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Directorate of Intelligence

Office of Soviet Analysis

Spotlight on *Perestroika*

April 1990

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Spotlight on *Perestroika*

Summary

Domestic Politics

April was dominated by Gorbachev's efforts to cope with the centrifugal trends his reforms have unleashed as he attempted to rein in Baltic nationalists and political opponents on both flanks. In Lithuania Gorbachev sought to set an example for other secession-minded republics. By month's end Lithuania's President Landsbergis had softened his position on some contentious issues, probably in response to the economic blockade and an appeal for compromise from Chancellor Kohl and President Mitterrand, but it was not enough to mollify Moscow.

Meanwhile, the cracks within the Communist Party of the Soviet Union opened wide under the mounting pressures for reform and the looming critical July party congress. Central Committee traditionalists succeeded in getting Politburo approval for a letter to party members that called for the ouster of the leaders of the party's radical wing, opening up a factional debate within the party. In trying to rein in democratic reformers and thwart party reactionaries, Gorbachev increasingly looked like a man trying to ride two horses. His authority in the party was threatened by the growing support for establishing a Communist party for the Russian Federation that might serve as a rival center of party power.

Economic Affairs

Plans to accelerate economic reform were considered by the Presidential Council amid signs that Soviet leaders were wavering in their enthusiasm for rapid marketization. Gorbachev barnstormed through the Urals, telling workers he recognized their fears of high prices and unemployment and assuring them that the transition to a planned market economy would be managed with their interests in mind. Meanwhile, industrial activity registered its worst first-quarter over first-quarter performance in more than 30 years.

Two competing drafts of a military reform law were submitted to the Supreme Soviet's Defense and State Security Committee (DSSC). A Ministry of Defense draft reportedly embodies only cosmetic changes, but a draft prepared by a DSSC subcommittee proposes some measures strongly opposed by the military leadership.

Foreign Policy

One part of Moscow's foreign policy establishment focused on preparations for the US-USSR summit and the two-plus-four talks on German unification while another part was preoccupied with the first visit of a Chinese premier to the Soviet Union in 26 years. During the month the USSR backed away from its earlier insistence that a unified Germany be a neutral Germany, although the Soviets continue to oppose German membership in NATO. The Soviet-Chinese meeting resulted in six agreements, including an accord on principles for conventional force reductions along the Sino-Soviet border.

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Impact of Domestic Developments

Events (in descending order of importance)	Gorbachev's Power Position	Gorbachev's Reform Program	Political Pluralism
Baltic republics pursue independence drive despite threats and economic sanctions against Lithuania.	↘	-	↑
Central Committee letter urges ouster of party's reformist leaders.	↘	↘	↘
Gorbachev shows greater deference to party traditionalists and to military high command.	↘	↘	↓
Gorbachev wavers on pressing ahead with systemic economic reform.	-	↘	↘
First quarter shows economic decline compared with first quarter 1989.	↘	↘	-
Moscow heads off Tyumen oil strike by letting oil production enterprises sell part of output for hard currency.	↗	↗	↑
Supreme Soviet refuses to dismiss investigators Gdlyan and Ivanov.	-	-	↑
Maverick nationalists and hardline Russians in CPSU hold "congress" to consider setting up new Russian Communist party.	↓	↓	-
Reformist efforts to oust traditionalist Leningrad party chief fail narrowly.	↘	↘	-
Monthly Trend	↘	↘	-
Six-Month Trend	-	-	↗

Note: The above judgments on material open to a variety of interpretations are subjective and reflect the consensus of a panel of analysts.

Legend

- ↑ Improves ↓ Diminishes
- ↘ Signifies trend direction, but with mitigating elements
- Not applicable or not yet determinable

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Domestic Issues

The Communist Party began to crack in April under the pressures of reform and the looming landmark July party congress. In an apparent effort to push the radicals out before the congress, the Politburo approved a Central Committee letter to the rank and file that called for the ouster of the Democratic Platform, the party's radical wing. Factions quickly formed, with *Pravda* and *Red Star* enthusiastically supporting the call, while the Komsomol condemned it. In the midst of this brouhaha, Gorbachev was clearly attempting to rein in the reformers as well as slow up the reactionaries. Efforts by Gorbachev and his supporters to engineer the ouster of traditionalist critic Boris Gidaspov as Leningrad party chief failed, with Gidaspov narrowly being reelected. Gidaspov supported maverick nationalist and hardline Russians within the CPSU who held a "congress" in Leningrad to set up a new Russian Communist party. After heated debate they agreed to defer the formal organization of a new party until June.

The standoff in Lithuania dominated the leadership's struggle to keep the turbulent republics from breaking the Union apart. The Presidential Council rejected Lithuania's appeal for negotiations, and when the Lithuanians refused to back down, Moscow reduced drastically the supplies of natural gas and petroleum to Lithuania. By the end of the month, the Lithuanian leadership was signaling a willingness to suspend some of its new laws but continuing to stand by the republic's declaration of independence. The issue of compliance with the Soviet law on secession is likely to remain a sticking point. Meanwhile, violence flared again in the Caucasus. In Yerevan protestors attacked KGB headquarters, five MVD servicemen were seized by Armenians, Azerbaijan again halted rail traffic to Armenia after it was fired upon, and MVD troops had to fire warning shots to disperse a large crowd of Armenian nationalists in Stepanakert.

After seeming ready in March to accelerate the schedule for economic reform, Gorbachev toned

down his rhetoric, leading us to believe that the program will be more cautious and more deliberate than he had suggested in his presidential inaugural speech. Gorbachev and his Presidential Council apparently fear that the country will not accept the higher prices and structural unemployment associated with economic reform until some sort of safety net has been created. In a tour of Urals industrial centers, Gorbachev tried to assure his audiences that the reforms would be thoroughly discussed and carried out with due regard for worker interests. The January-March statistical report revealed that the economy continued to stumble badly, with industrial activity registering its worst first-quarter over first-quarter performance in more than 30 years. Ethnic unrest, weakening labor discipline, cutbacks in defense production, and the structural shift toward output of consumer goods were blamed. With the economy still perched part way between a command and a market system, the markets for industrial supplies and consumer goods remained in disarray.

The major societal developments centered on threats of new strikes by workers unhappy over their living conditions and the national preoccupation with the failed effort to dismiss two Supreme Soviet deputies--Telman Gdlyan and Nikolay Ivanov--who last year made unsubstantiated charges of corruption by top Soviet officials but in turn were charged with investigative excesses. Moscow headed off a strike by Tyumen oil workers, in part by agreeing to let oil production enterprises sell part of their output for hard currency in order to allow them to finance more of their own investment in drilling equipment, housing, hospitals, and schools. Support for a miners' strike, however, is gathering steam because of a belief that the government has not delivered on last year's agreement. Reacting to the furor over the Gdlyan-Ivanov accusations, the Supreme Soviet ordered two committees to draw up proposals to radically restructure organs fighting corruption and to remove criminal investigations from the Prosecutor's Office.

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National Security Policy

The controversy over the level of Soviet defense spending was revived when a Supreme Soviet staff member claimed that a new estimate, apparently developed by the Defense and State Security Committee (DSSC) of the Supreme Soviet, is twice as large as the official defense budget. The committee's estimate is roughly consistent with that of the US Intelligence Community. The announced defense budget for 1989 was 77.3 billion current rubles, whereas the Intelligence Community estimated spending in the range of 130 to 160 billion rubles. According to the staffer, the new estimate does not reflect any real change in the level of military activity.

In other military developments, two competing drafts of a law on defense were submitted to the DSSC, one by one of its subcommittees and the other by the Ministry of Defense. The subcommittee draft endorsed some measures that the senior military leadership vehemently opposes, such as a volunteer army, personnel cuts, and alternative service, while the Ministry of Defense draft has been described as making only "cosmetic" changes in the way the military establishment operates. A military officer who has led the fight for military reform in the Supreme Soviet was booted out of the Communist Party--at the instigation of the military leadership, according to Moscow radio. As Gorbachev relied increasingly on the military to maintain order, evidence accumulated that he is seeking to accommodate their concerns. Contrary to his earlier position that there should be no peacetime marshals, he promoted Minister of Defense Yazov to that rank. The Navy evidently has lost the debate over the future of its carrier program, however; Chief of the General Staff Moiseyev said that the USSR intends to finish the two carriers now under construction (for a total of three) but will not build any more.

The force reductions in Europe promised by Gorbachev are progressing. There were 30 Soviet divisions in Eastern Europe before the withdrawals began; 26 remain. In the Far East, the Chinese and

Soviet Foreign Ministers signed an agreement on principles for force cuts and confidence-building measures along the Sino-Soviet frontier. Hard bargaining is in prospect, however, over the depth of the force withdrawal zone and the kinds of military forces that will be covered by an agreement.

Soviet and East European arms control officials suggested that Moscow's position on CFE issues might harden, largely because of military concerns about Germany and the changing military relationships in Eastern Europe. Meanwhile Soviet Foreign Ministry officials were claiming that inequities in the START treaty threaten ratification in the Supreme Soviet and underlie hardened Soviet positions on SLCMs and ALCMs at the early April US-Soviet ministerial talks. Military concerns about the security implications of past START concessions--especially in light of developments in Eastern Europe--and potential opposition in the Supreme Soviet are in fact likely key factors in recent shifts in Soviet arms control positions even though Foreign Minister Shevardnadze told [] that the Ministry of Defense and the Foreign Ministry share responsibility for the arms control decisions that have been taken. [] Moscow appeared more anxious to conclude an early CFE agreement as Shevardnadze told [] that the USSR is prepared to defer overall personnel limits (and manpower ceilings for German armed forces in Central Europe) in the Atlantic-to-the-Urals region to post-CFE negotiations. In another arms control arena, a three-week Conference on Open Skies began in Budapest with no sign that the Soviets had changed their view that an agreement should be a modest confidence-building measure that would not be highly intrusive or costly.

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Foreign Policy Activities

East-West Relations

- Soviet leaders dampen expectations of rapid progress on START.
- Moscow proposes joint NATO/Warsaw Pact membership for a united Germany.

Asia

- Chinese Premier Li Peng visits USSR.
- USSR and China reach initial accord on force reductions.
- Pyongyang criticizes Soviet approaches to South Korea.

Third World

- Moscow signs one-year trade agreement with Cuba.
- Soviet Deputy Foreign Minister visits Nicaragua for talks with Ortega and Chamorro.

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Foreign Policy

Preparations for the US-USSR summit and the two-plus-four ministerial dominated developments in East-West relations in April. Prospects for resolving the remaining START issues in time for the summit were dealt a setback by Soviet backtracking on cruise missiles at the Washington ministerial. Shevardnadze, nevertheless, continued to view US-Soviet relations in a positive light and reported that he was "very satisfied" with his meetings in Washington. Gorbachev grumbled about slow progress on bilateral economic issues, adding that German unification would have to be addressed at the Moscow summit. On the German question, Shevardnadze proposed temporary (defined by one ranking official as five-to-seven years) German membership in both NATO and the Warsaw Pact as an alternative to Moscow's earlier demand for a neutral Germany. Moscow has apparently recognized that it cannot hold German unity hostage to final European security arrangements and that insisting on German neutrality has left it isolated, even within the Warsaw Pact. Meanwhile, in his speech to party activists, Shevardnadze displayed concern that domestic criticism of the leadership's handling of recent developments in Eastern Europe and disarmament negotiations is obstructing progress on arms control and may jeopardize *perestroika*. Shevardnadze lamented the damage caused by past overemphasis on military power, arguing that economic vitality is a better measure of security.

Soviet-Asian relations were highlighted by Li Peng's four-day visit to the USSR, the first by a Chinese premier since 1964. Both sides have pointed to the six agreements signed during his visit, including an accord on principles for conventional force reductions along the Sino-Soviet border, as proof that differences on such key issues as the conflict in Cambodia will not hamper cooperation in other areas, especially in the economic sphere. Gorbachev will try to move the relationship further ahead in the coming months--with closer party ties, a military-to-military dialogue of some kind, and a marked increase in trade and other forms of economic cooperation his main objective--but his success will depend

largely on whether the Chinese allow their distaste for his political reforms to affect the relationship. Meanwhile, the chill in Soviet relations with North Korea intensified as P'yongyang's media denounced Soviet willingness to consider diplomatic relations with South Korea. North Korea apparently has decided it can no longer ignore Moscow's overtures to the South and its open ridicule of the North, even at the risk of losing substantial military aid.

Against a backdrop of mounting criticism of Soviet aid to Third World countries, a Soviet delegation to Cuba headed by Deputy Premier Abalkin hammered out a trade protocol for 1990 calling for an 8.7-percent increase in the value of bilateral trade. According to the Cuban press, Soviet deliveries will remain unchanged, while Cuba will increase exports of new products such as medicines and continue its deliveries of sugar, nickel, and citrus--which a Soviet Foreign Ministry official claims would otherwise cost the USSR \$2 billion per year on the free market. There was no sign of a new five-year aid agreement, however, and tough negotiating almost certainly is in store as the Soviets try to reduce aid and get Havana to increase its exports to the USSR. While the Cuban deal was being worked out, Soviet Deputy Foreign Minister Komplektov was in Managua for talks with President Ortega and President-elect Chamorro on the transfer of power in Nicaragua and the Central American summit. In its effort to step up sales of military hardware for convertible currency, Moscow continued to bargain with Zimbabwe on a deal for deliveries of MiG-29s.

Moscow and Tehran are also negotiating over T-72 tanks, ground attack aircraft, surface-to-air missiles, and antitank weapons. Moscow probably sees strengthening relations with Iran and earning hard currency as enough justification for friction with Iraq over the deals.

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Coming Events

10-15 May	Presidential Council to discuss new economic reform program.
12 May	Third Supreme Soviet session to close.
14 May	Egyptian President Mubarak to visit USSR.
14-15 May	Premier Ryzhkov to present new economic reform program to Supreme Soviet.
15 May	Georgian Communist Party Congress opens.
16 May	Parliament of Russian Republic (RSFSR People's Congress) to open--will elect RSFSR President.
25 May	President Mitterrand to the USSR.
30 May- 3 June	US-USSR summit in Washington.
Early June	Prime Minister Thatcher to USSR.
18-22 June	Dutch Defense Minister Ter Beek to USSR.
19 June	Russian Republic Communist Party conference begins.
July	Warsaw Pact Political Consultative Committee meets.
2 July	29th Soviet Communist Party Congress opens.