so far does not intend to slow its pace, remain the locomotive of militarism. This must be taken into account."* [redacted]
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Gorbachev's Motives

Gorbachev appears to have both domestic and foreign policy objectives in advancing "new thinking" about the West. Like the doctrine of "reasonable sufficiency," which attempts to redefine Soviet military requirements, this less confrontational posture toward the West is clearly intended to help defuse the "enemy" image of the Soviet Union by persuading public opinion that it does not have aggressive military intentions. The sharp debate it has provoked, however, makes it clear that there is more to this issue than propaganda. [redacted]

First of all, the debate over the nature of capitalism is also part of a broader debate now taking place over Soviet national security priorities, which has been most evident in the discussion of "reasonable sufficiency." By questioning the very need for military competition with the West, Gorbachev is shifting the debate from an area over which the military has the central role—defining what is a sufficient defense—to one that is more the prerogative of civilians—defining the West's long-term prospects and intentions. By arguing that the West can prosper without militarism and is not in decline, Gorbachev is in effect arguing that competition with the West must take place primarily on economic grounds, not military ones. This, in turn, helps to justify his policy of relying more on political than military means to protect Soviet security interests, while holding down defense spending and engaging in arms control negotiations. By contrast, the traditional party line has suggested that there is no alternative to long-term military competition with the West and consequently implies a need for keeping Soviet defense spending at high levels. [redacted]

[redacted]

Gorbachev's immediate purpose in raising these questions, however, may well have been to stimulate Soviet thinking on East-West issues, helping to pave the way for future policy shifts. Indeed, since his speech of November 1987, Soviet specialists have begun to blame Brezhnev's overemphasis on military power for fueling the arms race and contributing to the deterioration of East-West relations in the late 1970s. One Soviet specialist wrote in May 1988, for example, that Brezhnev's policies led to a perception in the West that the "Soviet leadership was actively exploiting

detente in order to build up its own military forces" and that this led to a "colossal" increase in military spending on both sides. [redacted]

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Gorbachev also apparently hopes that a more benign portrayal of the West will help build support for his arms control and defense policies within the Soviet Union. According to one Soviet foreign policy specialist, Gorbachev is pushing these ideas to help change Soviet public opinion. The specialist explains that large segments of the Soviet military are still worried about the possibility of a Western invasion and that, therefore, Gorbachev wants to soften the image of the West as the traditional enemy. The discussion of the INF Treaty in the Soviet media showed that many in the civilian population are also suspicious about Western intentions and thus skeptical of Gorbachev's arms control initiatives and the prospect of reducing Soviet military capabilities. Indeed, having seen East-West relations portrayed in confrontational terms for their entire lives, many Soviet citizens will not easily accept Gorbachev's less threatening assessment of Western military intentions. [redacted]

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"Old Thinking" Lives On

Gorbachev's "new thinking" about the West is clearly controversial and has not yet been accepted as party policy. USA and Canada Institute Director Georgiy Arbatov said as much at a press conference in November 1987, declaring that the "question of whether or not capitalism could survive without the 'narcotic' of militarism" was "still an open one." The traditional portrayal of the West is still predominant in military writings on this subject as well as in the public statements of some conservative members of the party leadership. [redacted]

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"Second Secretary" Ligachev in particular has strongly defended the traditional portrayal of East-West relations. At the Soviet hearings on the INF Treaty in February 1988, he warned that "there are powerful forces in the United States and Western Europe which are solidly behind militarization of the economy and public life." Later that month at a

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Central Committee plenum, he stressed the need for young people to "learn a class view of the world."

This traditional characterization of East-West relations was also contained in the conservative platform set out in the widely publicized Andreyeva letter of March 1988, with which Ligachev has been closely associated. Andreyeva sharply criticized the argument of "respected academics" that class struggle is an "obsolete term" and that East-West relations now "lack any class content." She asked rhetorically, "Does the international working class no longer oppose world capitalism as embodied in its state and political organs?"

Ukrainian party boss Shcherbitskiy, who has long taken a hard line on East-West issues, has continued to reflect "old thinking" in his public statements. Only a few days after Gorbachev's speech, he expressed his reservations, warning that "we must always take into account the aggressive nature of imperialism," pointing out that "many influential circles in the West are still obviously unable to think in the new way" and still have "hopes of upsetting military-strategic parity." Similarly, at a meeting with voters in May 1988, he charged that "militaristic circles of the West" have "not abandoned the intention to gain military superiority over us and win commanding positions in international affairs and the world economy."

Military spokesmen have also continued to articulate a traditional view of capitalism and the Western military threat that is at odds with "new thinking" on this subject. Given the military leaders' responsibilities for defending the country, they are more likely than civilians to plan on the basis of a worst-case scenario, focusing on the threat posed by Western military capabilities.

About the time that Gorbachev first publicly raised this issue, Deputy Chief of the General Staff Colonel General Gareyev argued forcefully for maintaining the traditional party line. In a short book on military doctrine, he maintained that:

The general crisis of capitalism is deepening. The United States, like the other leading capitalist countries, is experiencing serious difficulties; the economic and financial crisis is intensifying, and unemployment is growing. As historical experience indicates, the imperialists have always sought a way out of a crisis in the militarization of society, in an arms race, and in military provocations.

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Other military spokesmen have also continued to speak of East-West relations in more traditional terms that question the notion advanced by Gorbachev that the West could become less militaristic:

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- In May 1988, Defense Minister Yazov warned in *Pravda* that "we have no right to close our eyes to the fact that in the leading capitalist states influential reactionary circles are repositories of the spirit of militarism."
- Shortly after Gorbachev's speech, Chief of the Soviet General Staff Akhromeyev wrote that imperialism has not abandoned and "has not shown a willingness to abandon any of its long-term, large-scale military programs," claiming that "with each passing year, US and NATO armed forces become increasingly offensive and aggressive."
- In November 1987, Rear Admiral Kostev said that "the West is still incapable of abandoning its obsolete views and regards the world in terms of confrontation between two systems" and is seeking "complete and indisputable superiority."
- In January 1988, General Chervov wrote that socialism is "confronted by the powerful and dangerous world of capitalism. Its general crisis is deepening . . . it is constantly generating an aggressive and adventuristic policy. 'Warfare is rooted in the very essence of capitalism,' Lenin pointed out."

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- A *Krasnaya zvezda* editorial in June 1988 warned that while there has been "definite improvement" in US-Soviet relations, "this does not mean, of course, that the militarist danger inherent in the nature of imperialism can be disregarded from now on."

[redacted]

Prospects

Faced with the concerns of conservatives and the military, Gorbachev and his allies have not yet succeeded in redefining the official party line on the Western threat. The theses for the party conference in June 1988 strongly endorsed Gorbachev's conduct of foreign policy but temporized on the threat, stating that, while there has been an improvement in East-West relations that has increased the prospects for reducing the military burden, "we are not casting aside the militaristic danger which lurks in the essence of imperialism." Gorbachev also appeared at the conference, asserting that "we are not forgetting the threat to peace from imperialist militarism and we believe that for the moment no guarantees have been provided for the irreversibility of the positive processes that have begun." Foreign policy issues were secondary at the party conference, and Gorbachev was probably reluctant to push in this area, preferring to save his political capital for more pressing domestic issues. [redacted]

Since the party conference, these issues have come to the fore. At a major conference at the Ministry of Foreign Affairs in July 1988, Shevardnadze set off high-level polemics by pushing the idea of a nonconfrontational approach to East-West relations even further. Breaking with traditional ideological formulations, he endorsed a new definition of peaceful coexistence that explicitly rejected "class struggle," adding that the "struggle between two opposing systems is no longer a determining tendency of the present-day era." The following month, his remarks drew a sharp response from Ligachev, who warned that "class interests" must predominate in international relations and that "raising the question in another way" could only cause confusion. A few days later, party secretary Yakovlev entered the fray, arguing that the interests of mankind as a whole are more important than class interest. [redacted]

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These sharp polemics suggest that highly contentious foreign policy issues are now on the leadership agenda. Indeed, they are critical questions the Politburo will need to come to grips with over the next year as it makes key decisions on the next five-year defense plan. [redacted]

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**Breaking With the Past:
Implications of Recent Attacks
on Brezhnev's Foreign Policy** [redacted]

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The foreign policy of the Brezhnev regime has been criticized implicitly by Gorbachev and more directly by foreign policy specialists and commentators in the press. They have sharply attacked the decisions to deploy SS-20s against Western Europe and to invade Afghanistan, arguing that the Brezhnev leadership failed to anticipate Western reactions to its policies, emphasized military force over political solutions, and reached decisions through a closed process that excluded expertise. If these criticisms lead to a change in policy, the Soviet Union could make more sophisticated and cautious foreign policy decisions. [redacted]

Criticism of the Decisionmaking of the Brezhnev Leadership

Gorbachev has criticized Brezhnev's foreign policy without mentioning him by name, and these general remarks have been expanded into an extensive critique in the writings of commentators and foreign policy specialists associated with the institutes of the Academy of Sciences. While these academics go further than Gorbachev in criticizing Brezhnev, they appear to both reflect and influence his thinking. The fact that they are not in policymaking positions allows them to be more outspoken than higher officials. [redacted]

Both Gorbachev's speech and the Central Committee Theses presented at the 19th All-Union Party Conference criticized Brezhnev's foreign policy decisions and implied that he allowed the USSR to be drawn into an unnecessary arms race. The Theses, published in *Pravda* on 27 May, stated that a critical analysis of the past had shown that dogmatism had left its mark on foreign policy, implying that ideological rigidity had distorted decisionmaking. In his speech to the conference, Gorbachev's meaning was clear when he criticized major decisions that were taken "by a narrow circle of persons" without sufficient analysis and adequate consideration of the policies of other states. [redacted]

These attacks on Brezhnev's policy were foreshadowed in Gorbachev's and Shevardnadze's speeches in 1986 and 1987. In a speech to the Foreign Ministry in May 1986, Gorbachev told diplomats to jettison prejudices that lead to "dead ends" and prevent a realistic assessment of events. He argued that the USSR must not be so persistent in defending its positions that its behavior amounts to "thoughtless obstinacy," saying that this pattern had earned Soviet diplomats the sobriquet "Mr. Nyet." A year later, Foreign Minister Shevardnadze indicated in a speech at the Foreign Ministry that a clearer evaluation of past policies could prevent repetition of mistakes, and he emphasized the need for alternative views on foreign policy questions. In an apparent swipe at Gromyko's management style, he condemned "claims of infallibility." [redacted]

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The foreign policy apparatus during 1988 has joined in finding fault with Brezhnev's failure to preserve detente in the 1970s, and no foreign affairs officials have defended his actions. Authoritative figures in the Foreign Ministry, the International Department, the military, and the academic institutes have criticized Brezhnev's policies:

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- In a speech to the Council on Foreign Relations in New York on 11 July 1988, Marshal Sergei Akhromeyev stated that, in working to establish military-strategic parity, the USSR failed to take advantage of opportunities to relax military tension and reach for better understanding.
- In an address on the 19th Party Conference to students, which was quoted in *Pravda* on 9 July 1988, International Department Chief Anatoliy Dobrynin spoke about the "underestimation in the past of political possibilities for ensuring security and easing tension, as a result of which we allowed ourselves to be drawn into the arms race."

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- [redacted] INF systems from Europe without linking their removal to the resolution of issues in the START and Defense and Space Talks, criticisms of the deployment decision began to appear in the press: 25X1
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[redacted] Lev Isaakovich Mendeleovich, chief of the Ministry of Foreign Affairs Evaluation and Planning Administration, declared in mid-April 1988 that the USSR "through its own actions" had been responsible for the collapse of detente in the 1970s.

- In an article in *Kommunist* (No. 5) in March 1988, USA Institute Director Georgiy Arbatov wrote that the "stagnation experienced by the USSR played a role in undermining the process of detente in the late 1970s." In his view, Soviet understanding of international relations in those years "did not correspond to reality," and policy was characterized by a lack of initiative and "oversimplified reactions to various moves by the West." [redacted] 25X1

In an article published in *Literaturnaya gazeta* (18 May 1988), Vyacheslav Dashichev, head of the Department of International Relations of Socialist Countries in the Institute of the Economics of the World Socialist System, presented the most detailed critique of Brezhnev's foreign policy to date. According to Dashichev's analysis, the severe exacerbation of tension in Soviet-Western relations in the late 1970s and early 1980s was caused chiefly by "the miscalculations and incompetent approach of the Brezhnev leadership" and could have been avoided. He argued that the Brezhnev leadership had "no clear ideas of the Soviet Union's true national interests," which did not lay in chasing "petty and essentially formal gains associated with leadership coups in certain developing countries." [redacted]

Dashichev's arguments apparently are intended to support Gorbachev's position in the current policy debate that unilateral military actions do not necessarily enhance security. [redacted]

Criticism of the SS-20 Decision

The decision by the Brezhnev leadership to field the SS-20 intermediate-range ballistic missile has been put forth as a specific example of a deployment decision based upon worst-case analysis. Soon after Gorbachev announced in February 1987 that the USSR was willing to negotiate the elimination of all

INF systems from Europe without linking their removal to the resolution of issues in the START and Defense and Space Talks, criticisms of the deployment decision began to appear in the press:

- In a *Moscow News* (8 March 1987) column, commentator Aleksandr Bovin implicitly criticized the SS-20 decision by asking why the missiles were deployed.
- Deputy Foreign Minister Aleksandr Bessmertnykh said in an interview in *New Times* (12 November 1987) that the decision to deploy scores of SS-20s may have been a political mistake. [redacted] 25X1

After the signing of the INF Treaty, attacks on the decision to deploy SS-20s became more frequent and open. Commentators were able to say that the deployment had provoked the NATO "dual track" decision that led to the deployment of Pershing 2 and cruise missiles in Western Europe. Commentators justified the destruction of more Soviet intermediate- and short-range rockets than American rockets by arguing that the deployment of the SS-20s had been a mistake. Criticism of the SS-20 decision also has been used to substantiate the more general charges against Brezhnev's foreign policy by Dashichev and *Izvestiya* commentator Aleksandr Bovin, who have linked it to the use of "strong-arm military methods" and "an exaggerated concept of the danger we were facing." [redacted] 25X1

More critical information on the SS-20 decision may be released within a year or two. [redacted] 25X1

[redacted] Director of the Institute of European Studies Vitaliy Zhurkin said in May 1988 that the USSR had recently established a commission to review the decision to deploy SS-20s. Its establishment may indicate that the Soviet Government will publish new documents or historical studies in an effort to further discredit Brezhnev's foreign policy. [redacted] 25X1
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Criticism of the Afghanistan Decision

Like the decision to deploy the SS-20, the decision to invade Afghanistan is portrayed as an example of the

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Brezhnev leadership's failure to foresee the consequences both of its actions and of relying excessively on the use of force. Before the announcement in February 1988 of the Soviet intention to withdraw from Afghanistan, a number of signs indicated that foreign policy specialists viewed the decision to intervene as a blunder. During the early 1980s, USA Institute Director Arbatov and some of his colleagues told foreigners that they opposed the intervention. Criticism of the 1979 decision, however, could not be found in the press. [redacted]

Since Gorbachev made his withdrawal announcement, foreign policy specialists have frequently attacked the invasion decision:

- In his Soviet television commentary of 22 May 1988, Bovin claimed that a lesson to be drawn from Moscow's experience in Afghanistan is the recognition that "the victorious proletariat cannot make other people happy by force."
- In his *Komsomolskaya pravda* interview of 19 June 1988, Dashichev maintained that, when the decision was made to send troops into Afghanistan, "all the possible consequences of this step were not thoroughly weighed," and it "gave a powerful boost to the arms race."

Also, Gorbachev and other members of the leadership conveyed to an American delegation early in 1988 that he and other members of the Secretariat agreed that responsibility for the intervention rested primarily on Brezhnev and the International Department, that Brezhnev was virtually "senile" at the time, and that he had ignored reporting of experts that intervention would be counterproductive. [redacted]

[redacted] Director of the Institute of European Studies Vitaliy Zhurkin said in May 1988 that, in addition to the commission investigating the SS-20 decision, a commission was conducting an inquiry into the decision to invade Afghanistan. [redacted]

The Krasnoyarsk Radar—Another Brezhnev Error?

Like Afghanistan and the SS-20 force, Krasnoyarsk is a problem Gorbachev inherited. Although the Soviets have not been willing to admit in public or in the

Standing Consultative Commission discussions that they made a mistake by building the radar, a number of Soviets in private comments have acknowledged as much:

- [redacted] in mid-March 1984, 25X1 Yevgeniy Pavlovich Velikhov, vice president of the USSR Academy of Sciences, remarked that the building of the Krasnoyarsk radar was a mistake.
- In off-the-record comments at a conference in August 1987 in West Germany, retired Lt. Gen. Mikhail Mil'shteyn, a senior staff member of the Institute of the USA and Canada, said it was his belief that the Krasnoyarsk radar was illegal. He added that he wondered what the bosses were thinking when they built it. 25X1
- At a Dartmouth conference in April 1988, General-Major Boris G. Surikov of the Ministry of Defense said that he regretted he did not fight harder against the location of the radar at Krasnoyarsk when the decision was first made. He said that there was a debate within the Ministry of Defense because everyone understood that placing the radar at Krasnoyarsk would violate the Antiballistic Missile (ABM) Treaty, but that most military leaders believed the United States would realize the radar was useless for ABM purposes. [redacted] 25X1

The Soviets have offered to dismantle the equipment at Krasnoyarsk in exchange for United States agreement on nonwithdrawal from the ABM Treaty. Signs point to Soviet contemplation of full dismantlement, although Moscow has stopped short of publicly making an offer. If such a decision is announced, there probably will be a public airing of the "mistake" of building the radar, another example of flawed decisionmaking under Brezhnev. [redacted] 25X1 25X1

Criticism of the Structure of Foreign Policy Decision Making

Dashichev and Bovin have criticized the procedures by which the decisions of the late 1970s were made and have called for opening up the foreign policy 25X1

making process to substantive input from rank-and-file members of the Supreme Soviet as well as the general public. Bovin argued in an article dated 16 June 1988 that "if we are really serious about democracy" it will be necessary to place the diplomatic service in the "zone of *glasnost* and control 'from below.'" In a *Komsomolskaya pravda* interview dated 19 June 1988, Dashichev declared that previous policy errors came about largely because "policy was not subject to public monitoring" and that there is still a need for a "major improvement" in the foreign policy apparatus to ensure greater public participation.

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Implications

The recent criticisms of Brezhnev's foreign policy have been intended to differentiate Gorbachev's approach to East-West relations from that of his predecessors, to refute the domestic defenders of Brezhnev's legacy, and to convince the West that the Soviet Union will not undermine the atmosphere of East-West accord created in the last three years by repeating the mistakes of the 1970s. The criticisms are not only an effort to reexamine the history of the decline of detente but also a rejection of the traditional line that the Soviet Union bears no responsibility for the arms race. In this regard, the critics of Brezhnev's policies stress the point that unilateral military moves intended to increase Soviet strength can undermine security by provoking reactions from the United States. An increased role for specialists on the West in military and foreign policy decisions may be one result of this new understanding, along with an increased emphasis on dialogue with the West.

Foreign Minister Shevardnadze called for Supreme Soviet debates on major foreign policy and military decisions in his address to a Ministry of Foreign Affairs conference on 25 July 1988. He spoke of the decision of the 19th Communist Party of the Soviet Union Conference to create a "constitutional-plenipotentiary mechanism" that would introduce a "legislative procedure" to bring military and foreign policy under the control of the supreme elected bodies. This would, he said, affect questions of the use of military force outside the country's national frontiers, plans for defense construction, and the openness of military budgets. It is still too early, however, to determine the significance of the changes made at the party conference.

The criticisms of Brezhnev's foreign policy have been closely related to the argument for a model of East-West relations that emphasizes action-reaction cycles. For example, in *Izvestiya* (16 June 1988), Bovin compared the SS-20 and Afghanistan decisions, writing that "in both cases we clearly overestimated our own potential and underestimated what could be called the 'resistance of the medium.'" Bovin argued that each of these decisions provoked an unexpectedly harsh Western reaction because military considerations dominated decisionmaking, and little effort was made to predict Western responses. In each case, political solutions were not given adequate attention, and there was an exaggerated concept of the danger faced.

If the full implications of this criticism are realized in practice, Soviet policy could move in new directions. For example, efforts to avoid a new Afghanistan could lead to a less ideological and more cautious approach toward the use of military force in the Third World. The Soviet Government may look more closely at future military programs, with or without additional arms control agreements, to prevent triggering an action-reaction cycle like that caused by the SS-20 decision.

The view that Brezhnev's military buildup and his decision to invade Afghanistan undermined support for detente in the West and allowed the USSR to be drawn into an expanded arms race probably is still controversial in the Politburo. Gorbachev's cautious expression of this argument and Ligachev's recent emphasis on the role of class struggle in Soviet foreign policy indicate that significant divisions remain. The traditional view of Stalin's foreign policy was recently argued, for example, in *Pravda* (29 August 1988) by commentators Valentin Falin and Lev Bezymensky, who accused the United States of singlehandedly starting the Cold War and accelerating the arms race. Although Gorbachev probably will continue to be cautious in his public statements, criticism of the policy of the 1970s is likely to continue as Gorbachev and his allies attempt to make the transition to "new thinking" in foreign policy irreversible.

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Implications of the Withdrawal of Soviet Forces From Hungary [redacted]

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[redacted] the Soviets have seriously considered withdrawing some or all of their Southern Group of Forces (SGF) from Hungary. Following recent articles in the Western media about a possible unilateral Soviet drawdown in Hungary, the Soviets have publicly ruled out such a move. Some Soviet officials have consistently declared that any unilateral gesture is unacceptable. Moreover, the Warsaw Pact Political Consultative Committee session ended on 16 July 1988 without mention of unilateral Soviet withdrawals from Eastern Europe or any other unilateral Warsaw Pact moves. [redacted]

Nonetheless, there is considerable evidence that the issue was contemplated and some groundwork was laid, possibly including an agreement in principle between Moscow and Budapest. Moreover, Hungarian officials have indicated publicly that they are continuing to discuss with Moscow the timing of a reduction of Soviet forces. [redacted]

[redacted]

[redacted] but any step contingent on a Western response would differ little from previous Soviet offers and would be difficult for Moscow to portray as a bold new initiative. [redacted]

A Review of the Evidence

[redacted]

The evidence includes:

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- The statement by a [redacted]

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[redacted] have drawn up and approved a plan to remove two (of their four) divisions from Hungary and that they might do so unilaterally if they decided an agreement on mutual withdrawals was not likely.

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- Public comments by Hungarian party leader Grosz, and other party officials, stating that Hungary wants to be among the first countries where conventional forces are reduced and that, given Hungary's location "off the main strategic direction," it would be an appropriate place to "experiment with unilateral steps."

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- Former party leader Kadar's assertion in an interview in late April 1988 that there were no Hungarian internal reasons, only international ones, for the presence of Soviet forces in Hungary, and that they could be withdrawn when the appropriate broader East-West context was right.

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- A report that a senior Hungarian Foreign Ministry official told US officials that extensive conversations with the Soviets have resulted in an agreement in principle to the departure of Soviet forces. The Soviets and the Hungarians, according to the official, now agree that there is little rationale for Soviet forces to remain in Hungary. They will be moved in toto in order to gain the greatest political impact. The official suggested that a Western gesture—possibly concerning West German policy toward force modernization or military cooperation with France—could trigger the removal of Soviet forces.

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- Grosz's comment during an interview at the Warsaw Pact summit that the Hungarian Defense Committee has been instructed to examine the question of how reciprocal reductions as part of the ongoing process of arms negotiations might affect Hungary.
- Hungarian Defense Minister Karpati's remarks to a Yugoslav reporter that the withdrawal or reduction of Soviet forces in Hungary would be realistic in the context of the United States reducing its troops in Europe.
- Grosz's admission during his visit to the United States that he and Gorbachev have talked about the removal of Soviet forces from Hungary. Grosz denied any knowledge of the source of recent reports of a Soviet withdrawal, but said he and Gorbachev would continue their discussions. He noted that cutbacks in Soviet forces would not be unilateral.

some degree by any cut in the SGF. But the Soviets probably would retain forces withdrawn from Hungary at reduced readiness levels in the USSR. The wartime missions of the SGF could be performed by the withdrawn forces from bases in the USSR, or their initial tasks could be reassigned to other forces.

Initially, senior Soviet military officers would be likely to resist any withdrawal on the grounds that it would reduce their ability to conduct operations against NATO and to oppose a unilateral step. If, however, the withdrawn units were to be relocated to the USSR and their readiness to be reduced, the military leadership would be hard pressed to argue against the move because there would be no overall reduction in forces. Moreover, they might be persuaded that future improvements in Hungary's defense forces would be adequate to compensate for the departure of Soviet units.

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Moscow's Evaluation of the Military Costs

To be politically significant, a withdrawal would have to be large enough to capture public attention—upward of 60,000 soldiers. The Soviets could achieve this level of reduction by thinning units throughout their forces based in Eastern Europe, by removing units from several different countries, or withdrawing the entire number from one country:

- Thinning of units probably would have little visibility to West European publics and leaders, even if it amounted to a large number of troops overall.
- The Soviets would be reluctant to remove any of their forces from Poland because of the Soviet lines-of-communication and theater-level support units there.
- The removal of several divisions from East Germany or Czechoslovakia, both of which border West Germany, would increase Soviet requirements for wartime reinforcement in the Central Region.

Their principal objection—and one for which they would probably find some support within the political leadership—would be to the unilateral character of the withdrawal. Defense Minister Yazov, Chief of the General Staff Akhromeyev, and other senior officers have consistently opposed unilateral reductions. Akhromeyev publicly denied their utility during his recent visit to Washington. These military leaders would probably be joined in their arguments by those who have special concerns about security or Eastern Europe, such as KGB Chief Chebrikov or "Second Secretary" Ligachev. They would argue that any unilateral move sets a dangerous military and political precedent. Counterarguments that unilateral reductions have the advantage of not requiring a negotiated timetable or being subject to verification might carry some weight. Some military leaders might also be swayed by the prospect that a unilateral withdrawal could place enough pressure on Western governments to bring about some reductions in NATO forces or to forestall some aspects of planned NATO modernization.

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As a result, the Soviets probably would conclude that the SGF was their best candidate for withdrawal and that a sufficiently large removal elsewhere would be risky in the absence of some significant Western reductions. The capability of forces in Eastern Europe to conduct military operations would be reduced to

Soviet Perceptions of the Risks of Instability in Eastern Europe

The Soviets would probably anticipate that the most negative consequence of a unilateral withdrawal from Hungary would be the potential for increased unrest in Hungary and elsewhere in Eastern Europe. The Soviets might expect that East European opposition elements and leaders would interpret a unilateral withdrawal from Hungary as a signal that local Communist regimes were to shoulder more of the responsibility for maintaining order. By encouraging reformers within party leaderships, as well as opposition groups, to lobby for change with renewed vigor, a withdrawal could sharply increase the risk of open conflict within the region. [redacted]

Moscow's evaluation of these risks would affect the timing for announcing and implementing a withdrawal, but the Soviets probably would calculate that Eastern Europe could be insulated from the risks if the withdrawal was carefully designed:

- A lengthy withdrawal timetable—perhaps up to two years—would give the Soviets an opportunity to limit potential instability in Eastern Europe. Moscow would gain immediate international credit for withdrawing the SGF, but the actual removal of forces would be gradual and could be adapted to changing events in the region.
- Soviet and East European leaders could agree in advance on measures to blunt the impact of a withdrawal announcement on East European publics and coordinate their responses to possible popular unrest.
- The Soviets would expect a withdrawal to boost Hungarian party chief Grosz's popularity, but they would also be alert to the possibility that a withdrawal could generate increased unrest in Hungary. They might encourage some steps before withdrawal—such as upgrading Hungary's informal security forces—to improve the regime's ability to deal with dissent.
- Reformers and dissidents elsewhere in the Bloc might temper their demands if Grosz successfully contained any signs of increased unrest in Hungary.

- In the end, the Soviets probably would view the continued presence of their forces elsewhere in Eastern Europe as an effective deterrent to any ferment possibly sparked by a withdrawal from Hungary. [redacted]

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Western Europe: Implications for the NATO Alliance

From the Soviet perspective, the major benefit of unilaterally removing the SGF would be the likelihood of a positive reaction from West European leaders and publics. At the very least, Moscow would reinforce its other efforts to portray the Soviet Union as a peaceful superpower. At best, the Soviets would expect a withdrawal to generate public pressure on controversial issues within the NATO Alliance, such as improving force structures and increasing defense spending. [redacted]

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The Soviets probably would hope to generate enthusiasm among West European leaders to move forward on future conventional arms control negotiations. In current arms control forums, Moscow is already courting those who favor a significant degree of accommodation with the USSR—like West German Foreign Minister Genscher—and would encourage them to argue for some Western reciprocation. Gorbachev would use the public relations initiative of a withdrawal to counter the more cautious counsel of leaders like French President Mitterrand and Italian Prime Minister De Mita, and, by emphasizing the symbolism of such a dramatic gesture, he would hope to strengthen calls in the US Congress for a withdrawal of at least some US forces from Europe, especially in a Presidential election year. [redacted]

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Timing and Form of a Withdrawal Announcement

On balance then, the Soviets could garner significant political gains in Western Europe by unilaterally removing their forces from Hungary. The military risks would be tolerable—more tolerable than similarly large force reductions elsewhere—and the danger of increased instability in Eastern Europe or of strong opposition from senior Soviet military leaders probably could be contained. Moreover, by reducing both

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costs and manpower requirements, a withdrawal would contribute to solving some of Gorbachev's more pressing domestic problems. Given the attractiveness of the benefits and the acceptability of the risks, it is not surprising that the Soviets have been discussing the possibility with the Hungarians. [redacted]

Shortly after Western media stories, which were intended to preempt any Soviet withdrawal announcement, appeared, Grosz commented [redacted]

[redacted] that there was a "kernel of truth" in the Western reports. He went on to note that Hungary intended to ask that Soviet troops in Hungary be the first withdrawn after an eventual conventional arms control agreement between NATO and the Pact. Also after the Western press reports, a Hungarian Foreign Ministry official stated that there is agreement in principle to the piecemeal withdrawal of Soviet forces—but not in the immediate future. He suggested that a Western "gesture" might "trigger" a withdrawal. These comments indicate that the issue of when (not if) Soviet troops will be removed continues to be discussed and that Moscow might time its announcement to the pace of arms negotiations. [redacted]

We believe the Soviets and their allies prefer to negotiate with NATO to achieve mutual reductions of conventional forces, because it is militarily sensible to "trade" reductions. Nonetheless, because they recognize that an agreement with NATO could be years away, the Soviets might favor a unilateral gesture as a means of speeding negotiations. Such a gesture would be a gamble to secure some type of reciprocal Western response or to encourage cuts/freezes on Western defense spending. [redacted]

A unilateral step might also be used to influence the content of negotiations. For example, Gorbachev's recent offer concerning the rebasing of F-16 aircraft proposed a bilateral, equal, and mutual reduction—considerably different parameters than a unilateral withdrawal of the SGF would set. If, however, Gorbachev intended to announce the removal of Soviet Ground Forces from Hungary at the Warsaw Pact summit only a few days after offering the F-16 deal, he may have sought to create a relationship between the two. Removal of the SGF might have been an incentive offered to influence the United States to accept the F-16 deal—not simply to secure the removal of 72 aircraft from Europe, but to link aircraft to conventional force reductions. The Soviets might use such a tactic in the future—if and when they decide to announce their withdrawal from Hungary. [redacted]

The evidence on Soviet timing is insufficient to predict with confidence when a withdrawal announcement might be made. If the Western media reporting did put Gorbachev off stride, he might now delay until formal talks on reductions of conventional forces begin or even until a new US administration is in place. On the other hand, considerable groundwork apparently has been laid, and Gorbachev, whose timing in making foreign policy gestures has sometimes been startling, might be prepared to unveil the plan sooner. [redacted]

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**Soviet Equities in an End
to the Iran-Iraq War:
Opportunities and Risks** [redacted]

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The Soviets probably view the cease-fire and possible end to the Iran-Iraq war with mixed feelings. Reduced tensions in the Gulf remove the rationale for the large US naval presence there, while the Soviets now have their own naval presence in the Gulf. They have also established themselves as major players in the diplomacy of the Gulf region and are better placed than they were before the war began to take advantage of the likely new political fluidity in the region. In particular, Moscow is likely to have an opportunity to expand its relationship with Tehran without directly threatening Soviet relations with Baghdad. But, as Iran and Iraq begin to rebuild their war-damaged economies, Western capital and technology will become increasingly important to them. Moreover, the Kremlin is already showing concern that the overall US-Iranian relationship will improve once the war is over. [redacted]

In our view, the Soviets will move quickly once the cease-fire takes hold to ensure the reduction of the US naval presence and to capitalize in Tehran on the diplomatic support they gave Iran in the war over the past year. They are likely to offer some economic and military assistance to Iran but probably will not provide it in significant quantities until they can be more certain the war will not resume. Even then, Moscow will be limited by its own economic constraints, uncertainties over Iranian policies as long as the clerical regime remains in power, and a desire not to jeopardize relations with Iraq and the other Gulf Arab states. [redacted]

The Balance Sheet

The Soviets have long attempted to increase their influence in both Iran and Iraq and have sought to ensure that neither becomes predominant in the Gulf—a development that would limit Soviet maneuvering room in the region. The Iran-Iraq war has greatly complicated this policy. Moscow's policy toward the war fluctuated from an initial tilt toward Tehran for the first six months, until it was clear Iraq

was not going to score a quick victory, to a clear tilt toward Baghdad from the spring of 1982—when Iran first crossed into Iraqi territory—until the summer of 1988, and back almost full circle since then to a policy favoring Iran. During each “tilt” to one side, the Soviets attempted to limit the damage to their relations with the other. [redacted]

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Although Moscow, on the whole, has managed to preserve its influence in the region during these policy gymnastics, has earned massive amounts of hard currency stocking Iraq's war machine, and has even been able to expand the Soviet diplomatic presence in the Gulf, it probably welcomes the apparent end to a large and unpredictable war near the USSR's southern border. An end to the war would:

- Eliminate the reason for the greatly increased US naval presence in the Gulf.
- Probably make the conservative Gulf Arabs less nervous about Iranian expansionism, decreasing their need and willingness to cooperate militarily with the United States.
- Remove one of the most contentious issues between the USSR and the Gulf Arabs—the Kremlin's opposition to an arms embargo against Iran.
- Reduce the significance of one of the prime irritants in Soviet-Iranian relations—Moscow's weapons sales to Baghdad.
- Allow the Soviets to court Iran—which they have long seen as the greatest “prize” in the region—with economic and military assistance without the risk that the Iranians would use such aid to defeat Iraq and threaten the other Gulf Arab states. [redacted]

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Peace between Iran and Iraq, however, would also carry with it some potentially dangerous consequences for Moscow:

- The Soviets will worry that US-Iranian relations will gradually improve.
- Both Iran and Iraq are likely to turn more toward the West than toward the USSR for the technology, know-how, and credits to rebuild their economies.
- Soviet-Iraqi relations are likely to be more contentious. An end to the war would obviate Baghdad's need to mute its longstanding political differences with its main arms supplier and to suppress its anger over Moscow's failure to support Iraq on the cease-fire negotiations in the United Nations during the past year. With a less acute need for Soviet weaponry, the Iraqis are also likely to resume their diversification of weapons suppliers.
- Iran would have a freer hand to increase aid to Afghan insurgents.
- The United States has gained enhanced credibility in the region and worldwide for its successful use of military force in protecting its own and its allies' interests and in ending a regional conflict. [redacted]

Near Term: Removing the US Fleet, Courting Tehran, Placating Baghdad

Reduction, if not the permanent ouster, of US forces in the Gulf is high on the Kremlin's agenda. The Soviets view the growth of the US naval presence in the Gulf and the support given to it by the Arab Gulf states to be a highly negative consequence of the war. The convergence of Iranian and Soviet views on this score was the basis of the improvement in relations between the two countries after the US naval buildup began in the summer of 1987. The Soviets are likely to continue to claim that the "massive US military presence" heightens tension in the area and will try to press the United States to remove its forces from the Gulf by reviving their proposal for a UN naval force. [redacted]

A reduced US naval presence, however, could also lead to better US-Iranian relations—a development that Moscow hopes to prevent. Recent statements by

US officials on prospects for better relations with Iran have been highlighted by the Soviet media, and a Soviet official predicted to a Japanese newspaper in early August 1988 that Washington and Tehran are likely to move closer in the post-war period. In part to head off any warming of US-Iranian relations, the Soviets are likely to move quickly in an attempt to cash in the credit accumulated with Iran by their refusal to support a follow-on embargo resolution to UN Resolution 598. They will remind Tehran how, in the weeks before the cease-fire agreement was reached, they pressed Baghdad to halt its incursions into Iran and urged the UN Secretary General to put Iraq on the spot by declaring a D-Day for the cease-fire. [redacted]

The Soviets are also likely to try, during the early weeks of the cease-fire, to initiate discussions with Iran on economic and military cooperation. They have long told the Iranians that they could not return most of the Soviet economic advisers and technicians—withdrawn because of Iraqi bombings—or consider resuming military sales until the war was over. Returning their personnel would magnify the Soviet presence (which now includes approximately 200 economic advisers and technicians) and demonstrate Soviet willingness to help Iran. [redacted]

Moscow probably would prefer to avoid major new military commitments to Iran until it determines that no new hostilities are likely. But the Kremlin is likely to use the lure of future arms sales—the Iranians see Soviet supply of weapons as a barometer of Moscow's desire to improve ties—to try to induce Iran to be more receptive to improvement in the overall Soviet-Iranian relationship. To assuage probable Iranian impatience during the intentionally protracted negotiations for major new weapon systems, the Soviets probably will offer Tehran spare parts for and additional quantities of Soviet-made weaponry already in Iranian inventories. Soviet restraint, however, will be sorely tested if the West and the Chinese rush to sign military contracts with Tehran. In that case, the Soviets probably will feel forced to sell Iran at least some major weapon systems, such as air defense missiles. [redacted]

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Iraq

Although peace in the region would give Moscow greater freedom of action in dealing with Iran, the USSR's interest in preserving its relationship with Iraq and the memory of Egypt's surprise eviction in 1972 of Soviet forces would be likely to temper its overtures to Tehran. The Soviets will play down their overtures to Iran, attempting to convince Iraqi leaders that the USSR is trying to moderate the Iranian regime. They will continue to reassure President Saddam Husayn—as First Deputy Foreign Minister Vorontsov did during his visit to Baghdad in late July 1988—that they are fully behind him and will try to discourage Iraq from increasing its ties to the West.

To deflect Iraqi anger over Soviet arms sales to Iran and to blunt Baghdad's desire to diversify its arms suppliers, the Soviets would almost certainly continue to supply the Iraqis with sophisticated hardware and may even be flexible in the renegotiation of Iraqi military debt. The Soviets are planning to sell SU-24 Fencer aircraft to Iraq, according to [redacted]

[redacted] This, along with the delivery during the past two years of MIG-29 Fulcrum aircraft and advanced air-to-surface missiles, demonstrates Moscow's commitment to keeping Iraq equipped with the latest in Soviet arms. [redacted]

Beyond the Cease-fire

The key variable for Soviet policy toward the region over the longer term will be the impending succession in Tehran. Uncertainty over what type of regime will succeed Ayatollah Khomeini's is likely to impose some limits on Moscow's willingness to provide material aid to Iran before the Imam dies. In an attempt to build influence in preparation for the post-Khomeini era, however, the Soviets probably will expand their offers of economic and military assistance when it becomes clear that the war with Iraq will not resume.

The Soviets may focus on a few showcase economic projects in an effort to compete with the West. Support of Iranian heavy industry and development along the Soviet-Iranian border and in the Caspian Sea are areas in which the USSR is well suited to play a major role. Moscow designed and built Iran's only

steel plant, as well as two of its power stations, and the Iranians could sorely use Soviet help in refurbishing and expanding these facilities. In addition, the two sides may revive talk of the energy pipelines and rail links that they discussed in 1988, although these projects would require major capital investment. [redacted]

With the exception of these few specific areas of cooperation, Moscow's overall prospects of competing economically with the West in Iran following the war are not good. Gorbachev's focus on revitalizing the Soviet economy militates against the USSR providing any sizable economic aid to Iran. Moreover, the Iranians are likely to turn to Western know-how and capital to rebuild their most important resource—their oil industry. The Soviet inability to provide technology or capital to compete with Western companies in this key sphere will deny the USSR a major foothold in the Iranian economy. [redacted]

The Kremlin is likely to be more forthcoming in arms sales—the area where it can compete more effectively with the West. The Soviets may start by increasing the amount and sophistication of weapon sales to Iran indirectly through their East European allies. This type of Soviet-sanctioned arms supply would increase Iran's dependence on Soviet-made weaponry, while giving the Kremlin at least a degree of plausible deniability with the Iraqis. [redacted]

Although the Soviets could offer Iran a major weapon system in the immediate post-war period, they probably will not sell large amounts of modern weapons to Iran until the political situation in Tehran has sorted itself out following the death of the Ayatollah. The Soviets would not want to arm a regime that is likely to resume Khomeini's quest to spread Iran's brand of Islamic fundamentalism, whether through renewed hostilities with Iraq, increased material aid to Afghan insurgents, or an expansion of efforts to proselytize Soviet Muslims. If Soviet leaders determine that Iran is not likely to take that course, logical candidates for initial arms sales are air defense systems. The Iranians have a need for affordable and effective air

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defense, and anti-aircraft systems will not threaten Iraq nearly as much as the supply of other advanced weapons, such as aircraft. [redacted]

Once the taboo of selling modern weaponry to Iran has ebbed, Moscow probably would be willing to sell the Iranians most of the systems that it has already exported to the Third World, including tanks, infantry fighting vehicles, artillery, and helicopters. Nonetheless, the Soviets almost certainly would ensure that the weapons they provided to Iraq, an ally by treaty, allowed it to maintain an overall military edge over Iran. [redacted]

Moscow will have tough competition in the rivalry to become the major arms supplier to Iran. As the effects of the Western arms embargo diminish, the Iranians, as a cash customer, will be in a good position to exploit the many arms sources they have cultivated over the past eight years. West European, Asian, South American, and possibly even US firms will be competing for Iranian arms purchases. Western technology, in many instances, will be more attractive to Iran than comparable Soviet systems, while the Chinese have proved to be low-cost, reliable suppliers. This competition will put pressure on the Soviets to move sooner in providing Iran with sophisticated weapon systems. [redacted]

Outlook

The USSR is in a number of ways better placed to compete for influence in the Gulf region than it was when the war began in September 1980. The Soviets have:

- Established a naval presence in the Gulf for the first time.
- Expanded their ties to the conservative Gulf states: in 1980, Moscow had diplomatic relations only with Kuwait—today it has relations with Oman, the United Arab Emirates, and Qatar, and has established a political dialogue with Saudi Arabia.
- Proved, despite the brief arms embargo at the outset of the war, to be a reliable supplier of weapons to Iraq.

- Been a major player in the past year's diplomatic efforts on the Gulf war. The USSR was the only major power in close contact with both belligerents, and it played a prominent role in formulating and then delaying action on UN cease-fire Resolution 598. [redacted]

Moscow is certain to attempt to build on the increased influence it has gained in the Gulf. Soviet diplomats in Kuwait have already publicly floated the idea of a conference on collective security in the Gulf region. Whether the Kremlin officially proposes such a scheme, it is likely to claim to the Gulf Arabs with some credibility that Soviet arms played a major role in preventing the spread of the Iranian revolution and, with less credibility, that adroit Soviet handling of Iranian sensitivities on UN Resolution 598 led to Tehran's eventual acceptance. [redacted]

The Soviets have long lamented that the Gulf war undercut Arab unity on the Arab-Israeli dispute. They will probably attempt to get the Arabs to refocus their energies away from Iran and toward the Palestinian question—an issue on which the USSR and most Arab states see eye-to-eye and the United States is generally perceived by the Arabs as blocking a settlement. [redacted]

Moscow probably is encouraged by the potential for increasing its influence in post-war Iran. As long as an openly anti-Soviet regime does not come to power, Soviet efforts are likely to result in improved relations with Tehran—at least relative to the frostiness that has characterized them during most of the war years. Soviet economic advisers will almost certainly return to Iran, arms sales are likely to begin, and the relationship, in general, has the potential to become established on firmer ground. [redacted]

Nonetheless, the Soviets have reasons to be apprehensive about Iran. The attractiveness to Iran of Western technology, capital, and military hardware could overshadow any gains Moscow may make there. The USSR does not have the wherewithal to compete

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economically with the West in Iran. Some improvement in US-Iranian relations seems inevitable, and, while any Iranian regime would want tolerable relations with the superpower on its border, Moscow and Tehran have a long history of animosity and intrinsically divergent objectives in the region, both of which will hinder close ties unless a leftist regime takes power in Iran—an unlikely development over the next few years.

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New Review Process Affects Economic Reform

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In recent months, three important pieces of Soviet economic legislation—on cooperative taxes, quality control, and state orders—have been remanded for further work after extensive debate at “open” sessions of the Council of Ministers’ Presidium. The immediate impact of this action generally has been to slow the implementation of General Secretary Gorbachev’s economic reform program. In the long term, however, this more rigorous and open review process, if continued, could significantly improve the effectiveness of Soviet reform legislation. In two of these cases, the process moved the laws in a liberalizing direction that would increase the role of economic incentives, and, in the third, it may have saved a reform from overzealous supporters who would have acted without preparing the necessary groundwork.

The Process

The perception that this kind of legislation is undergoing greater scrutiny may be partly a consequence of *glasnost*: we have now become more privy to debates that went unreported in the past. But the evidence also suggests that the review process, once confined mostly to government and party administrators, has been expanded to give a greater voice to reform economists and those most involved in implementing the legislation. Only in 1987, Soviet economists in a roundtable discussion had openly complained that the review of economic legislation was conducted solely within the confines of the bureaucracy.

The decision to broaden the review process may have come from Gorbachev himself, given his recent stress on the need to “democratize” Soviet political institutions. Except for the decision to limit the participation of government and party administrators (whom the reformers contend have exercised too much influence in the past), the debates appear to have been genuinely open, with a wide range of opinions expressed. And the positive influence this new process appears to have had on the legislation will buttress the case Gorbachev has been making about the beneficial effects a more participatory political system will have on economic reform.

Tax Rates Rejected by Supreme Soviet *Rubles*

| Income of Cooperative Members | Taxes |
|-------------------------------|-----------------------------------|
| 300 | 34.20 |
| 500 | 60.20 |
| 501 to 700 | 60.20 plus 30 percent over 500 |
| 701 to 1,000 | 120.20 plus 50 percent over 700 |
| 1,001 to 1,500 | 270.20 plus 70 percent over 1,000 |
| Over 1,500 | 620.20 plus 90 percent over 1,500 |

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A Taxing Debate

Additional impetus for this more open review process may have been provided by the problems engendered by the new taxation schedule for cooperatives, drafted by the Ministry of Finance. It was adopted by the Presidium of the Supreme Soviet in March 1988 without the involvement of reform economists or representatives of the cooperative movement, who later complained that the new rates were too high. When the same rates were incorporated into a new draft law on cooperatives that was presented to the Supreme Soviet in May 1988, the deputies refused to ratify the law if the new tax schedule was included. The tax was heavily progressive, and many expressed concern that it would effectively stymie expansion of the cooperative movement. As a result, approval of the law was delayed for a day—the first time the Supreme Soviet had failed to approve a bill presented to it in the allotted time since the 1920s—and the tax schedule was remanded for further study (see table).

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When Finance Minister Gostev presented the revised tax schedule in July 1988 to a meeting of the Presidium of the USSR Council of Ministers, he was

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the only government official allowed to participate in the debate (with the exception of Premier Ryzhkov who presided). The other invitees included the chairmen of cooperatives and reform economists. Gostev's plan, which apparently would have reduced the taxes on individual cooperative members at the price of increased taxes on the cooperatives themselves, was promptly attacked as still being too confiscatory (see inset) and remanded for further work by a group that included reform economists and representatives of the cooperative movement as well as the usual state agencies.¹ [redacted]

A Question of Quality

Another Presidium meeting was called in July 1988 to review a new draft law on quality control. Once again, in a move Ryzhkov described as the "beginning of a good tradition," those invited to convene in the Presidium's oval hall included reform economists and those most directly affected by the law—enterprise managers and workers. The new law, originally scheduled for completion by the first quarter of 1987, had required two years to produce and was immediately criticized for its failure to reflect other reform legislation, such as the Law on State Enterprises, that had been approved in the interim. [redacted]

Most of the participants in the debate faulted the draft for its continued reliance on administrative measures, such as the state acceptance system (*gospriyemka*), to improve output quality, calling instead for "economic levers that combine the interests of the producer and consumer."² After hearing several

¹ Gostev's revised tax plan for individual cooperative members was not published, but an article by a Gosplan official that appeared shortly before the Presidium meeting claimed that one of the options the Finance Ministry was considering called for the following tax rates (all figures in rubles): for monthly incomes between 501 and 1,000—60.2 plus 25 percent in excess of 500; for incomes between 1,001 and 1,500—185.2 plus 35 percent in excess of 1,000; and for incomes of 1,501 and above—360.2 plus 50 percent in excess of 1,500. Gostev proposed at the meeting that the tax rates on the incomes of the cooperatives themselves be set at from 5 to 30 percent, depending on the type of cooperative. In 1987 the Council of Ministers had established that all cooperatives would pay income tax of 2 to 3 percent in the first year of operation, 3 to 5 percent in the second year, and 10 percent in subsequent years. [redacted]

² The state acceptance system, which calls for monitoring by representatives of an independent service as a check on the factory's own quality review, was introduced at 1,500 plants in 1987 and expanded to 732 more in January 1988. Almost half the new participants were suppliers to plants already in the program. [redacted]

Defending the Cooperatives

A typical argument in favor of lower tax rates for cooperatives and their members was made by Leonid Onushko, chairman of a city cooperative association in Naberezhnyye Chelny:

We have average earnings of 350 rubles [per month]. . . . But comrades, those earnings are for a 14- or 16-hour working day. Go back to an eight-hour working day, and it will be the same old 210 to 220 rubles. We currently pay a minimum of three taxes, comrades. We pay tax on raw materials, equipment, and transport. We buy a . . . truck for 70,000 rubles, against its selling price of 17,000. We fill its tank with diesel costing 30 kopeks per liter instead of 6 kopeks What is more, we keep this [truck] beneath the windows in our own yard, not in a well appointed garage In other words, it is still too early to compare cooperative workers' conditions with those of workers in the state sector, comrades There are none of those strong cooperatives about which one might be able to say: "There they are, getting fat." [redacted]

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attacks on *gospriyemka*, Ryzhkov insisted that the law underscore the fact that the system was intended to be temporary:

I will tell you comrades: when we introduced state acceptance, we were forced to embark on it—consciously forced. We had no other way out. At that time, no economic levers functioned at all. . . . Apparently we should say exactly this in the law: that as economic relations become more mature and economic stimuli come into play, we will, in all probability, have hardly any need for state acceptance.

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Judging from the account of the debate that appeared in the press, the draft law would merely have replaced one administrative measure with another, calling for the establishment of a network of "certification centers" to eventually replace *gospriyemka*. [redacted]

Ryzhkov said he originally had thought the draft could serve as the "basis" for a new law. The speakers had convinced him, however, that it had no redeeming value at all, that the continued reliance on administrative controls would undermine the goal of increased enterprise autonomy, and that the proposed certification centers would be difficult to manage and eat up even more resources than *gospriyemka*. As a result, he instructed the drafters to go back to the drawing board and start afresh. Ryzhkov concluded that the great shortcoming in the law was that "there were obviously very few of our economists" involved, and it was decided to increase the size of the drafting group "by including prominent economists and production workers." [redacted]

Refining "State Orders"

A third Presidium meeting was called in July 1988 to review a proposal to reduce mandatory output targets—so-called state orders for Soviet enterprises in the last two years (1989 and 1990) of the current five-year plan. The state orders concept was adopted as part of the planning reform in June 1987 as a way of distinguishing between the mandatory production requirements of the state, which were to be covered by state orders, and the production of other goods and services, which were to be less tightly controlled. The Presidium meeting was held to consider a proposed "interim provision" on compiling state orders that was drafted in response to widespread complaints that the ministries had abused the concept in the 1988 plan and were continuing to dictate too many decisions to the enterprises. [redacted]

Once again, the offending ministers were pointedly excluded from the Presidium meeting. As one correspondent noted, it was "not without interest" that, of the 23 speakers (excluding Premier Ryzhkov), "only one was a member of the government." The others included enterprise and association directors, *kolkhoz* and construction site managers, and economic experts. [redacted]

Gosplan Chairman Maslyukov proposed that the following changes be made in state orders for the 1988 and 1989 annual plans:

- State orders would be determined by Gosplan—not the ministries.
- The current overall proportion of state orders (80 percent of industrial production) would be reduced by one-half to two-thirds.
- The number of centrally determined "success indicators" would be reduced to one-sixth the current level.
- Centralized planning of types of output—the assortment plan—would be reduced to one-fifteenth that of 1988.

Maslyukov made it clear, however, that state orders would continue to cover 100 percent of production in certain sectors that were essential "to satisfy public needs," citing as examples consumer goods (with the exception of the Ministry of Light Industry) and the fuel and energy complex. [redacted]

In the ensuing eight-hour debate, some speakers supported the effort to reduce the proportion of state orders or possibly even eliminate them. But a majority of the enterprise directors in the group expressed the fear that, without the supplies guaranteed by state orders, production at their enterprises would suffer. Most speakers advocated a go-slow approach, arguing that enterprises are still required to meet the high growth targets of the current five-year plan, that the wholesale trade system intended to alleviate their supply problems is still in the early stages of implementation, and that reforms designed to give them more authority to set prices are still in the discussion stage. [redacted]

In doing so, these speakers may have saved the planning reform from the kind of premature implementation that would have doomed it to failure and discredited the whole reform program. Ryzhkov instructed Maslyukov to consider the arguments presented at the meeting and to "select the 'golden mean' from the different and at times even extreme viewpoints" and "enshrine that which would be most in line with the complex conditions of this transition

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period.”³ The document that was approved a week later prohibited the ministries from amending Gosplan-approved state orders, as Maslyukov had proposed, but specified categories, rather than percentages, of products to be covered by state orders. Because the original draft was not published, however, no direct comparison of the two documents is possible.⁴ [redacted]

Costs and Benefits

Although final judgment must await the release of all of the finished documents, [redacted] this more open and rigorous review process has averted at least some of the potential pitfalls in these three pieces of legislation. In the absence of such a thorough review, legislation would have been adopted that:

- Imposed prohibitively high taxes on cooperatives and their members, thus thwarting Gorbachev’s effort to encourage the development of cooperatives to improve supplies of consumer goods and services.
- Called for a continued reliance on administrative measures, rather than economic levers, to improve the quality of Soviet products.
- Failed to adequately consider all the ramifications of reducing state orders before the enterprises received the tools they need to operate more independently.

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If the practice of sending draft reforms back to the drawing board is continued, it will postpone needed economic changes and complicate the task of quickly providing the fruits of *perestroika* to a skeptical Soviet citizenry. Such delays almost certainly are preferable, however, to the adoption of ill-conceived reform legislation that could ultimately prove unworkable and further undermine popular support.

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⁴ The percentages cited by Maslyukov in his speech may have been Gosplan calculations based on the categories of products to be covered by state orders and may not have been cited in the original “interim provisions” document either. [redacted]

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**The Impact of Perestroika
on Employment in the USSR** [redacted]

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The official report on plan fulfillment for the first six months of 1988 marks a milestone in Soviet employment trends. After many years of continuous growth of the total number of state employees, Goskomstat, the state statistical committee, reported that this figure fell by 0.3 percent in the January-June 1988 period—a decline of some 400,000 workers and employees since the same period in 1987 (see figure). The work force in the sectors of material production dropped by a reported 1 million workers.² The reduction is attributed to better management, automation, and wage reform—in Soviet parlance, “new wage payment conditions.” The six-month report claims that jobs for many of the released workers were found in consumer services, where employment increased by 600,000 workers, and in cooperatives. [redacted]

The reduction by 1 million persons in the work force of industry and other sectors of material production is almost certainly an overstatement of the number actually laid off:

- Soviet writers have said that the number of workers reported to have been laid off under the reform program is often exaggerated because the data include jobs that have been eliminated, retirements, and workers who have been moved to production or nonproduction jobs within the same enterprise. In the Belorussian railroad experiment, which was a model for the current wage reform, a hiring freeze and attrition contributed about two-thirds of the released labor.
- The campaign aspect of the Gorbachev wage reform program encourages enterprises and ministries to inflate their reports of labor savings.

[redacted]

² The reduction was said to have taken place in the “basic production sectors,” which probably include not only the industrial work force but also workers in state agriculture, construction, and other sectors producing material goods rather than services. [redacted]

- [redacted] does not seem to reflect the dislocation and concern we would expect to see accompanying the large and rapid reduction in employment claimed in the midyear plan fulfillment report. 25X1

Nevertheless, layoffs are probably occurring on a significant scale. Indeed, according to a mix of press and Embassy reports, laid-off workers are having trouble finding new jobs, and worker anxiety about the possibility of unemployment is rising. [redacted]

Gorbachev Proposes Wage Reform 25X1

Before Gorbachev came to power, efficiency in the Soviet workplace had taken a backseat to job security. Underemployment in enterprises was widespread. The “guaranteed job” had eroded discipline, and wage-leveling had weakened the incentive to excel. For example, as a result of the state’s egalitarian wage policy, as well as a proliferation of bonus payments to workers for meeting production targets, blue-collar wages on average were about 90 percent of white-collar earnings by 1986. Moreover, in the 1980s the sharp slowdown in labor-force growth in the industrialized regions of the USSR tightened the labor market and further raised incentives to retain even less productive labor. Enterprises typically attempted to hire excess workers to provide insurance for meeting ambitious plan targets and also to meet outside requests for labor—for example, to help in the harvest. [redacted] 25X1

Gorbachev proposed to overcome the weak incentives to conserve labor through a reform of the wage

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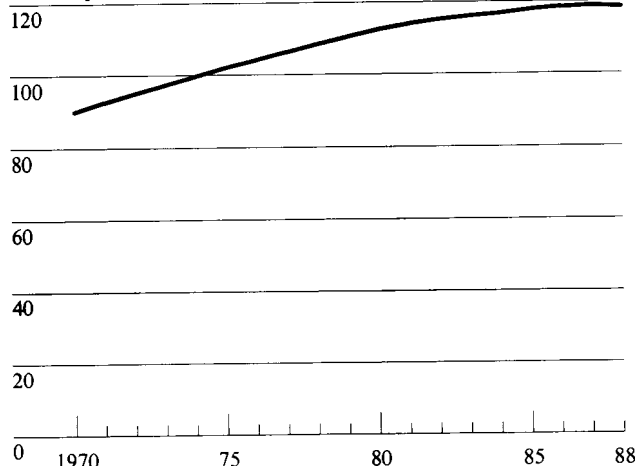
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USSR: State Employment, 1970-88

Note scale change

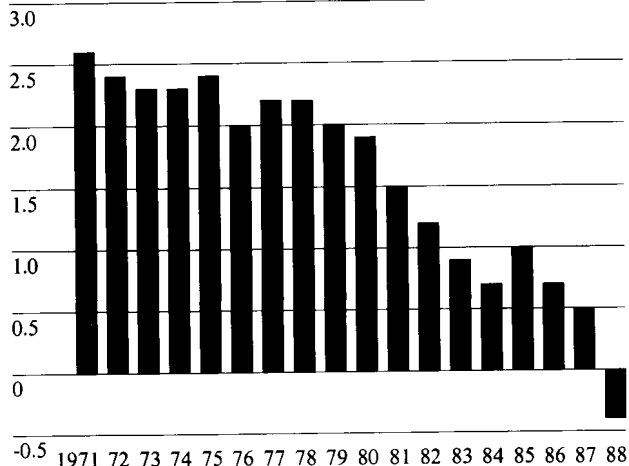
Employment Level

Million persons



Annual Change

Million persons



Source: Soviet official statistics on annual employment of "workers and employees," defined as all persons employed by the state. Employment in 1988 is estimated by assuming that growth for the year equals growth reported for the first 6 months of 1988 (-0.3 percent).

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system. The strategy was outlined in his speech to the 27th Party Congress in February 1986:

The state's policy in the sphere of wages should also ensure that wages are strictly dependent upon the quantity and quality of labor. Taking this into account, the increase in wages and salaries . . . in production industries planned for the 12th Five-Year Plan period will for the first time be carried out basically at the expense of and within the limits of funds earned by the enterprises themselves.

Key Features of the Reform

The wage reform is based on a decree dated 17 September 1986 of the Communist Party of the Soviet Union Central Committee, the USSR Council

of Ministers, and the Central Council of Trade Unions. The basic aims of the reform are, on the one hand, to improve productivity by enhancing enterprise incentives to economize on labor and, on the other, to stimulate people to work harder and better. In particular, it is intended to make pay received correspond more closely to the results of the work performed by the individual, the brigade, the section, and the enterprise.

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The core of the program is a new and sharply higher set of basic wage and salary rates. In recent years, the share of earnings represented by basic wage rates had fallen below 50 percent for blue-collar workers as

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bonuses and various supplements to the basic rate grew rapidly. Under the reform, the new basic wage and salary rates are to determine up to 70 to 75 percent of worker earnings, with a corresponding reduction in the importance of bonuses and supplements. [redacted]

Moreover, the new rates are intended to correspond more closely to differences in skill, experience, and responsibility among jobs and occupations. This is a sharp departure from the two previous postwar wage reforms, which reduced wage differentials. Wage rates are to be raised by an average of 25 to 30 percent, with the larger increases for skilled workers. Salaries of managerial personnel, specialists, and office workers are scheduled to increase an average 30 to 35 percent. Specialists, such as designers, process engineers, and others at the forefront of technical progress, are to receive higher-than-average percentage salary increases. According to the midyear plan fulfillment report, the average monthly wage of workers and employees during the first six months of 1988 was up 6 percent over the same period in 1987. [redacted]

The critical feature of the current reform, however, is that the enterprise must finance the wage and salary raises from its own resources. Self-financing is intended to force the enterprise to:

- Seek out and make use of internal reserves.
- Tighten up performance norms.
- Modernize its production processes.
- Improve the organization of labor.
- Get rid of redundant workers.

In earlier reforms, the state budget covered the cost of wage increases, at least in the initial year, while the state also appropriated one-half, and sometimes more, of enterprise savings from economizing on labor. In this latest reform, enterprises have been promised—again—that the state will not intervene. [redacted]

Inequities in the implementation of the wage reform are inevitable. Enterprise earnings are partly beyond management control—a function of the Soviet administered-price system and the central allocation of production inputs. Employees of more profitable enterprises will tend to receive more pay than persons doing similar work in less profitable enterprises. [redacted]

Implementation Under Way

According to the 1986 decree, the wage reform is scheduled to be completed during the 12th Five-Year Plan period (1986-90). By the beginning of 1988, according to a Soviet official, 26 million people had switched to the new pay conditions. He also said that nearly 70 million people are to be working under the new pay conditions by 1990. This figure probably includes almost all wage earners, salaried workers, and collective farm workers. [redacted]

Enterprises are supposed to work out their own programs for introducing the new wage system and then submit their plans to the ministry for approval. But doing this successfully requires the mastery of an enormous amount of documentation and therefore a substantial investment on the part of management and others in the enterprise (see inset). Just disseminating this documentation is a major undertaking. Indeed, lack of the appropriate documents is one reason cited by Soviet writers for failure of many enterprises to begin implementation of the wage reform. [redacted]

The experience of a number of enterprises in implementing the reforms has been reported regularly in the Soviet press, especially in *Sotsialisticheskiy trud*. Where the wage reform has been introduced with reasonable care, positive results have been reported. According to one Soviet economist, in almost all enterprises making the transfer, there is a significant saving of labor—in the range of 4 to 10 percent. As a consequence, labor productivity gains, sometimes large, have been reported for many enterprises and associations that have implemented the wage reform. [redacted]

But implementation has not everywhere followed the intent of the reform program. In some cases, enterprises have not reorganized work and wage arrangements to meet the new pay scales and instead have raised their product prices or received the needed funds from sources outside the enterprise. For example, according to *Sotsialisticheskiy trud*, in the

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Soviet Wage Reform: The Redtape Burden

To implement the wage reform, enterprise management must obtain and digest the following documents:

- *Schedules of wage and salary rates.*
- *Handbooks describing wage-earner occupations and salaried positions with skill levels and educational requirements.*
- *Regulations on evaluation of conditions of work and lists of the kinds of work that justify a supplement for heavy or dangerous work.*
- *Regulations on the procedures for certification of managerial and professional personnel.*
- *Lists of the branch and interbranch norms obligatory for the enterprise.*
- *Regulations on the methods of determining work norms.*
- *Procedures and conditions for raising piece and time wage rates.*
- *Branch regulations concerning certifications, rationalization, and planning of work places.*
- *Regulations concerning the organization of personnel in production units at the enterprise.*
- *Instructions of Gosplan, the Ministry of Finance, and Goskomtrud (the State Labor Committee) concerning the proper relation between increases in wages and productivity.*

Managers must adapt these regulations to enterprise conditions, prepare the plan, and defend it before officials of the parent ministry.

An important element of the wage reform is the revision of work norms to establish more differentiated pay rates according to conditions of work, special worker qualifications, and quality of work performance. Enterprises are to set more stringent norms to ensure that gains in workers' productivity match their higher pay. There have been many complaints, however, that norms were not raised or that they have been tied to the wrong indicators. For example, an article in *Voprosy ekonomiki* reports that bonuses reserved for improvements in output quality have been instead improperly awarded on the basis of output and profits. More generally, a strong belief in egalitarianism among the population, managerial inclination to avoid resentment on the shop floor, and reluctance to raise the salaries of engineering and technical personnel already in oversupply all are likely to hinder achievement of greater wage differentiation.

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The Specter of Unemployment

The wage reform is but one of several developments contributing to lower industrial employment. Soviet demographic data indicate a steady decline in the number of new entrants to the labor force, particularly in the highly industrialized European region. The massive investments in industrial modernization are emphasizing production automation, particularly in materials handling, which is extremely labor intensive. Nevertheless, the size and pervasiveness of the employment decline suggest that the wage reform made an important contribution. Soviet data on 24 civilian industrial ministries indicate that employment dropped in 21. While the declines were most pronounced in basic industries (an average of 2.4 percent), employment also fell in all but two of eight civilian machine-building ministries currently favored in Gorbachev's economic program (by an average of 0.7 percent for the eight).

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Ukrainian Republic, about 200 bakeries that went over to the new pay conditions during the first half of 1987 obtained most of the funds to increase wages by changing the assortment of bread products and raising some bread prices. Other enterprises have reduced bonuses, abolished skill supplements, or instituted mass demotions in occupational grading in order to finance wage rate increases. An article in *Sovetskaya Rossiya* cites a letter from workers in a bridge-building detachment complaining that they were astonished to arrive at work one Monday to find a notice on the bulletin board that everyone had been demoted in the occupational grade scale—and without any explanation.

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Soviet economists have estimated that 3 million workers in the nonservice sectors of the economy will be released before 1990 and probably another 3 million workers during the period 1991-95 as the effects of industrial modernization and the reforms work their

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way through the economy. Vladimir Kostakov, Director of Gosplan's Economics Research Institute, has estimated that the number of workers engaged in the production of goods (that is, the sectors of material production) must decline by 16 million by the year 2000 if the official goals for labor productivity and national income increases are to be met. On the basis of demographic trends, we estimate retirements could account for more than half of these projected reductions. [redacted]

Despite the large scale of the projected displacement of workers, Moscow insists that jobs will be available for laid-off workers in new enterprises, in services and private cooperatives, and in "labor-deficit" areas of Siberia and the Soviet Far East. Apparently some laid-off workers do not actually leave their place of employment: up to 60 to 80 percent of the workers released from machine-building enterprises where the wage reform was introduced in 1987 were reported to have obtained jobs at the same place—on second or third shifts or on tasks associated with plant modernization. In remarks in June 1987, Gorbachev said that the socialist system is equipped to handle the transfer of workers between sectors and regions without the creation of unemployment. However, steps to set up local centers for job placement, retraining, and counseling of dismissed employees have been late in coming. Recently, there is increasing evidence of high-level disagreement within the party about the very concept of unemployment in the Soviet system, with the reform faction emphasizing a greater role for markets and, implicitly, increased unemployment. In speeches in August 1988, for example, Politburo members Ligachev and Yakovlev engaged in a public debate on Soviet ideology, including the role of markets. Both accepted markets as an economic fact of life—Ligachev grudgingly, and Yakovlev wholeheartedly:

- Ligachev stressed that markets are not a panacea for the country's woes. He warned against simply copying Western models, which are based on private property. And he rejected the very notion of a labor market: there would be no unemployment in the Soviet Union, he declared.

- Yakovlev portrayed markets as one important way of linking individual and state interests. He claimed that the difference between capitalist and socialist markets did not lie in how they worked but in what values informed them: socialism presented man as the highest goal, while capitalism saw him only as a means to profit. He implicitly accepted unemployment as a possibility. [redacted]

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Moreover, as layoffs become more widespread, workers' resentment of the loss of traditional job security is bound to increase, particularly if the populace sees little or no improvement in living standards from *perestroika*. Many workers laid off in industry will face the unwelcome prospect of moving to lower paying jobs in the services sector. Even reform-minded economists believe that the high income received by workers in some newly formed cooperative enterprises is a temporary phenomenon that will fade away as the number of cooperatives increases, bringing competition and forcing down the prices they can obtain for their services. [redacted]

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Outlook for Continued Growth in Labor Productivity

The certification and rationalization of positions in the work force required by the wage reform and the resulting layoffs have already led to some marked gains in labor productivity. Above-trend productivity improvement seems likely to continue in the next year or two. However, the reform is being dictated from the top, with Moscow setting the new wage rates and strongly influencing the norms for wage supplements and bonuses. Once enterprises have implemented their plans under this reform, which is to be completed by 1990, the productivity gains will probably diminish sharply. At that point, other determinants of labor productivity such as technology, innovation, and machinery will be needed to sustain continued increases in productivity. Substantial success in other reforms will be required to approach the goal of a 130- to 150-percent increase in labor productivity by the year 2000. [redacted]

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[redacted]

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Criticism of Soviet Science at the June Party Conference

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Although the leadership has placed enormous demands on science and technology to serve as the linchpin of economic modernization, the scientific community continues to perform poorly. During the Communist Party of the Soviet Union Conference, from 28 June to 1 July 1988, many speakers—led by General Secretary Gorbachev—expressed serious concern over the condition of Soviet science. The regime is clearly worried that the scientific sector's disappointing performance is slowing the pace of technological progress and undermining the industrial modernization program. Criticism and complaints from the rostrum echoed the growing debate on science carried in the Soviet press in recent months.

The State of Soviet Science

Conference participants deplored the state of Soviet science and the inertia that impedes its advance. Anatoliy Logunov, Academy of Sciences' vice president and rector of Moscow State University, noted that the Soviet Union "can certainly claim a leading place among developed countries as regards the prevalence of the virus of conservatism in science."

Conference speakers registered particular concern over the USSR's increasing scientific lag behind the West and the threat this poses for its position as a world power in a high-technology age. Gorbachev harshly criticized the stagnation of the Brezhnev years, emphasizing "the most disturbing thing is . . . Soviet science fell behind in a number of leading areas, and scientific development became predominantly an attempt to 'catch up.'" Reform economist Leonid Abalkin stressed, "We are lagging further and further behind the world in science and technology, and the lag is becoming increasingly dangerous, giving rise to particular anxiety."

Criticism of Science Reform Initiatives

Regime unease over the state of Soviet science is not new: the sector's problems and limitations have all been previously identified and well aired. In addition,

the science sector has been undergoing "restructuring" since shortly after Gorbachev assumed power in 1985. Over the past three years the leadership has issued several decrees and adopted various new measures designed to remedy the sector's ills.

While the sad state of Soviet science was not a new revelation, the conference speeches did surface widespread concern with at least some of the measures that Gorbachev has taken to improve scientific and technical (S&T) performance. Many of the delegates used the opportunity to criticize regime initiatives. Gorbachev himself admitted, "These measures have had a positive influence, but so far we have still not managed to change the situation radically." Other delegates went further and implied that the reform initiatives are flawed—either in their implementation or in their design—and were disrupting and impeding research and development (R&D) activity. In his speech, Academy of Sciences' President Gurii Marchuk acknowledged that, although the party at a Central Committee conference in June 1985 had examined the problems impeding S&T progress and had taken actions to address them, in face of the disappointing results, a special Central Committee plenum devoted to questions of the development of science should be convened.

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Criticism at the party conference focused primarily on three problem areas:

- Methods of financing R&D. 25X1
- The role of basic research.
- Organization and management of science.

Switching Science to Self-Financing

The regime, seeking to make science more responsive to the needs of production, in the fall of 1987 mandated that most scientific organizations switch to "self-financing" rather than be supported by the state budget or central ministerial funds. The leadership

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expects that requiring scientific institutes to cover all costs through profits earned from contracts with industry will force them to improve the quality, relevance, and timeliness of research and development activity. In 1988, nearly 1,200 (about one-fourth) of the USSR's scientific organizations are slated to switch to self-financing. Research in basic science and "strategic areas"—including defense—will reportedly continue to be funded by the state budget. [redacted]

investment can insure modern standards in science's experimental base, without which the organization of leading-edge fundamental research is inconceivable. [redacted]

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The Role of Basic Research

Remarks by Gorbachev and Marchuk indicate belated leadership recognition of the importance of maintaining a broad and viable dedication to basic research to ensure long-term scientific competitiveness and progress. As a result, the regime is rethinking the appropriate level and pattern of scientific expenditures (between basic and applied research) as well as the appropriate research focus of the Academy of Sciences. Over the last 20 years, according to a Soviet authority on science, basic research has fallen from 14 to 7 percent of all spending on science. [redacted]

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Conference speeches indicate that there is sharp disagreement over how broadly self-financing should be introduced. Vladimir Kabaidze, the dynamic general director of the Ivanovo Machine Tool Building Production Association, called for *all* science to shift to self-financing, contending—to audience applause—that science has been “living off the central budget for far too long.” Marchuk, however, defended the need to continue funding basic research through the state budget, stressing that no one but the State would be willing to finance such long-term, high-risk, and often costly efforts. [redacted]

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Increased Funding for Basic Science. Delegates called for an immediate and substantial increase in the allocations for basic science. Gorbachev decried as an “abnormal circumstance” that only 6.8 percent of all funds allocated for scientific research go to the academic sector of science—led by the Academy of Sciences—which conducts the preponderance of Soviet basic research. Gorbachev acknowledged that Soviet spending on science was already high, but he also argued that “the price for lagging behind would be incomparably greater.” Marchuk reported that the Council of Ministers was examining proposals to substantially increase expenditures for fundamental research in the remaining two years of the 1986-90 plan period. [redacted]

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Significantly, the conference revealed that the defense sector is apprehensive regarding self-financing. G. I. Zagaynov, a department head at a Ministry of Aviation Institute, reported that organizations within his ministry are “worried about the upcoming transition to self-financing.” He added that organizations in the radio industry—also a defense-industrial ministry—think that the transition should be postponed, contending “otherwise disaster lies in store for them.” Zagaynov complained that, because they had not been given adequate time or information, both ministries were unprepared for the shift. [redacted]

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Marchuk implied that critical to the regime's decision to revitalize basic science was the recognition that the Soviet Union was becoming increasingly less competitive with the West—particularly the United States—in this area. Other delegates stressed that the situation was particularly grim when comparing the availability of test equipment and scientific instruments, with one speaker stating, “We are absolute paupers as regards equipment and modern apparatus.” [redacted]

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Beyond the problems associated with implementation, Zagaynov was unhappy about the measure itself. He criticized as “simplistic” Kabaidze's idea that “all science should be switched to self-financing.” Like Marchuk, Zagaynov was concerned that this could have *negative* consequences for “big science,” emphasizing:

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On the basis of economic accountability you cannot make a powerful accelerator or unique wind tunnel. . . . You cannot explore the Moon, Venus, or Halley's Comet. Only purposeful

Refocusing the Academy of Sciences. Gorbachev's adamant support for increased funding of basic research is a clear endorsement for the Academy to make this its principal focus. Further, it represents a noticeable shift from his previous position as laid out in his speech on S&T issues to the Central Committee conference in June 1985. At that meeting he explicitly directed the Academy and its institutes to reorient their research focus to better meet the needs of industry and to spearhead the development and introduction of new technologies. Subsequently, the Academy has been under constant pressure to support the modernization campaign through more applications-oriented research. At the party conference, however, Marchuk implied that the regime has pushed the Academy too far down the applied science path, to the neglect of basic research. [redacted]

Fear that the Soviet Union is falling behind the West in basic science is not the only reason motivating the regime to rethink its views about the proper role of the Academy. The regime's shift is probably triggered also by the Academy's failure to serve as an effective leading force in the modernization campaign. The Academy has been generally unsuccessful in expediting or improving progress in key areas. At the conference, academician Logunov was the most outspoken on this matter:

In the sphere of mutual relations between fundamental science and industry everything has been turned topsy-turvy. Many people in the leadership of party and state organs and even science itself have reached the totally erroneous conviction, based on individual successes in the application of scientific achievements, that scientists and fundamental science are capable of catapulting industry into leading positions.

Organization and Management of Science

Almost all of the speakers who spoke about the sad state of Soviet science and the ineffectiveness of reforms directed their fire primarily at the bureaucracy. They stressed that science suffers from overcentralized organization and bureaucratic methods of management. [redacted]

Democratization. The need to democratize science and end dictatorial control by incompetent administrators was central to all criticism. Participants pointed to petty tutelage and abuse of authority by scientists to squelch personal rivals and divergent opinions. Logunov called the loss of professionalism among scientists "a very dangerous disease." Marchuk stressed that "science, more than any other sphere, needs the clash of ideas, opinions, and approaches." Gorbachev also called for more open competition in science to overcome the stifling effects of bureaucracy and monopoly. [redacted]

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Up to now, the regime has blamed much of the stagnation within the S&T community on the "geriatric" nature of its leadership. Soviet science—especially the Academy of Sciences—has been dominated by a small group of aging, conservative scientists who are seen to be blocking the advance of fresh ideas and new blood. The regime has instituted a mandatory retirement policy, forcing scientists to resign their administrative posts when they become 65 years old (70 for Academy members). Moscow has also sought to broaden participation by the scientific rank and file in decisionmaking and to move toward filling most managerial positions through competitive elections.

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Remarks at the conference—and recent articles in the Soviet press—indicate that there is interest in some scientific and political circles in extending the scope of democratization of science. Some scientists have proposed that a system of peer review by experts—patterned after the system used by the US National Science Foundation—be established to decide which research projects should be funded. Others have pressed for greater competition among scientific programs and the creation of research groups outside state-control mechanisms, such as scientific and engineering cooperatives. The party's willingness to sanction increased competition represents a shift from the longstanding Soviet practice of viewing competition and parallel efforts as duplicative and wasteful of scarce resources. [redacted]

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At the same time, some delegates indicated that efforts to democratize science are encountering problems. Logunov, while favoring a freer exchange of ideas, contended that some scientists are using democratization to curtail discussion and research in areas viewed as threatening to their own by forming so-called majority opinions. Logunov told the conference attendees, "When it comes to scientific problems, questions are not resolved by a majority vote." Another speaker warned that democracy frequently served as a shield for demagoguery. [redacted]

Organizational Restructuring. Several delegates dwelt on the need "to search for new forms and mechanisms for organizing scientific research." In his report, Gorbachev endorsed as "one way" the formation of interbranch scientific and technological complexes (so-called MNTKs), engineering centers, and ad hoc collectives for accomplishing targeted tasks. He also noted, however, that a number of scientists are calling for more diverse methods of organizing science and of adopting "a sensible combination of state and cooperative forms." [redacted]

On the one hand, dissatisfaction was expressed with established scientific structures. Research institutes—long the basic building block in Soviet science—came in for harsh criticism. Many institutes have grown unmanageably large. Marchuk observed that many Academy institutes have "now outlived the structure that once seemed quite natural." He insisted that an "abrupt transformation" was needed to make them more flexible and productive. Kabaidze, while denying that it was his intention to "chew out science," claimed that it was possible to count on two hands the number of really excellent scientific institutes in the country. [redacted]

On the other hand, complaints were voiced about efforts to create new organizational structures. The conference heard veiled criticism of MNTKs—major S&T complexes created by the Politburo in December 1985 to speed the development of technologies critical for industrial modernization. To date, however, the MNTKs are generally performing dismally. The few successful MNTKs, like the Paton Electro-Welding, Rotor, and Eye Microsurgery complexes, are all led by strong, innovative scientist-entrepreneurs—Boris

Paton, Nikolay Koshkin, and Svyatoslav Fedorov, respectively. Their success appears to be highly personality-dependent, a factor that has not been lost on the Soviet public. For example, Fedorov told the conference delegates that several ministers had visited his organization but had rejected it as a model for their own ministries. All said, "Nothing like this will work in our area. We don't have any leaders." Logunov's criticism of regime efforts to use basic science and scientists to drive S&T progress most certainly refers to the MNTKs and similar organizational efforts that placed the Academy at the helm. [redacted]

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Closer Ties to the West

The need for closer integration with the international scientific community emerged as another theme at the conference. Several speakers pointed out that the isolation of Soviet science from the West was retarding their research efforts, and they saw in expanded cooperation a partial solution to bringing Soviet science up to world levels. Perhaps in response to defense-sector concerns over closer contacts with the West, Marchuk called for extensive international cooperation, stressing that "the desire not to be isolated from world science is no less an important objective than holding on to the lead in a particular area." Logunov urged vastly increased scientific and educational exchanges, involving sending abroad "not just individual students but many hundreds and possibly thousands of them." [redacted]

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The Regime's Dilemma

In general, those who spoke on science at the conference were long on criticism of problems, but they were short on offering solutions for resolving science's ills. Ivanovo Director Kabaidze scolded Academy President Marchuk, saying he had expected Marchuk to present "bold, new proposals." For this statement Kabaidze reportedly received louder applause than Marchuk did during his whole speech. Other delegates also called for more aggressive actions and a quicker pace of restructuring science. [redacted]

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Key leaders admitted, however, that they did not have any answers, that the regime has no clear strategy to quickly address and improve the situation. Logunov said that the regime was operating on a "trial-and-error basis, constantly introducing corrections as we go along." Marchuk confessed that restructuring of the Academy has been inconsistent, but he said, "We do not know better how to proceed. We are probing, experimenting." [redacted]

The discussion at the conference suggests the leadership will be increasingly pressed to address the state of Soviet science. It is also clear from the speeches that reforms have not produced the desired effect and that further *perestroyka* in science is a vital necessity if the USSR is to meet the technological challenge. How this sector performs and develops is key to how prepared the Soviet Union will be for the 21st century. As Marchuk told the delegates, "It would be no exaggeration to say that science's contribution will determine to an enormous extent our country's place and role in the high-tech, automated world of the future." [redacted]

In restructuring science, however, the regime finds itself on the horns of a dilemma: how to encourage and give freer reign to creativity and new ideas, yet still maintain centralized control over the R&D community to ensure the provision of resources needed for critical civilian and defense programs. As the speeches show, there is concern that the pace and scope of reform measures are disrupting the country's R&D efforts. At the same time, some elements are pushing for bolder measures that would lead to less central involvement and intervention. This is much the same dilemma the regime faces as it seeks further reforms in the economy and political system. In science too the course will be rough because resistance can be expected from conservative and reformist elements. [redacted]

Looking Ahead

During the next several months, the debate over science policy is likely to grow hotter. We can expect more calls for greater *glasnost* in science. Academician Roald Sagdeyev recently emphasized, "Far too

much scientific research remains classified . . . and too much other research is immune to criticism." At a roundtable discussion on the eve of the party conference, one specialist decried as "absolutely intolerable" the fact that science is such a closed sector. He complained that there is more information on how science is organized in China, Hungary, and even Seychelles than in the Soviet Union. At the party conference in June 1988, Marchuk called for the establishment of an all-union newspaper specifically devoted to airing science issues. The creation of such a paper would be one indication of the leadership's commitment to a serious and more public debate on science. As the issues are surfaced more openly, we expect there will be a broadening and intensification of *perestroyka* in Soviet science. [redacted]

We should also expect the regime to pursue increased integration of the country's science sector with the international scientific community. The leadership is likely to be especially eager to support cooperation in basic science research areas and even to be willing to include in the exchanges—to at least a limited degree—institutes and scientists previously excluded because of security concerns. [redacted]

[redacted] the regime intends to open some of its facilities previously closed to outsiders. Soviets meeting with Western scientists in the spring of 1988 stated that the regime has reportedly given permission for the 1989 International Laser Radar Conference to be held in Tomsk, a city previously closed to Westerners. Academician Zuyev, who will host the meeting, contended that permission had come from the "number-two man in the Soviet Union." [redacted]

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**The Soviet Aircraft Carrier
Program: A Potential Victim
of "Reasonable Sufficiency"?** [redacted]

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Recent comments by the Chief of the Soviet General Staff suggest that the Soviet aircraft carrier program may be in trouble. Marshal of the Soviet Union Sergei Akhromeyev, when asked about the status of "the Brezhnev-class aircraft carrier" in July 1988, replied that the Soviet construction program is under review and that the Soviets "probably would not continue more of the class." Although ambiguous, Akhromeyev's remarks could mean that the Soviets are considering the option of deferring or abandoning the construction of additional large aircraft carriers capable of operating high-performance aircraft. [redacted]

Status of the Construction Program

Two aircraft carriers are under construction at Nikolayev shipyard Nosenko 444 on the Black Sea. The first unit, widely referred to in the West as the Brezhnev but now reportedly named Tbilisi, was laid down in early 1983, launched in December 1985, and probably will begin sea trials late in 1989. The second unit was laid down in December 1985 and probably will be launched later in 1988, with sea trials in 1992. With an estimated full-load displacement of some 70,000 tons, these will be the largest ships in the Soviet Navy—almost twice the size of the Kiev-class aircraft carriers now in service [redacted]. Unlike the Kievs, which carry vertical take-off-and-landing (VTOL) aircraft and helicopters, the new ships probably also will carry high-performance aircraft such as the Flanker, using a ski-jump ramp for takeoffs and arrestor wires for landings. [redacted]

The "Reasonable Sufficiency" Debate

Before Akhromeyev's comments, there had been indications that the carrier program had become an issue in the debate on the implications of "reasonable sufficiency" for Soviet defense policy. Recent writings suggest that some participants in the debate believe that the carrier program is a candidate for cutbacks in the interest of reducing resource allocations to the military. [redacted]

An article dated December 1987 by civilian analysts from the Institute for the Study of the USA and Canada discussed the concept of "reasonable sufficiency." The authors—V. V. Zhurkin, S. A. Karagonov, and A. V. Kortunov—have been the foremost exponents of an interpretation of the concept that would allow maximum flexibility for reductions in the Soviet armed forces through arms control negotiations and unilateral actions. In the article, the authors argue that to break the spiral of the arms race it is necessary for states to accept the concept of an "asymmetrical response" to provocative actions, that is, to do something other than simply imitate the opponent's action:

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At first sight, the simplest and most natural method of preventing the strategic balance from being upset is to repeat the actions of the initiator of an arms buildup—to create and deploy analogous weapons systems. In reality, however, such an approach is linked to a number of negative consequences.

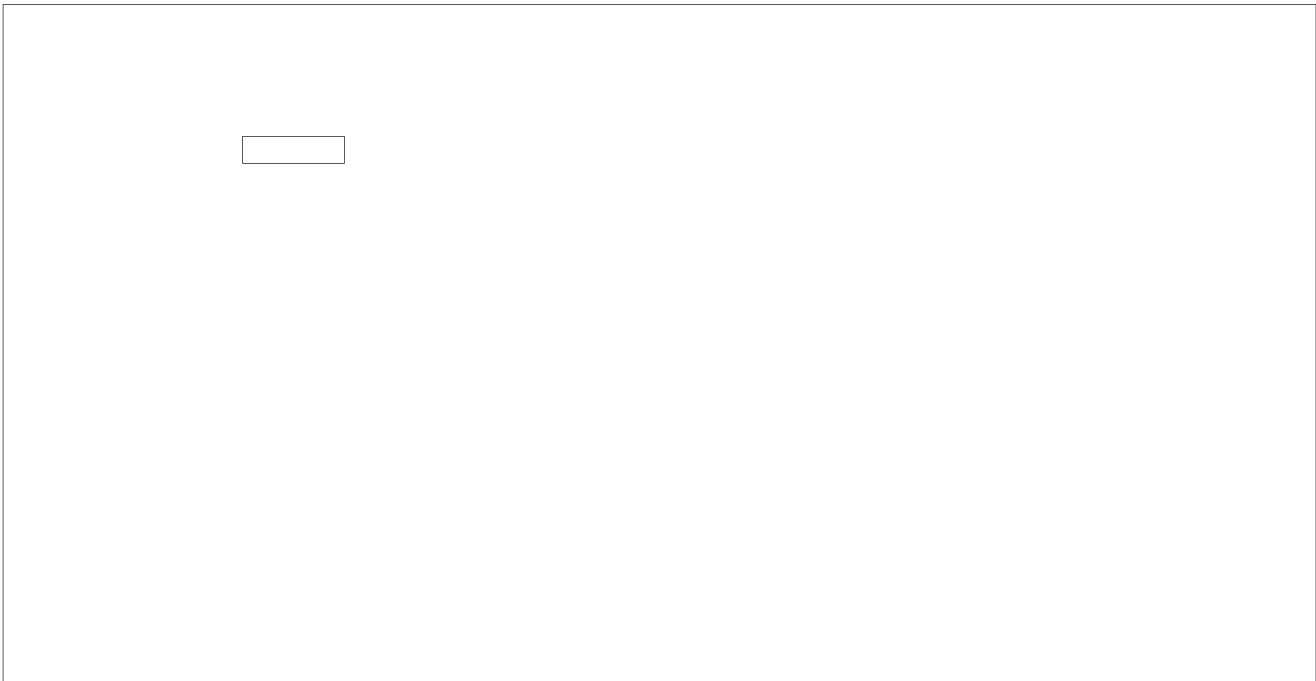
To support their argument, they use the historical example of the Soviet development of ICBMs being an effective "asymmetrical response" to the US development of bombers. [redacted]

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A current situation that the authors believe calls for an asymmetrical response is described as the US desire "to challenge the USSR to a competition in the sphere of building a large naval surface combat fleet, including aircraft carriers." According to the authors, the United States is attempting to provoke the USSR into "an exhaustive symmetrical response," partly with the intention of weakening the Soviet economy. Although they do not specifically call for abandonment or curtailment of some Soviet surface ship programs, they probably intended their readers to draw that conclusion from their line of argument. [redacted]

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The Soviet military is resisting the argument that military programs could be sacrificed in the name of "reasonable sufficiency," especially if such sacrifices were made unilaterally rather than through agreements requiring similar cutbacks in Western forces. If the political leadership were to require such sacrifices, however, the Navy would have to absorb a share of the cutbacks. There even are indications that the Navy has been criticized within the General Staff for receiving an inordinately large share of defense resources and could therefore be singled out for disproportionately large cuts. Colonel General Gareyev, a deputy chief of the General Staff, treated the historic role of the Navy in an unusually derogatory fashion in his book published in 1984, *M. V. Frunze—Military Theorist*. In discussing the period of the 1920s, Gareyev invoked the hallowed names of Lenin and Frunze to suggest, by historical analogy, that too much was being spent on the Navy. Although acknowledging that both men recognized the importance of the Navy, Gareyev selectively used quotes from their writings to stress that they wanted cutbacks in naval programs in the name of economy. Gareyev's slighting of the Navy also manifested itself in discussions of contemporary situations where the

other services are treated in more favorable terms than is the Navy.

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Naval Views on Carriers

The carrier program could be a particularly vulnerable one in the broad political-military-economic discussion of "reasonable sufficiency" because it is a high-visibility program and has apparently been the subject of controversy even within the Soviet Navy. Soviet naval writings indicate that the Navy's views on this subject have shifted over the years and that disagreements probably continue to exist.

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For much of the 1950s and 1960s, writings in Soviet open-source publications such as *Morskoy sbornik*, the Navy's professional journal, tended to denigrate the aircraft carrier as extremely vulnerable and less effective than submarines or land-based aircraft. Admiral Isakov, for example, wrote in 1962 "My opinion is that these colossal aircraft carriers would be floating corpses should they be used against a powerful opponent who has modern means of conducting war."

Advocates of carrier construction apparently existed within the Navy, however, because Admiral Gorshkov in 1967 found it necessary to call them to heel. In a *Morskoy sbornik* article, he noted that, although Western navies relied heavily on aircraft carriers, such ships were not appropriate for the Soviet Navy.

[redacted]

Soviet policy changed, however, and in 1970 the first unit of the Kiev class was laid down. The introduction of these ships coincided with a change in the treatment of aircraft carriers in Soviet naval writings, which began generally to assess aircraft carriers—normally in discussions of Western navies—more favorably. Perhaps the highest praise accorded them was by Vice Admiral Stalbo, Gorshkov's chief spokesman, in a *Morskoy sbornik* article in 1978. Stalbo's assessment was, however, challenged in 1979 in an article by Rear Admiral Pushkin, the chief editor of *Morskoy sbornik* and a former submariner. Pushkin's article, which stressed the vulnerability of carriers to submarine attack, suggested a lack of enthusiasm for carrier construction on the part of those who believe resources would be better spent on the submarine forces.

Since construction of the Tbilisi began, Soviet naval writings generally have discussed carriers in favorable terms, using examples such as the Falklands war to demonstrate the value of sea-based airpower under contemporary conditions. The spirit of *glasnost* in discussing Soviet history also has been enlisted in support of the carrier program. Recent discussions of the career of Admiral Kuznetsov, commander of the Soviet Navy during the periods 1939-47 and 1950-55, have emphasized his efforts to persuade Stalin and Khrushchev of the need for aircraft carriers and have criticized both political leaders for their failure to order such construction.

Despite its endorsement of aircraft carriers, the Soviet naval leadership has been careful to stress that such ships are not as important to the Navy as submarines and land-based aviation. Fleet Admiral Chernavin, for example, when specifically asked about the Soviet carrier program in 1986 indirectly acknowledged its existence but stressed that "aircraft-carrying ships are

not our chief strike force. This role belongs to nuclear-powered missile submarines." In 1987 he emphasized that "nuclear submarines constitute the basis of the fleet's striking power." In July 1988, Admiral Makarov, Chief of the Main Naval Staff, was asked about the structure of the Navy. He replied that:

Its basis is provided by nuclear submarines and high-mobility, long-range naval aviation. Its composition also includes nuclear or conventionally powered surface ships of different classes armed with missile weapons, including aircraft-carrying ships, coastal missile artillery forces, and marine units.

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The careful prioritization of forces in such statements suggests the development of a fallback position. If the Navy must take cuts in force procurement, Chernavin probably would be inclined to sacrifice the carrier program to protect the submarine programs.

[redacted]

Carriers and "Defensive Doctrine"

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One of the major themes in recent Soviet statements is that Soviet military doctrine has undergone a significant change under Gorbachev to place even greater emphasis on "defense." Although Soviet spokesmen have been hard pressed to explain what the practical implications of this supposed change are, they have indicated that the question of force restructuring was being examined. In this context, deferment or abandonment of additional aircraft carrier construction would be a significant signal to the West of the force structure implications of the professed change in doctrine. Soviet writings over the years have tended to emphasize the carrier's role as an instrument of Western aggression and offensive operations. The Soviets also know that their carrier program has received great attention in the West as an indicator of Soviet expansionist intentions, particularly for its ability to project power in distant areas. Its cancellation after two units would therefore be a major gesture of restraint and probably would be cited by the Soviets in support of their recent claims that their defense spending had decreased.

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The abandonment of the carrier program would weaken the Soviet Navy's capability to provide air support for forward-deployed naval units and to cooperate in the air defense of Soviet territory. The Soviets would, however, still have four Kiev-class ships and two Tbilisi-class units to perform such tasks by the early-to-middle 1990s. In the absence of additional large carriers, the Navy probably would press even harder for improved shipboard air defense systems, including surface-to-air missiles, laser weapons, and electronic warfare systems. The Navy probably would also seek closer cooperation with the Air Defense Forces in those sea areas within range of land-based aviation and might attempt to acquire land-based, long-range fighters for Soviet Naval Aviation. [redacted]

expenditures for naval procurement during that period. Savings would be larger if advocates of cutbacks used the cancellation of a carrier as a reason not to build the escort ships that would form part of a carrier task group. If, for example, six destroyers were also canceled, the potential savings would increase to some 2 billion rubles, concentrated in the period 1992-95. The Soviet Navy probably would resist such linkage on the grounds that the destroyers would be needed for other tasks, but, if forced to take further cuts, would probably prefer to give them up rather than submarines. [redacted]

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Prospects

It is too early to tell whether the Soviets will continue their carrier program. A conservative assessment of Soviet intentions, consistent with past trends in Soviet naval programs, would conclude that carrier construction will continue beyond the two units now under construction. In that case, the launching of the second unit later in 1988 or in 1989 should be followed shortly by the beginning of construction of a third unit. In fact, procurement of long-leadtime items for this ship should already have begun, [redacted]

The carrier example is a good illustration of the tough decisions that have to be made if Gorbachev is determined to cut military procurement below the levels now carried in Soviet planning projections. Major programs would have to be reviewed and some scaled back or abandoned in all of the services to achieve, as in this example, an overall reduction in procurement of 2 percent. [redacted]

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[redacted] Gorbachev has demonstrated, however, by the nuclear test moratorium, the INF Treaty, and the withdrawal of Soviet forces from Afghanistan that he is willing to make the grand gesture in the hope of a bigger payoff. [redacted]

We doubt that the comments on the future of the carrier program are designed to mislead the West. Although such a possibility cannot be discounted, any such deception effort would be short lived in view of our ability, recognized by the Soviets, to determine within a year whether the program was continuing with a third unit. [redacted]

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[redacted] Gorbachev has unleashed a genuine reexamination of the internal and foreign policies of the Soviet Union in which questions of defense priorities and programs such as that for the carrier are coming under serious review. [redacted]

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Gorbachev could view cancellation of a modern, highly visible ship as another such gesture, promising some benefit to the economy and momentum to his efforts to persuade the West of the Soviet Union's adoption of a less confrontational foreign policy. We estimate that the potential savings to the Soviets from cancellation of the third carrier and its air wing would be about 1.1 billion rubles between 1989 and 1995, or somewhat less than 2 percent of the total projected

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USSR-North Korea: Implications of Soviet Arms Deliveries [redacted]

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Since Kim Il-song's visit to Moscow in May 1984, Soviet military relations with North Korea have improved considerably. For the first time in over a decade, the Soviets have delivered advanced weapons, including MIG-29 advanced-fighter aircraft and SA-5 long-range surface-to-air missiles. The delivery of such weapons is intended to counter US deliveries to South Korea, compensate the North for Moscow's attendance at the Olympics in Seoul and its expanding ties to the South, and gain increased influence with the North Korean military as a way for Moscow to hedge its bets during the succession in the North.

In return, Soviet reconnaissance aircraft are permitted to overfly North Korea to collect data on Chinese, US, and South Korean targets, and the Soviets seem to be making greater use of North Korean ports and airfields for refueling and repairs. We believe that Moscow's desire to advance the Sino-Soviet dialogue and improve relations with Japan and South Korea will keep the Soviets from providing weapons that could alter the balance of military power on the Korean Peninsula. For the same reason, and also because P'yongyang would be likely to object strenuously, we do not expect the Soviets to press for military bases in North Korea, although they may seek greater access to North Korean military facilities.

Background

Soviet-North Korean relations were cool throughout the 1970s—largely because the Soviets curtailed their assistance to North Korea after becoming convinced that the North Koreans had tilted toward Beijing. The new warming spell that began in late 1983—after the downing of the South Korean airliner by the Soviets—has developed into more than a brief romance. North Korean President Kim Il-song's visit to Moscow in May 1984, his first visit there in over 20 years, was the turning point. He made it clear that he wanted better relations with the Soviets and was willing to adopt a more balanced position between Moscow and Beijing.

With Gorbachev's new foreign policy team in place, the Soviets appear to have concluded that the USSR's broader interests require a more balanced approach to both Koreas. The Gorbachev regime has adjusted its policy accordingly—increasing its cooperation with P'yongyang in certain areas, particularly in the military sphere, while resuming earlier contacts with Seoul and looking for new opportunities for economic cooperation with the South Koreans.

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Arms Deliveries

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The most dramatic development in Soviet-North Korean relations has been the expansion of military ties—especially Soviet arms shipments.

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[redacted] North Korea also received a number of SA-3 low-to-medium altitude surface-to-air missiles [redacted] the first time the Soviets had made that weapon system available to the North.

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The Soviets have been even more forthcoming in recent months—providing for the first time SA-5 long-range, surface-to-air missiles, which extend the North's air defense reach well beyond its own borders; MIG-29 fighters; and other weapons that augment its mobile ground forces. North Korea has now received:

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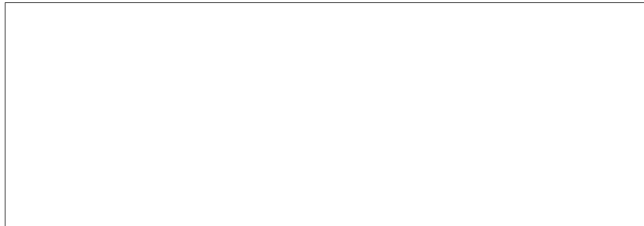
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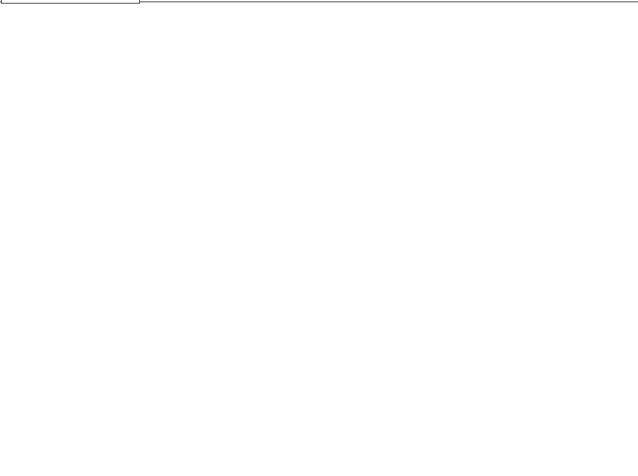
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The MIG-29 Delivery



The North Koreans probably will receive up to a regiment of MIG-29s—about 40 aircraft—if the Soviets follow the pattern of their earlier MIG-23 aircraft deliveries. A regiment of MIG-29s would provide a counterweight to the 36 F-16s the South Koreans will have in their inventory by early 1989.



- A belief that the planned US sales of F-16s to Seoul in the mid-1980s required a response to maintain Soviet credibility with P'yongyang.
- A heightened concern about growing Sino-US military exchanges, which apparently made the Soviets more determined to find a way to offset perceived US gains in East Asia and the Western Pacific.
- A desire to convince the North Koreans to tolerate the Soviet opening to South Korea, resumed with the revival of the unofficial exchanges between Moscow and Seoul in late 1984.
- An interest in gaining greater access to the North Korean military to help the Soviets better follow developments in North Korea and to hedge their bets on the leadership succession in P'yongyang, which could be influenced by the military.

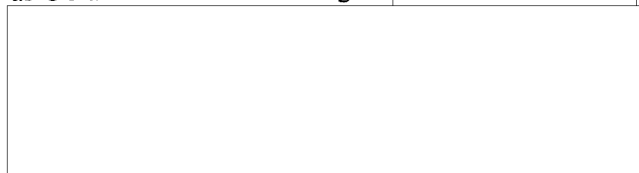
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The Soviet decision to up the ante in 1987 by providing P'yongyang more capable equipment appears to have been prompted by:

- A mounting sense that the military card is the best one that Moscow can play in trying to increase its influence in North Korea. For the North, Moscow remains the sole source of supply for such hardware since Beijing cannot offer comparable systems.
- A wish to temper P'yongyang's anger over Moscow's plans, announced earlier in 1988, to attend the Olympics and its efforts to expand economic and cultural contacts with South Korea. At a minimum, the Soviets will expect North Korea to view these arms transfers as proof of Moscow's willingness to protect P'yongyang's basic security interests while it seeks better relations with Seoul.
- A desire to persuade Washington and Seoul that Moscow is prepared to counter increases in US security assistance to the South. The MIG-29 deliveries are probably meant as a warning that South

The Soviet decision to resume these arms sales almost certainly was a major factor behind the North Korean decision to allow Soviet reconnaissance aircraft to overfly North Korea to collect data on Chinese as well as US and South Korean targets.



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Soviet Motives

We believe the Soviets had several reasons for resuming their shipments of advanced weapons to North Korea in 1985:

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Korea's proposed purchase of 120 more frontline fighters could lead to further Soviet arms shipments to the North. The announcement in November 1986 that US Lance missiles would be deployed in South Korea in 1987 probably strengthened the Soviets' resolve to increase their military assistance to the North.

- A hope that these arms deliveries will eventually convince the United States and South Korea to agree to P'yongyang's calls for mutual force reductions or the creation of a nuclear-free zone there.

[redacted]

Pressure for More

Despite these latest arms acquisitions, P'yongyang has not yet acquired enough modern equipment to keep up with the more capable weapons entering the South Korean forces. The North Koreans presumably are intensifying pressure on Moscow to supply more advanced weapons—for example, a new main battle tank—to maintain their current military edge over the South. Seoul has introduced the highly publicized "88 Tank"—a US-designed, South Korean-manufactured vehicle superior to current North Korean armor—and the North Koreans almost certainly are pressuring Moscow to allow them to build a tank like the T-72 to counter the special armor on the new South Korean tank. There is a precedent for Soviet assistance in producing a new tank: Moscow helped the North Koreans manufacture both the T-55 and T-62 tanks. It also is conceivable that future Soviet arms shipments will include T-72 tanks to take up the slack until the North Koreans are able to produce tanks of their own that are a match for the South's new "88 Tank." [redacted]

The main significance of some of these shipments may be symbolic—demonstrating that the Soviets have added North Korea to the list of clients eligible for such assistance. The Soviets may hope that such a gesture would allow them to purchase added influence in P'yongyang "on the cheap," without damaging their interests with other Asian countries. At the same time, the North Koreans know that more favored clients—such as India, Syria, Cuba, Iraq and Libya—continue to receive much larger arms shipments and more modern arms from the USSR than North Korea has received. [redacted]

Soviet Bases in North Korea?

During the early 1980s the Brezhnev administration reportedly had told P'yongyang that the USSR would not ship any advanced weapons to North Korea until the North Koreans allowed Soviet military bases on their territory. According to a reliable source of the US Embassy in Beijing, the Soviets also wanted landing rights for their military aircraft and the use of North Korean port facilities for their naval ships. When the Kim regime declined, the Soviets reportedly curtailed their fuel and raw material supplies to North Korea—a move that the source claimed prompted the Chinese to step in to compensate. [redacted] 25X1

It is not clear what the Soviets are getting in return for the military assistance they have given North Korea in recent years, especially the more modern equipment provided in the past year. [redacted] 25X1

[redacted]

[redacted] The Soviets presumably enjoy other benefits as well from their closer defense ties to the North Koreans, but we do not believe that they have obtained military basing rights in North Korea. [redacted] 25X1

[redacted] 25X1

For Gorbachev, the bases issue presents something of a dilemma. He may have concluded that it would be counterproductive to press the North Koreans for military bases at this time because it could jeopardize much that the Soviets have accomplished in improving their relations with P'yongyang in recent years. The Soviets also may be concerned that their acquisition now of military facilities could: 25X1

- Constrain their ability to avoid direct involvement in a new Korean war, in the event of a new round of hostilities on the peninsula.

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- Prompt the United States, Japan, and South Korea to strengthen their cooperation on defense matters, and possibly set off a new arms race in the Soviet Far East, while complicating Moscow's efforts to cultivate the USSR's Asian neighbors, especially South Korea and Japan.
- Provoke Chinese fears of a return to a more aggressive Soviet policy of encirclement, and thus possibly disrupt the Sino-Soviet dialogue. [redacted]

Other Efforts To Expand Military Ties

The Soviet Navy and North Korean navy have traded port visits on several occasions in the past three years, air squadrons have had similar exchanges, and air and naval forces from the two countries have held a joint exercise off the northeast coast of North Korea two years in a row. [redacted]

[redacted]

[redacted] These joint exercises have contributed to an improved atmosphere for Soviet-North Korean relations. The two sides probably also view them as a useful response to the annual "Team Spirit" exercises conducted by South Korean and US forces. [redacted]

The Gorbachev regime has also made other efforts to develop a better channel to the North Korean military establishment—for example, by sending Gen. Aleksey Lizichev, the top political commissar of the Soviet armed forces, on a weeklong visit in December 1986. Soviet and North Korean defense leaders had additional exchanges in May 1987, when party secretary Vladimir Dolgikh, the Politburo candidate member responsible for science and technology, and Deputy Ministers of Defense Vladimir Chernavin and Vladimir Govorov visited P'yongyang. According to the North Korean media, Soviet military leaders have pledged on these occasions to protect North Korean security. Such statements—which would have been considered interference in P'yongyang five years ago—are now a symbol of Soviet-North Korean ties. The timing of the visits by Dolgikh, Chernavin, and Govorov—on the eve of Kim Il-song's trip to Beijing

later that month—also suggests an attempt by the Soviets to protect their interests at a time when Kim seemed interested in putting his relations with Beijing on a more solid footing. [redacted]

Prospects

The Soviets will continue to curry favor cautiously with P'yongyang. We believe that they will provide additional aircraft, surface-to-air missiles, and other advanced weapons to North Korea over the next few years as they have since 1985. They probably will keep those shipments within certain limits, however—upgrading some equipment to keep North Korea from falling too far behind South Korea in military technology, without attempting to alter significantly the existing balance of power on the peninsula. [redacted]

Moscow's policy will in part depend on US behavior. A major increase in US arms deliveries to South Korea or US deployments to Japan, for example, could prompt the Soviets to provide even more advanced weapons to P'yongyang, and in larger amounts. Moscow's interest in becoming a more active player elsewhere in Asia and in expanding economic relations with Japan and the newly industrializing Asian countries may, however, curb its willingness to provide large amounts of sophisticated weaponry that could be widely interpreted as fostering North Korean aggressiveness and otherwise raising tensions in the region. [redacted]

Soviet and North Korean armed forces may conduct another joint exercise in the fall of 1988, after the Seoul Olympics have ended, but we believe that the two sides will move slowly in expanding these exercises. [redacted]

[redacted]

[redacted] The Soviets also may make greater use of North Korean ports and airfields for refueling stops and repairs, but Soviet access to such facilities probably will continue to be limited to emergency situations for the most part. [redacted]

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We doubt that Moscow will seek—or that P'yongyang would grant—much in the way of increased Soviet military access to North Korean territory. The North Koreans may be unwilling to allow Soviet bases on their soil under almost any circumstances because doing so would put a number of their basic interests at risk. Soviet military bases in North Korea would compromise the independence of which P'yongyang is so fiercely proud. The presence of Soviet forces in the North would also increase the potential for bilateral frictions without improving significantly Moscow's military position in the Far East. Moreover, such deployments would threaten to increase US-Soviet tensions and undercut P'yongyang's bedrock demand for the withdrawal of US troops from the South.

[Redacted]

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**Unrest in the USSR
Since January 1987:
A Statistical Analysis**

[Redacted]

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Since early 1987, when General Secretary Mikhail Gorbachev unveiled his policy of "democratization" at a Communist Party of the Soviet Union Central Committee plenum and ordered the release of a large number of political prisoners already experienced in organizing dissent, the incidence of unrest has risen throughout the USSR.¹ At first, the growth of unrest was most readily apparent in Moscow and Leningrad, where Jewish refuseniks demonstrated almost daily for emigration and where new, nonofficial groups pressed their respective cases for a clean environment, human rights, and systemic changes. During the summer of 1987, however, unrest spread rapidly beyond the RSFSR and acquired a more nationalistic flavor. Crimean Tatars and ethnics from the Baltic republics seized new opportunities to articulate their demands. Then the disturbances in the Caucasus in late 1987 and early 1988, dramatically increased the volume of unrest in the Soviet Union.

The Statistics of Unrest

During the past 19 months, we have noted approximately 600 cases of unrest in the USSR (see inset). Incidents of unrest—from 1 January 1987 until the beginning of July 1988— have shown continuous growth (see figure 1). The number of incidents climbed by approximately 25 percent over the preceding period in each of the first two quarters of 1988. This trend, however, seems to have peaked because the number of incidents in July 1988 was below the levels in either May or June. The decline may well be the result of the crackdown in the Caucasus and tighter enforcement of existing antidemonstration rules. Large demonstrations in the Baltic during August, however, clearly suggest the numbers could quickly surge to match or surpass earlier levels and show that public activism is not subsiding.

[Redacted]

Quantifying Unrest in the USSR

We have used a broad based definition of unrest to include politically motivated incidents ranging from those that are immediately destabilizing to the regime to those that may prove to be destabilizing in the future. These include such seemingly benign incidents as one man standing on a street corner in Moscow appealing for the right to emigrate to incidents like the march on Zvartnots Airport and the massacre of Armenians at Sumgait that have an immediate, negative connotation for the regime.

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[Redacted]

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They generally agree with Soviet reports such as that of Vasilii Ignatov of the Interior Ministry who said "more than 600 rallies and meetings" had been held in the Soviet Union over the past year. Justice Minister Boris Kravtsov's claim of 250 large rallies and demonstrations in the RSFSR over the last two years is also consistent with our information.

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[Redacted] *Chief of Moscow Militia Lt. Gen. Pyotr Bogdanov claimed 339 cases of unrest in Moscow alone over the past year. Bogdanov's numbers, however, may include brawls and other nonpolitical incidents that are not included in the data base underlying this article.*

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Manifestations of unrest in the Soviet Union range in size from very minor incidents of petitioning involving one or two persons, to the massive demonstrations involving up to 1 million participants during the Caucasus unrest. During the 1987-88 period, both the number of demonstrations and the size of individual demonstrations grew (see figure 2). The larger demonstrations, those of 1,000 people or more, do not make up a significant percentage of the total until the last

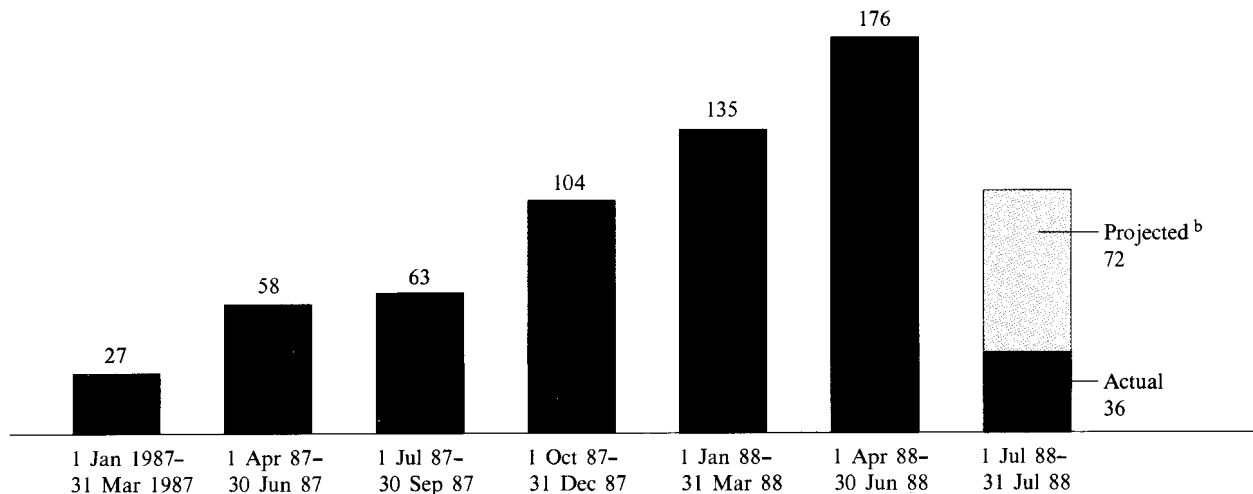
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Figure 1
USSR: Incidents of Unrest, January 1987-July 1988 ^a

Number of incidents



[Redacted]

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quarter of 1987. From this point on, the growth in these larger demonstrations is dramatic; in the first quarter of 1988, there were almost twice as many demonstrations involving 1,000 people or more as in all of 1987. Almost 60 percent of these larger demonstrations have taken place in the Baltics or the Caucasus, while all of the demonstrations of 50,000 or more, with the exception of an environmental demonstration in November 1987 in Irkutsk and a nationalist demonstration in June 1988 in Lvov, occurred there. [Redacted]

During the period January 1987-July 1988, unrest manifested itself most frequently in demonstrations, which accounted for about 400 incidents or 65 percent of the total (see figure 3). Other political acts (meetings of informal groups, hunger strikes, and unsanctioned religious activity) accounted for another 15 percent. Petitioning, signature gathering, and leaflet distribution contributed 8 percent of the total. Three

other groupings accounted for the remaining unrest: 6 percent—riots and fighting; 4 percent—workplace-related unrest such as strikes and work stoppages; and 2 percent—violent actions. [Redacted]

Although the number of violent and/or terrorist acts in the USSR was small, incidents of this kind occurred in many areas of the country. Examples include a hijacking in March 1988 of an Aeroflot airliner en route from Irkutsk to Leningrad, a bomb exploding during a soccer match in April 1988 in Leningrad, individuals carrying homemade explosive devices to a 1987 May Day parade in Moscow, the bombing in October 1987 of a Bolshevik writer's tomb in Georgia, the assassination in December 1987 of a Turkmen party official, and homemade production of Molotov cocktails and other weapons in Armenia and Azerbaijan. [Redacted]

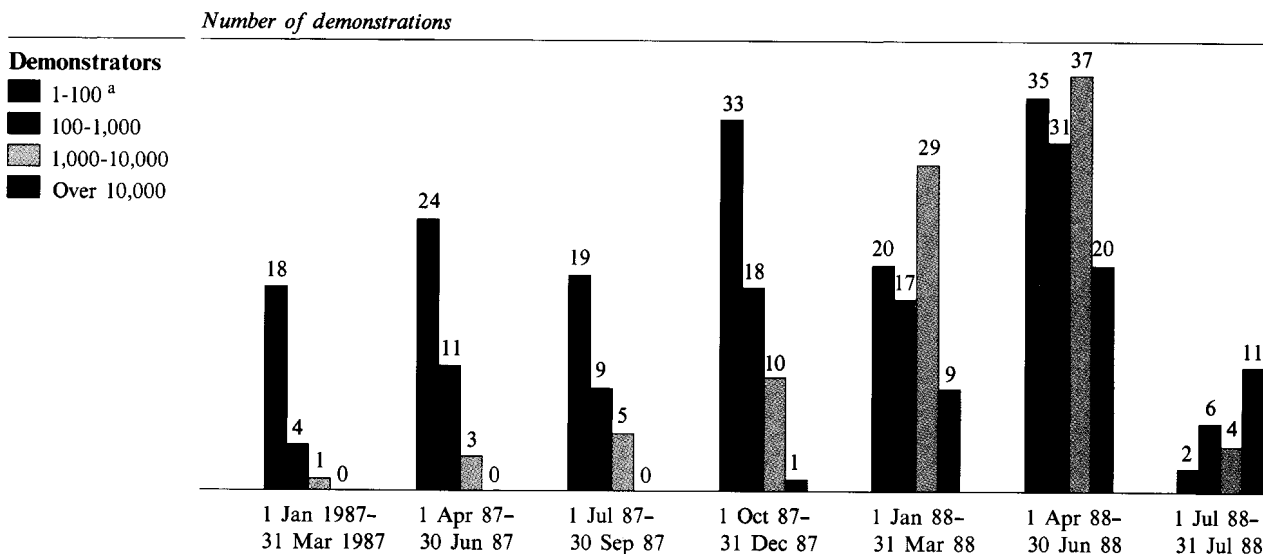
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Figure 2
USSR: Distribution of Demonstrations, by Size, January 1987-July 1988



^a Approximately 10 percent of the reports of demonstrations did not include the numbers of demonstrators involved. These have been grouped in the 1-100 category.



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The regional distribution shows cases of unrest throughout the USSR, with most concentrated in Moscow, the Baltics, and the Caucasus. Moscow accounts for 30 percent of all the incidents of unrest (figure 4), while Leningrad contributes 12 percent, and the rest of the RSFSR, 13 percent. Armenia, Azerbaijan, and Georgia account for 17 percent of total unrest; and Estonia, Latvia, and Lithuania for 13 percent. Incidents in the Ukraine, Belorussia, and Moldavia represent 9 percent of the total; and the Central Asian republics, 6 percent.

Reaction of Authorities

The response of local authorities to demonstrations has varied. Regionally, Moscow and Baltic republics have responded by breaking up demonstrations nearly half the time (see figure 5). During the second quarter of 1988, the percentage of times the authorities reacted with repression, especially in the Baltic and in

Moscow, declined.² On the opposite end of the spectrum, Armenians demonstrating in the Armenian SSR or in Nagorno-Karabakh have hardly ever been stopped by overt police action. The major exception to this trend was the Armenian march on 5 July on Zvartnots Airport and the resulting clash there. This, of course, illustrates that there is still a line that demonstrators must not cross or they will risk provoking a forceful response by the authorities.

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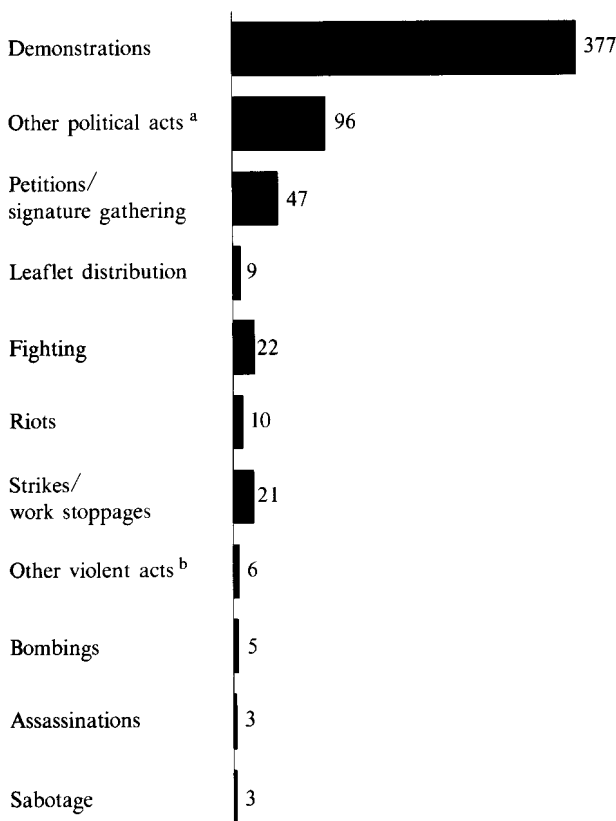
² These percentages refer to the number of times the authorities have acted directly to end a demonstration—for example, using snowplows to break up a demonstration in Moscow and water cannons to end a demonstration in Leningrad, detaining demonstrators, and simply using physical force. The count does not include those times when police or military forces were present but did not directly intervene.

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Figure 3
USSR: Incidents of Unrest, by Type,
January 1987-July 1988

Number of incidents



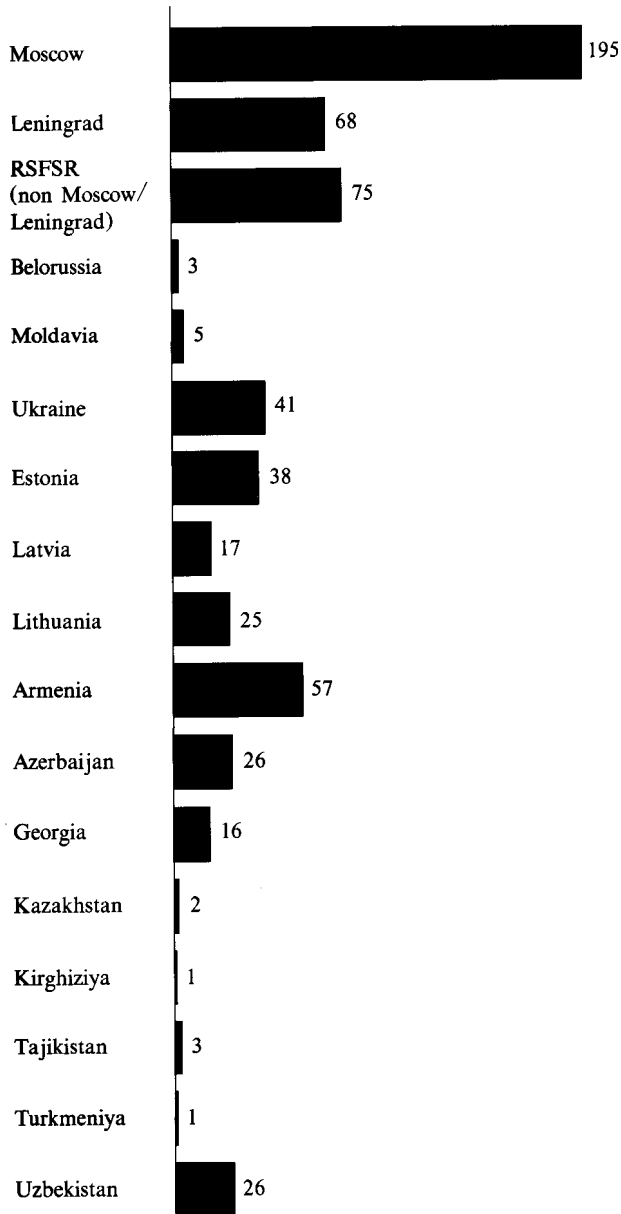
^a Includes meetings of unofficial groups, hunger strikes, collection of funds for nonofficial functions, unsanctioned religious activities, and so on.

^b Includes production of homemade weapons, threats of violence, and an airline hijacking.

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Figure 4
USSR: Incidents of Unrest, by Location,
January 1987-July 1988

Number of incidents



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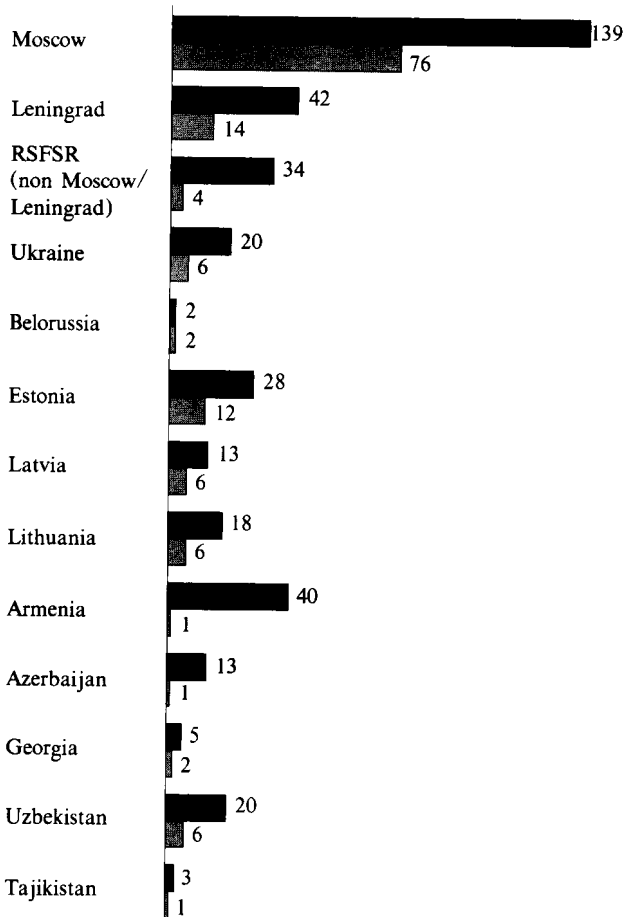
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Figure 5
USSR: Regime Response to Demonstrations,
by Location, January 1987-July 1988

■ Number of demonstrations
 ■ Demonstrations broken up by regime



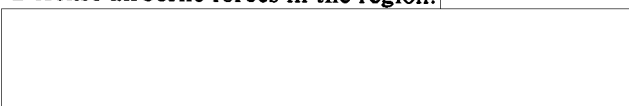
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On 28 July 1988, the Presidium of the Supreme Soviet issued a new decree on demonstrations and street rallies. Although this decree does not prohibit demonstrations, it does place restrictions on them, including making demonstrators liable for any property damage. The two largest republics—the RSFSR and the Ukraine—have subsequently instituted tough penalties against demonstrators, including administrative jail terms and fines. Earlier rules imposed in Georgia threatened demonstrators with three years of hard labor.³

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The growing volume of unrest has strained law enforcement capabilities. The Ministry of Internal Affairs (MVD) operational and special police troops—units specifically trained in crowd control—apparently cannot cover the entire USSR. When incidents of large-scale unrest occurred simultaneously in several areas, as they did to different degrees in the Baltics and the Caucasus from late May through early July 1988, it was evident that the number of these troops was insufficient. In the Caucasus, this resulted in the callup of MVD reservists and the deployment of MVD Internal Troop school cadets and Ministry of Defense airborne forces in the region.

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Nationalist demonstrations are most likely to be repressed by authorities. By contrast, environmental demonstrations have generally been tolerated. Indeed, demonstrations against pollution, nuclear power, or wholesale destruction of the natural environment have served as a catalyst for change—from closing the Kirishi biochemical plant to suspending construction of nuclear reactors in the Ukraine.

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³ Events in August 1988 seem to indicate these antidemonstration laws are being implemented unevenly from republic to republic. To date, they have been used to crack down on demonstrations more often in the RSFSR, particularly in Leningrad, than in the Baltics or Caucasus, where nationalist activity has been centered.

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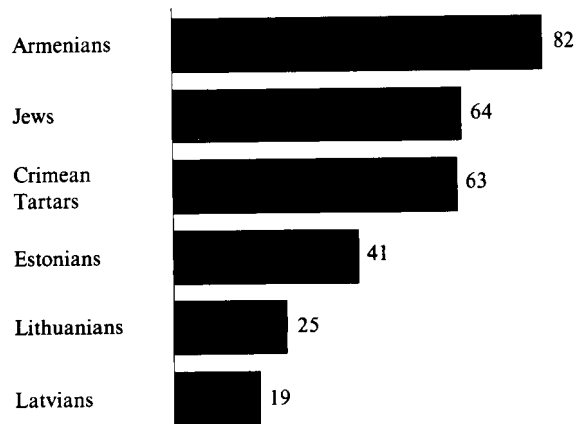
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Figure 6
USSR: Participation of Nationalities
in Unrest, January 1987-July 1988

Number of incidents

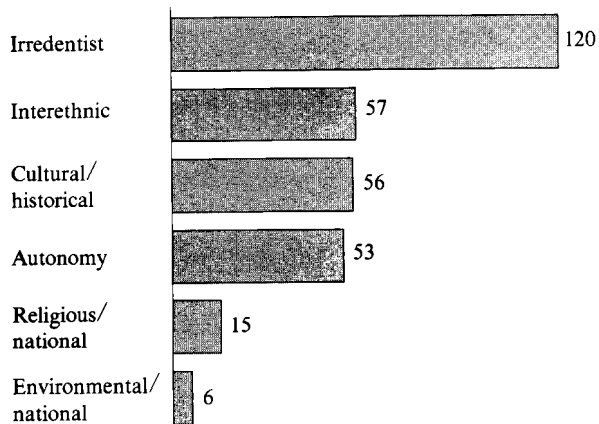
All cases of unrest: 599



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Figure 7
USSR: Incidents of Nationalist Unrest,
by Objective, January 1987-July 1988

Number of incidents



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Nationalism Dominates Incidents of Unrest

Nationalist activity accounted for slightly more than half of all unrest in the Soviet Union from 1 January 1987 until 31 July 1988 (if activity by Ukrainian Catholics and demands for Jewish emigration had been included in this category, this percentage would have been noticeably higher). Cases of unrest were concentrated in Moscow and Leningrad until July 1987, but since then incidents have moved to other areas of the Soviet Union where nationalist activity has become increasingly dominant.

Six nationalities have played a preponderant role in unrest (see figure 6). Armenians, Crimean Tatars, Jews, Estonians, Latvians, and Lithuanians collectively make up 7 percent of the total population of the Soviet Union, yet they are the primary participants in half of all the cases of unrest in the Soviet Union from 1 January 1987 to 31 July 1988. Jews, who have accounted for 11 percent of all unrest in the Soviet Union since January 1987, were the first to seize the

new opportunities that became available under *glasnost*. Crimean Tatars, who accounted also for about 11 percent of all unrest in the USSR, and the three Baltic nationalities (Estonians, 8 percent of total unrest; Latvians, 3 percent; and Lithuanians, 4 percent) began their demonstrations and protests during the summer of 1987. Armenians only began demonstrating in the fall of 1987, but they have more than made up for lost time. They have been responsible for approximately 14 percent of all cases of unrest during this time frame.

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Irredentism is behind much of the nationalist unrest. Irredentist demands figured prominently in 20 percent of all incidents (see figure 7). This category is almost the exclusive province of two ethnic groups, the Crimean Tatars and the Armenians. Beginning in

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July 1987 the Tatars demonstrated in Moscow, Central Asia, Krasnodar Kray, and the Crimean Peninsula for the return of their Crimean homeland. The Armenians, since late 1987, have repeatedly pressed their demands for the unification of the Nagorno-Karabakh region in Azerbaijan with Armenia. Crowds of up to 1 million people have gathered in Yerevan, while smaller numbers demonstrated in Azerbaijan, Georgia, and the RSFSR. [redacted]

Interethnic incidents (involving clashes between two or more ethnic groups), the second-most-numerous form of nationalist unrest, accounted for 10 percent of all unrest and have occurred throughout the USSR. Examples include a race riot in Moscow between Russians and Central Asians, fighting between Chechens and Russians in Urengoj, Yakuts rioting over Russians representing them in the government in Yakutsk, and the Azeri massacre of Armenians at Sumgait. [redacted]

Cultural/historical nationalist unrest constituted 9 percent of all unrest in the USSR. Examples include Armenians commemorating those who died during the deportations from Turkey in 1915, members of the unofficial group "Committee for the Defense of the Ukrainian Language" demonstrating for the primacy of their language and customs, Baltic ethnics protesting Stalin's deportation of their countrymen to Siberia, Georgians petitioning to protect their culture, and Jews commemorating the victims of the Warsaw ghetto uprising. Among ethnic Russians, this form of activism is apparent in many of the activities of informal groups like "Pamyat" in various cities of the RSFSR and "Otechestvo" ("Fatherland") in Sverdlovsk. [redacted]

Demands for separatism or greater autonomy made up about 9 percent of total unrest. Almost all the incidents in this category have been initiated by nationals of Baltic origin. In the past few months Ukrainians have become increasingly active in promoting an independent Ukraine. Given the republic's tradition of nationalist opposition, particularly in the Western Ukraine, a surge in separatist agitation there may be in the offing. [redacted]

Religious-oriented nationalist incidents form a smaller category, making up approximately 2 percent of the whole. Whether particular incidents are primarily religious or nationalist in character is often difficult to determine. For example, the Ukrainian Catholics, or "Uniates," fight for legalization within the Soviet system, yet some church members espouse Ukrainian independence and most demand the primacy of Ukrainian language and culture. Similarly, the Word of Life Church and the New World Church in Estonia fight for recognition within the system, but many of their members support Estonian independence. [redacted]

Environmental/national demonstrations figured in about 1 percent of all instances of unrest. Like the religious/national variety, they are hard to categorize. For example, are the Georgians protesting against the Transcaucasian railroad to protect the environment or because they perceive a new rail line will allow more Russians to move into their republic? Probably the best example of an unofficial group that fits into the framework of the environmental form of nationalist unrest is the Estonian Green Party whose goal appears to be a clean environment in an independent Estonia. [redacted]

Nonnationalist Forms of Unrest

Half the cases of unrest in the Soviet Union since January 1987 have been principally nonnationalist in origin.⁵ In contrast with the explosive growth of nationalist unrest, the incidence of nonnationalist unrest has climbed much more slowly. During the first two quarters of 1987, nonnationalist unrest made up roughly 60 percent of all incidents in the Soviet Union, but, by the second quarter of 1988, it accounted for about 37 percent of all cases. [redacted]

Incidents involving longstanding human rights issues—including demands for the freedom of political prisoners and those by nonofficial religious groups

⁵ It is often difficult to put individual incidents of unrest into easily identifiable categories. Most cases outside the RSFSR, and many within it, have at least some semblance of nationalism inherent in them. [redacted]

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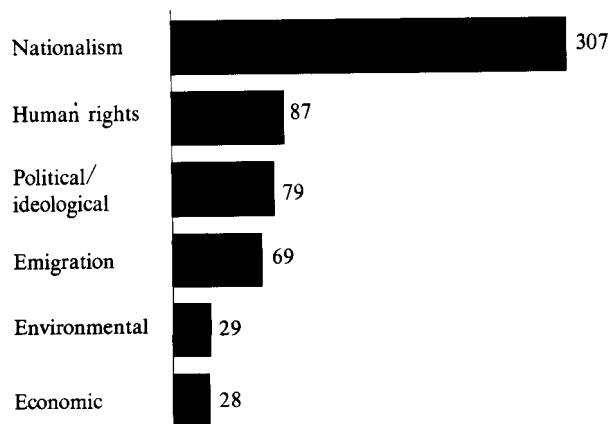
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Figure 8
USSR: Incidents of Unrest, by Objective,
January 1987-July 1988

Number of incidents



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(primarily Uniates, Hare Krishnas, and Pentacostalists) for official status—represented about 15 percent of all unrest (see figure 8). Incidents of human rights unrest occurred most frequently within the cities of the European USSR, primarily in Moscow and Leningrad. Nonofficial groups having a human rights' agenda and frequently organized by former political prisoners—most of them released after Gorbachev's ascension to power—have played a key role. Cross-over into the category of nationalist unrest usually occurs outside the RSFSR; the best example is that of the Armenian demonstrations to free arrested dissident Paruir Ayrikyan, incidents which we have counted as nationalist unrest.

About 13 percent of all unrest has involved political or ideological issues other than those relating to ethnic politics. Examples from this category include the demonstrations in support of Boris Yel'tsin after his resignation in late fall 1987, those associated with the delegate selection to the party conference in late June

1988, demonstrations against the war in Afghanistan, and demands for specific changes in the Soviet Constitution.

Demands for emigration constitute about 11 percent of total incidents of unrest. Although some might argue that these demands represent a form of nationalism, those persons demanding to leave the Soviet Union do so for various reasons, including religious and artistic freedom, economic betterment, and the desire to be with family members. While Russians, Armenians, and Estonians have frequently demanded the right to emigrate, Jewish demands still constitute about 90 percent of all such incidents. Most have been centered in Moscow and Leningrad, although a number have been recorded in other areas, primarily in the Ukraine and the Baltic.

The purely economic form of protest—strikes, stoppages, and sabotage—has developed only slowly and in the period considered in this article constituted 5 percent of all incidents. A large number of strikes and work stoppages organized by the Crimean Tatars and the Armenians to further their irredentist goals have been counted as nationalist unrest. There is a strong possibility, however, that economic unrest will become much more important in the future, as indicated by a broad range of reporting of widespread public dissatisfaction with many aspects of Gorbachev's economic program and particular concern about the threat economic reform poses to job and social security benefits of the working population. Unofficial groups associated with the economic form of unrest include SMOT (the Free Interprofessional Union of Workers largely suppressed by the KGB in the early 1980s) and the Committee for the Democratization of Trade Unions.

Purely environmental protest has also accounted for about 5 percent of total unrest since January 1987. Incidents of environmental unrest have consistently occurred in all parts of the USSR. Some examples include demonstrations in Irkutsk demanding the cleanup of Lake Baykal, demonstrations and protests

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against the "barrage" (a series of levees and dikes designed to end periodic floods) in Leningrad, and antinuclear demonstrations in Armenia and the Ukraine. As with the other forms of nonnationalist unrest, the incidents in this category often had a nationalist tinge, especially in Armenia, Georgia, the Ukraine, and the Baltic states. If one adds the incidents of nationalist environmental unrest to those in this category, they still make up only somewhat more than 6 percent of total incidents of unrest.

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Notes

Akhromeyev Comments on the Defense Council

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Speaking publicly in New York in mid-July 1988, Chief of the General Staff Marshal Akhromeyev reported that, following General Secretary Gorbachev's lead, the Soviet Defense Council had formulated new Soviet military doctrine over the last two years. He noted that both civilian and military officials belong to the Council and said that the Soviet military prepares the bulk of papers and directives for the Defense Council. He added, however, that the military played a subordinate role in Council decisionmaking.

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His observations on the Council's role in restructuring military doctrine are consistent with our understanding that policy issues are debated and essentially settled in the Council—leaving a largely pro forma review to the Politburo. During his three-year tenure, Gorbachev has underscored the Council's importance several times. For example, Gorbachev invoked his chairmanship of the Council—rather than his role as General Secretary—when he proposed “delinking” INF from the START and defense and space talks in early 1987. More recently, in his proposals for the new governmental structure of the USSR, Gorbachev specified that the leader who assumed the role of president (a post he apparently intends to claim) would also chair the Defense Council.

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The General Staff Chief's comments confirm some longstanding views on how the Council functions—views that had been controversial because of the dearth of direct evidence. Akhromeyev's disclosures imply that the Council meets regularly and deals with developing trends in the security area—such as the redefinition of Soviet military doctrine—on a systematic basis. We can add this to previously confirmed reporting that the Council also meets for emergency situations.

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The Marshal's comments on the military's role reinforce our belief that the Soviet General Staff functions as the Council's secretariat dating back to 1983 that the political leadership intended to reduce this special role by creating a new civilian-military group to provide staff support to the Council, but apparently this was not done. All the same, Akhromeyev is careful to confirm that the political leadership dominates Council deliberations. Indeed, under Gorbachev, probably all seven civilian members of the Council are full Politburo members. The military members of the Council are probably Defense Minister Yazov—only a Politburo candidate member—and Akhromeyev himself.

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Tatar Movement Muted

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Moscow's ability to isolate and temporarily halt protests by Crimean Tatars signals a major success in its efforts to control nationalist activism. Strikes by Tatars in Krasnodar Kray, which began on 20 June 1988 following a Supreme Soviet rejection of their key demands, came to an end on 4 August. Other strikes by Tatars, called in various cities and towns of the Uzbek SSR, Kherson Oblast, and the Crimea, did not enjoy the support of large sections of the Tatar population. Most were either called off or of short duration. No large-scale Tatar demonstrations have occurred since the latter part of June.

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The Kremlin's response to the Tatars has been mostly to rely on the stick and very little on the carrot. Although the Gromyko Commission approved limited Tatar resettlement in the Crimea, wholesale relocation of Tatars to the Crimea and, more important, the creation of a Tatar ASSR located there were ruled out. Demonstrations by Tatars have been violently dispersed. Of these actions, the most brutal was the demonstration of 26 June in Tashkent where thousands of Tatars were reportedly beaten and hundreds arrested by the militia. Many Tatars actively supporting the strikes in Krasnodar Kray and in other areas of the USSR have been fired from their jobs, thus driving home to the Tatar population the economic price they must pay for their actions. The authorities have kept Tatar dissidents away from Moscow where they had previously staged demonstrations. Activists have been confined to out-of-the-way areas in Uzbekistan where they can be more effectively controlled.

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The Tatar movement is fragmenting under the pressure of the regime's hard line. Tatars already living in the Crimea and Kherson Oblast have generally refrained from backing their brethren's demands with actions, while those living in Central Asia appear to have been cowed by Moscow's forceful response to any form of irredentist protest. the movement was splintering into moderate and extremist wings. At least one major leader of the Tatar movement views the decision of 18 July by the USSR Supreme Soviet not to make territorial boundary changes with regard to Nagorno Karabakh as a further demoralizing factor among the Tatar population.

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Kremlin leaders can take some comfort in knowing that their tactics have muted, for the time being, one of the most vocal groups of nationalistic activists. The failure of the Tatar movement to achieve its goals will also serve as Moscow's warning to other nationalities that the regime is not powerless to deal with unrest. On the negative side, Kremlin leaders, by not satisfactorily addressing Tatar demands, have closed off any compromise solution, and this may lead to a more radical Tatar movement sometime in the future. The Crimean Tatar movement's ability to act as a major irritant to Moscow in the near term is questionable, but, over the last 20 years, the movement has shown an ability to bounce back with unexpected vigor.

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