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ER 0046/2 - 1588

ER 0046/6 88

ER 0046/7 - 88

ER 0046/8 - 88

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ER 0046/9 88

ER 0046/10 88

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26 May 1988

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WHAT IS GOING ON IN THE SOVIET UNION
BY ROBERT M. GATES
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

INTRODUCTION

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

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



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STRENGTHENING THE LEADERSHIP AND HIS POSITION

THERE IS STRONG SUPPORT IN THE POLITBURO FOR MODERNIZATION OF THE SOVIET ECONOMY. EVEN SO, NEARLY EVERY STEP GORBACHEV SEEKS TO TAKE TOWARD STRUCTURAL ECONOMIC OR POLITICAL CHANGE IS A STRUGGLE, AND SUPPORT IN THE POLITBURO FOR HIS INITIATIVES SHIFTS CONSTANTLY. INCREASINGLY, AS GORBACHEV HAS ATTEMPTED TO PUSH THE REFORM PROCESS FURTHER, OPINION IN THE POLITBURO HAS BECOME POLARIZED; INDEED, AN OPEN SPLIT HAS DEVELOPED. PARTY SECRETARY LIGACHEV -- THE NUMBER TWO MAN -- HAS BECOME MORE VOCAL IN HIS CRITICISM OF GORBACHEV'S AGENDA. APPARENTLY BELIEVING GORBACHEV TO BE VULNERABLE FOLLOWING THE DISTURBANCES IN ARMENIA, LIGACHEV REPORTEDLY AUTHORIZED PUBLICATION OF A VENOMOUS ARTICLE DEFENDING STALIN AND QUESTIONING GORBACHEV'S PROGRAM.

GORBACHEV COUNTERATTACKED, APPARENTLY TRUMPED LIGACHEV IN A POLITBURO DEBATE ON THE ISSUE, AND HAS REDUCED HIS ROLE. AND LIGACHEV NOW AT LEAST IS SOUNDING MORE SUPPORTIVE -- PERHAPS TO SHOW UNITY AT THE TIME OF THE SUMMIT.

THE POLITICAL WAR IS FAR FROM OVER, HOWEVER, AND THE STAKES ARE HIGH; IN THE SHORT TERM, CONTROL OF THE PARTY CONFERENCE IN LATE JUNE AND WITH IT THE IMMEDIATE FATE OF THE REFORM AGENDA

IS ON THE LINE. FOR THE LONGER TERM, THERE WILL BE CONTINUING BATTLES OVER PACE AND SCOPE OF MODERNIZATION AND WHO HOLDS POLITICAL POWER. EVEN GORBACHEV ADMITS THE STRUGGLE WILL LAST A DECADE OR MORE; FOR HIM, THERE WILL ALWAYS BE A LIGACHEV AND LEGIONS OF LITTLE STALINS.

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

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

MODERNIZATION OF THE ECONOMY

ALTHOUGH BY 1985 GORBACHEV HAD BEEN ON THE POLITBURO FOR SIX YEARS AND A CENTRAL COMMITTEE MEMBER FOR 14 YEARS, HE NOW ADMITS THAT WHEN HE BECAME GENERAL SECRETARY HE UNDERESTIMATED THE SEVERITY OF THE ECONOMIC PROBLEMS AFFLICTING THE SOVIET UNION. ACCORDINGLY, HE SEEMS TO BE INCREASINGLY RECEPTIVE TO MORE RADICAL PROPOSALS FOR CHANGE.

TAKEN AS A WHOLE, THE REFORM MEASURES PUT IN PLACE IN GORBACHEV'S THREE YEAR TENURE ARE AN IMPRESSIVE PACKAGE.

NEVERTHELESS, THE REFORMS DO NOT GO NEARLY FAR ENOUGH. THE REFORM PACKAGE AS NOW CONSTITUTED IS A SET OF HALF MEASURES THAT LEAVES IN PLACE THE PILLARS OF SOCIALIST CENTRAL PLANNING.

BECAUSE OF INTERNAL CONTRADICTIONS AND THE RETENTION OF SO MANY ELEMENTS OF THE PRESENT SYSTEM, EVEN IF FULLY IMPLEMENTED BY 1991 AS INTENDED, THE REFORMS WILL NOT CREATE THE DYNAMIC ECONOMIC MECHANISM THAT GORBACHEV SEEKS AS THE MEANS TO REDUCE OR CLOSE THE TECHNOLOGICAL GAP WITH THE WEST. TO THE CONTRARY, AGGRESSIVE IMPLEMENTATION OF REFORMS IS CAUSING SERIOUS DISRUPTIONS AND TURBULENCE IN THE ECONOMY. SPECIFICALLY:

- SOVIET GNP GROWTH FELL TO ABOUT .5% IN 1987, DOWN FROM ALMOST 4% IN 1986.

- GORBACHEV'S QUALITY CONTROL PROGRAM IS DISRUPTING PRODUCTION.

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

- DESPITE CONSIDERABLE RHETORIC, NONE OF THE PROPOSALS SO FAR GREATLY CHANGES THE SYSTEM OF ECONOMIC INCENTIVES

THAT DISCOURAGE MANAGEMENT INNOVATION, TECHNOLOGICAL CHANGE AND PRIVATE INITIATIVE.

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

- TRYING TO RESHAPE THE ENTIRE STALINIST ECONOMIC STRUCTURE GRADUALLY WHILE LEAVING KEY PROBLEMS OF PRICE REFORM AND THE GOVERNMENT MONOPOLY OVER GOODS UNTIL LAST IS LIKE A PHASED CHANGE FROM DRIVING ON THE RIGHT HAND SIDE OF THE ROAD TO THE LEFT -- TRUCKS FIRST, CARS LATER. THE RESULTS ARE LIKELY TO BE SIMILAR. TO ILLUSTRATE JUST HOW TOTALLY OUT OF KILTER THE SOVIET ECONOMY IS, CONSIDER THAT RENTS FOR HOUSING -- WHICH IS GENERALLY AWFUL HAVE NOT BEEN RAISED SINCE 1928; THE CURRENT PRICE OF BREAD WAS SET IN 1954; AND FOOD PRICES OVERALL IN 1962. STATE SUBSIDIES ARE SO HUGE THAT IT IS CHEAPER FOR A PEASANT TO FEED HIS PIGS BREAD THAN TO GIVE THEM GRAIN. (AND THE SOVIET PEOPLE KNOW ANY PRICE REFORM CAN ONLY HURT THEM.)

- FINALLY, FOR A MODERNIZATION DRIVE THAT DEPENDS IN SUBSTANTIAL MEASURE ON HARDER WORK, THERE ARE FEW REWARDS FOR SUCH WORK. UNSATISFIED CONSUMER DEMAND IS

REFLECTED IN CONTINUING LONG LINES IN STATE STORES AND RISING PRICES IN THE COLLECTIVE FARM MARKETS. AND GORBACHEV OFFERS LITTLE HOPE OF SIGNIFICANT CHANGE FOR YEARS.

THUS, WHILE IMPORTANT BATTLES HAVE BEEN WON IN PRINCIPLE, THE WAR TO CHANGE FUNDAMENTALLY THE MAIN PILLARS OF THE STALINIST ECONOMIC SYSTEM REMAINS TO BE FOUGHT AND WON.

POLITICAL REFORM

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

- THE FIRST IS IDEOLOGY. GORBACHEV IS FRUSTRATED WITH THE STRAITJACKET OF INHERITED DOCTRINE THAT OPPONENTS OF CHANGE HAVE SOUGHT TO IMPOSE ON HIM. HE SEEKS TO EXPAND HIS ROOM TO MANEUVER BY AN INCREASINGLY OPEN ATTACK ON STAGNATION IN IDEOLOGY AND BY DEPICTING HIS OWN PROPOSALS AS AN EFFORT TO RETURN TO LENIN'S

ORIGINAL INTENT AND EXPAND THE BOUNDS OF WHAT IS PERMISSABLE UNDER SOCIALISM.

-- THE SECOND FRONT IS DEMOCRATIZATION. GORBACHEV'S CAMPAIGN FOR "DEMOCRATIZATION" IS DESIGNED TO REVITALIZE THE COUNTRY'S POLITICAL INSTITUTIONS. INITIALLY, THIS WAS MOSTLY RHETORIC. IN RECENT MONTHS, HOWEVER, AS THE JUNE PARTY CONFERENCE HAS DRAWN CLOSER, HIS PROPOSALS HAVE TAKEN ON NEW LIFE. THE SOVIET PRESS HAS PUBLICIZED NUMEROUS PROPOSALS TO BE CONSIDERED AT THE CONFERENCE, INCLUDING CALLS TO LIMIT THE TERMS OF OFFICE FOR PARTY OFFICIALS, MANDATORY RETIREMENT, AND USE OF SECRET BALLOTS IN ELECTIONS. GORBACHEV APPARENTLY BELIEVES THAT WITHOUT SUCH REFORM, IT WILL BE IMPOSSIBLE TO BREAK THE RESISTANCE WITHIN THE PARTY TO HIS AGENDA.

-- THE THIRD FRONT IS GLASNOST, OR OPENNESS. TIGHT CENTRAL CONTROLS OVER THE FLOW OF IDEAS AND INFORMATION LIE AT THE HEART OF THE SOVIET SYSTEM. REMARKS BY GORBACHEV AND HIS KEY ALLIES INDICATE THAT THE NEW LEADERSHIP BELIEVES THAT THIS APPROACH IS INCOMPATIBLE WITH AN INCREASINGLY WELL-EDUCATED SOCIETY, COMPLEX ECONOMY AND THE POLITICAL NEEDS OF THE MOMENT. I SEE OTHER MOTIVES AS WELL BEHIND GLASNOST, NOT LEAST OF WHICH IS USE OF AN APPARENT LIBERALIZING FORCE TO ACHIEVE SOME RATHER OLD-FASHIONED OBJECTIVES.

GLASNOST IS BEING USED TO CRITICIZE OFFICIALS
GORBACHEV SEES AS HOSTILE AND TO PRESSURE THEM TO
GET WITH THE PROGRAM.

IT IS BEING USED TO HIGHLIGHT PROBLEMS HE WANTS TO
ATTACK -- SUCH AS ALCOHOLISM AND DRUG ABUSE,
STALIN'S LEGACY, AND BUREAUCRATIC INERTIA -- IN
ORDER TO MOBILIZE SOCIETY BEHIND HIS CAMPAIGNS.

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

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

FINALLY, HE INTENDS TO LEGITIMIZE BROADER
DISCUSSION OF PROBLEMS AND POSSIBLE SOLUTIONS THAN
PERMITTED HERETOFORE IN ORDER TO BREAK THE BACK OF

DOMESTIC RESISTANCE AND INCREASE HIS ROOM FOR MANEUVER AT HOME. FURTHER, HE SEES THE EXPANSION OF POLITICAL DEBATE AS A NECESSARY STEP TO ACHIEVE HIS LONGER RANGE GOALS.

TO KEEP GLASNOST IN PERSPECTIVE, THERE HAS BEEN A MORE OPEN AIRING OF PROBLEMS, BUT ONLY A VERY LIMITED EXPANSION OF POLITICAL DEBATE. EVEN THIS HAS LED TO CONTROVERSY OVER THE POLICY ITSELF AND OPEN CRITICISM BY OTHERS IN THE POLITBURO THAT "OPENNESS" HAS GONE TOO FAR. GORBACHEV HIMSELF HAS CAUTIONED MEDIA OFFICIALS NOT TO GO TOO FAR LEST THEY UNDERMINE SOCIALIST VALUES OR CREATE A CLIMATE OF DISRESPECT FOR PARTY OFFICIALS. YET, GORBACHEV ALREADY HAS SET LOOSE FORCES THAT WILL BE IMMENSELY DIFFICULT AND PAINFUL TO LEASH -- AS MUST HAPPEN AT SOME POINT. THIS WAS ESPECIALLY EVIDENT DURING THE RECENT DISTURBANCES IN ARMENIA AND AZERBAIZHAN.

WHILE GORBACHEV'S BOLD POLITICAL MOVES AND RADICAL RHETORIC HAVE SHAKEN THE SOVIET SYSTEM, HE HAS NOT YET REALLY CHANGED IT. THE ULTIMATE FATE OF HIS VISION OF REFORM WILL DEPEND ON HOW SUCCESSFUL HE IS IN PUSHING AHEAD WITH ITS IMPLEMENTATION OVER THE NEXT DECADE IN THE FACE OF DESIGN FLAWS, ECONOMIC DISRUPTION, TREMENDOUS OPPOSITION AND, WORSE, APATHY. BUREAUCRATIC AS WELL AS POPULAR HOSTILITY IS LIKELY TO GROW AS

DISRUPTION AND DISLOCATION BROUGHT ABOUT BY CHANGE RESULT IN ECONOMIC SETBACKS AND, IN ALL LIKELIHOOD, A WORSENING SITUATION FOR THE CONSUMER. WHAT GORBACHEV IS SUCCESSFULLY CHANGING IS THE OFFICIALDOM OF THE PARTY AND STATE BUREAUCRACY. ONCE AGAIN, THE PURGE HAS BECOME THE VEHICLE FOR CONSOLIDATING AND ENHANCING PERSONAL POWER, AS WELL AS FOR IMPLEMENTING CHANGE.

IT IS BY NO MEANS CERTAIN -- I WOULD EVEN SAY IT IS DOUBTFUL -- THAT HE CAN IN THE END PULL OFF REJUVENATION OF THE SYSTEM, BUT HE HAS DEMONSTRATED A WILLINGNESS TO RISK HIS POWER AND POSITION IN THE EFFORT. AS MUCH AS ANYTHING, THIS INDICATES HOW DESPERATE HE BELIEVES THE SOVIET PREDICAMENT REALLY IS.

IMPLICATIONS FOR FOREIGN POLICY

THERE SEEMS TO BE GENERAL AGREEMENT IN THE POLITBURO THAT, FOR NOW, ECONOMIC MODERNIZATION REQUIRES A MORE PREDICTABLE, IF NOT BENIGN, INTERNATIONAL ENVIRONMENT. THE ELEMENTS OF FOREIGN POLICY THAT SPRING FROM DOMESTIC ECONOMIC WEAKNESS ARE A MIX OF NEW INITIATIVES AND LONGSTANDING POLICIES. FIRST, GORBACHEV WANTS TO ESTABLISH A NEW AND FAR-REACHING DETENTE FOR THE FORESEEABLE FUTURE TO OBTAIN TECHNOLOGY, INVESTMENT, TRADE AND, ABOVE ALL, TO AVOID MAJOR NEW MILITARY EXPENDITURES WHILE THE SOVIET ECONOMY IS REVIVED. GORBACHEV MUST SLOW OR STOP

AMERICAN MILITARY MODERNIZATION THAT THREATENS NOT ONLY SOVIET STRATEGIC GAINS OF THE LAST GENERATION BUT WHICH ALSO, IF CONTINUED, WILL FORCE THE USSR TO DEVOTE HUGE NEW RESOURCES TO THE MILITARY IN A HIGH TECHNOLOGY COMPETITION FOR WHICH THEY ARE ILL-EQUIPPED. THE SOVIETS KNOW THAT DETENTE IN THE EARLY 1970S CONTRIBUTED SIGNIFICANTLY TO DOWNWARD PRESSURE ON WESTERN DEFENSE BUDGETS, SLOWED MILITARY MODERNIZATION, WEAKENED RESOLVE TO COUNTER SOVIET ADVANCES IN THE THIRD WORLD, AND OPENED TO THE USSR NEW OPPORTUNITIES FOR WESTERN TECHNOLOGY AND ECONOMIC RELATIONS.

SECOND, A LESS VISIBLE BUT ENDURING ELEMENT OF FOREIGN POLICY -- EVEN UNDER GORBACHEV -- IS THE CONTINUING EXTRAORDINARY SCOPE AND SWEEP OF SOVIET MILITARY MODERNIZATION AND WEAPONS RESEARCH AND DEVELOPMENT. DESPITE SOVIET RHETORIC, WE STILL SEE NO SLACKENING OF THEIR WEAPONS PRODUCTION OR PROGRAMS. AND, FURTHER, SOVIET RESEARCH ON NEW, EXOTIC WEAPONS SUCH AS LASERS AND THEIR OWN VERSION OF SDI CONTINUES APACE. VIRTUALLY ALL OF THEIR PRINCIPAL STRATEGIC WEAPONS WILL BE REPLACED WITH NEW, MORE SOPHISTICATED SYSTEMS BY THE MID-1990S, AND A NEW STRATEGIC BOMBER IS BEING ADDED TO THEIR ARSENAL FOR THE FIRST TIME IN DECADES. THEIR DEFENSES AGAINST US WEAPONS ARE BEING STEADILY IMPROVED, AS ARE THEIR CAPABILITIES FOR WAR-FIGHTING. AS OUR DEFENSE BUDGET DECLINES AGAIN, THEIRS CONTINUES TO GROW, ALBEIT SLOWLY.

THE THIRD ELEMENT OF GORBACHEV'S FOREIGN POLICY IS CONTINUED AGGRESSIVE PURSUIT OF SOVIET OBJECTIVES AND PROTECTION OF SOVIET CLIENTS IN THE THIRD WORLD. UNDER GORBACHEV, THE SOVIETS AND CUBANS ARE NOW PROVIDING MORE THAN A BILLION DOLLARS A YEAR IN ECONOMIC AND MILITARY ASSISTANCE TO NICARAGUA; MORE THAN A BILLION DOLLARS WORTH OF MILITARY EQUIPMENT WAS SENT TO VIETNAM, LAOS AND CAMBODIA IN THE FIRST SIX MONTHS OF LAST YEAR; MORE THAN FOUR BILLION DOLLARS IN MILITARY EQUIPMENT HAS BEEN SENT TO ANGOLA SINCE 1984. AND, OF COURSE, CUBA GETS ABOUT FIVE BILLION DOLLARS IN SOVIET SUPPORT EACH YEAR. AT A TIME OF ECONOMIC STRESS AT HOME, THESE COMMITMENTS SPEAK CLEARLY ABOUT SOVIET PRIORITIES.

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

THESE NEW INITIATIVES ALSO ARE INTENDED TO BREAK SOVIET FOREIGN POLICY OUT OF LONGSTANDING TACTICAL DEADENDS AND TO MAKE THE SOVIET UNION A MORE EFFECTIVE, FLEXIBLE AND VIGOROUS PLAYER THROUGHOUT THE WORLD. THE RESULT IS LIKELY TO BE A SOVIET POLITICAL CHALLENGE TO THE US ABROAD THAT COULD POSE GREATER PROBLEMS FOR OUR INTERNATIONAL POSITION, ALLIANCES AND RELATIONSHIPS IN THE FUTURE THAN THE HERETOFORE ONE DIMENSIONAL SOVIET MILITARY CHALLENGE. CONSIDERABLE NEW THINKING, FLEXIBILITY AND POLITICAL AGILITY WILL BE NEEDED ON OUR OWN PART TO ANTICIPATE AND COUNTER SOVIET INITIATIVES AND TO AVOID BEING OUTMANEUVERED AND PLACED CONSISTENTLY ON THE DEFENSIVE.

CONCLUSIONS

WHILE ACTUAL CHANGES IN THE ECONOMY OR POLITICAL LIFE OF THE SOVIET UNION SO FAR HAVE BEEN MODEST, WHAT GORBACHEV ALREADY HAS SET IN MOTION REPRESENTS A POLITICAL EARTHQUAKE. HE IS PULLING ALL OF THE LEVERS OF CHANGE IN A SOCIETY AND CULTURE THAT HISTORICALLY HAS RESISTED CHANGE -- AND WHERE CHANGE USUALLY HAS BEEN VIOLENT AND WRENCHING. THE FORCES HE HAS UNLEASHED ARE POWERFUL BUT SO ARE THE PEOPLE AND INSTITUTIONS HE HAS ANTAGONIZED -- THUS SETTING IN MOTION A TREMENDOUS POWER STRUGGLE AND PURGE NO LESS DRAMATIC FOR THE ABSENCE OF SHOW TRIALS AND TERROR.

THE STRUGGLE IS ESSENTIALLY BETWEEN THOSE SEEKING TO PRESERVE THE STATUS QUO -- AND THEIR POWER IN IT -- AND GORBACHEV AND HIS ALLIES WHO SEEK TO REPLACE THOSE NOW IN POWER AND, IRONICALLY, TO TURN THE CLOCK BACK, BACK BEFORE STALINISM TO LENINISM. GORBACHEV SEEKS TO RESTORE IN THE USSR A SYSTEM IN WHICH SOME -- THOUGH CERTAINLY NOT ALL -- ELEMENTS OF THE STALINIST ECONOMIC STRUCTURE AND BUREAUCRACY ARE ELIMINATED THUS OPENING THE WAY TO GREATER FLEXIBILITY AND INNOVATION AND THEREBY TO MODERNIZATION AND IMPROVED PERFORMANCE.

IN THE POLITICAL ARENA, GORBACHEV'S LENINISM MEANS THE CONTINUED POLITICAL MONOPOLY OF THE COMMUNIST PARTY, ITS ROLE AS SOLE ARBITER OF THE NATIONAL AGENDA, ITS CONTROL OF ALL THE LEVERS OF POWER, AND ITS ULTIMATE AUTHORITY OVER ALL ASPECTS OF NATIONAL LIFE -- INCLUDING THE LAW. IT ALSO MEANS A MASSIVE PURGE OF THE PARTY AND GOVERNMENT BUREAUCRACY, NOW UNDERWAY. GORBACHEV'S OWN BOOK MAKES CLEAR THAT "DEMOCRATIZATION" SOVIET-STYLE DOES NOT MEAN MOVING THE USSR AWAY FROM MARXISM-LENINISM AND ITS ESSENTIALLY TOTALITARIAN STRUCTURE. HIS RECENT ACTIONS IN SUPPRESSING THE DEMOCRATIC UNION AND OTHER SUCH EMBRYONIC OPPOSITION PARTIES PROVE THE POINT. THE DICTATORSHIP OF THE COMMUNIST PARTY REMAINS UNTOUCHED AND UNTOUCHABLE.

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

THERE IS A CHANCE -- A VERY SMALL ONE IN MY VIEW -- THAT GORBACHEV IS SETTING LOOSE FORCES THAT NEITHER HE NOR THE PARTY WILL BE ABLE TO CONTROL AND THAT, CONTRARY TO THEIR INTENTIONS AND EXPECTATIONS, ULTIMATELY MAY BRING A FUNDAMENTAL AND WELCOME TRANSFORMATION OF THE SOVIET UNION AT HOME AND ABROAD. AS WE HOPE THAT THIS REMOTE POSSIBILITY SOMEDAY COMES TO PASS, I WOULD ADVISE, IN OLIVER CROMWELL'S FAMOUS WORDS, THAT WE "TRUST IN GOD, BUT KEEP YOUR POWDER DRY."

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

OURSELVES OR ALLOW OURSELVES TO BE MISLED INTO BELIEVING OTHERWISE.

THE QUESTION I AM MOST FREQUENTLY ASKED IS WHETHER IT IS IN OUR INTEREST FOR GORBACHEV TO SUCCEED OR FAIL. THE FIRST THING THAT WE MUST ADMIT IS THAT THERE IS VERY LITTLE THAT THE UNITED STATES CAN DO TO INFLUENCE THE OUTCOME OF THE STRUGGLE GOING ON INSIDE THE SOVIET UNION. THAT SAID, WE SHOULD ASK OURSELVES IF WE WANT THE POLITICAL, SOCIAL AND ECONOMIC REVITALIZATION OF THE HISTORICAL AND CURRENT SOVIET SYSTEM. I THINK NOT.

WHAT WE DO SEEK IS A SOVIET UNION THAT IS PLURALISTIC INTERNALLY, NON-INTERVENTIONIST EXTERNALLY, OBSERVES BASIC HUMAN RIGHTS, CONTRIBUTES TO INTERNATIONAL STABILITY, AND A SOVIET UNION WHERE THESE CHANGES ARE MORE THAN A TEMPORARY EDICT FROM THE TOP AND ARE INDEPENDENT OF THE VIEWS, POWER AND DURABILITY OF A SINGLE INDIVIDUAL. WE CAN HOPE FOR SUCH CHANGE BUT ALL OF RUSSIAN AND SOVIET HISTORY TELLS US TO BE SKEPTICAL.

THAT SAID, WHILE BEING SKEPTICAL, I BELIEVE WE CANNOT SIMPLY CLOSE OUR EYES TO MOMENTOUS DEVELOPMENTS IN THE USSR. WE SHOULD WATCH, WAIT AND EVALUATE. AS ONE OF MY COLLEAGUES, GENERAL BILL ODOM, HAS SAID, WE SHOULD APPLAUD PERESTROIKA BUT NOT FINANCE IT. WE SHOULD NOT MAKE CONCESSIONS BASED ON HOPE. WE SHOULD TAKE ADVANTAGE OF OPPORTUNITIES WHERE THE TERMS ARE FAVORABLE TO US OR TO BRING ABOUT DESIRABLE CHANGES IN SOVIET

POLICIES -- WHETHER TO ADVANCE HUMAN RIGHTS, FREER EMIGRATION, STRATEGIC STABILITY, SOLUTIONS TO SOVIET GENERATED PROBLEMS SUCH AS AFGHANISTAN, OR EVEN EXPANDED BUSINESS TIES (IF THERE IS NO TRANSFER OF SENSITIVE TECHNOLOGY). BUT ABOVE ALL WE MUST ESTABLISH REALISTIC CRITERIA BY WHICH WE JUDGE IN THE COMING MONTHS AND YEARS WHETHER POLITICAL OR ECONOMIC CHANGE IN THE SOVIET UNION GENUINELY IS RESHAPING THE FOUNDATIONS OF THE SYSTEM. OR, INSTEAD, DOES THE TOTALITARIAN STRUCTURE OF THE SOVIET UNION, INCLUDING THE INSTRUMENTS OF CENTRAL CONTROL AND REPRESSION, ENDURE DISCREETLY IN THE SHADOW'S AVAILABLE AT THE BECKON OF GORBACHEV'S SUCCESSOR, OR EVEN FOR GORBACHEV IF CIRCUMSTANCES CHANGE?

THERE ARE MANY UNCERTAINTIES SURROUNDING THE SOVIET UNION TODAY, BUT ONE FACT IS CLEAR: WHETHER GORBACHEV SUCCEEDS, FAILS, OR SIMPLY SURVIVES, A STILL LONG COMPETITION AND STRUGGLE WITH THE SOVIET UNION LIE BEFORE US. SEEING THIS REALITY CLEARLY -- THE OPPORTUNITIES AS WELL AS THE DANGERS -- WILL BE AN EXTRAORDINARY CHALLENGE FOR THE UNITED STATES AND THE WESTERN DEMOCRACIES IN THE YEARS AHEAD.

CENTRAL INTELLIGENCE AGENCY

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OFFICE OF THE DEPUTY DIRECTOR

17 May 88

NOTE FOR ELLEN IVY
IO/UNA
6333 Main State

Ellen,

Here is another copy of Mr. Gates' speech entitled, "What is Going On in the Soviet Union" per your telephone request this morning.

STAT



O/DDCI



B-802-1R

DALLAS COUNCIL ON WORLD AFFAIRS
19 JANUARY 1988

WHAT IS GOING ON IN THE SOVIET UNION
BY ROBERT M. GATES
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

INTRODUCTION

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

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

OFFICE OF THE DEPUTY DIRECTOR

5 May 1988.

NOTE TO: Amb. Hugh Montgomery
IO/UNA
Rm. 6333 New State

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REMARKS

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

March 21, 1988

Admiral B. R. Inman, USN (Ret.)
Westmark Systems, Inc.
301 Congress Avenue, Suite 2000
Austin, Texas 78701

Dear Bob:

Thanks again for breakfast last Saturday; I am glad that we have been able to get together a little more frequently in recent months. It's always good to see you and talk.

I received the invitation to Austin today and have accepted. I enclose my speech on "What Is Going On In The Soviet Union". I would be interested in any reaction. If you think it appropriate, I would probably give an updated version of this in Austin -- or would you prefer that I talk about something else?

Best to

Warm regards.

Robert M. Gates

Enclosure:
As Stated

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B-802-W

What Is Going On In The Soviet Union
By Robert M. Gates
Deputy Director of Central Intelligence

Introduction

The selection of Mikhail Gorbachev as General Secretary in the spring of 1985 signaled the Politburo's recognition that the Soviet Union was in deep trouble -- especially economically and spiritually -- trouble that they recognized would soon begin to have real effect on military power and their position in the world. Despite enormous raw economic power and resources, including a \$2 trillion a year GNP, the Soviet leadership by the mid-1980s confronted a steadily widening gap with the West and Japan -- economically, technologically and in virtually all areas of the quality of life.

As a result of these trends, the Politburo recognized that the Soviet Union could no longer risk the suspended animation of the Brezhnev years, and coalesced around an imaginative and vigorous leader whom they hoped could revitalize the country without altering the basic structure of the Soviet state or communist party.

How then do I answer whether it is in our interest for Gorbachev to succeed or fail? I believe that to the degree he is even modestly successful the United States will face in the 1990s and beyond a militarily powerful, domestically more vital and politically more adroit Soviet Union -- a Soviet Union whose aggressive objectives abroad and essential totalitarianism at home remain largely unchanged. I believe a still long competition and struggle with the Soviet Union lie before us. Seeing this reality clearly -- the opportunities as well as the dangers -- will be an extraordinary challenge for the United States and the western democracies in the years ahead.

The Deputy Director of Central Intelligence

Washington, D.C. 20505

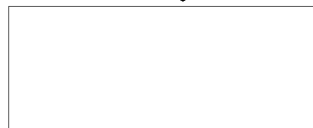
March 11, 1988

Mr. Richard F. Staar
Coordinator International
Studies Program
Hoover Institution
Stanford, California 94305-6010

Dear Mr. Staar:

It is a pleasure to provide you with a copy of the speech I delivered to the Dallas Council on World Affairs last January. I hope you will find it of interest.

Sincerely,



Robert M. Gates

Enclosure:
As Stated

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B-802-1R

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

STRENGTHENING THE LEADERSHIP AND HIS POSITION

THERE IS STRONG SUPPORT IN THE POLITBURO FOR MODERNIZATION OF THE SOVIET ECONOMY. WHILE POLITBURO POLITICS ARE ALWAYS OVER SIMPLIFIED AND OFTEN MISUNDERSTOOD IN THE WEST, FOR CLARITY AND BREVITY ONE MAY PRESUME THREE APPROACHES TO MODERNIZATION IN THE POLITBURO. THE FIRST, LED BY GORBACHEV, SEES A NEED TO UNDERTAKE A FAR-REACHING RESTRUCTURING OF STALINIST ECONOMIC POLICY AND ITS SLUGGISH CENTRALIZED BUREAUCRACY, AND, FURTHER, THAT REAL MODERNIZATION AND TECHNOLOGICAL ADVANCE REQUIRES A LOOSENING OF POLITICAL CONTROLS -- INCLUDING CONTROLS ON INFORMATION.

ANOTHER APPROACH, PROBABLY BEST REPRESENTED BY LIGACHEV, IS THAT MODERNIZATION CAN BE ACHIEVED BY REDUCING CORRUPTION, BY IMPROVING MANAGEMENT (AND MANAGERS), BY MEASURES MAINLY

DESIGNED TO MAKE THE EXISTING SYSTEM FUNCTION MORE EFFICIENTLY AND BY SOME CHANGES IN THE SYSTEM AT THE MARGIN. THOSE WHO HOLD THIS GENERAL VIEW SEE ALMOST ANY POLITICAL LOOSENING UP AS UNNECESSARY AND DANGEROUS. THE THIRD, MIDDLE APPROACH, PERHAPS LED BY PREMIER RYZHKOV, IS MORE ATTUNED TO GORBACHEV'S VIEW OF THE NEED FOR FAR-REACHING ECONOMIC REFORM -- THOUGH MORE SELECTIVE, BUT IS CONCERNED ABOUT THE DANGERS OF LOOSENING POLITICAL CONTROLS.

NONE OF THE THREE APPROACHES HAS A MAJORITY OF SUPPORT IN THE POLITBURO AND MOST INDIVIDUAL MEMBERS PROBABLY FIND THEMSELVES TAKING DIFFERENT POSITIONS FROM ISSUE TO ISSUE. NEARLY EVERY STEP GORBACHEV SEEKS TO TAKE TOWARD STRUCTURAL ECONOMIC OR POLITICAL CHANGE IS A STRUGGLE, AND SUPPORT IN THE POLITBURO FOR HIS INITIATIVES SHIFTS CONSTANTLY. FOR EXAMPLE, HIS PROPOSALS FOR ECONOMIC CHANGE AND FOR CONVENING A HISTORIC PARTY CONFERENCE WERE REJECTED IN JANUARY 1987, BUT ADOPTED IN JUNE. AND, DESPITE SIGNIFICANT SUCCESS IN JUNE, HIS PROGRAM HAD AGAIN RUN INTO TROUBLE BY FALL. BY YEAR'S END, HE WAS DISTANCING HIMSELF FROM THE RADICAL APPROACH TO REFORM HE HAD EMBRACED EARLIER IN FAVOR OF MORE POLITICALLY TENABLE MIDDLE GROUND. SO, HE FACES A DAY TO DAY STRUGGLE EVEN IN A POLITBURO WHERE A MAJORITY OF MEMBERS ARE NEW SINCE BREZHNEV'S DEATH. AND, AS WE SAW IN NOVEMBER WITH THE EXPULSION OF MOSCOW PARTY BOSS YELTSIN, EVEN HIS ALLIES CAN BE A HINDRANCE IN THE DELICATE POLITICAL BALANCING AND BARGAINING HE MUST PURSUE TO ACHIEVE PROGRESS.

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

IN SUM, GORBACHEV STILL VIGOROUSLY SUPPORTS RESTRUCTURING, HAS MADE HEADWAY IN OBTAINING POLITBURO SUPPORT, BUT FACES A LARGELY HOSTILE PARTY AND STATE BUREAUCRACY AND A CONSERVATIVE AND APATHETIC POPULATION. EVERY RUSSIAN AND SOVIET LEADER FROM PETER THE GREAT TO THE PRESENT SEEKING CHANGE OR MODERNIZATION

HAS FACED FORMIDABLE OPPOSITION. BUT, UNLIKE THEM, GORBACHEV REALISTICALLY CANNOT RESORT TO WIDE-SCALE TERROR AND VIOLENCE TO ELIMINATE THOSE WHO STAND IN HIS WAY. HE MUST RELY ON A LONG TERM, LARGELY NON-VIOLENT PURGE OF PARTY AND BUREAUCRACY AND PLACEMENT OF HIS SUPPORTERS IF HE IS TO REMAIN IN POWER AND TO SUCCEED AT ALL. THE CENTRAL QUESTION IS WHETHER HE WILL GET ENOUGH TIME.

REJUVENATION OF THE ELITE

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

THERE HAVE BEEN OTHER LARGE SCALE PERSONNEL REPLACEMENTS.

- OF THE ELEVEN OTHER PARTY SECRETARIES, NINE ARE NEW GORBACHEV APPOINTEES.
- 59 OF 105 MEMBERS OF THE USSR COUNCIL OF MINISTERS ARE NEW SINCE GORBACHEV ASSUMED POWER.
- HE HAS APPOINTED TWELVE NEW DEPUTY CHAIRMEN OF THE COUNCIL OF MINISTERS OUT OF FOURTEEN.
- 47% OF THE OFFICIALS IN THE AGRO-INDUSTRIAL COMPLEX HAVE BEEN REPLACED.

-- 15 OF 20 CENTRAL COMMITTEE DEPARTMENT CHIEFS HAVE BEEN REPLACED.

-- 88 OF 157 REGIONAL FIRST SECRETARIES HAVE BEEN REPLACED.

BEYOND A SENSE OF PERSONAL JEOPARDY, MANY WHO OPPOSE GORBACHEV'S POLICIES BELIEVE THOSE POLICIES TO BE INHERENTLY MISTAKEN AND BAD FOR THE COUNTRY, THAT THEY ARE NOT IDEOLOGICALLY SOUND, AND THAT THEY COULD THREATEN PARTY CONTROL.

MODERNIZATION OF THE ECONOMY

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

ESSENTIALLY, HE SEEMS TO HAVE ADOPTED A THREE STEP APPROACH TO REVIVING THE ECONOMY. INITIALLY, GORBACHEV RELIED ON A

COMBINATION OF MEASURES TO STRENGTHEN PARTY CONTROL, IMPROVE WORKER ATTITUDES, AND WEED OUT INCOMPETENCE -- WHAT HE REFERS TO AS "HUMAN FACTOR" GAINS. THE MOST VISIBLE AND DRAMATIC PART OF THESE EFFORTS HAS BEEN HIS CAMPAIGNS FOR DISCIPLINE AND AGAINST CORRUPTION AND ALCOHOLISM. THESE MEASURES ARE INTENDED TO INCREASE PRODUCTIVITY AND GNP SIMPLY THROUGH HARDER AND MORE DISCIPLINED WORK FOR TWO OR THREE YEARS UNTIL MOMENTUM CAN BE SUSTAINED BY THE SECOND AND THIRD STEPS -- GENUINE IMPROVEMENTS IN INDUSTRIAL PRODUCTIVITY THROUGH MODERNIZATION OF THE COUNTRY'S PLANTS AND EQUIPMENT, AND THROUGH ECONOMIC AND POLITICAL REFORM.

THE JUNE 1987 CENTRAL COMMITTEE PLENUM PROVIDED THE CLEAREST EVIDENCE SO FAR THAT GORBACHEV SEEKS A RADICAL OVERHAUL OF THE STALINIST COMMAND ECONOMY. THE BLUEPRINT FOR REFORM ADOPTED IN JUNE CONTAINS THE OUTLINES OF A NEW, MORE MARKET BASED MECHANISM FOR RUNNING THE ECONOMY THAT I BELIEVE GORBACHEV WILL PUSH.

TAKEN AS A WHOLE, THE REFORM MEASURES PUT IN PLACE IN GORBACHEV'S TWO AND A HALF YEAR TENURE ARE AN IMPRESSIVE PACKAGE THAT IN SCOPE AND SPECIFICITY GOES WELL BEYOND THE SO-CALLED KOSYGIN REFORMS ADOPTED IN 1965. NEVERTHELESS, THE REFORMS DO NOT GO NEARLY FAR ENOUGH. THE REFORM PACKAGE AS NOW CONSTITUTED IS A SET OF HALF MEASURES THAT LEAVES IN PLACE THE PILLARS OF SOCIALIST CENTRAL PLANNING.

BECAUSE OF INTERNAL CONTRADICTIONS AND THE RETENTION OF SO MANY ELEMENTS OF THE PRESENT SYSTEM, THE REFORMS HAVE YET TO BE IMPLEMENTED. EVEN IF FULLY IN PLACE IN 1991 AS INTENDED, THEY WILL NOT CREATE THE DYNAMIC ECONOMIC MECHANISM THAT GORBACHEV SEEKS AS THE MEANS TO REDUCE OR CLOSE THE TECHNOLOGICAL GAP WITH THE WEST. INSTEAD, THEY SPELL TROUBLE FOR HIS ECONOMIC PROGRAM GENERALLY. INDEED, AGGRESSIVE IMPLEMENTATION OF REFORMS IS CAUSING SERIOUS DISRUPTIONS AND TURBULENCE IN THE ECONOMY AND WILL CAUSE MORE AS THE BUREAUCRATIC FACTIONS ATTEMPT TO ADJUST TO THE MANY CHANGES BEING IMPOSED FROM ABOVE. SPECIFICALLY:

- GORBACHEV'S QUALITY CONTROL PROGRAM IS DISRUPTING PRODUCTION.

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

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

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

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

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

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

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

-- BUT DESIGN FLAWS, GAPS, AND CONTRADICTIONS IN THE NEW LEADERSHIP'S APPROACH, IN MY VIEW, REMAIN AN ESSENTIAL PART OF THE PROBLEM.

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

POLITICAL REFORM

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

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

-- THE SECOND FRONT IS DEMOCRATIZATION. GORBACHEV'S CAMPAIGN FOR "DEMOCRATIZATION" IS DESIGNED TO REVITALIZE THE COUNTRY'S POLITICAL INSTITUTIONS. GORBACHEV WANTS TO SANCTION MULTIPLE CANDIDATES FOR LOCAL AND REGIONAL ELECTIONS IN THE PARTY AND STATE APPARATUS BOTH TO HELP DISLodge CONSERVATIVE OFFICIALS WHO ARE RESISTING HIS REFORMS BUT ALSO TO SANCTION A MEASURE OF DIVERSITY AND DEBATE. MOST OF THIS IS RHETORIC; THERE HAVE BEEN ONLY A FEW EXPERIMENTS ALONG THESE LINES, AND IN RECENT MONTHS EVEN GORBACHEV HAS BACKED AWAY FROM SOME OF THE MORE CONTROVERSIAL ASPECTS OF HIS "DEMOCRATIZATION" CAMPAIGN.

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

I SEE SEVERAL MOTIVES BEHIND GLASNOST, NOT LEAST OF WHICH IS USE OF AN APPARENT LIBERALIZING FORCE TO ACHIEVE SOME RATHER OLD-FASHIONED OBJECTIVES.

GLASNOST IS BEING USED TO CRITICIZE OFFICIALS GORBACHEV SEES AS HOSTILE AND TO PRESSURE THEM TO GET WITH THE PROGRAM.

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

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

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

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

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

TO KEEP GLASNOST IN PERSPECTIVE, IT IS IMPORTANT TO OBSERVE THAT THERE HAS BEEN NO DIRECT CRITICISM OF GORBACHEV PERSONALLY OR HIS LEADERSHIP. SIMULTANEOUSLY, UNDER HIS AUTHORITY, THERE HAS BEEN CONTINUED REPRESSION OF SOME UNOFFICIAL CHANNELS OF

INFORMATION, AND SEVERE REACTIONS TO NATIONALISTIC DEMONSTRATIONS SUCH AS IN LATVIA. WITH RARE EXCEPTIONS, ONLY THOSE IN GENERAL AGREEMENT WITH THE CENTRAL THRUST OF GORBACHEV'S POLICIES ARE ALLOWED TO VOICE THEIR VIEWS. IN SHORT, THERE HAS BEEN A MORE OPEN AIRING OF PROBLEMS, BUT ONLY A VERY LIMITED EXPANSION OF POLITICAL DEBATE. EVEN THIS HAS LED TO CONTROVERSY OVER THE POLICY ITSELF AND OPEN CRITICISM BY OTHERS IN THE POLITBURO THAT "OPENNESS" HAS GONE TOO FAR. GORBACHEV HIMSELF HAS CAUTIONED MEDIA OFFICIALS NOT TO GO TOO FAR LEST THEY UNDERMINE SOCIALIST VALUES OR CREATE A CLIMATE OF DISRESPECT FOR PARTY OFFICIALS. YET, GORBACHEV ALREADY HAS SET LOOSE FORCES THAT WILL BE IMMENSELY DIFFICULT AND PAINFUL TO LEASH -- AS MUST HAPPEN AT SOME POINT.

WHILE GORBACHEV'S BOLD POLITICAL MOVES AND RADICAL RHETORIC HAVE SHAKEN THE SOVIET SYSTEM, HE HAS NOT YET CHANGED IT. THE REGIME'S ACTUAL REFORM INITIATIVES HAVE SO FAR BEEN CAREFULLY CIRCUMSCRIBED TO INSURE THAT THEY DO NOT DEPART TOO BOLDLY FROM EXISTING APPROACHES. THE ULTIMATE FATE OF HIS VISION OF REFORM WILL DEPEND ON HOW SUCCESSFUL HE IS IN PUSHING AHEAD WITH ITS IMPLEMENTATION OVER THE NEXT DECADE IN THE FACE OF DESIGN FLAWS, ECONOMIC DISRUPTION, TREMENDOUS OPPOSITION AND, WORSE, APATHY. BUREAUCRATIC AS WELL AS POPULAR HOSTILITY IS LIKELY TO GROW AS DISRUPTION AND DISLOCATION BROUGHT ABOUT BY CHANGE

RESULT IN ECONOMIC SETBACKS AND, IN ALL LIKELIHOOD, A WORSENING SITUATION FOR THE CONSUMER. WHAT GORBACHEV IS SUCCESSFULLY CHANGING IS THE OFFICIALDOM OF THE PARTY AND STATE BUREAUCRACY. ONCE AGAIN, THE PURGE HAS BECOME THE VEHICLE FOR CONSOLIDATING AND ENHANCING PERSONAL POWER, AS WELL AS FOR IMPLEMENTING CHANGE.

IMPLICATIONS FOR FOREIGN POLICY

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

MODERNIZATION, WEAKENED RESOLVE TO COUNTER SOVIET ADVANCES IN THE THIRD WORLD, AND OPENED TO THE USSR NEW OPPORTUNITIES FOR WESTERN TECHNOLOGY AND ECONOMIC RELATIONS.

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

THE THIRD ELEMENT OF GORBACHEV'S FOREIGN POLICY IS CONTINUED AGGRESSIVE PURSUIT OF SOVIET OBJECTIVES AND PROTECTION OF SOVIET CLIENTS IN THE THIRD WORLD. UNDER GORBACHEV, THE SOVIETS AND CUBANS ARE NOW PROVIDING MORE THAN A BILLION DOLLARS A YEAR IN ECONOMIC AND MILITARY ASSISTANCE TO NICARAGUA; MORE THAN A BILLION DOLLARS WORTH OF MILITARY EQUIPMENT WAS SENT TO VIETNAM, LAOS AND CAMBODIA IN THE FIRST SIX MONTHS OF LAST YEAR; MORE THAN FOUR BILLION DOLLARS IN MILITARY EQUIPMENT HAS BEEN SENT TO ANGOLA SINCE 1984. AND, OF COURSE, CUBA GETS ABOUT FIVE BILLION DOLLARS IN SOVIET SUPPORT EACH YEAR. AT A TIME OF ECONOMIC STRESS AT HOME, THESE COMMITMENTS SPEAK CLEARLY ABOUT SOVIET PRIORITIES. THERE HAS BEEN NO REPUDIATION OF THE BREZHNEV DOCTRINE.

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

THESE NEW INITIATIVES ALSO ARE INTENDED TO BREAK SOVIET FOREIGN POLICY OUT OF LONGSTANDING TACTICAL DEADENDS AND TO MAKE THE SOVIET UNION A MORE EFFECTIVE, FLEXIBLE AND VIGOROUS PLAYER THROUGHOUT THE WORLD. THE RESULT IS LIKELY TO BE A SOVIET POLITICAL CHALLENGE TO THE US ABROAD THAT COULD POSE GREATER PROBLEMS FOR OUR INTERNATIONAL POSITION, ALLIANCES AND RELATIONSHIPS IN THE FUTURE THAN THE HERETOFORE ONE DIMENSIONAL SOVIET MILITARY CHALLENGE. CONSIDERABLE NEW THINKING, FLEXIBILITY AND POLITICAL AGILITY WILL BE NEEDED ON OUR OWN PART TO ANTICIPATE AND COUNTER SOVIET INITIATIVES AND TO AVOID BEING OUTMANEUVERED AND PLACED CONSISTENTLY ON THE DEFENSIVE.

CONCLUSIONS

THERE IS A NEW DYNAMIC AT WORK INSIDE THE SOVIET UNION AND IN SOVIET DIPLOMACY. WHILE ACTUAL CHANGES IN THE ECONOMY OR POLITICAL LIFE OF THE SOVIET UNION SO FAR HAVE BEEN MODEST, WHAT GORBACHEV ALREADY HAS SET IN MOTION REPRESENTS A POLITICAL EARTHQUAKE. ONE CANNOT, IT SEEMS TO ME, DISMISS WHAT HE IS SAYING OR ATTEMPTING AS SIMPLY NOISE OR MORE OF THE SAME, BETTER PACKAGED. HE IS PULLING ALL OF THE LEVERS OF CHANGE IN A SOCIETY AND CULTURE THAT HISTORICALLY HAS RESISTED CHANGE -- AND WHERE CHANGE USUALLY HAS BEEN VIOLENT AND WRENCHING. THE FORCES HE HAS UNLEASHED ARE POWERFUL BUT SO ARE THE PEOPLE AND

INSTITUTIONS HE HAS ANTAGONIZED -- THUS SETTING IN MOTION A TREMENDOUS POWER STRUGGLE AND PURGE NO LESS DRAMATIC FOR THE ABSENCE OF SHOW TRIALS AND TERROR.

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

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

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

THERE IS A CHANCE -- A VERY SMALL ONE IN MY VIEW -- THAT GORBACHEV IS SETTING LOOSE FORCES THAT NEITHER HE NOR THE PARTY WILL BE ABLE TO CONTROL AND THAT, CONTRARY TO THEIR INTENTIONS AND EXPECTATIONS, ULTIMATELY MAY BRING A FUNDAMENTAL AND WELCOME TRANSFORMATION OF THE SOVIET UNION AT HOME AND ABROAD. AS WE HOPE THAT THIS REMOTE POSSIBILITY SOMEDAY COMES TO PASS, I WOULD ADVISE, IN OLIVER CROMWELL'S FAMOUS WORDS, THAT WE "TRUST IN GOD, BUT KEEP YOUR POWDER DRY."

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

HOW THEN DO I ANSWER WHETHER IT IS IN OUR INTEREST FOR GORBACHEV TO SUCCEED OR FAIL? I BELIEVE THAT TO THE DEGREE HE IS EVEN MODESTLY SUCCESSFUL THE UNITED STATES WILL FACE IN THE 1990S AND BEYOND A MILITARILY POWERFUL, DOMESTICALLY MORE VITAL AND POLITICALLY MORE ADROIT SOVIET UNION -- A SOVIET UNION WHOSE AGGRESSIVE OBJECTIVES ABROAD AND ESSENTIAL TOTALITARIANISM AT HOME REMAIN LARGELY UNCHANGED. I BELIEVE A STILL LONG COMPETITION AND STRUGGLE WITH THE SOVIET UNION LIE BEFORE US. SEEING THIS REALITY CLEARLY -- THE OPPORTUNITIES AS WELL AS THE DANGERS -- WILL BE AN EXTRAORDINARY CHALLENGE FOR THE UNITED STATES AND THE WESTERN DEMOCRACIES IN THE YEARS AHEAD.

HOOVER INSTITUTION

ON WAR, REVOLUTION AND PEACE

Stanford, California 94305-6010



8 March 1988

The Honorable Robert M. Gates
Deputy Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Gates:

Would you kindly send me a copy of your speech, given earlier this year and quoted by Craig Whitney in the New York Times of 2 March?

Thank you for this courtesy.

Sincerely,

Richard F. Staar
Coordinator
International Studies Program

RFS:jcc

Encl (1)

The Soviet Tumult: Some U.S. Views

2 March 1988, p. 8

By CRAIG R. WHITNEY

Special to The New York Times

WASHINGTON, March 1 — Despite the challenge to Mikhail S. Gorbachev's authority posed by the current unrest among Soviet ethnic minorities, the consensus among United States Government experts is that he and his policies of change have not yet been seriously endangered.

But some of the Americans say that the ethnic ferment is a direct consequence of Mr. Gorbachev's own calls for more openness in discussing the country's problems. If the rioting in Soviet Armenia and Azerbaijan grows worse, they say, his opponents in the Communist Party leadership could use it to slow the pace of change and weaken Mr. Gorbachev's position.

"Recent events in Armenia and Azerbaijan have raised questions in the community here about whether this might have repercussions for the stability of his leadership," a State Department expert said. "But until now the debate has been not over whether he's in real trouble but rather how fast he can continue to move the country where he wants it to go."

Americans at the Central Intelligence Agency, the State Department, the National Security Council staff, the Pentagon and various other branches of the Government have been trying to figure out just how Mr. Gorbachev is faring and what he is trying to do ever since he was named leader of the Soviet Communist Party in the spring of 1985.

Americans Reach a Consensus

At first, many in the Administration dismissed his efforts at domestic reform as illusory moves. Now most of them do not question whether he really wants reform — they wonder whether the collective leadership of which he is a part will continue to support it, and for how long.

The consensus within the United States Government that Mr. Gorbachev intended far-reaching reforms, to save the Soviet system from fatal decline, began to emerge about the time of the summit meeting in Washington last December. Even then, the Americans agreed that Mr. Gorbachev's plans were contentious, and speculated about how firm his authority was.

"With the selection of Mikhail Gorbachev," said Robert M. Gates, Deputy Director of Central Intelligence, in a speech earlier this year that was cleared by the White House and apparently reflects the Government consensus, "the Politburo signaled its recognition that the Soviet Union was in deep trouble — especially economically and

spiritually — trouble that they recognized would soon begin to have real effect on military power and their position in the world."

Mr. Gates went on: "Nearly every step Gorbachev seeks to take toward structural economic or political change is a struggle, and support in the Politburo for his initiatives shifts constantly. He must rely on a long-term, largely nonviolent purge of party and bureaucracy and placement of his supporters if he is to remain in power and to succeed at all. The central question is whether he will get enough time."

Reagan on Gorbachev

President Reagan, according to one aide, said after he started the talks last December that Mr. Gorbachev looked like a man who was "scared to death."

The President thought, the aide said, that Mr. Gorbachev needed a success at the summit to strengthen his hand over more cautious colleagues like Yegor N. Ligachev and Viktor Chebri-

Gorbachev's goals: still reachable, experts say.

kov, the head of the K.G.B., who have often spoken out against the dangers of carrying perestroika and glasnost too far.

Mr. Gates said that "many who oppose Gorbachev's policies believe those policies to be inherently mistaken and bad for the country" because they could destabilize domestic conditions so badly that the party's control over the country could be seriously threatened.

"He'll get thrown out if his reforms so threaten the system that his colleagues would prefer to go after him than suffer the consequences," another senior Administration official said. "But he is very familiar with what happened to Khrushchev and will be cautious about pushing ahead too rapidly." Nikita S. Khrushchev's colleagues threw him out of power in 1964 for being "reckless."

Mr. Gates said this week that it was too soon to tell whether Mr. Gorbachev's opponents would try to use the demonstrations in Armenia against him. But one intelligence official said they would almost certainly criticize

him for letting the situation get out of hand.

"Any changes he makes will cause a lot of dysfunction, that's clear," a State Department official said.

The last serious challenge to Mr. Gorbachev's authority was in November, when one of his closest supporters, Boris N. Yeltsin, lost his position as the leader of the Moscow party organization. A few days ago, he was also dismissed as a nonvoting member of the Politburo, but Mr. Gorbachev filled the vacancy with two more allies.

Within the Politburo, Mr. Gates said, there seems to be general agreement that "for now, economic modernization requires a more predictable, if not benign, international environment."

The Soviet Union appears poised to begin the withdrawal of Soviet forces from Afghanistan, if the final details on how to do it can be ironed out in negotiations that begin Wednesday in Geneva.

Experts here say they believe the Soviet Army and the political leadership decided on withdrawal because the cost of staying had simply become too high, with no prospect of easy victory over the American-supplied guerrillas.

The American experts fear Mr. Gorbachev could try to use the diplomatic leverage he would gain from withdrawing from Afghanistan to try to drive a wedge between the United States and its European allies.

If the Soviet Union does actually begin pulling out of Afghanistan this spring, there will be debate within the Administration about how easy to make it for the Russians to leave, in light of the American commitment to halt aid to the Afghan rebels as soon as the withdrawal starts. "It might have been a mistake," a senior official said, "but the President has said it would be unacceptable for the resistance to be cut off if faced with an armed regime supplied by the Soviets."

There is still the question whether it is in Washington's interest for Mr. Gorbachev to succeed or fail as leader of the Soviet Union. Mr. Gates of the C.I.A. answered that question this way: "Gorbachev intends improved Soviet economic performance, greater political vitality at home, and more dynamic diplomacy to make the U.S.S.R. a more competitive and stronger adversary in the years ahead."

Dealing with that situation, he said, "will be an extraordinary challenge for the United States and the Western democracies in the years ahead."

ER 0046/6 88

The Deputy Director of Central Intelligence

Washington, D. C. 20505

January 22, 1988

Professor Henry S. Rowen
Stanford University
1005 Hoover Tower
Stanford, California 94305

Dear Harry:

It was good to see you last week. Sorry to hear that we can't get together the first week in February. Next time you are planning to pass through Washington be sure to call so we can have a bit of lunch.

Enclosed is a speech I gave this week to the Dallas Council on World Affairs. Thought you might be interested.

Regards,



Robert M. Gates

Enclosure:
As Stated



B-802-11

DALLAS COUNCIL ON WORLD AFFAIRS
19 JANUARY 1988

WHAT IS GOING ON IN THE SOVIET UNION
BY ROBERT M. GATES
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

INTRODUCTION

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

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

Washington, D.C. 20505

ER 0046/5-88

January 13, 1988

Mr. Leo Cherne
Vice Chairman
President's Foreign Intelligence
Advisory Board
Washington, D.C. 20500

Dear Leo:

I will give this speech to the Council on World
Affairs in Dallas next Tuesday. Thought you might
be interested. Would appreciate any comments.

Regards,



Robert M. Gates

Enclosure:
As Stated

Orig - Adse via DCI Courier 13 Jan 1445 hrs

1 - DDCI w/o attachment

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B-802-in

5 JANUARY 1988

WHAT IS GOING ON IN THE SOVIET UNION

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

ER 0046/4-88

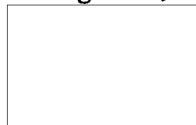
January 13, 1988

Ambassador John D. Negroponte
Deputy Assistant to the President
for National Security Affairs
The White House
Washington, D.C. 20500

Dear John:

Enclosed is the text of a speech I intend to give to the Council on World Affairs in Dallas next Tuesday. I think you will find the basic thrust highly consistent with Gorbachev's own appraisal of how things are going based on this morning's newspaper. Fritz has had a copy of the draft for a couple of weeks and has no problems with it. I have also provided a copy to Mike Armacost.

Regards,



Robert M. Gates

Enclosure:
As Stated

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5 JANUARY 1988

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ER 0046/3-88

The Deputy Director of Central Intelligence

Washington, D.C. 20505

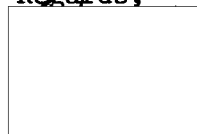
13 January 1988

The Honorable Michael H. Armacost
Under Secretary of State for Political Affairs
Department of State
Washington, D.C. 20520

Dear Mike:

Bill and I appreciated being included in the Secretary's discussion of Gorbachev's book last Friday. In this connection, you may find of some interest the text of the enclosed speech which I will be giving Tuesday to the Dallas Council on World Affairs. It represents my personal view of what is going on inside the Soviet Union, the problems Gorbachev faces, and some of the implications for Soviet foreign policy.

Regards,



Robert M. Gates

Enclosure:
As Stated

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The Deputy Director of Central Intelligence

Washington, D.C. 20505

ER 0046/2-88

12 January 1988

The Honorable George P. Shultz
The Secretary of State
Washington, D.C. 20520

Bill and I appreciated being included in your discussion of Gorbachev's book last Friday. In this connection, you may find of some interest the text of the enclosed speech which I will be giving Tuesday to the Dallas Council on World Affairs. It represents my personal view of what is going on inside the Soviet Union, the problems Gorbachev faces, and some of the implications for Soviet foreign policy.

Regards,

[Redacted Signature]

Robert M. Gates

Enclosure:
As Stated

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5 JANUARY 1988

WHAT IS GOING ON IN THE SOVIET UNION

INTRODUCTION

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

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Washington, D.C. 20505

ER 0046/1-88

11 January 1988

Mr. William Hyland
Council on Foreign Relations, Inc.
58 East 68th Street
New York, N.Y. 10021

Dear Bill:

As promised, a copy of my Soviet speech. I expect I will deliver it the first time in Dallas in a couple of weeks. If you have any comments or suggestions for improvement don't hesitate to call.

It was really good to see you. I am sorry we had so little time but maybe next time.

Regards,



Robert M. Gates

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B-802-15

The Deputy Director of Central Intelligence

ER 0046-88

Washington, D. C. 20505

11 January 1988

Mr. Larry Eagleburger
Kissinger Associates
350 Park Avenue - 26th floor
New York, N.Y. 10022

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