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USSR Review

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October 1988

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October 1988

The *USSR Review* is published by the Office of
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USSR-Libya: A Warming Trend

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The June arms deal between Moscow and Tripoli—the first since 1985—and heightened Soviet public support for Muammar Qadhafi mark an end to more than two years of cool relations. The shift in Soviet support stems from steps Qadhafi has taken over the past year that are more responsive to some of Moscow's concerns: resuming payments on Libya's military debt to the USSR, normalizing relations with Libya's neighbors, seeking a negotiated settlement with Chad, and apparently ceasing arms shipments to Iran.

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Conference Report: Gorbachev's "New Thinking" and the Arab-Israeli Peace Process

[Redacted]

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In a daylong conference, sponsored by the CIA and the US State Department, participants concluded that Moscow has managed to stake out a claim to participation in the peace process—in part because of "new thinking" but primarily because of events in the Middle East. Conference members agreed that Moscow still has a range of options available to continue new thinking in its policy toward Israel. Participants also believe that, from the Arab perspective, Soviet participation in the peace process is a result of the Arabs' perception of the balance of forces in the region.

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Economic Aspects of Ethnic Unrest in Nagorno-Karabakh

[Redacted]

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Economic neglect contributed to the ethnic unrest that has repeatedly disrupted production in the small Nagorno-Karabakh Autonomous Oblast during 1988, and real or perceived economic discrimination may play a role in any future similar disruptions. Moscow's response consisted of a 400-million-ruble economic development program for the period 1988-95. If unrest occurs in other nationality areas with larger populations and greater economic importance, the price tag of a comparable bailout program would be much greater and would place a much larger strain on the Soviet budget.

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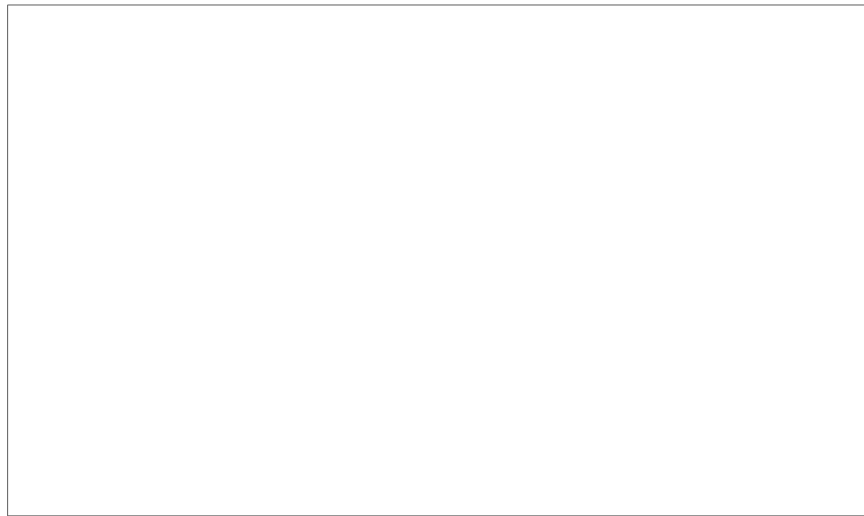
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Soviet Navy Day Statements: Uneasy About Gorbachev [Redacted]

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Statements published in connection with Soviet Navy Day in July 1988 suggest that some Soviet naval officers are uneasy about the potential implications of key policies of the Communist Party of the Soviet Union. Senior officers have expressed concern about the impact of democratization and *glasnost* on morale and discipline, and more junior officers are apparently willing to question whether the party is committing enough resources to the military. [Redacted]

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Moscow's Position on Military Aid to Nicaragua [Redacted]

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The Soviet commitment to provide military aid to the Nicaraguan Government appears strong and probably will remain so at least for the near future. Soviet arms shipments have declined in 1988, but we do not believe that the dip in military assistance represents any lessening of Moscow's willingness to support Managua. The Soviets continue to insist that any cutback in their military aid to Managua must be matched by a US cutback in arms deliveries to Central America. [Redacted]

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Articles

Baltic Drive for Autonomy Growing Stronger¹ []

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Official tolerance for massive demonstrations supporting autonomy for the three Baltic republics, the acquiescence of the party leadership of the republics in many of the demands being made by nationalist groups, and Moscow's approval of economic self-management for the region—all indicate that the Gorbachev regime has adopted a new policy toward nationalist ferment in the Baltic. Gorbachev is gambling that he can appease moderate nationalists by significantly expanding republic economic rights while drawing the line at separatist views. The new policy risks whetting the population's appetite for autonomy, allowing local party organizations to become more responsive to popular demands than to Moscow, and allowing an independent movement to gather strength. []

The driving force behind the recent surge of national self-consciousness and political activism in the Baltic is a longstanding but growing resentment of what is seen as a policy of Russian colonialism. Baltic nationalists claim that Moscow is plundering their resources, poisoning the environment, forcing them to bankroll economic inefficiency elsewhere in the USSR, and flooding the republics with largely Russian immigrants who threaten the ethnic survival of the indigenous nationalities. []

The reaction has included numerous large demonstrations and rallies, the formation of groups ranging from popular fronts supporting *perestroyka*—now organized in all three republics—to formerly underground secessionist groups. Speakers at mass

meetings, including party members, have demanded that Moscow allow "genuine" sovereignty including the right to secede. The more radical groups are calling for full political independence, while moderates are focusing on the less divisive issue of economic reform, arguing it would "eliminate national extremism." The local media in all three republics have begun to pressure local officials to support autonomy. []

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Beleaguered Local Leaders

Local party organizations find themselves facing conflicting pressures from both above and below. Moscow has sent mixed signals as reflected in the central press debate over the legitimacy of the 1939 Molotov-Ribbentrop Pact that led to the region's forced annexation. Moreover, increasing local nationalism has spawned a Russian backlash in all three republics, allegedly with tacit support from party conservatives. In August, virulent anti-Estonian leaflets attributed to Russian extremists circulated in Tallinn and Viljhandi. []

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Party leaders' efforts to cope with rising popular expectations have strained unity and resulted in dramatic policy shifts over the last few months. After reportedly telling party officials that "power is slipping from their hands" and threatening to confront "the bourgeois nationalists" in mid-June, Latvia's then first secretary Pugo flip-flopped and adopted several controversial points from Latvia's People's Front program. Both the party boss, Yanis Vagris, and the

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¹ Information available as of 10 October 1988 was used in this article.

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Groups Pressing Autonomy in the Baltic

Popular Fronts

The People's Fronts, which represent a fairly broad cross section of society, are primarily concerned with expanding the rights of local populations in determining the political, economic, social, and cultural development in the republic. They all want to achieve "true" regional economic autonomy, establish the republic mother tongue as the official language, create a republic citizenship (based on residency requirements and knowledge of the indigenous language), limit Russian immigration, and protect the environment. The fronts demand the creation of republic army units and independent relations with the United Nations. All three favor maintaining some distance from the Communist Party, although about half their members belong to the party. They also express strong support for Gorbachev's policies. All three organizations have sponsored numerous demonstrations in the last few months and have pressed for repeal of the new USSR Supreme Soviet decree on demonstrations.

Estonian People's Front, founded last April, calls for the right of self-determination not to be exercised in the context of radical perestroika but maintained as a right. It now has a membership of over 50,000.

Lithuanian Movement for Perestroika, established on 3 June, now has 100,000 members; its supporters are primarily mainstream intellectuals and reform-minded party officials. Its members defied an official

ban on demonstrations in gathering a reported 50,000 to 100,000 protestors at the Ignalina nuclear power plant earlier in October.

Informal Latvian People's Front, the last to form, claims over 130,000 members who represent a wide spectrum of interest groups, including Russians and party members. It closely resembles the Estonian Front with which it probably has close contacts. It calls itself "informal" to show that it is not affiliated with the government or the party.

Dissident and Separatist Groups

Sensing a more hospitable atmosphere in the Baltic, several separatist groups—new and revitalized—have come into the open with their proclaimed goal of reestablishing independence in the Baltic republics. These dissident-led, embryonic independence parties, however, are beginning to lose their separate identities, as their demands are taken up by the Popular Fronts and even local party organizations. These groups, however, go beyond the fronts in demanding the departure of all Russians and a complete halt to external immigration of workers. Like the People's Fronts, they ask that Baltic citizens' military service be limited to their respective republics. They also have staged demonstrations demanding the withdrawal of Russian troops from the three republics and the use of only the local language at military bases.

newly elected president of Latvia, Anatolis Gorbunovs, who is a member of the People's Front, have endorsed the Front's activities, although Vagris is more cautious about some points of its program. [redacted]

Lithuanian party leaders have also felt their growing isolation from the populace. They abandoned their previous policy of resisting change and allowed the largest and most radical demonstrations to protest the Molotov-Ribbentrop Pact that led to the regime's forced annexation to the USSR. [redacted]

The conservative first secretary in Estonia, Karl Vayno, was sacked by the party in June 1988 because he was perceived to be too inflexible on reform, and the reformist wing now appears ascendant. Estonian intellectuals claimed that, if Vayno had not been forced out of office, "we would have had an explosion." One of the architects of the economic autonomy platform asserted that Estonia not only faced a political vacuum because the old party leadership had

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Estonia

The Estonian National Independence Party of about 102 members, which was viciously attacked by the Soviet media and whose leaders were forced out of the country or jailed when it first emerged in February 1988, held its first formal meeting on 20 August. The Society for the Preservation of Antiquity, whose primary goal is the preservation of Estonian culture, has Jewish, Armenian, and Swedish sections that pursue their own cultural goals. The society's interests run beyond cultural concerns, however. In July it organized a 10,000-strong demonstration around the perimeter of a military base in Tartu demanding its withdrawal.

Latvia

The Latvian National Independent Movement, formed in June 1988, is led by a former Latvian party official who was expelled from the Communist Party in 1959. The Helsinki-86 human rights group, whose founders have largely emigrated under duress since its formation in the summer of 1987, reemerged at the rally of 23 August in Riga with about 60 members and many behind-the-scenes supporters.

Lithuania

The Lithuanian Freedom League, an underground dissident secessionist group, announced in July 1988 that it would now work openly to reestablish Lithuanian independence in a confederation of the European states. It organized a hunger strike in August for the release of political prisoners.

lost its grip but also was on the brink of a "political confrontation." He went on to add that members had left the party in droves in winter and spring 1988.

All three republics have endorsed a radical program of local autonomy partly to maintain a degree of credibility with their populace. The September Estonian Central Committee plenum, for instance, supported economic and political autonomy, Estonian as

the official language, and separate Estonian citizenship. It also elected representatives of the informal popular movement, including a member of the People's Front, to the party Central Committee Bureau. The Estonian People's Front became the first newly formed nationalist movement to be officially registered with party approval at the People's Front Congress held on 1 and 2 October. An Estonian party emissary has reportedly taken soundings in Sweden and possibly Finland about setting up Estonian consular representation. The Latvian Popular Front Congress—which attracted over 130,000 supporters—was held in early October, and the Lithuanian Front planned to hold its founding congresses also in October. In the past several weeks, the Latvian and Lithuanian Supreme Soviets—to preempt expected demands by the People's Fronts—made Latvian and Lithuanian, respectively, the official languages of the two republics and legalized their prewar flags as cultural symbols. In Lithuania the Council of Ministers recently proposed the transfer of all industry, agriculture, and research to republic ministers and recommended the abolition of all industrial groupings, such as railways, that cut across republic borders.

Moscow's Problem

Ambivalence over these issues probably goes all the way to the top of the party. Some aspects of the Baltic demands fit Gorbachev's reform strategy. The General Secretary and other Politburo members, like Chairman of the Council of Ministers Ryzhkov and economics secretary Slyun'kov, have endorsed republic self-financing as an acceptable model. In a speech to the Estonian People's Front Congress, the republic party chief—having just returned from a meeting with Gorbachev—relayed Gorbachev's support and invited the Popular Front to put up its own candidates for election. Gorbachev's Politburo ally Yakovlev appeared to give a green light to the Baltic last month by noting that Lenin believed a federal union required only a common defense and foreign policy, leaving the rest to the republics. Moscow's apparent go-ahead for the recent demonstrations and USSR Council of Ministers approval of economic autonomy for the Baltic republics, Belorussia SSR, Sverdlovsk Oblast,

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and Tatar ASSR, announced in mid-September, suggests that this less alarming view has come to prevail.

The more orthodox members of the Politburo, such as "Second Secretary" Ligachev and former KGB chairman Chebrikov—who have publicly suggested that abuses of reform could lead to social instability and ultimately undermine the Communist Party—may be more concerned. Their past views also suggest they might sympathize with the local Russian minorities who have criticized the Popular Front. Last week's leadership changes, however, make a crackdown by Moscow less likely, unless the situation radicalizes further. Ligachev's key role as ideology chief has been altered, Chebrikov has been shifted from the KGB post, and Secretary Vadim Medvedev—who reportedly supports autonomy for the Baltic republics—has been promoted.

The regime has drawn up some limits to ensure that things do not get out of control. All three republic first secretaries met with the Baltic Military District commander to discuss the nationality issue following the 23 August demonstrations, and a special KGB unit has reportedly been sent to Estonia to deal with growing nationalism. Central media criticized the "demagogues" and "extremists fomenting separatist sentiments" inside the People's Fronts who go beyond support for *perestroika*. In October, the police, beating and arresting those who resisted, broke up an unsanctioned demonstration sponsored by a secessionist group in Vilnius. Even Yakovlev warned Latvian intellectuals that the mass media cannot set itself up in opposition to the party.

The regime would no doubt like to prevent coordinated actions by nationalists in different republics that have already begun to take shape. During the Estonian People's Front Congress, messages of support were read from similar organizations in Latvia, Lithuania, Armenia, Moldavia, Belorussia, and the Ukraine. The US Embassy has also learned that representatives from Armenia, Georgia, Ukraine, and the three Baltic republics attended a "coordinating council" of independence movements that met in Riga late last month.

Counterreaction Among Russian Minorities

Russians and other nonindigenous nationalities in the region—who range from about 20 percent in Lithuania to 52 percent in Latvia—have recently come to identify reform as against their interests. In a reaction to the Estonian People's Front, longtime Russian-speaking residents of Tallinn organized a group called the International Movement. Similar movements are reported in Latvia and Lithuania. One report claims that former party boss Vayno organized the Estonian movement when he realized that his political position was at risk, allegedly to create ethnic conflict to discredit the reform wing of the party organization. the Internationalist Movement is a KGB operation. Its leader is a Jewish intellectual, reflecting the movement's conscious outreach for a broader coalition of non-Estonians who share Russian concerns about Baltic nationalism. there could be Sumgait-like riots in Estonia if the linguistic demands of the Popular Front were carried out.

Russians living in Estonia have publicly expressed their fears that Estonia will talk itself out of the Soviet Union. A televised debate in Estonia revealed that inflammatory leaflets distributed in August called for all non-Estonians to destroy Estonian nationalists in a bloody pogrom. The leaflets were signed by the "internationalists," but an Estonian prosecutor has denied publicly that there was any connection between them and the Internationalist Movement.

If the radicalization of the regional political scene continues, it seems almost certain that Moscow, however reluctantly, will step in more firmly. How tolerant Moscow is prepared to be in an effort to ride the tide of Baltic autonomist sentiment may become somewhat clearer in the next few weeks, when Estonia will present a concrete proposal for the broad concept of republic self-financing to the USSR Council of

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Ministers. The Lithuanian People's Front Congress to be held later this month should further clarify the relationship between the front and the Communist Party. Finally, a critical indicator will be whether People's Front candidates will be allowed to register for local elections in March.

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**Soviet Perspectives on the
Austria-European Community
Membership Issue** [redacted]

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The question of Austria's relationship with the European Community (EC) has long been a sensitive issue for Moscow because the Soviets consider the EC a backdoor to the NATO Alliance. Consequently, they believe Austria's political and, to a lesser degree, military independence could be jeopardized by full membership in the EC. Moscow also is concerned that Austrian accession could establish a precedent for other European neutrals—Sweden and Switzerland, for example—and ultimately upset the postwar balance in Europe. Apart from these issues, Moscow also wants to ensure that Soviet sensitivities continue to be a part of Vienna's calculus when it considers major policy issues. [redacted]

Recent Soviet Policy Toward Austria

Since his accession to power in 1985, Gorbachev has emphasized Moscow's "new thinking" and flexibility to demonstrate to the West Europeans the USSR's trustworthiness and reliability as a partner in European regional and security issues. In the case of Austria, this flexibility has been manifested in a more restrained Soviet response to Austrian moves that previously had elicited strong vitriolics from the Kremlin. In response to renewed Austrian discussions about acquiring defensive missiles, for example, Moscow has repeated its longstanding argument that missile acquisitions are unnecessary and incompatible with Austria's approach to security, but thus far it has avoided outright opposition to such a purchase. [redacted]

Although the Soviets have also hinted at some flexibility regarding Austria and the EC, Moscow's policy on this issue has more clearly reflected the tension between "new thinking" and enduring objectives. Indeed, throughout most of 1987 Moscow sought to emphasize its "understanding" of Austrian economic goals, culminating in the December 1987 remarks of Vladimir Shenayev, Head of the Center for West European Studies of the World Economics and International Relations Institute (IMEMO), to Western journalists. Shenayev stated that Austrian membership would be unthinkable if the EC becomes a

military defense organization; he added, however, that if Austria's role applied only to economic and political matters, it could, in his opinion, find a "common denominator" with the principles of neutrality—as long as European security in the broader sense was taken into consideration. These comments were interpreted in Vienna as a sign of internal Soviet disagreement on this issue and as a signal that Gorbachev's "new thinking" might provide sufficient flexibility for Austria to enter the EC with tolerable frictions in Soviet-Austrian relations. The Soviet Ambassador to Austria, Gennadiy Shikin, quickly moved to correct Vienna's "misperception"; that same month, he told Austrian Foreign Minister Mock, according to US Embassy reporting, that Shenayev's comments did not represent the official Soviet position. [redacted]

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Other Soviet spokesmen have sought to dispel the idea of internal differences and have reiterated Moscow's opposition to Austrian EC membership:

- In May 1988, Yevgeniy Primakov, an academic with close ties to the leadership, said in a press interview that he saw no reason to give up Soviet reservations against Austria's EC membership. He represented this as *the official Soviet opinion*, shared by his Institute without reservations: "Let us be frank. I do not think that if Austria were to join the EC—hypothetically—the EC would become more neutral. I am much more convinced that Austria's independence would disappear."
- Gennadiy Gerasimov, the chief spokesman for the Soviet Foreign Ministry, said in a prepared press statement in May 1988: "Austria's membership in the European Community would be incompatible with her permanent neutrality sealed in the special Constitutional Act and the State Treaty of 1955 [sic]. . . The majority of members of this Community are also members of NATO or the Western

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European Union. [Austrian membership would oblige it to follow] all decisions taken in the framework of this Community.”

- In a May 1988 press conference in Vienna, Ambassador Shikin stated: “Permanent neutrality was laid down in the Moscow Memorandum, which was signed by the Governments of Austria and the Soviet Union before the State Treaty. The Memorandum contained expressly what was later approved as a law by Austria, namely permanent neutrality modeled on the Swiss example. We are not opposed to Austria’s move toward the EC and to its effort to solve problems in connection with the internal market. But membership is something different altogether.”
- The Soviet Ambassador to Switzerland in June 1988 reportedly cautioned a high Swiss economic official about believing that there are competing viewpoints in Moscow regarding Austria’s possible adherence to the EC, stating that the Soviet Government is united in its opposition to this move. [redacted]

Although Soviet policy statements so far have not articulated specific alternatives to a direct Austrian application for EC membership, Soviet statements suggest that Moscow has definite views on possible alternatives short of full membership. In likely order of preference, these include:

- *Maintenance of the status quo.* The Soviets almost certainly recognize that the maintenance of Austria’s current level of economic cooperation with the EC is not a realistic Soviet policy goal. Austria is already actively moving its economy on a parallel course with the EC—a domestic Austrian decision that Moscow has little motivation and even less leverage to prevent.
- *A European Free Trade Association (EFTA) agreement with the EC.* Soviet comments indicate that Moscow might consider support for a unified EFTA (as opposed to separate individual members’) agreement with the EC along the lines of current inter-bloc discussion as the most attractive of its realistic policy options. From Moscow’s perspective, this would allow European neutrals like Austria indirectly to achieve some economic benefits from EC

affiliation while avoiding the political-military deliberations dominated by the EC’s NATO members. In light of the recent establishment of relations between the EC and CEMA, this outcome would suit the Soviet inclination toward linkage between blocs without the neutral nations becoming more politically or militarily tied to the Western “camp.”

- *“Special” membership.* Soviet statements imply that Moscow would not object—in theory—to an Austrian membership in the EC that *formally* removed it from political and military-oriented actions (such as boycotts). The stated Soviet concern about the increasing orientation of the Community toward political-military issues, coupled with statements by EC officials that no “special” individual memberships will be considered, brings into question the viability of this option as a realistic Soviet policy goal.
- *Full membership (with attached neutrality assertions).* High-level Soviet statements clearly indicate that Moscow remains opposed to Austria’s joining the EC, despite the impression of many Austrians that the Soviets have not “made up their minds” on this question. [redacted]

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Should Austria eventually join the EC under any of these scenarios, the Soviets, in spite of their often articulated reservations, could benefit economically from Austria’s increased access to controlled technology and equipment: Austria has long been a lucrative target for technology diversions to the Eastern Bloc. Although Vienna has recently agreed to tighten its export licensing system to encompass all exports of goods appearing on the Coordinating Committee for Multilateral Export Controls (COCOM) list, it is too early to judge the extent to which it will be able to slow these diversions. [redacted]

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Assessing Soviet Leverage

Moscow is seeking to influence the Austrian Government by using various policy levers. First, Soviet comments are invariably expressed as the concern of a

Austrian Policy

Austria's coalition government will decide in 1989 how to assure participation in the European Community's internal market. Although both coalition parties want to take the lead in supporting the increasingly popular option of accession, Foreign Minister Mock's People's Party supports a more accelerated timetable than Chancellor Vranitzky's Socialists, who are advocating a somewhat slower approach in order to explore potential drawbacks thoroughly before applying. In our view, however, even though concern remains high about protecting Austria's neutrality and social welfare standards, a consensus is emerging in support of Mock's efforts to apply in 1989.

Political, business, and labor leaders are looking ahead increasingly to the establishment of the Community's internal market in 1992, and they are concluding that accession is vital for Austria's economic prosperity, despite the painful adjustments that the industrial and agricultural sectors will have to make. Although Austrian officials deny that Vienna's constitutionally mandated neutrality will be a stumblingblock, they are nonetheless seeking to clear potential impediments from their path. Some officials talk of applying during the last half of 1989 when France—a signatory to the 1955 Austrian State Treaty—holds the EC presidency. They calculate that Paris's acceptance of the application would signal a French conviction that membership is compatible with the Treaty's provisions and would possibly moderate Moscow's objections. According to US Embassy officials, Great Britain, another Treaty signatory, will probably support Vienna, despite private doubts that EC membership is compatible with Austrian neutrality. Negotiations for admission would last several years, and, during that period, Vienna would continue its policy of strengthening ties to the Community bilaterally, through EFTA and by adopting EC rules.

[Redacted]

State Treaty signatory for preserving Austrian neutrality. Indeed, as signatory to the 1955 Treaty and as an occupying power in the decade preceding the Treaty, Moscow has long asserted its right to address Austrian issues that affect perceived Soviet security interests. [Redacted]

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The Soviets have also raised Austria's international credibility as a neutral as a lever to counter Vienna's claims that membership in the EC is a domestic issue. The Soviet Ambassador to Austria, for example, in a February 1988 conversation with the US Ambassador, reportedly asserted that the way Austria defined its neutrality was not a purely internal decision. [Redacted]

Moscow has also begun to discuss its concern over the "preservation" of Austrian neutrality with other European neutrals. These discussions seek both to discourage similar bids for EC membership by other European neutrals and to signal Vienna that Moscow is prepared to carry its arguments to other neutrals—and, perhaps, to the other Western governments.¹ The Soviets have also raised the prospect of more stringent measures should Austria seek application to the EC. Among the additional policy actions Moscow may be considering are the following:

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- Calling for a meeting of the State Treaty signatories (France, United Kingdom, United States, USSR) to "preserve" Austrian neutrality. The Soviet Ambassador to Switzerland recently told a high Swiss official that Moscow was prepared to convene such a meeting, according to US Embassy reporting.
- Pressuring other EC members to resist an Austrian application. The Soviet Ambassador in Switzerland also warned that West German support for an Austrian membership bid would sour Soviet-FRG relations "for 20 years."

¹ Although neither Sweden nor Switzerland is considering a bilateral application for membership in the EC, Soviet pronouncements about the incompatibility of the status of neutrality with any political-economic action raise concern within these countries about future Soviet "judgments" that might be directed at them. [Redacted]

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Legal Basis for Soviet Arguments Against Potential Austrian Membership in the European Community

The Soviet Government has argued that three 1955 documents substantiate its claim of the legal "incompatibility" of Austria's international status with membership in the European Community: the Soviet-Austrian Agreement, the Anschluss prohibition in the State Treaty, and the Austrian constitutional law declaring perpetual neutrality. In spite of Soviet assertions over the years that these articles demonstrate the legal incompatibility of an Austrian membership in the EC, Moscow has been unable to gain widespread acceptance of its interpretation.

Soviet-Austrian Agreement, 15 April 1955:

1. [Austria agreed to] make a declaration in a form which will obligate Austria internationally to practice in perpetuity a neutrality of the type maintained by Switzerland.

Austrian State Treaty, Article 4:

1. The Allied and Associated Powers declare that political or economic union between Austria and Germany is prohibited. Austria fully recognizes its responsibilities in this matter and shall not enter into political or economic union with Germany in any form whatsoever [emphasis added].

2. In order to prevent such union Austria shall not conclude any agreement with Germany, nor do any act, nor take any measures likely, directly or indirectly, to promote political or economic union with Germany, or to impair its territorial integrity or political or economic independence. Austria further undertakes to prevent within its territory any act likely, directly or indirectly, to promote such union and shall prevent the existence, resurgence, and activities of any organizations having as their aim political or economic union with Germany, and Pan-German propaganda in favor of union with Germany.

Constitutional Law Declaring Austrian Neutrality, 26 October 1955, Article 1:

1. For the purpose of the lasting maintenance of her independence externally, and for the purpose of the inviolability of her territory, Austria declares of her own free will her perpetual neutrality. Austria will maintain and defend this with all means at her disposal.
2. For the securing of this purpose, in all future times Austria will not join any military alliances and will not permit the establishment of any foreign military bases on her territory.

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- Imposing economic sanctions against Austria:
Austrian officials claimed in the past that Moscow had used economic threats—specifically the threat of increased energy prices and canceled construction projects—to express its disapproval of potential Austrian economic policies. [redacted]

offer much hope for overcoming a potential Austrian membership bid: Moscow's conception of the obligations of a neutral in the social-political sphere are not widely accepted in international law. [redacted] 25X1

On balance, however, the Soviets probably recognize that hardball tactics and a threatening posture toward Austria will negatively affect their interests elsewhere in Western Europe as well as US-Soviet relations. A ham-fisted approach could quickly undermine the credibility of Gorbachev's claims of new thinking and flexibility, particularly in West Germany, and thus potentially jeopardize important Soviet initiatives aimed at creating a less threatening security environment in Europe. In addition, Moscow presumably would consider the possibility that Austria might join the EC irrespective of Soviet pressures, thus challenging the utility of employing strong-arm tactics in the first place. [redacted]

Outlook 25X1

During separate visits to Moscow by Foreign Minister Mock and Chancellor Vranitsky in recent weeks, senior Soviet officials restated their strong reservations over the EC issue. In his talks with Mock, for example, Foreign Minister Shevardnadze reportedly stated that the USSR would be "disturbed and alarmed" if Austria were to accede to the EC. Having received assurances of Vienna's unwavering commitment to neutrality, however, Moscow will probably maintain its present policy course and closely monitor both the Austrian and the EC position on potential membership. Ultimately, as long as new thinking holds sway, we believe Moscow would not view Austrian accession to the EC as sufficiently threatening to justify more stringent measures that could jeopardize its broader agenda in Western Europe. [redacted] 25X1

Moreover, Soviet arguments are somewhat undermined by the recent establishment of EC-CEMA relations. Although the Soviets regard the EC-CEMA issue as completely divorced from the EC-Austria question, they would be hard-pressed to convince European publics that Austria's attempt to join an organization with which the East Bloc itself has formal relations is somehow threatening to the Soviet Union. Finally, Soviet legal arguments may not

[redacted]

[redacted] 25X1

USSR-Libya: A Warming Trend

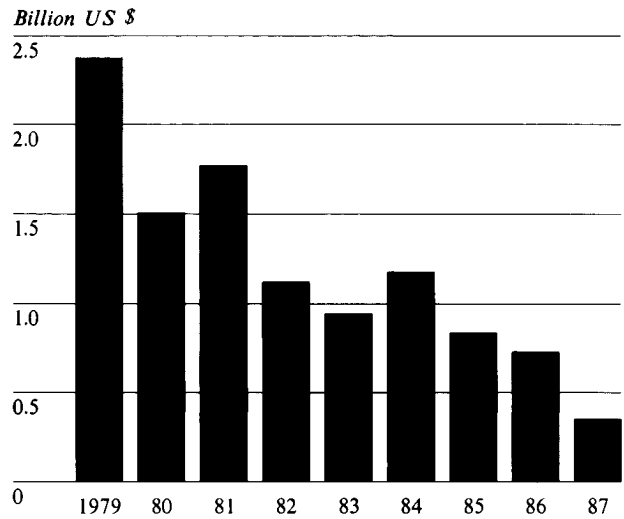
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The probable arms deal in June 1988 between Moscow and Tripoli—the first since 1985—and increased Soviet public support for Mu'ammarr Qadhafi mark an end to more than two years of cool relations. The shift in Soviet support appears to have stemmed from steps Qadhafi has taken over the past year that are more responsive to some of Moscow's concerns: re-summing payments on Libya's military debt to the USSR, normalizing relations with Libya's neighbors, seeking a negotiated settlement with Chad, and apparently ceasing arms shipments to Iran.

The Cool Spell

The Soviet-Libyan relationship has had its ups and downs since its inception in the early 1970s but reached its nadir after the US-Libyan clashes in March and April 1986. The US-Libyan confrontation brought the differences between Libya and Moscow into sharper focus.

Figure 1
Estimated Value of Soviet Military Deliveries to Libya, 1979-87



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and/or unwillingness to pay its military debt, which totaled approximately \$1-2 billion in 1986. According to an Algerian official, in conversations with US Embassy officials in Moscow, Tripoli's mishandling of Soviet advanced weaponry during the US airstrikes may also have already affected Soviet enthusiasm.

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Soviet arms deliveries, which had been declining since 1979, dropped even more sharply after the US-Libyan clash. Deliveries that had totaled \$835 million worth of equipment in 1985 dropped to \$350 million by 1987 (see figure 1). Moscow consistently turned down Libyan arms requests, according to the US Embassy in Moscow, and confined itself to delivering spare parts and refurbishing equipment. The key factor behind the slowdown seems to have been Libya's inability

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In a move that soured the relationship further, Qadhafi, apparently incensed over Moscow's determination that Libya clear up its military debt before concluding a new arms deal, increased efforts to diversify his sources of weapons—looking particularly to China, Brazil, and Eastern Europe, [redacted]

[redacted] Probably in another attempt to coerce Moscow into providing additional military hardware despite disagreement over the debt, Tripoli cut back sharply on the oil it was providing the Soviets as payment for previously delivered arms. [redacted]

Disagreement over regional and international questions added to Soviet-Libyan strains. The Kremlin was angered by Qadhafi's penchant for taking actions that strained relations between Moscow and the West and undermined Soviet policy in the Middle East:

- Although they had offered restrained support for Tripoli's intervention in Chad, the 15-year-old conflict dissatisfied the Soviets, [redacted] because it aggravated relations with the West. According to an Algerian Government official, in conversations with US Embassy officials in Moscow, in early 1987 the Soviets began to advise Libya to avoid any action in Chad that would increase the French presence and heighten the possibility of a US threat to Libya from the south. Soviet Foreign Ministry spokesman Gerasimov publicly expressed satisfaction with the late 1987 cease-fire sponsored by the Organization of African Unity and called on "all" parties in the conflict to show restraint and prudence.
- Qadhafi's policy toward the Palestinians and Tripoli's isolation from the Arab world complicated Moscow's efforts to promote Arab unity. In 1983, Tripoli withdrew recognition of PLO chief Arafat and his Fatah faction, giving military, financial, and political aid to more radical Palestinian factions bent on ousting the PLO chairman. Qadhafi also refused to back Moscow's proposal for an international conference to resolve the Arab-Israeli conflict.

- Libya's transfer of Soviet-made Scud surface-to-surface missiles to Iran, which began in 1985, complicated the Kremlin's relations with Iraq and other Arab Gulf states. [redacted]

[redacted]

- Some of Libya's terrorist actions, while possibly benefiting the Soviet Union when targeted against states friendly to the United States, placed Moscow in the awkward position of having to rationalize Qadhafi's actions to the world. [redacted]

Warming Relations

Despite this nadir in Libyan-Soviet relations, the friendship has steadily improved in 1988. Most significant, the Soviet-Libyan military relationship appears to be back on track. In June, Moscow agreed to provide Libya up to \$1.4 billion worth of arms, including SU-24 light bombers and MIG-29 fighters, [redacted] The deal also includes advanced attack helicopters, air defense radars, and air-to-air and air-to-ground missiles. [redacted]

[redacted]

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The warming in Soviet-Libyan relations was probably also facilitated by Qadhafi's efforts to strike a more moderate pose internationally:

- Tripoli claims to be seeking a negotiated settlement to its conflict with Chad. During the Organization of African Unity (OAU) summit held in Addis Ababa in May 1988, Qadhafi announced from Tripoli that Libya recognizes the government of President Habre and desires to settle all existing differences between the two states. That same month, [redacted] Qadhafi urged then OAU Chairman Kuanda to persuade Habre to meet with him and discuss a peaceful settlement to the Aozou Strip dispute. Soviet Foreign Minister Shevardnadze, in a May statement released by TASS, hailed Qadhafi's "revolutionary steps" toward Chad, pointing out that they are totally compatible with the interests of the Libyan people, the Chadian people, and the African Continent. Moscow is even attempting to take some credit for Qadhafi's moderation on the Chad issue by claiming that it is representative of new thinking in the world.
- Tripoli has also taken several steps that advance Moscow's efforts to forge Arab unity. Qadhafi has normalized relations with his neighbors in North Africa and is actively promoting Maghreb unity. In June 1988, Soviet Foreign Ministry spokesman Gerasimov praised Tripoli's conciliatory moves toward Tunisia and Algeria. At the Arab league summit in June, Qadhafi did not actively oppose the group's call for an international conference to resolve the Arab-Israeli dispute.
- Qadhafi has also developed ties to other Arabs who are friendly to Moscow. He met several times with PLO chief Yasir Arafat over the past year and has normalized relations with Iraq. There has also been no identifiable Libyan transfer of Soviet-made weapons to Iran over the past year.
- Tripoli appears to be trying to reverse its international image as a terrorist state. In mid-April 1988, Qadhafi sponsored a seminar to clarify the concept of terrorism. In June, Libya reacted sharply to US State Department briefings linking Libya to increased terrorist attacks on Americans in 1988 by

issuing a strong denial of any Libyan connection. Moscow has supported the Libyan line on its disengagement from terrorism. Shortly after the US briefings in June, Soviet Foreign Ministry spokesman Gerasimov took Washington to task for accusing the Libyans of terrorist involvement. [redacted]

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Outlook

Despite this warming in Soviet-Libyan relations, the friendship probably will continue to be limited. Moscow is likely to remain cautious and to keep a certain distance from Qadhafi. It realizes that he could quickly revert to a more radical foreign policy, once again complicating Soviet strategy in the region and leading to unwanted friction with the United States. To avoid being drawn into a military clash with the United States and setting back Soviet efforts to woo Algeria and Egypt, Moscow, in our view, will refrain from committing itself to Libya's defense. [redacted]

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The USSR's unwillingness to commit itself to Libya's defense will probably continue to prevent the signing of the friendship and cooperation treaty the two announced they had agreed to in principle in March 1983. The Soviets are probably ready to sign an accord similar to their other friendship and cooperation treaties with various Third World nations, which do not include security commitments, but Qadhafi in the past has balked at embracing the Soviets without such commitments. If he felt threatened and isolated, however, Qadhafi might be "forced" to sign such a treaty. [redacted]

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In an attempt to give the appearance of greater Soviet willingness to defend Tripoli, Qadhafi may allow increased Soviet access to Libyan military facilities, such as the Port of Tobruk and the Umm ' Aitiqah airfield. Although Moscow probably wants increased military access—expanded use of Tobruk would enable the Soviet Navy to refuel and resupply its ships in peacetime and reduce the requirement for redeploying naval auxiliaries to the area—we believe it will move cautiously to avoid giving the impression Qadhafi desires. Even if Qadhafi were to grant the Soviets greatly expanded use of the Port of Tobruk, he probably would place limits on their presence and Moscow would have to weigh the possible adverse effects an expanded military presence would have on Qadhafi's neighbors and the increased risk of being drawn into a conflict with the United States. Also, the Soviets could never be sure that the unpredictable Qadhafi would not someday deny the Soviets use of Tobruk or evict Soviet forces.

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**Conference Report: Gorbachev's
"New Thinking" and the
Arab-Israeli Peace Process** [redacted]

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Guest speakers:

[redacted]

- Aaron Miller
—Policy Planning Staff, Department of State.

On 7 September 1988 the Regional Policy Division, CIA's Office of Soviet Analysis, and the Office of Analysis for the Soviet Union and Eastern Europe, US State Department's Bureau of Intelligence and Research, sponsored an all-day conference to examine the impact of Gorbachev's "new thinking" on Soviet policy toward the Arab-Israeli peace process. The speakers and about 50 participants, from the Intelligence Community and the Soviet, Near East, and Policy Planning desks at State, discussed Moscow's recent efforts to become engaged in the peace process, as well as current Arab and Israeli views both of Moscow's participation and of the nature of the process itself. The conference participants concluded that Moscow has managed to stake out a claim to participate in the peace process in part because of elements of new thinking—such as its opening to Israel and a willingness to reevaluate policy toward old clients in the light of Soviet interests—but primarily because of the course of events in the Middle East. The Soviets' objective of an international conference, however, is not likely to be achieved any time soon.

[redacted]

On New Thinking

In discussing the concept of new thinking overall, there was general agreement that the policy could also be called the "new orthodoxy." Although Soviet scholars and officials debated each other more openly—even in front of foreigners—they also demonstrated a lockstep in use of the new language: "A balance of interests," "mutual security," and "national reconciliation" are the order of the day, and castigating Brezhnev-era ideas is the trend. [redacted]

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[redacted] discussions were free of the usual quotient of Marxist-Leninist rhetoric—a refreshing indicator that in at least one way new thinking constitutes a new realism in dealing with tough issues. [redacted] new thinking is being spread in old Soviet ways; it is an idea officially proclaimed from the highest government and party circles and can easily be revoked by these leaders if the need arises.

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Drawing on their extensive talks with various Soviets this year, [redacted] offered the names of some who could be considered "new thinkers" on policy toward the peace process. In the Central Committee's International Department, Anatoliy Dobrynin and Middle East expert Alexander Zotov are key examples (one speaker stated that Zotov revealed he writes some of Gorbachev's speeches on the Middle East—including the one given during Syrian President Assad's visit in April 1987). In the Ministry of Foreign Affairs, Gennadiy Tarasov, Chief of the Near East and North Africa countries regional affairs office, appears to be more of a new thinker than his boss Vladimir Polyakov, Chief of the Near East and North Africa Countries Administration. Finally, in the institutes, Georgiy Mirsky, a Middle East expert in the Institute for World Economics and International Affairs (IMEMO), Vitaliy Naumkin of the Oriental Institute, and Viktor Kremenyuk of the Institute for USA and Canada Studies stand out as academics breaking away from the old style. Yevgeniy Primakov, head of the IMEMO, was mentioned as someone who engages in occasional bouts of new thinking but certainly is not at the forefront of the process. [redacted]

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There was a consensus that there are a few broad trends resulting from new thinking in Soviet policy toward the Middle East. Moscow no longer seems to approach US-Soviet competition or conflict in the

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Third World from a zero-sum game plan. Commenting on his recent talks with Soviet officials, [redacted] some Soviets admit that they probably have overreacted in the past to American influence in the Third World and that the American presence can even, in some cases, work to Moscow's benefit. (This Soviet cited the US role in the transition to democracy in the Philippines and South Korea.) All participants agreed that Moscow is disturbed by the proliferation of weapons in the Third World. The Soviets were perceived as being both more discerning in their use of arms sales as a foreign policy tool and concerned to reduce their dependence on this instrument as a means of gaining influence. [redacted]

[redacted] Soviet interlocutors believe the Middle East is not as important a part of Gorbachev's foreign policy agenda as it was for both Krushchev and Brezhnev; these Soviets stated that it is difficult to get Gorbachev to focus on the problems in the Middle East. On Soviet policy on the peace process, the conference generally agreed that the Soviets are essentially dressing up their old ways with new rhetoric. [redacted]

Moscow and Tel Aviv

There was some discussion as to whether Moscow's opening to Israel fit this last assessment. [redacted] and most of those present believed it did, but some participants contended that such events as the exchange of consular delegations and the Soviets' open willingness to defend Israel's right to exist—even to Syrian and Palestinian leaders—constituted the fruit of new thinking. All were in agreement that the Soviets have quickened the pace of contacts and discussions, made skillful use of symbolic gestures (being keenly aware of their dual resonance in both Tel Aviv and Washington), largely dropped the old, rigid ideological approach to talks, and allowed state-to-state relations to flourish at the level of cultural and consular exchanges. Yet, on issues crucial to Israel—the framework for negotiations, Soviet backing for PLO representation at a peace conference, and full and free emigration for Soviet Jews—Moscow has not significantly deviated from “old thinking.” [redacted]

[redacted] rather than talks with Israel on the peace process (contacts between Israel and the USSR have continued between the two countries since 1967), the new aspect of Moscow's policy toward

Israel has been its ability to maneuver in Israeli domestic politics to achieve its own goals. The Soviets have played both sides of the National Unity Government against each other and, in so doing, have reaped the benefits. Foreign Minister Peres's belief that it is better to have Moscow “on the inside” of negotiations and Prime Minister Shamir's admission that “Gorbachev is a great man” have enhanced Moscow's stature as a potential participant in the peace process and have given it a new card to play in talks on regional issues with the United States. In outlining his discussions with Soviet officials, [redacted]

Moscow is resigned to the need to deal with Likud in the future and that the Soviets are no longer enthusiastic about Peres and his ability to deliver Tel Aviv. [redacted]

[redacted] real indications that the Soviets are applying new thinking to their relations with Israel might appear in several different forms. Moscow could increase trade and allow exchanges of more significance than the occasional token visit of an orchestra or cultural group. The Kremlin could open the gates to greater levels of emigration and thus reduce its use as a political tool. The Soviets might also agree to publicized visits of higher level political figures (for example, a trip by the party's International Department deputy chief Brutents to Tel Aviv to engage in substantive discussions with the Israeli Foreign Ministry). Finally, the Soviets could define their view of the terms of normalization of relations between Israel and the Arabs and offer a clear model—including operational details—for negotiations. [redacted]

There was some debate on the significance of the reestablishment of diplomatic relations between the two countries. [redacted] those present believed that a Soviet move to define very precisely when and under what terms Moscow would reestablish relations with Tel Aviv would be another key sign of new thinking on Moscow's part. [redacted] Aaron Miller, and others argued that Moscow's current stand is already a sign of new thinking and that realistically one cannot expect the Soviets to move beyond their present statements for fear of committing political suicide with the Arabs. [redacted]

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The Soviets and the Arabs

In considering the Arabs and the peace process, as well as Syria's, Jordan's and the PLO's differing perceptions of Moscow's role, Miller noted that the realities had changed dramatically since the Egyptian-Israeli settlement in 1977, enhancing Moscow's claim to be a necessary part of the peace process. From the Arab perspective, discussions are now being held in an environment in which no contemporary Arab leader has both the power and the will to make peace with Israel on his own. This fact, together with the Arabs' common belief that peace cannot be made without superpower involvement, yields a situation in which the Arabs, despite misgivings, turn to the Soviets as a power to equalize the odds with US-backed Israeli strength, both on the battlefield and in negotiations. As one US official noted, Moscow has not insinuated itself into the process—it has, in effect, been invited in by 50 percent of those involved. [redacted]

Each of the three major Arab players has a different logic for bringing in the Soviets. Jordan sees Moscow and its proposal for an international conference as part of a necessary "cover" and, ultimately, guarantor for actions which Amman cannot take unilaterally because of demographic and geographic constraints. The PLO seeks Soviet patronage in order to preserve its identity (from its own Arab brothers) and because Moscow's conference scheme provides the means to protect the principle of self-determination for the Palestinians. Syria requires Soviet participation more because of what the Soviets can prevent from happening than because of what Moscow can deliver. All present agreed with the judgment that, of the three Arab players, Syria is the one least oriented toward finding a solution to the conflict. Damascus has entrenched itself in a commitment not to negotiate from a position of weakness (from which follows its

stand that the time is not yet ripe for talks) and is fortified in its stand by the knowledge that without Syria, Moscow has very little strategic leverage in the Middle East (that is, Moscow cannot move too far in front of its key ally). It is important to remark, then, that, from the Arab perspective, Soviet participation in the peace process is not a result of Moscow's new thinking and its desire to negotiate an end to regional conflicts, but rather as a result of the Arabs' perception of the balance of forces in the region. Syria and the PLO are almost certainly uncomfortable with new thinking and with Moscow's efforts to reevaluate old policies in light of its own interests. [redacted]

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[redacted] perceived through their talks with Soviet officials that, although Moscow views the PLO as an important tool in its foreign policy, Syria remains the linchpin in the region for the Soviets. [redacted] some Soviet academics could be divided into "Syria-first" and "PLO-first" camps in relation to the peace process, but none disputed the strategic importance of Syria to Moscow's overall policy toward the Middle East. [redacted] stated that he had to push the Soviets hard to comment on the Palestinian riots in the Israeli-occupied territories and that he came away with the distinct impression that Moscow had not yet digested the events fully or formulated an opinion.

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Figure 1
The Caucasus Region



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Economic Aspects of Ethnic Unrest in Nagorno-Karabakh []

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Soviet officials have identified two principal causes of the disturbances in the Nagorno-Karabakh Autonomous Oblast (NKAO), an Armenian enclave in the Azerbaijan SSR (see figure 1). They have cited the longstanding ethnic animosities between the Armenian and Azeri nationalities.¹ They have also argued that the oblast suffered from economic neglect by both republic and oblast leaders during the Brezhnev years. General Secretary Gorbachev blended the two elements by suggesting that hiding behind the nationality issue were the opponents of *perestroika*, "conservative and corrupt elements that tightly stuffed their purses in the stagnation period." []

Economic Neglect of the NKAO

Although per capita capital investment in the NKAO increased approximately 50 percent between 1970 and 1985, it was never more than two-thirds that of the republic as a whole (see table 1). Moreover, after a period of improvement, per capita investment in the NKAO relative to Azerbaijan as a whole declined sharply after 1975. In comparison, Azerbaijan's Nakhichevan ASSR, a predominantly rural exclave of Azeris (95 percent of the population), has enjoyed rapid absolute and relative improvement in per capita investment over the past decade. []

The neglect is also reflected in examples of poor-quality production and decay of the region's productive capacity and infrastructure. A reporter for *Izvestiya*, in an article titled "NKAO: The Bitter Fruit of Stagnation," wrote that the footwear factory excels in producing rejects, bakeries produce bread of indifferent quality, apartments receive running water just one to two hours per day, and meat and milk are rationed. According to an NKAO party committee secretary,

¹ Although ethnic tensions between Armenians and Azeris date back many centuries, Soviet officials have blamed Stalin for the ethnic strife because of his insistence in 1921 that Nagorno-Karabakh be subordinated to Azerbaijan. An unidentified individual recently interviewed on Soviet television moved the date up, stating that hostilities began in 1957 when the Presidium of the Azerbaijan SSR Supreme Soviet issued a decree establishing Azeri as the main language of the republic for all production activities. []

Table 1 *Million rubles*
Per Capita Capital Investment: (except where noted)
Azerbaijan SSR, Nagorno-Karabakh Autonomous Oblast (NKAO), and Nakhichevan ASSR (N SSR)

	Azerbaijan	NKAO	N SSR
1970	261	153 (59) ^a	267 (102) ^a
1975	307	203 (66) ^a	168 (55) ^a
1980	361	220 (61) ^a	251 (70) ^a
1985	468	230 (49) ^a	389 (83) ^a

^a () indicates percent of Azerbaijan investment.

Source: *Narodnoye khozyaystvo Azerbaydzhanskoy SSR v 1985 g.*

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Vasiliy Atadzhanyan, the equipment in the Stepanakert silk combine—the oblast's largest enterprise—was installed in the 1930s and has been falling apart for a long time. The road network remains poorly developed. Such neglect probably heightened perceptions of economic discrimination and exacerbated the longstanding ethnic tensions that led to the eruption of unrest in early 1988. []

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Economic Disruption

Despite its small size, the NKAO makes a sizable contribution to industrial production in Azerbaijan for several items (see table 2).² Moreover, to buttress his claim that the oblast was not a parasite on Azerbaijan and thus imply that NKAO was being exploited, the new first secretary of the Nagorno-Karabakh party organization (obkom) pointed out

² With a predominantly Armenian population of about 180,000 split nearly equally between urban and rural dwellers, Nagorno-Karabakh contains about 2.6 percent of the population of the Azerbaijan Republic and occupies 5 percent of the republic's land area. []

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Table 2
Industrial Production in Nagorno-Karabakh
Autonomous Oblast, 1985

Product	NKAO	Azerbaijan	NKAO as a share of Azerbaijan (percent)
Raw silk (metric tons)	117	456	25.7
Leather footwear (million pairs)	4.5	22.9	19.7
Construction lime (thousand metric tons)	10.1	97.3	10.4
Furniture (million rubles)	4.7	79.6	5.9
Electricity (billion kWh)	0.074	20.7	0.4
Silk fabric (million running meters)	16.5	NA	NA

Sources: *Narodnoye khozyaystvo SSSR v 1985 g.*
Narodnoye khozyaystvo Azerbaydzhanskoy SSR v 1985 g.

[redacted]
 that the oblast's annual contribution to the Azerbaijan Republic's budget over the past decade was 91 million rubles while the oblast budget was only 42 million rubles.³ [redacted]

Since mid-February 1988, however, economic activity in the NKAO has been disrupted by nearly continuous civil unrest. This period encompassed at least four general strikes, each lasting several weeks, as well as more limited work stoppages that shut down the factories, stalled passenger and freight transportation, and closed retail shops:

- Industrial production bore the brunt of the impact. According to an *Izvestiya* report, the Azerbaijan State Committee for Statistics placed the shortfall

³ It is difficult to know exactly what to make of this claim. The various consumer products the oblast produces, including cognac, carry a high turnover tax and may account for the excess. Also, the budget figure is misleading because it includes only allocations for those activities administered by the oblast and probably does not include money received from various ministries. Nonetheless, the importance of the concern should not be discounted. For example, an official from the Turkmen SSR has recently voiced similar complaints about apparent exploitation. [redacted]

in production in the NKAO in excess of 41.5 million rubles as of early July. The losses appear to be largely confined to the capital city of Stepanakert.

- Evidence concerning the impact on agriculture is contradictory. On 27 July, TASS reported that the NKAO agroindustrial committee expected a record grain harvest this year, but on 9 August, Radio Yerevan's domestic service reported that the NKAO party organization had criticized farm performance, noting in particular that labor disruptions had slowed deliveries of grain and vegetables to the state. In addition, livestock farms were behind in deliveries of meat and milk. [redacted]

Although local authorities and plant directors instituted apparently effective measures—triple shifts, use of technical and professional personnel on the assembly line, and asking workers to volunteer to work on their days off—to recoup early production losses, workers are unlikely to fully recover lost wages. In early April after the first strikes, *Izvestiya* reported that workers at the Stepanakert shoe factory were estimated to have lost 180 to 250 rubles in wages, or about one month's salary, as a result of the strikes.⁴ The losses must surely have increased in the subsequent months as more strikes occurred. [redacted]

The economic impact of the strikes has spread beyond the boundaries of the oblast. According to Soviet commentators, who may be exaggerating the impact in order to prod strikers back to work, industrial production at several plants throughout the Soviet Union has been constrained by the failure of factories in Stepanakert to meet their production targets. A Moscow television report of 29 July 1988 indicated that Stepanakert's lighting fixtures plant alone had failed to meet its supply obligations for 400 important customers. TASS reported on 15 July that shipment of more than 300 containers of fruit waiting at the railroad station in Stepanakert was being delayed. Moscow itself has had to absorb other direct costs such as those associated with the transportation and housing of the various security forces that have been

⁴ According to the republic statistical handbook, average monthly wages for industrial workers in Azerbaijan in 1985 were 182 rubles. [redacted]

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brought to the NKAO to help maintain order and with the resettlement of Azeris who fled from Armenia.⁵ Finally, the Azerbaijani and Soviet governments must confront what is likely to be the costliest impact of the unrest—an economic development program designed to address the longstanding problems resulting from economic neglect in Nagorno-Karabakh.

The Bailout

Economic measures figure prominently in Moscow's response to the unrest in Nagorno-Karabakh—a typical reaction of throwing rubles at multidimensional problems while largely ignoring underlying political and cultural aspects. A joint Communist Party of the Soviet Union Central Committee and USSR Council of Ministers decree passed on 24 March 1988 following the first round of strikes offers a broad range of measures to be undertaken over the next seven years, including:

- A 40-percent increase in housing construction.
- Construction of nine or 10 general education schools and a 400-bed hospital.
- An increase in the availability of Armenian-language materials.
- Construction of two water reservoirs and completion of a water pipeline to meet the needs of urban and rural areas.
- Construction of a mixed-feed plant with a capacity of 250 metric tons per day.
- A 50- to 100-percent increase in highway construction.
- Construction of several building-materials plants.

The program will not come cheap. Soviet commentators have placed the cost of the seven-year effort at 400 million rubles—approximately 57 million rubles per year.⁶ According to the decree, the funds for the

⁵ According to an AFP report of 15 September 1988, workers in Stepanakert were angry because 2,000 Azeris who fled Armenia were to be resettled in Shusha, a largely Azeri town in the NKAO, with an estimated 3 million rubles earmarked for housing construction.

⁶ Total capital investment in the NKAO during the 1981-85 Five-Year Plan was 191 million rubles, an average of 38 million rubles per year.

program for 1988 are to come from the USSR Council of Ministers' reserve fund. For subsequent years, the decree directs the State Committee for Planning (Gosplan) to provide additional funds in 1989-90 in excess of current five-year plan targets and to ensure that capital investment for the 1991-95 period incorporates the additional requirements. The entire program is to be carried out under close supervision of both central and Azerbaijan government and party leaders.

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Not everyone is confident that the ambitious plans laid out will be met despite a spate of articles describing the planning already under way. NKAO obkom secretary Atadzhanyan told a reporter for *Krasnaya zvezda* in late July 1988 that "the people of Karabakh reacted suspiciously to the well-known resolution; they had no faith in it. Over the years they have been given too many promises that have not been fulfilled." In late July 1988, the chairman of the Azerbaijan Gosplan indicated his dissatisfaction with the pace of implementation of the decree, a sentiment echoed a month later by the Azerbaijan party first secretary. More practically, Nagorno-Karabakh first secretary Genrikh Pogosyan in his speech at the 18 July session of the USSR Supreme Soviet Presidium bluntly pointed out that current construction capacity in the oblast was only 20 million rubles per year, far less than required to assimilate the largess being provided. In fact, according to an article in *Izvestiya*, allocated capital investment funds have never been fully assimilated during the 1980s, and only two-thirds of investment available was utilized in 1987. The new chairman of the oblast executive committee, Semen Babayan, warned in late August 1988 that implementation of the development program could be accomplished only with outside assistance from both Armenia and Azerbaijan, and so far the initial efforts were not going smoothly.

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Implications

From Moscow's point of view, the most serious question may concern not the events in Nagorno-Karabakh themselves, but rather their implications for possible future ethnic disturbances in other parts of the country. The Soviet Union contains 38 ethnic

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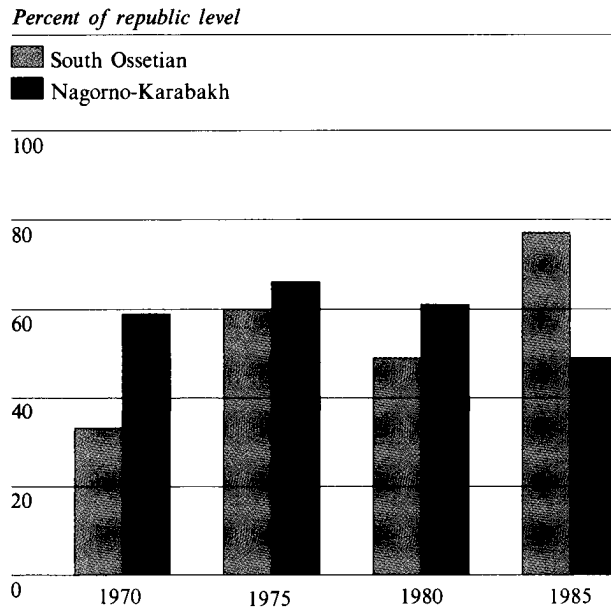
enclaves below the republic level—20 autonomous Soviet socialist republics (ASSRs), eight autonomous oblasts, and 10 autonomous okrugs—with most located in the Russian Republic (see figure 2). According to data in the 1979 census, however, the titular nationality accounts for the majority of the population in only 10 of these regions. In these few areas, a highly concentrated minority ethnic group is under the jurisdiction of a republic government dominated by a different, typically Russian, nationality—possibly fostering, as in the NKAO, a climate conducive to civil unrest. [redacted]

The cost of the NKAO bailout is minuscule, although it probably represents a sizable share of the Council of Ministers' reserve from which the funds for 1988 were taken. If ethnic unrest occurred in other areas with larger populations and a more significant industrial base, however, Moscow's attempt to resolve problems through a similar package of crisis management and economic aid might be strained. For example, the price tag for a similar bailout program on a per capita basis for the Dagestan ASSR—located in the RSFSR on the border with Azerbaijan—probably would be about 10 times greater, or approximately 570 million rubles a year.⁷ The cost of such a bailout probably would be manageable, if it occurred in isolation, but, if ethnic unrest were to occur in several places over a relatively short time, the strain on the budget would rapidly increase. Moreover, Dagestan, like the NKAO, is a predominantly rural region. The per capita cost of a bailout package in a more urbanized area would undoubtedly be higher. [redacted]

We are analyzing other ethnic regions where economic neglect might contribute to civil unrest. Our efforts to explore this issue for those ethnic regions below the republic level are constrained by lack of systematic regional data, particularly for capital investment; the Russian Republic, where most of the regions are located, has not published regional investment data since 1976. The example of the Yugo Osetin (South Ossetian) Autonomous Oblast (SOAO), subordinate to the Georgian SSR, at least demonstrates that Moscow may not face the same problem in similar situations. [redacted]

⁷ The population of the Dagestan ASSR is 1.8 million, only about 12 percent ethnic Russian. [redacted]

Figure 2
USSR: Comparison of Per Capita Capital Investment in Two Autonomous Oblasts



Source: *Narodnoye khozyaystvo Azerbaydzhanskoj SSR, v 1985 g.*

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The SOAO resembles the NKAO in two important ways. The percentage of the oblast's population belonging to the titular nationality exceeds that of the Georgians, the republic's majority population. There is also potential for the issue of ethnic reunification to complicate matters—the SOAO is adjacent to, but separated from, the Severo Osetin (North Ossetian) ASSR, subordinate to the Russian Republic. Unlike the NKAO, however, the level of per capita investment in SOAO, relative to the Georgian Republic, has improved over the past decade, partly because the region's population has remained virtually stable. [redacted]

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In general, economic neglect, whether real or perceived, can take several forms and can exacerbate ethnic tensions. In the Baltic republics, where civil unrest already has occurred, people are concerned that the region's economic advantages over the rest of the USSR are being unfairly eroded. Baltic officials have also expressed the desire to more fully control their republics' economies, an idea generally discussed under the heading of "regional *khozraschet*." In contrast, the major concern in the Central Asian republics, where growth in investment has not kept pace with population growth, is to simply stop falling further behind. Officials from less developed areas frequently lodge what amount to charges of economic exploitation against Moscow. For example, at the party conference in June 1988, Komi ASSR first secretary V. I. Melnikov complained that his republic, where the titular nationality comprises 25 percent of the population, was being used as a source of raw

materials for industries throughout the USSR, while development of social services was being neglected. Leaders of other ethnic regions have voiced other concerns that have strong economic components including the need to ensure adequate water supplies in Central Asia and the need to deal with water and air pollution in the Ukraine. [redacted]

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Economic neglect in some form is likely to be at least a contributing factor underlying future unrest in ethnic regions, and Soviet statements and the experience of the NKAO suggest that economic remedies are likely to be an important factor in Moscow's approach to their resolution. The severity of these problems would be worsened if neglect is perceived as discrimination. [redacted]

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**Soviet Navy Day Statements:
Uneasy About Gorbachev** [redacted]

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Statements published in connection with Soviet Navy Day in July 1988 suggest that some Soviet naval officers are uneasy about the potential implications of key Communist Party of the Soviet Union (CPSU) policies. In addition to the issue of whether the drive for *perestroyka* is resulting in inadequate attention to the resource needs of the military, officers expressed concern about the role of *glasnost* and democratization in potentially undermining morale and discipline. [redacted]

Pacifism. One of the issues facing Admiral of the Fleet Vladimir Chernavin, Commander in Chief of the Soviet Navy, is the danger that *glasnost* is fostering the growth of antimilitary and even pacifist attitudes among the Soviet population, especially the young. In his Navy Day television address this year, Chernavin lamented the development of such attitudes:

The military threat from imperialism still remains today. We must by no means forget this if we really wish to draw the correct conclusions from our history. All the more concern is caused by the pacifist moods that sometimes occur, by failings in the military-patriotic education of young people for service in the army and the fleet. This is impermissible. Historical experience teaches us that you must not trifle with such matters; we must do everything necessary to eliminate such shortcomings from our work. This is our duty, to the fallen and to the living, to the present and to the future.

Chernavin's warning indicates that he shares the concern of some other senior Soviet military leaders that General Secretary Gorbachev's *glasnost* policy may have harmful consequences for the armed forces. Probably the most threatening aspects of *glasnost* from the military's perspective are writings that question the importance of military service in an age when war has ceased to be a rational means of conduct.

Soviet military spokesmen have denounced expressions of "pacifism" because of the danger that such thinking undermines the willingness of Soviet military personnel to carry out their duty. [redacted]

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An example of this type of thinking that is particularly abhorrent to the Navy is an article (Ales Adamovich, "For a Nuclear-Free World, for the Survival of Mankind," *Moscow News*, March 1987) in which the author discussed the morality of conducting a retaliatory strike in the event of a nuclear attack on the Soviet Union. The author judged that such a retaliatory strike would be senseless. Referring to a conversation he had with the commander of a Soviet nuclear-powered ballistic missile submarine (SSBN), the author stated that, if he were in the commander's position, he would refuse to launch the submarine's missiles even in retaliation. The SSBN commander, according to Adamovich, would not say whether he would obey an order to retaliate, contending that it was better if no one knew how he would act. This article, which implicitly challenges discipline in all the armed services, was subsequently denounced by General Volkogonov, then deputy chief of the Main Political Administration of the Soviet Ground Forces and Navy, as an example of the appearance of "pacifism," a "politically vegetarian tendency," in Soviet literature. Volkogonov accused Adamovich of dealing with nuclear weapons outside a political context and of casting doubt "on the expediency of Soviet servicemen fulfilling their military duty." [redacted]

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For the Soviet naval leadership the Adamovich article is an extreme example of a broader problem—the existence of a skeptical and even hostile attitude toward the military, especially by Soviet youth. Military spokesmen often discuss this in terms of a

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Antimilitary Attitudes: A Grave Problem

The Ministry of Defense newspaper, Krasnaya zvezda, reported the experience of one of its correspondents as an example of the growth of antimilitary attitudes among the Soviet population. The journalist, after visiting a "beautifully designed and tended" military cemetery devoted to those killed fighting the German advance toward the Caucasus, observed that not everyone shared his sense of respect and devotion:

But one day, my serene mood was spoiled right at the entrance to the memorial. Two middle-aged women were walking toward me and exchanging impressions, and I could not help overhearing their conversation, "What a fine cemetery," one was saying as they drew level with me. "Yes," the other replied, "the military always grab the best of everything for themselves."

The newspaper reported that the incident took place at Pyatigorsk. Many Soviet readers, recognizing that this is part of the Stavropol' region where Gorbachev began his climb to power, probably viewed the placing of the incident in this setting as a way of associating the problem with the policies of the General Secretary. [redacted]

generation gap, especially the decreasing effectiveness of "The Great Patriotic War" experience as a means of legitimizing the current role of the military. [redacted]

The Party and the Navy. The personnel issue is part of a broader concern, evident in Soviet discussions of the concept of "reasonable sufficiency," on the part of military leaders as to whether the political leadership is devoting enough attention and resources to defense. Chernavin was careful in his Navy Day statement to simply stress the continued Western threat and not to directly challenge current CPSU policies on meeting the threat. Some lower ranking naval officers, however, have been more openly critical. A Northern Fleet

officer, Captain Third Rank Petrov, was unusually frank in a letter in *Krasnaya zvezda* (June 1988) in questioning the party leadership's handling of defense issues in connection with the CPSU conference. Petrov went so far as to suggest that the party's inadequate attention posed the danger that the Soviet Union would lose military parity with the West:

As a military man, I expected the CPSU Central Committee theses to reflect more extensively the question of maintaining the country's defense capability at the necessary level and continuing to preserve military parity. Despite the relaxation of political and military tension and the emerging reduction in the two leading world powers' arsenals of weapons, the task of defending the Socialist homeland remains one of the most important tasks. The theses do mention this, but not clearly enough in my view. And should this be so—especially when you consider the growth of pacifist sentiments among certain strata of our society and the exacerbation of the problem of training young people for service in the armed forces? As a Communist, I believe that defense building must always be at the center of the party's attention and that we have no right to allow the loss of military parity with the West, which we had difficulty in achieving. Many officers on our ship share my opinion. [redacted]

Vice Admiral Panin, Chief of the Navy Political Directorate, apparently felt this attitude was dangerous enough to require a rebuttal by the party in a Navy Day interview. The interviewer, noting that Panin had been a delegate to the party conference, stated that "some comrades feel that insufficient attention was paid to the defense issue." Panin denied this, noting that a spokesman for the armed forces had spoken at the conference. More significantly, he stated:

One must bear in mind that the country's defense and the power of the armed forces is a product of the economy, scientific potential, and the people's moral and political condition, and

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these matters, as you know, were paid exceptional attention at the conference. It seems to me and to military people that the task for the armed forces is well understood and was expressed clearly by Mikhail Sergeyevich Gorbachev. Its essence boils down to this: that defense effectiveness should henceforth be ensured predominantly by qualitative parameters both with regard to equipment and military science and with regard to the personnel of the armed forces. If one bears all this in mind, I think you will agree that sufficient attention was paid to the defense issue at the conference.

In short, the health of the armed forces depends in the long run on Gorbachev's ability to effect basic reforms in Soviet society across the board, especially in the economy. The armed forces will ultimately benefit from all these changes, but in the meantime they will have to patiently support them by making sacrifices and stressing "quality" over "quantity." The importance of "qualitative indicators" also was a major point made by Chernavin in his speech and by Minister of Defense Yazov in his Order of the Day for Navy Day. [redacted]

Panin felt it necessary to deal with another matter of concern to the military—the potential conflict between the Party line on democratization and the legitimate requirements for military discipline and adherence to the chain of command. Panin, on behalf of the party, attempted to reassure the military that Gorbachev's emphasis on "combating bureaucracy" was not inconsistent with the traditional military concept of "one-man command":

[Interviewer]: *The bureaucrat, as you well know, recognizes only one method of leadership—the high-handed administrative style. The rejection of this method is now a fact of our life. But, you know, this has always been the way with the military: someone gives the orders and someone else obeys.*

[Panin]: *And so it will continue. The principle of one-man command operates in armies all over the world and no one intends to reject it now. There is simply no other principle of troop*

control. But I would not attempt to set one-man command in opposition to the process of democratization which is now gathering momentum in the armed forces. . . . Of course, in combat conditions, situations are likely to arise where everything will depend on the decision of one person empowered to make that decision. . . . But combat management is one thing, and everyday army and navy life in all its diversity is another—the social side in particular. Public opinion and glasnost are the real forces which can and must protect military collectives against bureaucracy and the arbitrary will of officials.

It is likely that Panin's comments were not completely reassuring to Soviet military officers observing the breakdown of public order in the Caucasus and other parts of the Soviet Union under Gorbachev's leadership. [redacted]

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Prospects. This year's Navy Day statements suggest that senior members of the Navy, like their counterparts in the other military services, view some aspects of Gorbachev's policies with concern. Chernavin's statement indicates that he is willing at this time to criticize aspects of *glasnost* rather than to question the potential implications of *perestroika* for resource allocations to the Navy. [redacted]

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The appearance of the Petrov letter, however, suggests that at least some elements of the Soviet naval leadership are willing to permit stronger criticism on the resource issue by lower ranking officers acting as surrogates. Panin's response to this type of challenge was reminiscent of the way Gorbachev's spokesmen dealt with the challenge to his political program contained in the Andreyeva letter earlier this year. Overall, the Navy Day statements indicate that the Navy, like the other services, has serious doubts about where Gorbachev's policies may ultimately lead, increasing the likelihood that Chernavin and other military leaders would side with Gorbachev's opponents in the event of a serious political challenge.

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Moscow's Position on Military Aid to Nicaragua [redacted]

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We believe the Soviet commitment to provide military aid to the Nicaraguan Government is strong and will remain so at least for the near future. Soviet arms shipments have declined in 1988, probably because of the Sandinistas' reduced need for replacement of major weapons systems in the absence of large-scale fighting and Moscow's desire to promote an image of restraint in the region. We do not believe that the dip in military assistance represents any lessening of Moscow's willingness to support Managua. Although a few private comments from Soviet officials suggest that Moscow may have considered adopting a more flexible position, the Soviets probably believe that events in Nicaragua are proceeding in their favor, leaving them with little incentive to make concessions. The Soviets continue to insist that any cutback in their military assistance to Managua must be matched by a US cutback in arms deliveries to Central America. Moscow will continue to voice strong support for the Central American peace process and for concluding a US-Soviet agreement to reduce arms shipments to the region in order to try to portray the United States as obstructing peace in Central America and to establish Soviet credentials as an influential diplomatic player in the area. [redacted]

Soviet-Nicaraguan Ties: Still Strong

We believe that the Soviets remain committed to the Nicaraguan regime's eventual consolidation and that they will continue to provide military assistance in order to help Managua achieve its goal. [redacted] claims that the USSR and Nicaragua negotiated a three-year arms agreement last spring that would provide more helicopters, small arms, and spare parts; [redacted] [redacted] Moscow's ongoing provision of substantial amounts of economic aid to Managua—the Soviets provided about \$500 million of economic aid in 1987—underscores the Soviet commitment to the regime. [redacted]

Since late 1987 the Soviets have repeatedly offered—both publicly and privately—to curtail arms shipments to Nicaragua in return for reciprocal US cutbacks to other Central American countries and a cutoff of aid to the Nicaraguan rebels. Moscow, however, has made no apparent preparations—such as telling Managua that it must prepare to survive without such assistance or cutting back on long-term commitments—for such an eventuality. In addition, we have no indication that Managua has begun preparing for a cutback in Soviet arms shipments. The Soviets evidently assume that Washington will not accept restrictions on its military aid to Central America and that the USSR will not have to make good on any offer to reduce arms deliveries in the near term. In the absence of large-scale fighting, they probably also believe that the Nicaraguan military has enough hardware to continue operations at current levels for some time even if deliveries would be limited to small arms and munitions. [redacted]

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Private Statements: A Few Hints of Flexibility

Soviet statements continue to insist that Washington must curtail military assistance throughout Central America before the USSR will undertake a commitment to cut back its aid to Nicaragua. However, a few Soviet officials—including General Secretary Gorbachev and then Central Committee Secretary Dobrynin in meetings with a US congressional delegation—privately have seemed to imply that a cutback in Soviet arms deliveries might be linked only to a cutoff of US aid to the Nicaraguan insurgents. None of the seemingly softer statements, however, has been confirmed or followed up by the Soviets, and all of them may have been simply less than complete renditions of the policy or speculative probes for a US reaction rather than any concrete signal of flexibility. [redacted]

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[redacted] Soviet officials have suggested that the USSR may unilaterally limit or reduce its aid to Nicaragua. Soviet officials dropped hints in the winter and spring of 1988 that Moscow may limit its commitment to Nicaragua "to avoid disrupting progress" in US-Soviet relations [redacted]

Nicaraguan insurgents. Soviet officials have also made direct and indirect reassurances to the Sandinistas that aid would continue. [redacted]

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Outlook

The Soviets are unlikely to make a formal commitment to curtail their military aid to Nicaragua unless the United States agrees to a reciprocal cutback of aid to Central America. The USSR shows no signs of serious concern about the military situation in Nicaragua, and the Soviets probably believe events are proceeding in their favor, leaving them with little incentive to become significantly more flexible on arms shipments. The Sandinistas will continue to rely on the Soviets for military supplies over the long term, and we believe that the Soviets will rely heavily on the arms supply relationship to preserve long-term influence over Managua. [redacted]

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Public Statements and Foreign Ministry Officials: Holding the Hard Line

Soviet public statements on arms reductions to Central America are generally aimed at portraying Moscow as an aspiring peacemaker in the region and at claiming US obstructionism. In addition, Moscow continues to pursue its longstanding goal of establishing itself as a significant diplomatic player in the area. The Soviets consistently voice strong support for the Central American peace plan, the effect of which is to prohibit external lethal aid to the insurgents but not to Managua. In addition, the Soviets play down their military assistance to Nicaragua, referring to its limited nature and linking it to US aggression against Managua. Moscow also has referred to Central America as a regional conflict area where little progress toward peace has been made—in contrast with Afghanistan, Cambodia, and Angola. [redacted]

Moscow may continue to dangle a few hints of flexibility on arms shipments, but these would probably be constructed to convey an image of reasonableness to Latin American countries and to influence US debates on supplying arms to the insurgents. Moscow will almost certainly continue to advocate a US-Soviet agreement to reduce tension in the region, citing progress on other regional conflicts as a precedent for the efficacy of such cooperation. Moscow also wants to appear responsive to the desire of other Central American countries for such an agreement. [redacted]

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Soviet officials have consistently refused to confirm any notion of flexibility when US officials have inquired about the possibility that Soviet terms for cutting back aid to Nicaragua could soften. In mid-September 1988, the chief of the Foreign Ministry's First Latin America Department said that unless the United States reduced aid to other nations in the region, the Soviets could not break their aid commitments to Managua. In addition, another Soviet Foreign Ministry Latin America expert said in August 1988 that the US side "must have misunderstood" statements by other officials implying that an aid reduction or cutoff to Nicaragua might be contingent only on the United States stopping assistance to the

At least for the rest of 1988, and until they assess the new US administration's strategy in Central America, the Soviets are likely to keep their arms shipments to Managua relatively restrained—probably below their 1987 peak—in order to avoid alarming the United States and to limit their long-term economic costs. The Soviets continue to maintain publicly and privately that they have no strategic interests in Nicaragua and no intention of establishing military bases there. Moscow is particularly likely to restrain its shipment of big-ticket items because the Soviets probably see these systems as most apt to provoke a US reaction and also unnecessary. Nonetheless, the USSR will probably continue to replace items needed by the Sandinistas for counterinsurgency operations—such as helicopters. [redacted]

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Even as part of any regional agreement, Moscow would reserve the right to continue to provide "police items" such as ammunition and small arms that Managua uses to maintain day-to-day military operations. Such an agreement would not affect Moscow's capability to support Central American leftists because Havana does most of the direct supply and because the amount and type of arms provided could easily be supplied directly from small-scale military shipments to Managua or transshipped through Cuba. [redacted] the Soviets may provide arms to rebels in El Salvador via Cuba, but we have no evidence that Moscow has provided arms to any other Central American insurgent group. In fact, Moscow now limits even financial assistance to Guatemalan and Honduran leftists because they are too factionalized to be effective.) In any case, the Soviets will continue to be careful not to let their activity in support of insurgents reach levels that would prevent

them from cultivating the governments that are the targets of the opposition movements or that would attract credible Western charges that Moscow was promoting Communist revolution. [redacted]

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Under a regional agreement, the Soviets would still retain the capability to provide arms to Nicaragua through Cuban and East European surrogates—in 1987 the Soviets shipped about half their military assistance through Cuba. Moscow, however, probably would not use such surrogates for more than small arms and ammunition shipments unless Managua faced intense military pressure, because Moscow would not want to jeopardize whatever gains it had made as part of an agreement. [redacted]

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Notes

Foreign Policy Impact of Personnel Changes

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General Secretary Gorbachev has increased his control over foreign policy decisionmaking with the recent leadership shakeup. Coming at a time of sharp leadership debate over the direction of Soviet foreign policy, the changes were a clear victory for those who advocate a break with the past and a more pragmatic, nonideological approach, and who are likely to demonstrate greater flexibility over the long run.

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Impact of Personnel Changes. Gorbachev's closest allies on the Politburo now control Soviet foreign policy. Aleksander Yakovlev, as head of the Central Committee's new International Commission, has become the foreign policy czar within the party and now presumably will oversee the work of the International and Bloc Relations Departments, and perhaps the Cadres Abroad Department—these departments are likely to be merged in the planned reorganization of the Central Committee. In recent months, Foreign Minister Shevardnadze has emerged as the leading advocate of change in the internal debates over both the form and substance of Soviet foreign policy. Vadim Medvedev, who was promoted to the Politburo to oversee ideology, also appears to be a “new thinker” although his ties to Gorbachev are less clear.

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Perhaps the most important change was the removal of President Gromyko. Although he was no longer playing a direct role in running foreign affairs, Gromyko almost certainly continued to be an important factor in the Politburo and Defense Council, and, by virtue of his unrivaled experience in dealing with the West and his stature as the elder statesman, he probably was an influential spokesman for party conservatives who have been skeptical of Gorbachev's approach. Anatoliy Dobrynin's retirement appears to reflect his shortcomings as a politician and a manager more than differences over policy. Although he appeared to be slated to become Gorbachev's top foreign policy adviser when he moved to the Secretariat in 1986, he has since been increasingly overshadowed by Shevardnadze and Yakovlev.

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Highlights From Shevardnadze's Ministry of Foreign Affairs Speech

On Economic Motivations for Foreign Policy

... the arms race can exhaust and bleed the enemy dry, but truly at the price of undermining one's own economic and social base. Serious harm was caused to the nation by the primacy of the military to the detriment of the political means of opposing imperialism and the inability to spot its [imperialism's] maneuver and its plan of involving us in an arms race fraught with economic exhaustion of our country.

On Foreign Policy Decision Making

Comrades have proposed that we introduce into the work of the USSR Supreme Soviet open hearings on various international problems . . . and in a legally established procedure bring up for discussion by all the people the fundamental foreign policy decisions, using referendums and public opinion polls.

[Within the MFA] democratization is seen primarily in ensuring a pluralism of opinions on all levels, the abandoning of the excessive absolutizing of the views of superiors, the wider involvement of the operations personnel in discussions which without fail should precede the making of a decision.

The cult of personality, subjectivism and voluntarism, stagnation phenomena, a lack of glasnost, the warping of socialist ideals and principle of democratic culture, vestiges of an elitist awareness have given rise to a certain "silent zone" around our nation's diplomatic center.

On the Practice of Foreign Policy

It is essential to bear in mind that in foreign policy virtually nothing can be achieved by unilateral actions.

Foreign policy cannot be rational and effective without complete and correct information.

On Peaceful Coexistence

The "image of the enemy"—which we are now spending such an effort on destroying—came into being contrary to the real image of the Soviet people, [which] was undermined by the repressions, statements such as "we will bury you," by incorrect steps against friends and the preaching during the period of detente of the erroneous and, I would say, anti-Leninist thesis of peaceful coexistence as a specific form of the class struggle.

On National Security

The notion established in the minds and actions of various strategists that the Soviet Union can be as strong as any possible coalition of states opposing it, is absolutely fallacious. To follow this means to act in outright contrast to national interests.

"Reasonable sufficiency," a notion of nonoffensive defense, is actually based on the demands of reason and common sense.

On the Lessons of World War II

The world war showed that the arsenal supplies of weapons on the side subjected to attack were not of decisive significance. . . . Any advantage of the aggressor could be nullified if the state possessed developed industry and a scientific and technical base.

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Changing Foreign Policy Ideology. The reshuffle signals the clear ascendance of the advocates of a more flexible foreign policy line in recent Politburo debates. Last month at the UN and in a July address to the Foreign Ministry, Shevardnadze called for the “deideologization” of international relations and said that peaceful coexistence can no longer be identified with class struggle, a major break with traditional Soviet ideology that justified continued conflict with the West despite detente. This view was endorsed by Yakovlev, who has been the architect of the effort to improve the USSR’s image abroad. Last week, Medvedev signaled support when he called for a return to Lenin’s perception of peaceful coexistence, devoid of the “deformations and accretions of the subsequent period.” Ligachev took direct issue with Shevardnadze in August, warning that “class interests” must predominate in international relations and that “raising the question in another way” could only cause confusion. This traditional interpretation was publicly supported by Chebrikov. [redacted]

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Changing Foreign Policy Decision Making. By taking over the presidency, Gorbachev can now move ahead with his plans for shifting key national security decisions—including the use of Soviet troops abroad and defense procurement—to new state bodies to be created later this year. This would enhance his personal control over national security and could balance the influence of the Defense Council with the new state organizations. Rejecting class struggle in favor of a long-term peaceful coexistence with the West places less emphasis on the role of military competition and strengthens Gorbachev’s hand in arguing to hold down defense spending. [redacted]

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Moreover, the latest changes should create a more favorable environment for Gorbachev in the Defense Council. Although its exact composition is not clear, two of Gorbachev’s key opponents in the leadership, in addition to Gromyko, may be forced to give up their seats. Yegor Ligachev probably will lose the seat he presumably held as “Second Secretary” and Viktor Chebrikov almost certainly will be forced to relinquish his seat to the new KGB Chief, Vladimir Kryuchkov, who appears to be on better terms with Gorbachev. If Yakovlev is not already a member, he is now almost certain to become one by virtue of his new position. [redacted]

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Implications for the United States. The immediate impact on Soviet policy toward the United States as a result of these changes is not likely to be dramatic because the basic view of the reformers has been increasingly reflected in Soviet policy over the last three years. In the long term, however, these changes should give Gorbachev greater room to maneuver in appealing to foreign audiences, particularly US allies. The changes would also enable him to offer more bold proposals—perhaps even unilateral moves—and could make Soviet foreign policy more effective. Gorbachev clearly hopes that the moderate new line will help overcome the damage done to Moscow’s image by the aggressive military security policies of the Brezhnev era. [redacted]

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Soviet Meat Production: Perceptions and Fact

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V. Tikhonov, a distinguished academician, recently claimed that per capita meat consumption in 1927—the final year of Lenin's New Economic Policy—reached an unprecedented high, a level that has not been achieved since 1927. Tikhonov's point is startling, but his statistics cannot be reconciled with other Soviet data for the period. If all urban and rural residents consumed as much meat as he claimed, production would have been over 8 million tons, nearly twice as much as the 4.5 million tons officially reported. Selected family budget survey data for the period—based on samples of urban and collective-farm families—also indicate meat consumption rates of about one-third those claimed by Tikhonov.

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Tikhonov's article touched a sensitive issue. In his Krasnoyarsk speech of 16 September 1988, Gorbachev commented, "Some people believe that our country is currently consuming less meat and dairy products than it has in the past . . . there are some people who claim we are now consuming less than in 1927 . . . but how are things really?" He cited 1927 meat availability of 30 kilograms per capita, a figure consistent with previously reported total production, but somewhat more than budget survey data indicate was consumed on average. Gorbachev then added that officially reported meat consumption reached 41 kg in 1965 and 64 kg in 1987. Production in 1965 was 10 million tons; in 1987, 18.9 million tons. Gorbachev argues—and we agree—that Soviet citizens may perceive they are worse off because of the increasing gap between growth in supply of foodstuffs and other goods and growth in monetary incomes. Enormous subsidies have kept meat prices low and stable at state retail stores but have created enormous pent-up demand. In contrast, prices for meat in collective farm markets—which are relatively free to respond to demand—have been rising steadily.

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We judge that Gorbachev's statistics are closer to the truth than Tikhonov's, at least on a countrywide basis. Tikhonov may have some selected family budget survey data that are unavailable to us that substantiate his claim. For example, he could have chosen data that reflected only the better supplied cities and rural areas. If, however, the meat consumption statistics presented in Tikhonov's article do apply to the entire country:

- Collectivization of agriculture in the late 1920s and early 1930s had a far worse impact than hitherto believed.
- Total Soviet meat production did not reach the 1927 level until 1959. Soviet statistics indicate the 1927 level was regained by 1950.
- Soviet official statistics on meat consumption and production, at least for the prewar years, are incorrect by a large margin. This is highly unlikely. Western scholars—including Naum Jasny in his monumental work, *The Socialized Agriculture of the USSR*—accept precollectivization Soviet livestock statistics with only minor reservations.

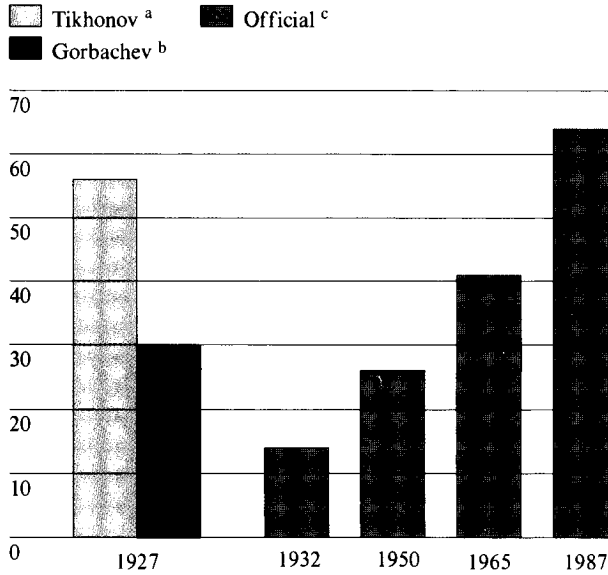
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USSR: Meat Consumption

Kilograms per capita



^a Weighted average of urban and rural consumption (*Literaturnaya gazeta*, 3 August 1988).

^b From his speech in Krasnoyarsk, 16 September 1988.

^c Official Soviet statistics, including offals and slaughter fats. Quantities are not comparable to Western carcass-weight measures.



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