

(b)(1)
(b)(3)

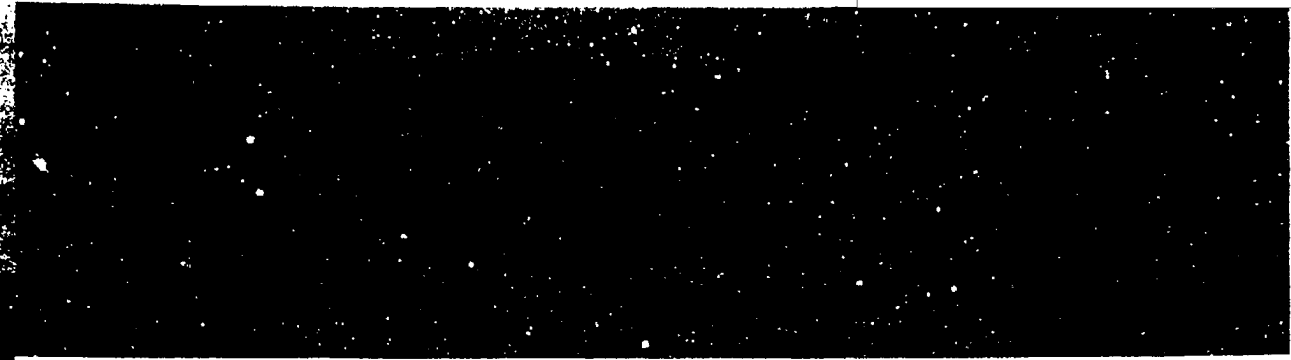
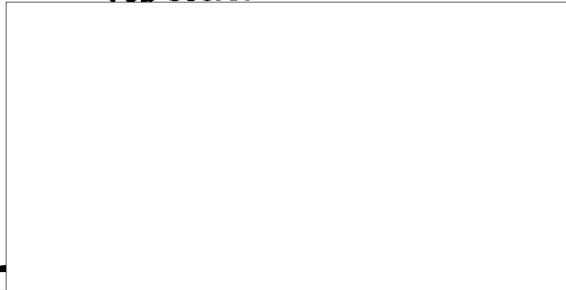


Director of
Central
Intelligence

~~Top Secret~~

(M)

CIA/CPAS --- NED 85-2411X ---



O/D/OCR



²³
~~Top Secret~~

CPAS NID 85-2411X

16 October 1985

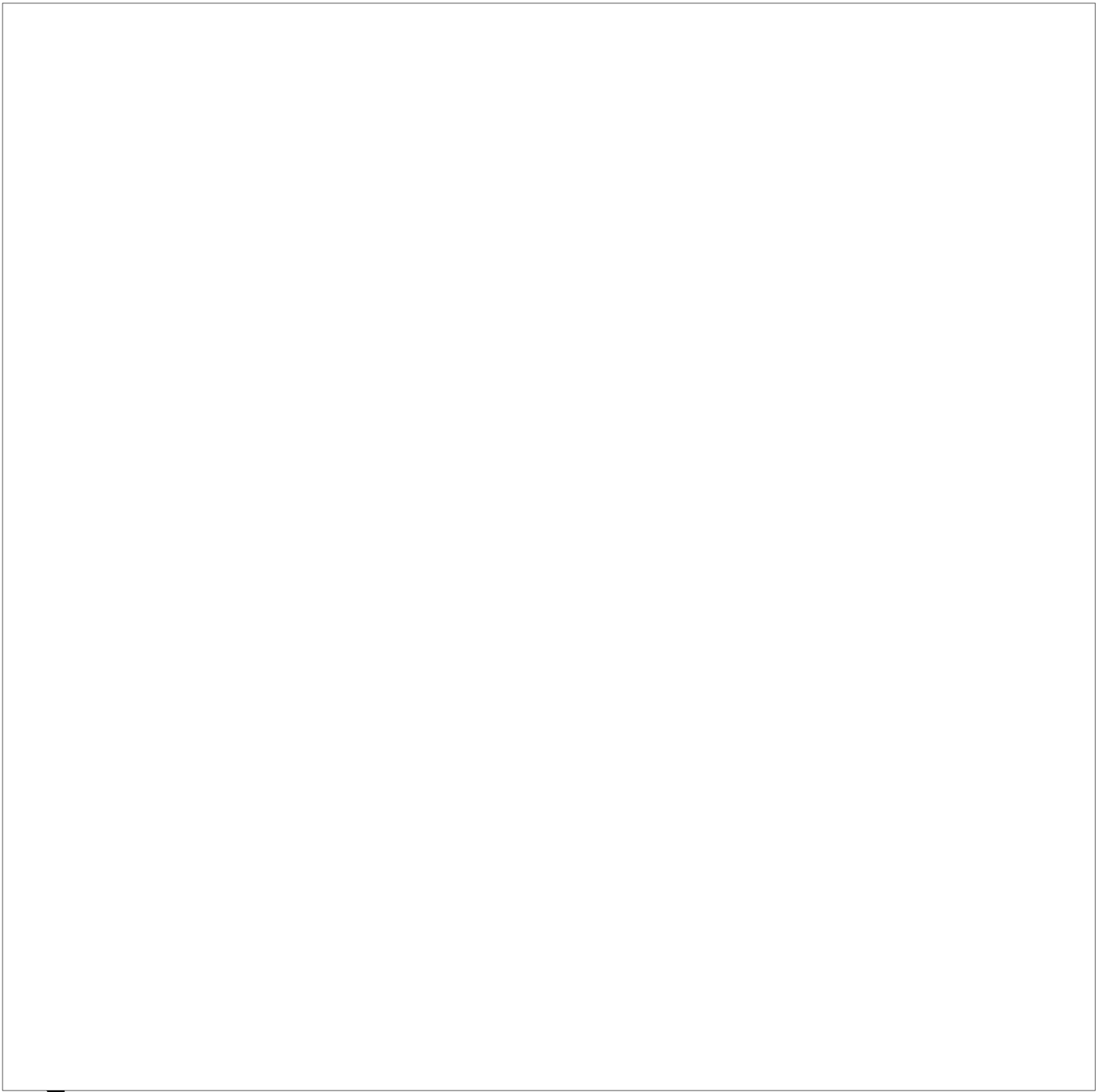
Copy 539

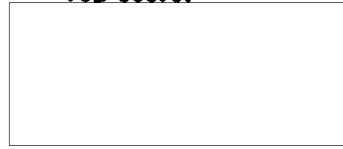
APPROVED FOR RELEASE DATE:
07-22-2010




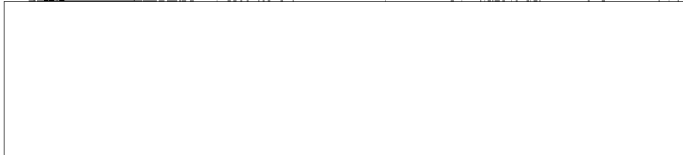


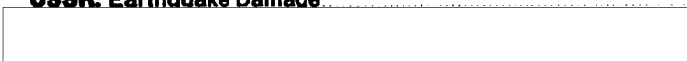

20







Contents

USSR: Results of the Plenum	1
	3
Greece: New Austerity Measures	4
Notes	
	5
	5
	6
	6
International: Socialist Conference on Disarmament	7
	7
	8
	8
	9
China: Economy Still Overheated	9
	10
	10
USSR: Earthquake Damage	11
	11
In Brief	12
Special Analyses	
	14



~~Top Secret~~



Politburo Changes Under Gorbachev

Member	Age	Post
<i>Chernenko (died in March)</i>		General Secretary
Gorbachev	54	General Secretary
Aliyev	62	First Deputy Chairman, Council of Ministers
<i>(removed in April)</i>	62	KGB Chairman
Grishin*	71	Moscow party chief
Gromyko	76	President
Kunayev*	73	Kazakhstan party chief
<i>(removed in April)</i>	65	Party Secretary
Romanov (removed in July)	62	Party Secretary
<i>(removed in April)</i>	56	New Premier
Shcherbitsky*	67	Ukraine party chief
<i>(added in July)</i>	57	Minister of Foreign Affairs
Solomentsev	71	Party Control Committee
Tikhonov (removed in October)	80	Chairman, Council of Ministers
Vorotnikov	59	RSFSR Premier

* Politically at risk.



SP718 10-85

~~Top Secret~~



18 October 1985



~~Top Secret~~

USSR:

Results of the Plenum

The results of the party Central Committee plenum yesterday indicate General Secretary Gorbachev is preparing to move ahead forcefully with his economic agenda.

According to Soviet media, the Central Committee promoted the newly appointed head of Gosplan, 56-year-old Nikolay Talyzin, to candidate membership in the Politburo. The plenum also followed up the replacement of Tikhonov as premier two weeks ago by removing him from the Politburo, while releasing his successor Nikolay Ryzhkov from the Secretariat.

The Central Committee approved the new party program, party statutes, and the release of draft directives of the five-year plan for 1986-90. In his speech, Gorbachev said that it had not been easy to reach agreement on the new plan and complained of problems created by officials still bound by inertia. He set an ambitious goal for growth in annual national income through the year 2000 of almost 5 percent—a marked improvement over the 3-percent rate achieved in 1979-84. The growth target is to be met in part by improving management, worker incentives, and economic efficiency.

Comment: Talyzin's elevation to the Politburo is the latest indication that Gorbachev, who has vowed to emphasize a strategic role for the planning agency, has given it greater authority compared with the ministries. No other head of Gosplan has enjoyed such status since the 1950s.

The long-expected removal of Talyzin's predecessor, Baybakov, and the decision not to replace Ryzhkov as senior economic secretary appear to give the new Premier great latitude in administering the economy. Talyzin's promotion caps a restoration of the government bureaucracy's representation on the Politburo, reducing the likelihood of serious foot-dragging against Gorbachev's economic initiatives.

Gorbachev's criticism of economic cadres and the consolidation of his new economic team suggests that further personnel changes are ahead in the Council of Ministers. With the promotion of Talyzin, 78-year-old Ivan Arkhipov is the only first deputy premier on the Council lacking Politburo status; his days in the leadership appear to be numbered.


continued


~~Top Secret~~

16 October 1985

~~Top Secret~~



Although the plenum appears to be giving Gorbachev a green light for proceeding with his economic agenda, its failure to remove additional Brezhnev holdovers from the Politburo and Secretariat, such as Kazakh party chief Kunayev and Moscow party head Grishin, may be a sign of lingering political resistance. Both reportedly are on the General Secretary's hit list. 

Although Gorbachev gave few details of the party program, party statutes, and five-year plan, he said they would be published shortly for public discussion. These documents will give a clearer indication of how Gorbachev intends to achieve his ambitious economic goals and the roles he expects his new economic leadership to assume. 

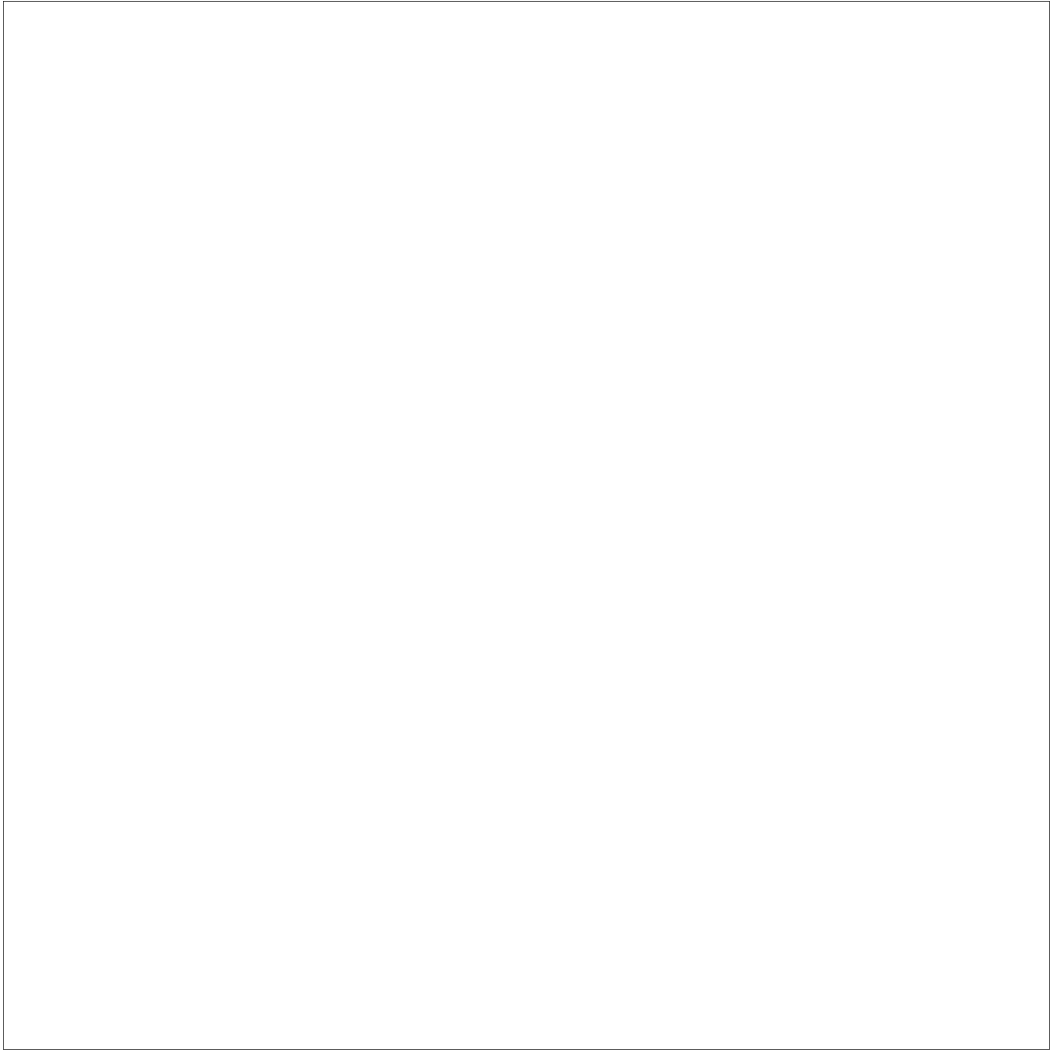
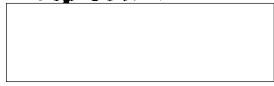
~~Top Secret~~



16 October 1985



~~Top Secret~~



~~Top Secret~~

16 October 1985



~~Top Secret~~

GREECE:

New Austerity Measures

The austerity measures announced by Prime Minister Papandreu late last week probably do not go far enough to reverse Greece's deteriorating balance-of-payments situation or to deal with problems in the domestic economy. [redacted]

The new measures include a 15-percent devaluation of the drachma, a tighter policy on wages, and new restrictions on imports. [redacted] the government also wants to strengthen price controls and to reduce the large deficit in the public sector by reducing public spending. [redacted]

Papandreu prepared the way for the measures by warning that Greece can no longer afford to spend more than it produces. In introducing the new measures, he hinted that without the new policies Greece would soon be forced to accept conditions imposed by the IMF. [redacted]

Both the conservative opposition New Democracy party and the Communists have criticized the new policies as harmful to workers. The Communists have threatened to use their disproportionate strength in the labor unions to fight the new policies, clearly a warning of possible strikes. [redacted]

Comments: The new measures are aimed at reducing the current account deficit, paving the way for a balance-of-payments loan from the EC, and avoiding the need to request a rescheduling of foreign debt. Total foreign debt will top \$16 billion this year, and the current account deficit is likely to surpass the record of \$2.4 billion in 1981. [redacted]

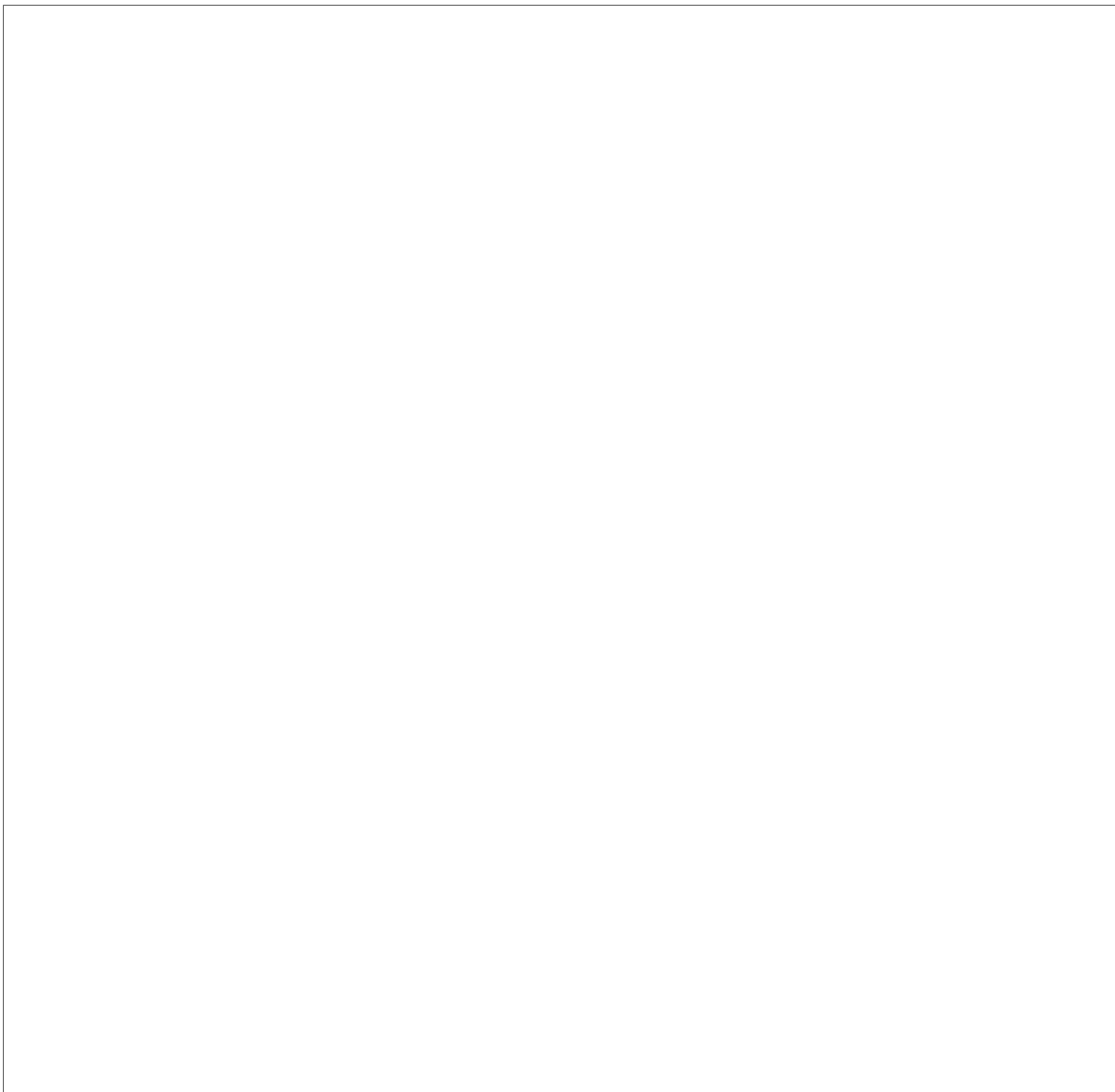
The policies do not address the key question of reducing the large state role in the economy. The program is unlikely to improve the profits of Greek companies, and private investment is likely to remain depressed. It may, however, help reassure Greece's international creditors, who have become more reluctant to lend to Greece as the economy has faltered. [redacted]

The timing of Papandreu's decision to take on these difficult issues probably reflects a desire to take advantage of his political strength in the aftermath of his victory in the June election. He has acknowledged that the worsening economy requires prompt action. [redacted]

~~Top Secret~~

C 1 7 0

~~Top Secret~~



~~Top Secret~~



16 October 1985

2 7 7 1



~~Top Secret~~

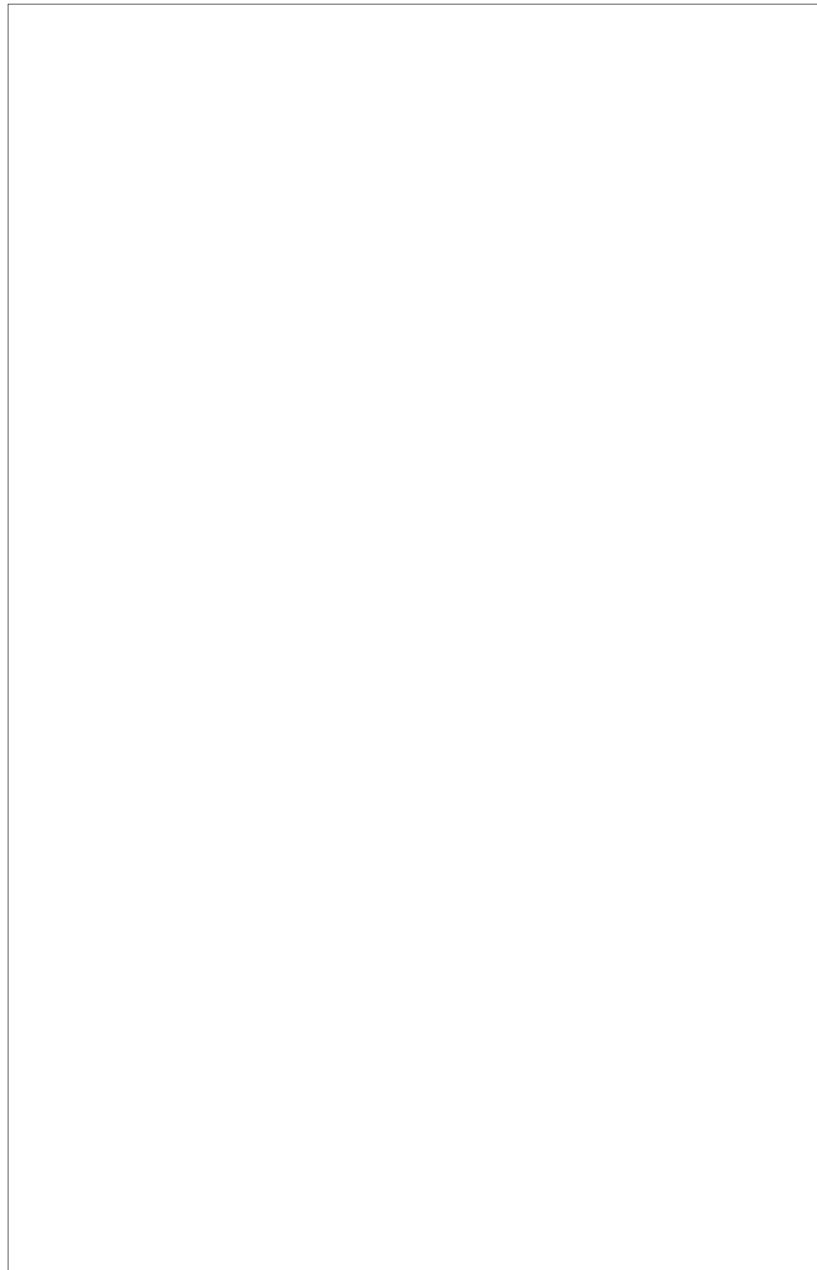


~~Top Secret~~

18 October 1985



~~Top Secret~~



~~Top Secret~~



16 October 1985



~~Top Secret~~

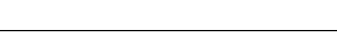


INTERNATIONAL: Socialist Conference on Disarmament

The Socialist International's special conference on disarmament, opening today in Vienna, will discuss the second draft of a study by its Advisory Committee on Disarmament and Arms Control, which is considerably less pro-Soviet than its predecessor. Unlike the previous draft, which had called for a moratorium on INF deployment, the new report urges both superpowers to reduce medium-range nuclear forces in Europe. It also advocates on-the-spot verification of arms control agreements and no longer mentions a Central European nuclear-weapons-free zone. The latest report is still critical of SDI but calls for establishing "unambiguous limits to research" on space weapons: the earlier draft demanded a total ban on the US plan.



Comment: The greater willingness to consider US arms control concerns probably reflects in part appreciation for the high-level attention a delegation of the Advisory Committee received during its visit to the US last March. It probably also is the result of pressure from French, Italian, and Portuguese Socialists, who have criticized the Committee's pro-Soviet bias.



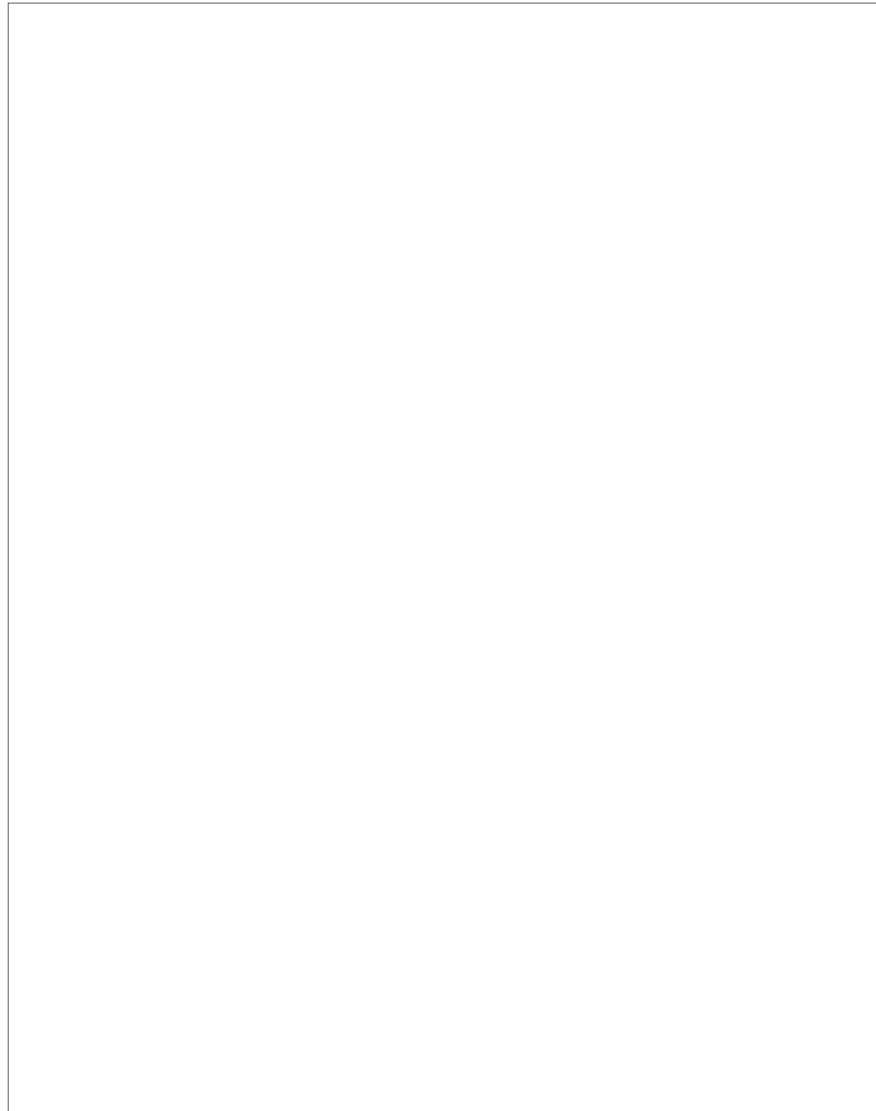
~~Top Secret~~



16 October 1985



~~Top Secret~~



~~Top Secret~~




16 October 1985




~~Top Secret~~



CHINA: Economy Still Overheated

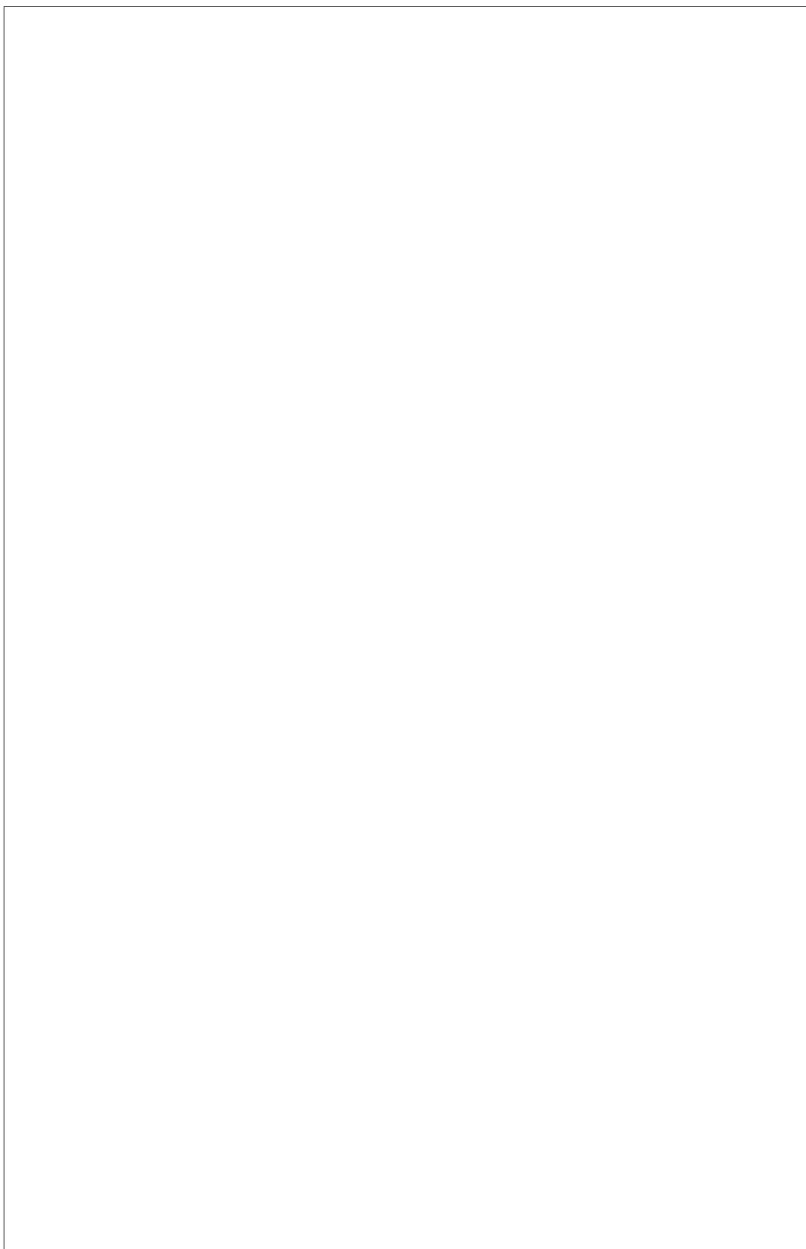
Official Chinese statistics show that the economy is continuing to grow at a rapid pace, with the growth rate of industrial output increasing 21.1 percent faster during the first three quarters of this year than in the corresponding period last year. Energy output rose by almost 11 percent—because of new oil finds and reforms in the coal industry. The volume of freight carried on the railroads during the first three quarters of 1985, however, increased only by 5.4 percent. 

Comment: The exceptionally rapid growth of the Chinese economy this year has aggravated longstanding economic bottlenecks. Although the industrial growth rate is down slightly from the January-June level, the decline can be attributed more to the normal third-quarter slowdown than to the success of remedial measures. Despite the rapid growth in energy production, China's serious energy shortage continues, and its failure to expand rail transport has made it difficult for Beijing to utilize its growing stock of coal. The overheated economy has been caused in large measure by a highly inflationary surge in capital investment spending—45 percent during the first half of 1985—and by a hike in the cost of labor of more than 20 percent. 

~~Top Secret~~



~~Top Secret~~



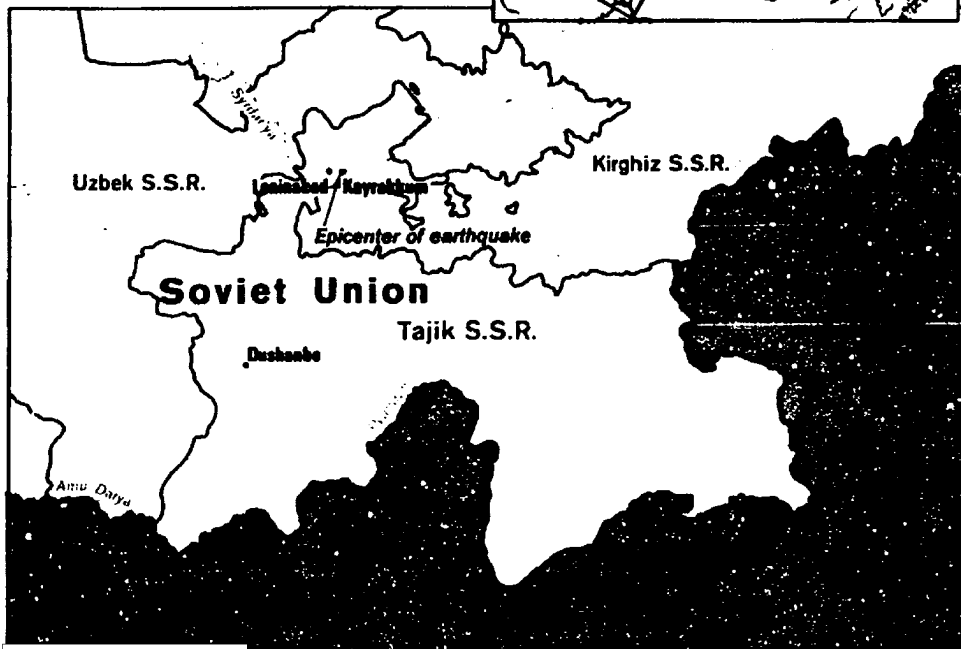
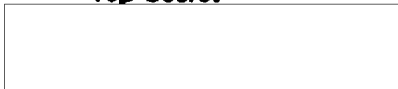
~~Top Secret~~



16 October 1985



~~Top Secret~~



706194 15443641 10-85

~~Top Secret~~




16 October 1985


3 4

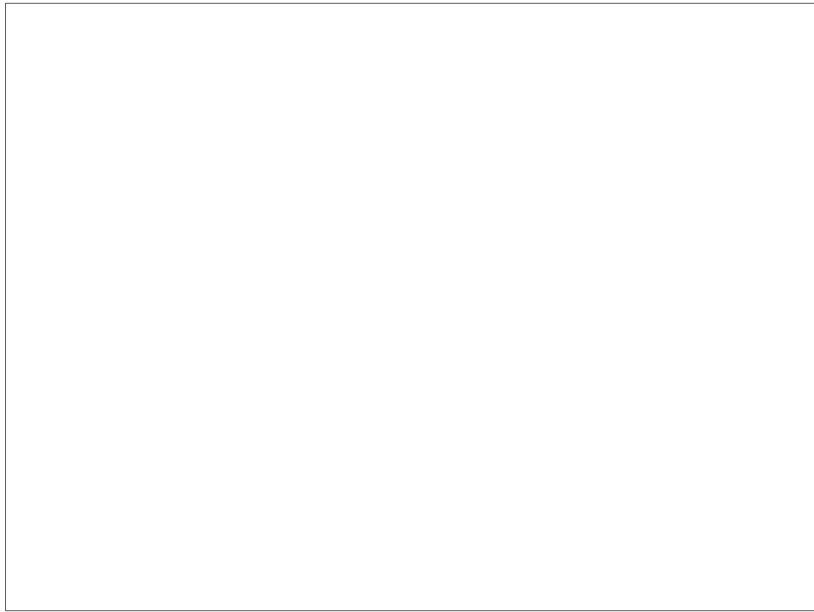
~~Top Secret~~



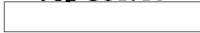
USSR: Earthquake Damage

Some key Soviet installations may have been damaged by the powerful earthquake measuring 6.1 on the Richter scale that struck Soviet Central Asia 140 miles (230 kilometers) north-northeast of the Tajik capital of Dushanbe. It caused damage to industrial and residential buildings and, according to TASS, loss of life. The epicenter was at the village of Kayrakkum located about 9 miles (15 kilometers) from the industrial center of Leninabad, population 150,000. 

Comment: A uranium concentration plant is only 6 miles (10 kilometers) from Kayrakkum, while a nearby dam that backs up a 30-mile-long (50-kilometer) reservoir would flood Leninabad if it were to break. Earthquakes of this magnitude can even damage structures designed to withstand such forces. 



~~Top Secret~~



~~Top Secret~~

[Redacted]



~~Top Secret~~

[Redacted]

18 October 1985

3 0 0 6



~~Top Secret~~

In Brief

Terrorism

[redacted] has tentatively identified body washed up near Tartus, Syria, Thursday as Achille Lauro hostage Klinghoffer ... apparent cause of death was small-caliber bullet fired downward through skull ... official autopsy pending. [redacted]

Europe

- Portuguese frigate program may be further delayed ... Netherlands haggling over extent of involvement by its industry ... Lisbon and West German firm, the prime contractor, will try to proceed regardless of Dutch financing. [redacted]
- British court ruled against Prime Minister Thatcher's policy of withholding grants to force local governments to control spending ... House of Lords unenthusiastic about policy but will probably overturn court ... revival of issue embarrassing for Tories. [redacted]
- Finland's Communist Party expelled district organizations dominated by Soviet-backed wing Sunday ... party's chances in 1987 elections further diluted if breakaway party forms, as seems likely ... Soviet-Finnish relations unaffected. [redacted]
- French-led Arianespace consortium announced launch insurance with much lower than 20- to 25-percent premiums of commercial insurers ... responding to loss of four satellites last month ... will cover launch phase only, but may increase its share of launch services market. [redacted]

International

- Arab countries will call today for UN vote to expel Israel from General Assembly ... Israeli seat secure ... Tunis air raid, however, probably will make vote closer than previous challenges. [redacted]

Middle East

[redacted] four Saudi missile attack boats and new frigate en route from Red Sea to Al Jubayl naval base on Persian Gulf ... strengthens defenses against possible Iranian naval actions, eases congestion at Red Sea naval base. [redacted]

continued

~~Top Secret~~

~~Top Secret~~



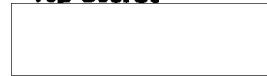
~~Top Secret~~



16 October 1985



~~Top Secret~~



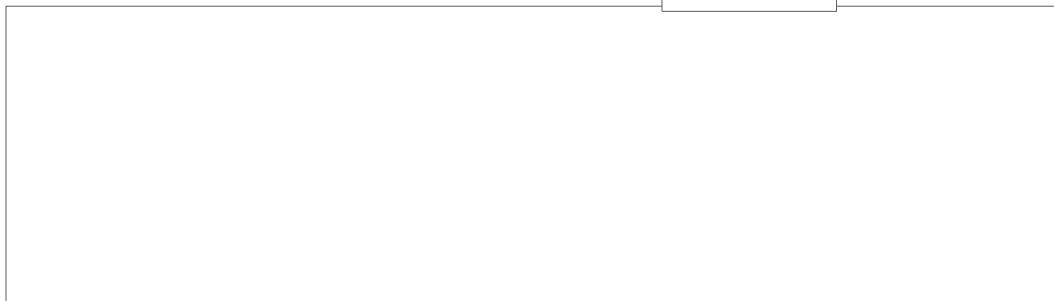
Asia



— **Japanese** Government yesterday unveiled \$14 billion plan to increase housing, public works spending, consumer credit . . . meant to reduce trade surplus, but too small to have much impact.



— **Indonesia, USSR** discussing Moscow's \$240 million offer to help finance hospital construction . . . would be first aid project since mid-1960s . . . Jakarta unlikely to accept offer without tight restrictions on Soviet personnel.



~~Top Secret~~



~~Top Secret~~



~~Top Secret~~



16 October 1985

