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NOTE TO: George J. Tenet
Staff Director/SSCI

George

Attached is a copy of a speech Bob Gates gave on 14 October to the American Association for the Advancement of Science. Because this speech received a fair amount of attention by the press, I thought you might wish to have a copy.



John L. Helgerson

Attachment

D/OCA/JLH:wcs [redacted] (14 Oct 88)

Original - Addressee

- 1 - OCA Record (w/ att)
- 1 - JLH Chrono (w/o att)

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AMERICAN ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE
COLLOQUIUM ON SCIENCE, ARMS CONTROL AND NATIONAL SECURITY
14 OCTOBER 1988

RECENT DEVELOPMENTS IN THE SOVIET UNION AND
IMPLICATIONS FOR U.S. SECURITY POLICY
BY ROBERT M. GATES
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INTRODUCTION

THE THEME OF CHANGE IN THE SOVIET UNION HAS BEEN MUCH IN THE MEDIA IN RECENT MONTHS AS WE HAVE WATCHED THE EFFORTS OF MIKHAIL GORBACHEV TO MODERNIZE THE SOVIET ECONOMY AND CONSOLIDATE HIS POLITICAL POWER. KNOWLEDGE OF RUSSIAN WORDS SUCH AS "PERESTROIKA" AND "GLASNOST" HAS BECOME COMMONPLACE IN THE WEST. WITHOUT PARALLEL IN A GENERATION, DEVELOPMENTS IN THE SOVIET UNION HAVE CAPTURED THE INTEREST, AND IN SOME RESPECTS THE IMAGINATION, OF A WIDE AUDIENCE AROUND THE WORLD.

IT IS TYPICAL THAT WE IN THE WEST, AND PARTICULARLY IN THE UNITED STATES, WITH OUR FOCUS ON PERSONALITIES IN POLITICS, SHOULD FOCUS ON GORBACHEV'S PERSONNEL MOVES, WHO IS UP AND WHO IS DOWN, WHO IS IN AND WHO IS OUT. THUS THE SPECIAL ATTENTION FOCUSED ON THE CENTRAL COMMITTEE PLENUM AND SUPREME SOVIET SESSION SOME TWO WEEKS AGO.

AFTER ALL OF THE TALK OF GLASNOST AND DEMOCRATIZATION, STALIN WOULD HAVE BEEN PROUD OF THE SMOOTHLY CONDUCTED 44 MINUTE SUPREME SOVIET SESSION IN WHICH PEOPLE WERE FIRED, RETIRED, DEMOTED AND PROMOTED WITH NO DISSENT OR EVEN DISCUSSION AND 1500 DELEGATES VOTING AS ONE. THE SESSION WAS A POWER PLAY IN THE GRAND AND TRADITIONAL SOVIET MANNER. WHILE THE SESSION WAS TESTIMONY TO GORBACHEV'S POWER, THE NEED FOR IT ALSO WAS A MARK OF HIS VULNERABILITY AND HIS FRUSTRATION AT THE LACK OF PROGRESS, BUREAUCRATIC OBSTRUCTIONISM AND OPPOSITION IN THE PARTY TO HIS PROGRAMS AND POLICIES -- AND OF THE DESPERATE SITUATION FACING THE SOVIET UNION.

THIS MORNING I WOULD LIKE TO PUT ASIDE THE DISCUSSION OF PERSONALITIES AND RECENT PROMOTIONS AND DEMOTIONS IN THE SOVIET LEADERSHIP AND FOCUS INSTEAD ON WHAT IS GENUINELY IMPORTANT BOTH IN THE SOVIET UNION AND FOR THE WEST -- WHAT CHANGES ACTUALLY ARE TAKING PLACE IN THE SOVIET UNION AND HOW GORBACHEV IS DOING IN IMPLEMENTING HIS PROGRAM.

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 -- TROUBLE THAT THEY RECOGNIZED WAS AFFECTING THEIR MILITARY POWER AND 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.

THESE TRENDS, AT A TIME OF WESTERN MILITARY MODERNIZATION, REMARKABLE TECHNOLOGICAL ADVANCES AND DRAMATIC ECONOMIC GROWTH, FORCED THE POLITBURO TO RECOGNIZE THAT THE SOVIET UNION COULD NO LONGER RISK THE SUSPENDED ANIMATION OF THE BREZHNEV YEARS. THEY 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.

STRENGTHENING THE LEADERSHIP AND HIS POSITION

THERE HAS BEEN CONSISTENTLY STRONG SUPPORT IN THE POLITBURO SINCE 1985 FOR MODERNIZATION OF THE SOVIET ECONOMY. THIS REMAINS GORBACHEV'S GREATEST POLITICAL ASSET. 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, FROM ISSUE TO ISSUE.

AT THE CENTRAL COMMITTEE MEETING TWO WEEKS AGO, GORBACHEV SHOWED REAL POLITICAL MUSCLE IN ADVANCING SEVERAL PROTEGES AND SUPPORTERS WHILE REMOVING MOST OF THE REMAINING BREZHNEV HOLDOVERS. BUT EVEN IN THE CONTEXT OF THIS CLASSIC POLITICAL STROKE IN THE KREMLIN, THE LIMITS TO GORBACHEV'S POWER -- OR AT LEAST THE DEGREE OF RISK HE IS PREPARED TO ACCEPT -- ARE APPARENT. TWO SENIOR POLITBURO MEMBERS WHO PURPORTEDLY HAVE

BEEN MAJOR OBSTACLES TO FAR-REACHING CHANGE -- SECOND SECRETARY YEGOR LIGACHEV AND FORMER KGB CHIEF VIKTOR CHEBRIKOV -- REMAIN ON THE POLITBURO AND IN POWERFUL POSITIONS, ALTHOUGH WITH DIMINISHED CLOUT. MEANWHILE, GORBACHEV STILL HAS BEEN UNABLE TO PROMOTE ONE OF HIS MOST IMPORTANT PROTEGES, PARTY SECRETARY GEORGY RAZUMOVSKIY. GORBACHEV PROBABLY CAN COUNT ON ONLY 3 OR 4 OUT OF 12 POLITBURO MEMBERS AS BEING TOTALLY HIS MEN, CONSISTENTLY SUPPORTIVE ACROSS THE BOARD. SO, WHILE THIS SET GOES TO GORBACHEV, THE MATCH IS FAR FROM OVER. IT IS CLEAR THAT FOR THE LONG TERM THERE WILL BE A CONTINUING INTENSE STRUGGLE OVER THE PACE AND SCOPE OF MODERNIZATION AND OVER POLITICAL POWER.

THE STRUGGLE WITHIN THE POLITBURO IS ALL THE MORE IMPORTANT TO GORBACHEV BECAUSE THERE ARE POWERFUL CONSTITUENCIES OUTSIDE THE POLITBURO THAT ARE RESISTANT TO CHANGE -- ESPECIALLY THE FAR-REACHING CHANGE HE SEEKS. 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 -- JUSTIFIABLY IT WOULD SEEM -- ABOUT THE POTENTIAL FOR INSTABILITY IN THE SOVIET UNION AND IN

EASTERN EUROPE CREATED BY ANY RELAXATION OF POLITICAL CONTROLS. (INDEED, WE HAVE COUNTED SOME 600 POPULAR DISTURBANCES SINCE EARLY 1987, ABOUT HALF OF THEM RELATING TO ETHNIC ISSUES. THERE HAVE BEEN MAJOR NATIONALIST DEMONSTRATIONS IN 9 OF THE 15 SOVIET REPUBLICS SINCE LAST JANUARY.) THE SOVIET POPULATION SEEMS TO BE PASSIVELY SUPPORTIVE, BUT THEY HAVE SEEN CAMPAIGNS FOR CHANGE COME AND GO. THEY ARE DEEPLY 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 -- A WEAK REED IN THE SOVIET UNION.

IT IS, HOWEVER, OPPOSITION WITHIN THE PARTY AND PARTICULARLY IN THE CENTRAL COMMITTEE AND PARTY APPARATUS THAT HAS BECOME THE PRINCIPAL AND CRITICAL PROBLEM FOR GORBACHEV, AND THE TARGET OF HIS POLITICAL CAMPAIGN. ONE OF THE MAIN DEVELOPMENTS AT THE PARTY CONFERENCE IN JUNE, BEYOND APPROVAL OF HIS PROGRAM, WAS HIS ACKNOWLEDGEMENT THAT THE PARTY ITSELF IS THE CHIEF OBSTACLE TO MODERNIZATION AND REFORM. HE TACITLY ADMITTED THAT HE HAS FAILED TO OVERCOME THAT OPPOSITION, AND HIS STRATEGY NOW SEEMS TO BE TO CIRCUMVENT THE PARTY BY STRENGTHENING THE SUPREME SOVIET AND ITS CHAIRMAN, TO TAKE THAT POSITION HIMSELF, AND TO TRY TO FORCE THROUGH HIS ECONOMIC AND POLITICAL CHANGES. HE HAS SECURED APPROVAL FOR A TIMETABLE TO DISMANTLE THE ECONOMIC APPARATUS OF THE PARTY AND THEREBY SIGNIFICANTLY WEAKEN ITS CAPACITY TO INTERFERE IN THE DAY TO DAY MANAGEMENT OF THE ECONOMY.

IN SUM, GORBACHEV HAS DECLARED WAR ON THE PARTY APPARATUS MUCH AS STALIN DID IN THE LATE 1920S AND 1930S. A MAJOR DIFFERENCE IS THAT HIS ADVERSARIES WILL LOSE POWER, PRESTIGE AND THEIR JOBS, BUT NOT THEIR LIVES. IT REMAINS TO BE SEEN WHETHER HE CAN SO RADICALLY ALTER THE ROLE OF THE PARTY IN SOVIET LIFE, WHETHER HE CAN DO SO WITHOUT CREATING CHAOS, AND WHETHER THE PARTY APPARAT WILL ALLOW ITSELF TO BE WEAKENED AND EVEN DISMANTLED. AND NO MATTER HOW MANY PERSONNEL OR ORGANIZATIONAL CHANGES GORBACHEV MAKES, IF HE CANNOT MAKE HIS POLICIES WORK, IF HE CANNOT TURN AROUND THE ECONOMY, TODAY'S SUPPORTERS WILL AT SOME POINT BECOME TOMORROW'S ADVERSARIES.

MODERNIZATION OF THE ECONOMY

GORBACHEV NOW ADMITS THAT WHEN HE BECAME GENERAL SECRETARY HE UNDERESTIMATED THE SEVERITY OF THE ECONOMIC PROBLEMS AFFLICTING THE SOVIET UNION. AS GORBACHEV HAS SEEN THE DIMENSIONS OF THE CRISIS, HIS VIEWS OF WHAT IS NEEDED TO CORRECT THESE PROBLEMS HAVE MOVED TOWARD 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. THE POLITBURO SIMPLY IS UNWILLING TO LET GO OF THE REINS GOVERNING THE ECONOMY. BECAUSE OF INTERNAL CONTRADICTIONS AND THE RETENTION OF SO MANY ELEMENTS OF THE PRESENT SYSTEM, THE REFORMS, EVEN IF FULLY IMPLEMENTED BY 1991 AS INTENDED, WILL NOT CREATE THE DYNAMIC ECONOMIC MECHANISM THAT GORBACHEV SEEKS AS THE MEANS TO REDUCE OR CLOSE THE TECHNOLOGICAL GAP WITH THE WEST. TO THE CONTRARY, AGGRESSIVE IMPLEMENTATION OF REFORMS IS CAUSING SERIOUS DISRUPTIONS AND TURBULENCE IN THE ECONOMY. SPECIFICALLY:

- SOVIET GNP GROWTH FELL TO LESS THAN 1% IN 1987, DOWN FROM ALMOST 4% IN 1986. GNP GROWTH WILL BE ABOUT 2-3% THIS YEAR. GORBACHEV WOULD NEED NEARLY 8% GROWTH PER YEAR IN 1989 AND 1990 TO MEET THE FIVE YEAR PLAN TARGETS, A TARGET THAT IS FAR BEYOND REACH.
- IMPLEMENTATION OF GORBACHEV'S QUALITY CONTROL PROGRAM CAUSED MAJOR DISRUPTIONS IN PRODUCTION LAST YEAR, FORCING THE REGIME TO BACK OFF ITS ENFORCEMENT.
- 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, WHAT HAS ACTUALLY BEEN DONE SO FAR HAS NOT GREATLY CHANGED THE SYSTEM OF ECONOMIC INCENTIVES THAT DISCOURAGE MANAGEMENT INNOVATION, TECHNOLOGICAL CHANGE AND PRIVATE INITIATIVE.

- 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. 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 MEAT PRICES IN 1962. STATE SUBSIDIES ARE SO HUGE THAT IT IS CHEAPER FOR A PEASANT TO FEED HIS PIGS BREAD THAN TO GIVE THEM GRAIN.

- UNDER GORBACHEV, THE DEFICIT IN THE SOVIET STATE BUDGET HAS SOARED TO THE POINT THAT IT IS NOW EQUAL TO ABOUT 7% OF GNP, ABOUT 66 BILLION RUBLES. BY WAY OF COMPARISON, THE COMBINED DEFICITS OF THE US STATE AND FEDERAL GOVERNMENTS REACHED A HIGH OF 3 1/2% OF GNP TWO YEARS AGO.

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 EMPTY SHELVES, LONG LINES IN STATE STORES, AND RISING PRICES IN RETAIL MARKETS. INDEED, STAGNATION ON THE CONSUMER SCENE AND RECOGNITION THAT PERESTROIKA CANNOT SUCCEED WITHOUT WORKER SUPPORT HAS PROMPTED THE LEADERSHIP TO UNDERTAKE A SERIES OF NEW POLICY INITIATIVES. TARGETS HAVE BEEN RAISED FOR SPENDING ON HOUSING, EDUCATION, HEALTH, CONSUMER SERVICES, AND INVESTMENT IN THE LIGHT AND FOOD INDUSTRIES. EVEN SO, THE POPULATION WON'T SEE MUCH CHANGE IN ITS LIVING STANDARDS IN THE SHORT TERM BECAUSE THESE INVESTMENTS WILL TAKE TIME TO SHOW RESULTS AND THE SHORTAGES OF HOUSING AND DECENT HEALTH CARE ARE SO LARGE. AT THE SAME TIME, THE SHIFT TOWARD GREATER PRIORITY FOR THE CONSUMER IN THE MIDDLE OF THE FIVE YEAR PLAN HAS BEEN AT THE EXPENSE OF HEAVY INDUSTRY, MODERNIZATION OF WHICH IS THE CRITICAL ENGINE FOR ECONOMIC GROWTH.

THUS, WHILE IMPORTANT BATTLES HAVE BEEN WON IN PRINCIPLE, THE WAR TO CHANGE FUNDAMENTALLY THE MAIN PILLARS OF THE STALINIST ECONOMIC SYSTEM AT THIS POINT IS BEING LOST. AFTER THREE YEARS OF REFORM, RESTRUCTURING AND TURMOIL, THERE HAS BEEN LITTLE, IF ANY, SLOWING IN THE DOWNWARD SPIRAL OF THE SOVIET ECONOMY. THE GAP BETWEEN PRONOUNCEMENT AND IMPLEMENTATION IS HUGE, AND GROWING. IT IS THIS REALITY THAT

LED TO THE JUNE PARTY CONFERENCE AND THE DRAMATIC PERSONNEL CHANGES TWO WEEKS AGO.

POLITICAL REFORM

AN IMPORTANT MILESTONE IN THE EVOLUTION OF GORBACHEV'S VIEWS WAS RECOGNITION THAT THE REVITALIZATION OF SOCIETY AND ECONOMY COULD SUCCEED ONLY IF THERE WERE 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. HIS VERBAL CONTORTIONS IN EXPLAINING HOW GIVING PEASANTS A 50 YEAR FARM LEASE DOES NOT REPRESENT A RETREAT FROM SOCIALISM HAVE BEEN, AT THE LEAST, IMAGINATIVE.

-- THE SECOND FRONT IS DEMOCRATIZATION. GORBACHEV'S CAMPAIGN FOR "DEMOCRATIZATION" IS DESIGNED TO REVITALIZE THE COUNTRY'S POLITICAL INSTITUTIONS. THE PARTY CONFERENCE WAS ITSELF AN EXTRAORDINARY POLITICAL HAPPENING, WITH A FREEDOM OF DEBATE AND EXPRESSION NOT SEEN IN THE SOVIET UNION SINCE THE REVOLUTION. MOREOVER, THE CONFERENCE APPROVED REMARKABLE PROPOSALS INCLUDING LIMITING THE TERMS OF OFFICE FOR PARTY OFFICIALS AND THE USE OF SECRET BALLOTS AND LISTING OF MULTIPLE CANDIDATES IN ELECTIONS. GORBACHEV APPARENTLY BELIEVES THAT WITHOUT SUCH REFORM, IT WILL BE IMPOSSIBLE TO BREAK THE RESISTANCE WITHIN THE PARTY TO HIS AGENDA. BY THE SAME TOKEN, AS HE DEMONSTRATED TWO WEEKS AGO, THE OLD METHODS REMAIN AVAILABLE WHEN MORE DEMOCRATIC MEANS SEEM UNLIKELY TO YIELD THE DESIRED RESULTS.

-- 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.

TO KEEP GLASNOST IN PERSPECTIVE, THERE HAS BEEN GROWING 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 HAS SET LOOSE FORCES THAT WILL BE IMMENSELY DIFFICULT AND PAINFUL TO LEASH -- AS WE ARE SEEING IN ARMENIA, AZERBAIJAN, ESTONIA, LATVIA AND EVEN IN MOSCOW.

IN SUM, 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 IN THE FACE OF DESIGN FLAWS, ECONOMIC DISRUPTION, TREMENDOUS OPPOSITION AND, WORSE, APATHY. AS ONE RUSSIAN RECENTLY SAID, "THERE HAVE BEEN MANY BOOKS WRITTEN ON THE TRANSITION FROM CAPITALISM TO SOCIALISM BUT NOT ONE ON THE TRANSITION FROM SOCIALISM TO CAPITALISM." BUREAUCRATIC AS WELL

AS POPULAR HOSTILITY IS GROWING AS DISRUPTION AND DISLOCATION BROUGHT ABOUT BY CHANGE RESULT IN ECONOMIC SETBACKS AND A WORSENING SITUATION FOR THE CONSUMER. WHAT GORBACHEV IS SUCCESSFULLY CHANGING IS THE OFFICIALDOM OF THE PARTY AND STATE BUREAUCRACY. AS USUAL IN THE USSR, 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 GORBACHEV CAN IN THE END REJUVENATE THE SYSTEM, BUT HE HAS DEMONSTRATED A WILLINGNESS TO RISK HIS POWER AND POSITION AND THE STABILITY OF THE SYSTEM ITSELF IN THE EFFORT. AS MUCH AS ANYTHING, THIS INDICATES HOW DESPERATE HE BELIEVES THE SOVIET PREDICAMENT REALLY IS. AND EVEN HE NOW ADMITS THE STRUGGLE WILL LAST FOR DECADES.

IMPLICATIONS FOR FOREIGN POLICY AND FOR US STRATEGY

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, ENCOURAGE INVESTMENT

AND TRADE, AND, ABOVE ALL, AVOID LARGE INCREASES IN 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.

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. AT THIS POINT WE SEE NO SLACKENING OF SOVIET WEAPONS PRODUCTION OR PROGRAMS. SOVIET RESEARCH ON NEW, EXOTIC WEAPONS 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 THE RATE OF GROWTH OF OUR DEFENSE BUDGET DECLINES AGAIN, THEIRS CONTINUES TO GROW, ALBEIT SLOWLY.

THE THIRD ELEMENT OF GORBACHEV'S FOREIGN POLICY IS CONTINUED PURSUIT OF SOVIET OBJECTIVES AND PROTECTION OF SOVIET CLIENTS IN THE THIRD WORLD. UNDER GORBACHEV, THE SOVIETS AND CUBANS PROVIDED NEARLY A BILLION DOLLARS IN ECONOMIC AND

MILITARY ASSISTANCE TO NICARAGUA IN 1987; MORE THAN TWO BILLION DOLLARS WORTH OF MILITARY EQUIPMENT WAS SENT TO VIETNAM, LAOS AND CAMBODIA LAST YEAR; AND MORE THAN ONE AND A HALF BILLION DOLLARS IN MILITARY EQUIPMENT WAS SENT TO ANGOLA LAST YEAR -- TWICE THE 1985 LEVEL. AND, OF COURSE, CUBA GETS NEARLY SEVEN BILLION DOLLARS IN SOVIET SUPPORT EACH YEAR. AT A TIME OF ECONOMIC STRESS AT HOME, THESE COMMITMENTS SAY A GREAT DEAL ABOUT SOVIET PRIORITIES.

AT THE SAME TIME, THE SOVIET UNION PLAINLY WOULD LIKE TO EASE THIS BURDEN AND IS INTERESTED IN RESOLVING SOME OF THE THIRD WORLD ISSUES THAT HAVE LED TO ADVERSE REACTIONS IN THE WEST AND IN ASIA. THE SOVIET RECOGNITION OF DEFEAT IN AFGHANISTAN IS THE MOST VIVID EXAMPLE. FACED WITH AN UNWINNABLE WAR, THE KREMLIN LEADERSHIP REASSESSED THE COSTS AND BENEFITS AND CONCLUDED THAT SOVIET INTERESTS AT HOME AND ABROAD WERE BETTER SERVED BY LEAVING AFGHANISTAN. SIMILAR CALCULATIONS ALSO EXPLAIN THE APPARENTLY MORE CONSTRUCTIVE SOVIET APPROACH TOWARD CURRENT NEGOTIATIONS IN ANGOLA AND CAMBODIA. THIS TACTICAL FLEXIBILITY IN MY VIEW REFLECTS INCREASING POLITICAL SOPHISTICATION IN THE KREMLIN. EVEN SO, SOVIET OBJECTIVES IN THE THIRD WORLD -- AS DEMONSTRATED IN GORBACHEV'S RECENT PROPOSAL TO TRADE CAM RANH BAY FOR OUR BASES IN THE PHILIPPINES -- REMAIN ADVERSARIAL AND SEEK TO DIMINISH US GLOBAL INFLUENCE AND REACH.

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. 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 HAVE BEEN TAKEN WITH CHINA THAT LIKELY WILL LEAD TO A SUMMIT IN A MATTER OF MONTHS; OVERTURES TO JAPAN ALSO SEEM LIKELY IN AN EFFORT TO OVERCOME BILATERAL OBSTACLES TO IMPROVED RELATIONS.

IN THIS CONNECTION, I BELIEVE WE CAN ANTICIPATE FURTHER SIGNIFICANT SOVIET INITIATIVES FOR ARMS CONTROL -- MOST OF THEM AMBITIOUS AND UNREALISTIC, BUT VIRTUALLY ALL WITH ENORMOUS GLOBAL POLITICAL APPEAL. GORBACHEV IS PREPARED TO EXPLORE -- AND, I THINK, REACH -- SIGNIFICANT REDUCTIONS IN WEAPONS, BUT PAST SOVIET PRACTICE SUGGESTS HE WILL SEEK AGREEMENTS THAT PROTECT EXISTING SOVIET ADVANTAGES, LEAVE OPEN ALTERNATIVE AVENUES OF WEAPONS DEVELOPMENT, OFFER COMMENSURATE POLITICAL GAIN, OR TAKE ADVANTAGE OF US UNILATERAL RESTRAINT OR CONSTRAINTS (SUCH AS OUR UNWILLINGNESS IN THE 1970S TO COMPLETE AND KEEP A PERMITTED LIMITED ABM).

FOR THE NEXT SEVERAL YEARS THE BENEFITS OF ARMS CONTROL FOR GORBACHEV, PARTICULARLY WITH RESPECT TO STRATEGIC WEAPONS, ARE

PRIMARILY STRATEGIC AND POLITICAL, NOT ECONOMIC. IN TERMS OF POTENTIAL SAVINGS, STRATEGIC OFFENSIVE WEAPONS ACCOUNT FOR ONLY ABOUT 10 PERCENT OF THE SOVIET MILITARY BUDGET AND THE SOVIETS ALREADY HAVE MADE THE INVESTMENT NECESSARY FOR PRODUCTION OF THEIR STRATEGIC WEAPONS FORCE THROUGH THE MID-1990S. ONLY THROUGH SIGNIFICANT CONVENTIONAL FORCE REDUCTIONS COULD GORBACHEV BEGIN TO REALIZE ANY MAJOR ECONOMIC BENEFIT AND, TO A GREAT EXTENT, THIS WOULD BE YEARS IN THE FUTURE.

THE POLITICAL BENEFITS OF ARMS CONTROL FOR GORBACHEV ARE EVIDENT. IT HAS THE POTENTIAL TO BRING DOWNWARD PRESSURE ON WESTERN DEFENSE BUDGETS, SLOW WESTERN MILITARY MODERNIZATION, WEAKEN RESOLVE TO COUNTER SOVIET ACTIVITIES IN THE THIRD WORLD, AND OPEN TO THE USSR NEW OPPORTUNITIES FOR WESTERN TECHNOLOGY AND ECONOMIC RELATIONS. ARMS CONTROL GIVES CREDENCE TO SOVIET CLAIMS OF THEIR BENIGN INTENTIONS AND MAKES THEM APPEAR TO BE A FAR MORE ATTRACTIVE PARTNER TO OTHER COUNTRIES IN POLITICAL, CULTURAL, AND ECONOMIC ARENAS.

ARMS CONTROL IS AN ATTRACTIVE PROPOSITION FROM GORBACHEV'S POINT OF VIEW FOR ITS STRATEGIC IMPACT AS WELL -- AS LONG AS ANY AGREEMENT INCORPORATES BASIC SOVIET POSITIONS: PERMITTING CONTINUED MODERNIZATION OF HEAVY ICBMS AND DEPLOYMENT OF MOBILE ICBMS, PREVENTING THE UNITED STATES FROM DEPLOYING AN EFFECTIVE SPACE-BASED MISSILE DEFENSE, AND CONSTRAINING AIR AND SEA LAUNCHED CRUISE MISSILES. FROM THE SOVIET PERSPECTIVE, DEEP

CUTS IN STRATEGIC OFFENSIVE ARMS, WITH THESE PROVISOS, OFFER THE MEANS TO LIMIT THE GROWING NUMBER OF HARD-TARGET WEAPONS IN THE US ARSENAL AND TO CONSTRAIN US PROGRESS IN THE DEVELOPMENT OF ADVANCED STRATEGIC DEFENSES. WHILE START OBVIOUSLY WOULD ALSO LIMIT SOVIET WEAPONS PROGRAMS, THEY PRESUMABLY BELIEVE THAT AN AGREEMENT THAT ENCOMPASSED THEIR BOTTOM-LINE POSITIONS WOULD, AT MINIMUM, NOT DEGRADE THEIR RELATIVE STRATEGIC POSTURE.

ARMS CONTROL AND OTHER 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.

CONCLUSIONS

WHILE ACTUAL CHANGES IN THE ECONOMY OF THE SOVIET UNION SO FAR HAVE BEEN SMALL AND FREQUENTLY COUNTERPRODUCTIVE, 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. HE IS

A FIGURE OF ENORMOUS HISTORICAL IMPORTANCE. 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 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. HOWEVER, GORBACHEV'S LENINISM STILL MEANS THE CONTINUED POLITICAL MONOPOLY OF THE COMMUNIST PARTY -- ALBEIT A REJUVENATED ONE, 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. 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.

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.

THE QUESTION I AM MOST FREQUENTLY ASKED IS WHETHER IT IS IN OUR INTEREST FOR GORBACHEV TO SUCCEED OR FAIL. THE FIRST THING WE SHOULD ACKNOWLEDGE IS THAT THERE IS 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 TRANQUILLITY, 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 CAUTIONS US TO BE SKEPTICAL AND CAUTIOUS.

WE CANNOT -- AND SHOULD NOT -- CLOSE OUR EYES TO MOMENTOUS DEVELOPMENTS IN THE USSR, BUT WE SHOULD WATCH, WAIT, AND EVALUATE. AS LONGTIME SOVIET-WATCHER WILLIAM ODOM HAS SAID, WE SHOULD APPLAUD PERESTROIKA BUT NOT FINANCE IT. WE SHOULD NOT MAKE CONCESSIONS BASED ON HOPE AND POPULAR ENTHUSIASMS HERE OR PLEASING PERSONALITIES AND ATMOSPHERIC OR SUPERFICIAL CHANGES THERE. WE SHOULD, HOWEVER, TAKE ADVANTAGE OF OPPORTUNITIES WHERE THE TERMS ARE FAVORABLE TO US OR WHERE WE CAN BRING ABOUT DESIRABLE CHANGES IN SOVIET POLICIES -- WHETHER TO PROMOTE 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). ABOVE ALL, WE MUST ESTABLISH REALISTIC CRITERIA BY WHICH WE CAN 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 WHETHER THE TOTALITARIAN STRUCTURE OF THE SOVIET UNION, INCLUDING THE INSTRUMENTS OF CENTRAL CONTROL AND REPRESSION, ENDURES DISCREETLY IN THE SHADOWS, AVAILABLE AT THE BECKON OF GORBACHEV'S SUCCESSOR, OR EVEN FOR GORBACHEV.

THERE ARE MANY UNCERTAINTIES SURROUNDING THE SOVIET UNION TODAY, BUT ONE FACT IS APPARENT: WHETHER GORBACHEV SUCCEEDS, FAILS, OR JUST SURVIVES, A STILL LONG COMPETITION AND STRUGGLE WITH THE SOVIET UNION LIE BEFORE US. PRESERVING THE PEACE AND FOSTERING AN ENDURING RELAXATION OF TENSIONS DEPEND UPON SEEING THIS REALITY CLEARLY. KEEPING THIS LONG RANGE PERSPECTIVE -- WITH KEEN AWARENESS OF THE OPPORTUNITIES AS WELL AS THE DANGERS -- WILL BE AN EXTRAORDINARY CHALLENGE FOR THE UNITED STATES AND THE WESTERN DEMOCRACIES IN THE MONTHS AND YEARS AHEAD.