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PREM 19/2541

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PART 9 TOP SECRET

CONFIDENTIAL FILING

UK/SOVIET RELATIONS

INTERNAL SITUATION

SOVIET UNION

PART 1: MAY 1979

PART 9: NOV 1987

PREM 19/2541

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~19.11.87~~							
~~20.11.87~~							
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PART 9. ends:-

Woolmington Tel No. 2850 30.12.87

PART 10 begins:-

FCO to COP. 8.1.88

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MDLIAN 9170

CONFIDENTIAL
FM WASHINGTON
TO PRIORITY FCO
TELNO 2850
OF 302215Z DECEMBER 87
INFO PRIORITY MOSCOW
INFO ROUTINE BONN, PARIS, UKDEL NATO, UKDEL CSCE VIENNA

US/SOVIET RELATIONS
SUMMARY
1. PROGRAMME OF WORK BETWEEN NOW AND A MOSCOW SUMMIT TAKES SHAPE.
DETAIL
2. STATE TELL US THAT FOLLOWING A DISCUSSION BETWEEN THE US AMBASSADOR IN MOSCOW AND SHEVARDNADZE ON 26 DECEMBER, THE FOLLOWING DATES HAVE NOW BEEN TENTATIVELY AGREED FOR SHULTZ/ SHEVARDNADZE MEETINGS IN THE RUN-UP TO A SUMMIT IN MOSCOW:
22-24 FEBRUARY IN MOSCOW
21-23 MARCH IN WASHINGTON
25-26 APRIL IN MOSCOW
9-10 MAY IN WASHINGTON OR GENEVA, IF NECESSARY
3. THERE ARE STILL NO AGREED DATES FOR THE SUMMIT: BUT STATE ARE PLANNING ON THE ASSUMPTION THAT IT WILL BE IN LATE MAY OR EARLY JUNE.
4. IN ADDITION TO THIS CYCLE OF MINISTERIAL MEETINGS, THERE WILL ALSO BE AN INTENSIVE PROGRAMME OF MEETINGS AT OFFICIAL LEVEL. ON ARMS CONTROL, THE FOCUS WILL OF COURSE BE ON THE START NEGOTIATIONS IN GENEVA. FURTHER BILATERAL EXCHANGES ARE ALSO PLANNED ON CW AND NUCLEAR TESTING. ON REGIONAL ISSUES, THERE WILL BE A FURTHER ROUND OF DISCUSSIONS AT ASSISTANT SECRETARY LEVEL CULMINATING IN A ROUND-UP MEETING AT THE ARMACOST/ VORONTSOV LEVEL PROBABLY IN LATE APRIL OR EARLY MAY.
5. ON HUMAN RIGHTS, NO DECISIONS HAVE YET BEEN TAKEN ON HOW TO FOLLOW-UP THE RATHER UNSATISFACTORY DISCUSSIONS AT THE WASHINGTON SUMMIT. STATE ARE CONCERNED THAT THE SOVIET INITIATIVE TO DISCUSS HUMAN RIGHTS AT THE LEVEL OF DEPUTY SECRETARY WHITEHEAD IN NOVEMBER WAS DESIGNED TO GET THE SUBJECT OFF THE FOREIGN MINISTERS' AGENDA. GORBACHEV'S PROPOSAL IN WASHINGTON FOR JOINT SEMINARS BETWEEN CONGRESS AND THE SUPREME SOVIET ON HUMAN RIGHTS ISSUES IS WIDELY REGARDED HERE AS A RED HERRING. THERE IS ALSO SOME BUREAUCRATIC IN-FIGHTING UNDERWAY, WITH ASSISTANT SECRETARY SCHIFTER ANXIOUS TO MAINTAIN HIS LEADING ROLE IN THIS FIELD. A FURTHER FACTOR IS THE END-GAME AT THE VIENNA CSCE MEETING, AND HOW TO PLAY THE HAND ON THE SOVIET PROPOSAL FOR A HUMAN

RIGHTS CONFERENCE IN MOSCOW. AS SHULTZ MADE CLEAR TO THE SECRETARY OF STATE ON 16 DECEMBER, THE ADMINISTRATION ARE AT PRESENT TAKING STOCK OF THEIR POSITION ON ALL THIS.

ACLAND

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MAIN 139

US/SOVIET ARMS CONTROL TALKS
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MR BRAITHWAITE
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MR RATFORD
MR FEARN
MR SLATER
MR FAIRWEATHER
MR KERR
MISS PESTELL

ADDITIONAL 24

ARMS CONTROL TALKS
MR BERMAN LEGAL ADVISERS

NNNN

message in box

30 December 1987

I enclose a copy of the New Year message to the Prime Minister from Mr. Gorbachev which was delivered by the Soviet Embassy today.

(C. D. POWELL)

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

Pl. put in file CBR.

HOUSING IN THE SOVIET UNION

The general space for a city dweller is 14 square metres (living space 9.4 square metres); more than 11 million people have less than 5 square metres; 6 million have in practice no permanent dwelling; 1 million members of families live in communal dwellings for singles; about 6 million live in dilapidated houses and barracks. The general number in need of improved living quarters is 20 million people; the average time of their waiting for improved living quarters is 10 years. For example, one-quarter of the families get quarters 15 years after their application, and about 15 per cent wait 20 years.

EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA
NO. 2 1987, P. 106

FILE
DA

SIR PERCY CRADOCK

PROFESSOR BIALER

Thank you for your note about Professor Bialer. The Prime Minister would like to see him and could do so at 1830 on Thursday 28 January. I should be grateful if Martin Nicholson could get a message to him proposing this.

(C.D. POWELL)

14 December 1987

DA1ABU

CONFIDENTIAL

Prime Minister
Some interesting points.
Would you like to see Prof. Bialer in January? Or leave him to Percy & me?
CDP 11/12

Jp 0470

MR POWELL

Professor Bialer

I enclose a minute by Martin Nicholson recording a lunch with Professor Bialer in New York on 21 November. The Prime Minister may find it interesting.

2. Professor Bialer will be in London on 28-29 January on a sponsored visit arranged by BIS New York. He will probably be on his way back from a visit to Moscow. He told Mr Nicholson that, when in London, he would like to address a small group of three or four people about his findings on the Eltsin case. He asked that you should be among those he spoke to.

3. The Prime Minister may wish to take this chance to talk to Professor Bialer again (you will recall he attended the seminar on 27 February). But, if not, I should be happy to arrange a small meeting at which you and I could listen to him.

PERCY CRADOCK

11 December 1987

CONFIDENTIAL

LUNCH WITH PROFESSOR BIALER, NEW YORK, 21 NOVEMBER 1987

1. Mr Raymond (BIS New York) and I had lunch with Professor Bialer (Columbia University) on 21 November. Bialer had just returned from a lightning visit to Moscow (at Soviet invitation) for the 70th Anniversary celebrations, when he had learnt a certain amount about the Eltsin affair, and was about to set off again to continue his investigations.

2. Eltsin. Because he felt he was in the process of ferretting out the full story from the beginning of this year onwards, Bialer did not want to be drawn. But he promised a full read-out when passing through London in early January, on his way either to or from Moscow. Meanwhile he would reveal only that he was convinced that their had been another, truncated meeting of the Central Committee (only 180 attending) immediately after the celebrations. Bialer was, however, clear that the main issue was Eltsin's personality. His frustrations had been evident to the Ambassadors who attended his briefing a few weeks before (I mentioned that Mr Marshall had found his tone somewhat hectoring). He must have been suffering some sort of nervous breakdown. It followed that the episode would not affect the strength of Gorbachev's political position.

3. The Summit. Bialer was adamant that there had been no extraordinary Politburo meeting (eg on 25 October) to reassess the advisability of a summit. Bialer (like all my US interlocutors) put Gorbachev's hesitations down to a mixture of pique at Shultz and emotional upset over the Eltsin affair (Bialer stressed Gorbachev's emotional character which sometimes made him impredictable). But the bad reaction in the World press had been sufficient to set Gorbachev on course again.

4. "New Thinking". I quizzed Bialer about an interview he had given Izvestiya at the end of October, in which he had said that attention should be paid to the words the Soviet leaders used even if in some areas actual changes in foreign policy were not apparent. Bialer defended this view: as he had said to Izvestiya, we were dealing with progammatic statements which had been carefully thought through, and whose consequences the Soviet leaders were prepared to live with for decades ahead. We must wait and see when they would be translated into foreign policy, but it would be wrong to dismiss them. (Bialer was, however, incensed with Izvestiya for having omitted the list of cases he had cited - troops in Afghanistan etc - where Soviet policies had palpably not changed.)

SDI. Bialer attributed the softening of the Soviet position on SDI to Roald Sagdeev, Director of the Institute of Space Research, whose praises as an honest and straightforward man Bialer sang loudly. He was more scientist than politician (unlike Velikhov), but his advice on SDI, on which he spoke to Gorbachev weekly, was of the greatest political importance. Sagdeev was convinced (like Sakharov) that the SDI programme would not work and that it was not worth the Soviet Union's expending political capital on it in a direct frontal assault. Bialer agreed that this new attitude had shown through in Shevardnadze's Washington press conference on 31 October. Bialer added that of course Sagdeev's was not the only advice being proffered to Gorbachev: the military, basing themselves on a worst case analysis, were doubtless urging the opposite. (In general Bailer stressed the cross currents of opinion and advice to which Gorbachev was being subjected, which made it difficult to predict what was coming.)

6. Civilian/military relations. It has long been Bialer's thesis that Gorbachev has imposed a civilian element into policy making in defence and arms control issues (the Ministry of Defence being staffed entirely by uniformed officers). He mentioned on this occasion that Gorbachev had drafted into the apparatus retired military personnel (he instanced Batenin, who had come to the UK in March with Primakov from IMEMO). Bialer was also convinced that Aleksei Arbatov of IMEMO was engaged on work with classified materials (he would no longer see Bialer in his office) and that he and other civilian specialists were being asked to comment on General Staff proposals, to the indignation of the latter. Bialer also noted that Marshal Akhromeev's recent interview with the New York Times had been given in the office of Falin (Chairman of Novosti Press Agency - and tipped by Bialer to be the next Chief Editor of Pravda).

7. Afghanistan. Bialer showed the same excitement over Afghanistan as my other American interlocutors. He was convinced that the decision had been taken to cut losses and withdraw. This would involve giving up the hegemony of the PDPA and looking to the UN machinery to conjure up a neutral and non-aligned Afghanistan. The principle reason for the decision in Bialer's view was the unacceptable drain on the Soviet Union's prestige abroad. He did not claim to know when the decision would be implemented, however. He thought it would be only after the June 1988 Party Conference, when Gorbachev would have sufficient power to overcome domestic opposition.

8. Third World. Bialer thought the Soviet Union had minimal commitments towards Nicaragua or for that matter Ethiopia, despite appearances. Angola, however, was a different matter because of its strategic position in the forthcoming struggle for Southern Africa: it was an investment.

9. Perestroika and the future. Bialer discussed Gorbachev's reforms along the lines of his recent articles in Foreign Policy No 68 and the US News and World Report (9 November): Gorbachev was out to modernise the Soviet Union and in doing so was forcing ambiguities (eg the role of the Party) and contradictory pressures (eg the neeed for austerity and improved living conditions) to the surface. Bialer thought that when it came to the crunch Gorbachev would radicalise rather than compromise. But two unpredictable developments could force caution on him - an explosion in Eastern Europe (towards which Bialer though Gorbachev still had no real policy), or an exacerbation of the nationalities problem at home. Here Bialer thought all problems were manageable so long as the three Slav republics stuck together, but he was currently monitoring the Ukraine rather closely, where linguistic nationalism was rearing its head. He thought that one of the reasons Shcherbitsky had been kept on so long as Ukrainian Party leader could have been his ability to hold the balance between the "left and right banks" of the Dnepr (ie urban, more Russianised, and rural Ukraine).

7. Gorbachev's "Perestroika" book. Bialer had had an advance copy with a request to write an introduction to it. He had refused: although the domestic section of the book was an honest account of the reform process, the foreign policy section displayed all the worst aspects of "new thinking"; in Bialer's view Gorbachev had been ill-advised to include it in the form he had.

MARTIN NICHOLSON

2 December 1987

040722
MDHIAN 9833

RESTRICTED
FM MOSCOW
TO IMMEDIATE FCO
TELNO 1755
OF 100900Z DECEMBER 87

YOUR TELNO 1239: PRIME MINISTER'S INTERVIEW WITH SOVIET TELEVISION, 9 DECEMBER 1987

SUMMARY

1. EXTRACTS SHOWN ON MAIN SOVIET EVENING NEWS PROGRAMME ''VREMYA'' ON 9 DECEMBER AND THE WHOLE INTERVIEW, WITH ONE SIGNIFICANT OMISSION, BROADCAST ON THE LATE NIGHT FOREIGN NEWS PROGRAMME THAT EVENING.

DETAIL

2. THE PRIME MINISTER'S ANSWER TO THE QUESTION ON THE SIGNING OF THE INF AGREEMENT WAS CARRIED ON VREMYA AS ONE OF A SERIES OF REPORTS OF INTERNATIONAL REACTIONS TO THE SIGNATURE. HER COMMENT CAME AFTER POLAND AND CHINA AND WAS FOLLOWED BY THAT OF CHANCELLOR KOHL.

3. THE WHOLE INTERVIEW WAS BROADCAST ON THE LATE NIGHT FOREIGN NEWS PROGRAMME ''SEVODNYA VE MIRYE'' WITH ONE POINT OF SUBSTANCE OMITTED IN THE RUSSIAN LANGUAGE VERSION. THIS WAS THE PHRASE ''AND I LEFT A CONSIDERABLE LIST,REFERRING TO FAMILY REUNIFICATION''.

4. IT IS PERHAPS ALSO WORTH NOTING THAT LATER IN THE SAME PROGRAMME THE PLIGHT OF THE HOMELESS IN LONDON WAS FEATURED BOTH WITH STATISTICS AND A TWO MINUTE FILM OF LIFE UNDER THE ARCHES OF CHARING CROSS.

CARTLEDGE

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MDHIAN 9833

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ADDITIONAL 1

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File SWACC
CSC 6

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 November 1987

Dear Lyn,

SOVIET UNION: OBSERVER STORY ON MRS. GORBACHEV

I wrote to you this morning about how we should react to Mr. Shevardnadze's representations to HM Ambassador Moscow about the Observer's article on Mrs. Gorbachev.

I have conveyed to the Prime Minister the Foreign Secretary's judgment that the most effective response would be for her to give an interview to Gordon Martin on the BBC World Service about Mr. Gorbachev's forthcoming visit, in the course of which he would ask a question about the Observer article. The Prime Minister remains firmly of the view, however, that this would only serve to attract attention to the issue; and given that the Observer has made her a particular target, any comments which she makes about their story on Mrs. Gorbachev would be a particular incentive to the Observer to re-kindle the whole issue. She thinks that the Foreign Secretary is the natural person to give the interview and hopes that he will do so as soon as possible after his return tomorrow. An interview tomorrow would have the additional advantage that it would come too late for the Observer to make any reference to it in next Sunday's edition. The Prime Minister hopes that the Foreign Office will also take very early action with the BBC external services to discourage them from carrying any further stories about Mrs. Gorbachev similar to that published by the Observer. You told me that this was in hand.

There remains the question of further action with the Soviet Ambassador here. It seems essential that we should say something to him today, so that he can report that Shevardnadze's representations are being actively considered and followed up. I am perfectly willing to contact him myself. But you might think it more appropriate, given that the representations came from the Soviet foreign ministry, for a Foreign Office Minister or senior official to speak to him on his return from Brize Norton. There would be no objection to telling him that Mr. Shevardnadze's comments have been brought to the Prime Minister's attention and that she is herself considering how we can best help, subject to the overriding consideration of not simply drawing further attention to the original story which is in no one's interests. I should be grateful if you would let me know how it is proposed to pursue this.

Yours sincerely
Charles Powell

C. D. POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 November 1987

SOVIET UNION: OBSERVER STORY ON MRS. GORBACHEV

I have seen copies of Moscow telegram numbers 1692 and 1693 reporting Sir Bryan Cartledge's interview yesterday with the Soviet Foreign Minister about the Observer's article on Mrs. Gorbachev. I have also discussed them with the Prime Minister.

The great danger is, as Sir Bryan Cartledge correctly assesses, that any action we take here will only have the effect of reviving the Observer story and drawing even greater attention to it. That would be the last thing which the Soviet authorities would want, and we must somehow get that point across to them. At the same time, it is quite clear that we need to take some action to show the Soviet leadership that our concern is not just a matter of words.

Bernard Ingham's advice is that the course proposed by Sir Bryan Cartledge in paragraph 5 of telegram number 1693, sub paragraphs B, C and D, would have the effect of reviving the story and drawing further attention to it. Our alternative suggestion is that the Foreign Secretary could give an interview, as soon as possible, to the BBC external services about Gorbachev's forthcoming visit, in the course of which he would be asked about allegations made in the Observer, and take the opportunity to dismiss them as contemptible, say how distressed the Prime Minister was to read them and add that she herself is frequently subject to similar attacks of that sort. Alternatively, the Prime Minister herself might give such an interview. That might give it even more weight vis-à-vis a Soviet audience. But equally there must be some risk that the very fact of the Prime Minister involving herself in this matter would lead to a revival of interest in the story in our own press. There is such pressure for interviews with the Prime Minister that anything she said would be bound to be given prominence here. It would be more natural for the Foreign Secretary to do it. Whichever course we adopted we could also ask Zamyatin to come in again later today and go over with him the difficulties of taking action on the lines suggested by Shevardnadze, urging him to explain these to the Soviet leadership (he must, after all, understand them). We could also inform him of the intention of the Foreign

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Secretary/Prime Minister to give an interview to the BBC Rusian service. (I assume this would be preferable to the World Service.)

You will wish to consult the Foreign Secretary about this as soon as possible after his arrival in Madrid. I should be grateful for early advice. If the Prime Minister were to do the interview herself, it could most conveniently be done later today.

(C. D. POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

SOV UNION: Situation
Relations pt 9

10 DOWNING STREET

THE PRIME MINISTER

Prime Minister

Bryan Cartledge's meeting with the Soviet Foreign Minister.

You will wish to read the attached telegrams. The Gorbachevs are clearly deeply upset by the Observer affair. Your kind remarks yesterday have helped, but are not in themselves enough.

I have consulted Bernard on Bryan Cartledge's suggestion. We see a risk that it will only serve to revive interest in the Observer story, when the need is to bury it. We have an alternative plan. Under

this:

(a) you — or I on your behalf — would see Zamyatin (dtr today (when he returns from Brize Norton), explain once again your personal distress, & try to enlist his help in explaining to the Soviet leadership that the sort of action which they want would actually make matters worse;

(b) get David Miller to do an item on BBC External Services about the forthcoming Gorbachev visit. In the course of this, arrange for him to be asked about the Observer story. & so for that he can dismiss it with contempt, & say how distressed you are by such personal attacks, from which you also suffer.

CDF 27/xi

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ADVANCE COPY

SECRET
FM MOSCOW
TO DESKBY 262100Z FCO
TELNO 1692
OF 261930Z NOVEMBER 87

RESIDENT CLERK PLEASE INFORM HEAD OF SOVIET DEPARTMENT AND PRIVATE SECRETARY

YOUR TELNOS 1199 AND 1204: CALL ON SOVIET FOREIGN MINISTER

SUMMARY

1. SHEVARDNADZE INSISTENT THAT WE SHOULD NOT LET THE MATTER OF THE OBSERVER ARTICLE REST: REQUESTS BRITISH GOVERNMENT TO TAKE ACTION TO REFUTE THE OBSERVER'S 'SLANDER'. FOREIGN MINISTRY INFORMS SOVIET MEDIA THAT I CALLED TO DISCUSS BILATERAL MATTERS.

DETAIL

2. I CALLED ON SHEVARDNADZE FOR HALF AN HOUR FROM 20.30 LOCAL ON 26 NOVEMBER TO CARRY OUT THE INSTRUCTIONS IN YOUR TURS.

3. AS AGREED IN TELECON POWELL/LYNE, I EXPRESSED THE PRIME MINISTER'S DEEP PERSONAL DISTRESS ABOUT THE ARTICLE, WHICH CONCERNED SOMEONE FOR WHOM SHE HAD THE GREATEST RESPECT, ASKED SHEVARDNADZE TO CONVEY HER REACTION TO MR AND MRS GORBACHEV, AND REFERRED TO THE PRIME MINISTER'S MEETING TODAY WITH THE SOVIET AMBASSADOR. HAVING SPOKEN ON THESE LINES AT SOME LENGTH, I WENT ON TO REPEAT THAT THE BRITISH GOVERNMENT HAD NO CONTROL OVER WHAT APPEARED IN OUR NEWSPAPERS. THIS SOMETIMES CAUSED HURT AND MISUNDERSTANDING, BUT THE FREEDOM OF THE PRESS WAS A VITAL PART OF OUR DEMOCRATIC SYSTEM: ITS INCONVENIENCES WERE OUTWEIGHTED BY VALUE TO US, AND WE DEFENDED IT.

4. SHEVARDNADZE SAID THAT HE HAD READ ZAMYATIN'S REPORTING TELEGRAM AND WAS AWARE OF THE PRIME MINISTER'S INDIGNATION AT THE CONDUCT OF THE JOURNALIST CONCERNED. HOWEVER WHAT I HAD SAID AND OTHERS HAD SAID WAS TAKING PLACE BEHIND CLOSED DOORS: BUT WHAT THE CORRESPONDENT HAD WRITTEN HAD BECOME KNOWN WIDELY TO PEOPLE IN THE SOVIET UNION AND ELSEWHERE. IN HIS OPINION SLANDER COULD NOT BE COMBINED WITH DEMOCRACY. SHEVARDNADZE RECALLED THE INCAUTIOUS REMARKS OF CHANCELLOR KOHL, WHICH HAD SHOWN PERSONAL DISRESPECT TO MR GORBACHEV

(I.E. THE 'GOEBBELS' INCIDENT). THIS MATTER HAD GONE TO THE BUNDESTAG AND HAD CAUSED 'MAJOR DISTRESS'. THE PEOPLE OF THE SOVIET UNION HAD PLACED THEIR CONFIDENCE IN THEIR LEADERSHIP AND THE PRESTIGE WHICH MR GORBACHEV AND HIS FAMILY ENJOYED IN THE SOVIET UNION WAS VALUED. WHAT KOVALOV HAD TOLD ME THEREFORE REMAINED IN FORCE.

5. SHEVARDNADZE WENT ON TO SAY THAT THE INITIATIVE FOR THE LONDON STOP-OVER HAD COME FROM THE BRITISH SIDE. THE SOVIET SIDE HAD IN PRINCIPLE BEEN PLANNING ON A DIFFERENT LOCATION. THEIR DECISION WAS A FURTHER CONFIRMATION OF THEIR RESPECT FOR THE PRIME MINISTER. THIS WAS CERTAINLY NOT A TECHNICAL STOP-OVER BUT WOULD BE A CONTINUATION OF THE DIALOGUE BETWEEN THE GENERAL SECRETARY AND THE PRIME MINISTER. HE THEN SAID: ''PLEASE FIND A WAY OF EXTRICATING US FROM THIS SITUATION''. WE HAD THE EXPERTISE. HE UNDERSTOOD THAT THE NEWSPAPER DID NOT WANT TO FIND A WAY OUT. IT WAS NOT FOR HIM TO ADVISE US WHAT TO DO, BUT SOME OF THE THINGS WHICH HAD BEEN WRITTEN WERE 'QUITE INADMISSIBLE'. IF CORRECTIVE ACTION WAS NOT TAKEN, THE SOVIET PEOPLE WOULD NOT UNDERSTAND WHY MR GORBACHEV WAS MAKING A STOP-OVER THE IN THE UK. THIS WAS WHY HE HAD ASKED TO SEE ME PERSONALLY, AT A DIFFICULT TIME FOR HIMSELF. HE WANTED TO EMPHASISE THE SIGNIFICANCE OF THE INCIDENT. WE SHOULD THINK IT OVER.

6. I REPLIED THAT WE HAD DELIBERATELY KEPT SILENT ABOUT THE SOVIET REPRESENTATIONS IN ORDER NOT TO CREATE A NEW STORY. IN ALL SINCERITY I BELIEVED THAT ANY FURTHER ACTION WOULD DRAW GREATER AND UNWELCOME ATTENTION TO THE MATTER - EVEN IF IT WERE POSSIBLE FOR THE PRIME MINISTER OR GOVERNMENT TO TAKE SUCH ACTION IN RELATION TO A FREE NEWSPAPER, WHICH IT WAS NOT. AS I HAD SAID TO KOVALEV, ANY CORRECTIVE ACTION WAS NOT ONLY PRACTICALLY IMPOSSIBLE BUT WOULD ACTUALLY MAKE THE SITUATION WORSE. MRS THATCHER HAD ANNOUNCED MR GORBACHEV'S FORTHCOMING SHORT VISIT IN PARLIAMENT TODAY. THE MANNER IN WHICH SHE WOULD RECEIVE MR AND MRS GORBACHEV WOULD IN ITSELF BE THE BEST ANSWER TO THE FALSE IMPRESSION CREATED BY ONE ISOLATED ARTICLE.

7. SHEVARDNADZE DID NOT AGREE. WHAT I HAD SAID WAS NEITHER AN ARGUMENT NOR AN EXPLANATION. HE SAID HEATEDLY THAT THE ARTICLE WAS AN INSULT AND A SLANDER. HE DID NOT KNOW WHAT FORM OF ACTION WE WOULD TAKE. PERHAPS A NEWSPAPER COULD DESCRIBE THE ARTICLE AS AN INSULT. HE WAS NOT DICTATING OUR ACTION, BUT SOMETHING MUST BE DONE. OTHERWISE, WHAT WOULD THE SOVIET PEOPLE SAY, GIVEN THE DECISION BY MR GORBACHEV TO VISIT BRITAIN. I SAID THAT THE SOVIET PEOPLE KNEW THAT THE BRITISH PRESS WAS NOT CONTROLLED BY THE GOVERNMENT. I DID NOT THINK THEY WOULD MAKE A CONNECTION BETWEEN THE

STOP-OVER AND ONE ISOLATED ARTICLE. THE SOVIET PUBLIC WAS MATURE ENOUGH TO MAKE THAT DISTINCTION. SHEVARDNADZE REPLIED THAT I HAD NOT CONVINCED HIM. HE KNEW ABOUT THE INDEPENDENCE OF THE PRESS, BUT WAS WELL AWARE THAT THERE WERE BY MEANS BY WHICH THE GOVERNMENT COULD INDICATE ITS ATTIUDE. THE GOVERNMENT COULD SAY THAT THE CORRESPONDENT WAS LYING. ''ELEMENTARY DECENCY ASKS FOR SOME KIND OF ACTION''. HE WAS SPEAKING EMOTIONALLY BECAUSE HE KNEW THE GORBACHEV FAIMLY WELL AND HAD HIMSELF BEEN VERY UPSET. WHEN CORRESPONDENTS IN THE SOVIET UNION WERE IRRESPONSIBLE OR MADE MISTAKES, AN OFFICIAL SPOKESMAN EXPRESSED THE GOVERNMENT'S ATTITUDE, HE REPEATED THAT WE SHOULD THINK IT OVER.

8. I PROMISED TO REPORT, BUT THOUGHT MY SUPERIORS WOULD JUDGE THAT PROLONGATION OF THIS MATTER WOULD MILITATE AGAINST THE OBJECTIVE WHICH WE BOTH WANTED, NAMELY THAT THE INCIDENT SHOULD BE FORGOTTON AS QUICKLY AS POSSIBLE. SHEVARDNADZE INTERJECTED: ''YOU MAY FORGET, BUT WE CONNOT FORGET. YOUR CORRESPONDENT HAS TOUCHED UPON A VERY SACRED THING. THIS IS A VERY SERIOUS MATTER FOR US. I DO NOT WANT OUR CONVERSATION TO BE KNOWN TO OTHERS, BUT I AM SURE THAT IT IS NECESSARY TO FIND AN ACCEPTABLE WAY OUT''.

STOP-OVER

9. SHEVARDNADZE SAID THAT THE PROGRAMME PUT BY THE PRIME MINISTER TO ZAMYATIN WAS IN PRINCIPLE ACCEPTABLE. MR GORBACHEVS AIRCRAFT WOULD LAND AT 11.35 FOR A TWO HOUR STOP-OVER. HE HAD NOT YET DISCUSSED THE PRIME MINISTER'S SUGGESTIONS WITH MR GORBACHEV BUT EXPECTED TO DEAL WITH THIS TOMORROW. HE WENT ON TO SAY : ''WE NEED THIS MEETING''. IT WAS IMPORTAANT TO CONTINUE THE DIALOGUE. CONVERSATIONS BETWEEN THE PRIME MINISTER AND MR GORBACHEV WERE ALWAYS INTERESTING. THEIR RELATIONSHIP HAD NOW BEEN ESTABLISHED AND ''SHOULD NOT BE DARKENED BY INCIDENTS SUCH AS THIS. I THEREFORE WANTED TO CONVEY CONFIDENTIALLY TO YOU HOW SENSITIVE THIS MATTER IS''

10. I THEN TRANSMITTED YOUR ORAL MESSAGE (YOUR TELNO 1204), INCLUDING YOUR CONGRATULATIONS ON THE INF AGREEMENT. SHEVARDNADZE EXPRESSED GRATITUDE AND SAID THAT YOU TOO WERE TO BE CONGRATULATED ON THE

EVENT. THE AGREEMENT WAS IN OUR COMMON INTERESTS. AT HIS GENEVA

SECRET

000616
MDADAN 6915

PRESS CONFERENCE HAD SAID THAT CONCLUSION OF THE AGREEMENT WOULD NOT HAVE BEEN POSSIBLE WITHOUT THE CONTRIBUTION OF THE GDR AND CZECHOSLOVAKIA. THE SAME WAS TRUE OF THE ALLIES OF THE UNITED STATES. IF THERE WAS NO VERIFICATION WHERE THE MISSILES WERE BASED, THE PROCESS WOULD NOT WORK.

11. SHEVARDNADZE CONTINUED THAT THE PROSPECTS FOR FUTURE ARMS CONTROL AGREEMENTS WERE GOOD, BUT THAT THEY WOULD TAKE TIME. HE NOTED THAT THERE WAS TIME PRESSURE DUE TO THE US ELECTION CAMPAIGN. HOWEVER, AS IN A GAME OF CHESS, IT WAS POSSIBLE TO FIND THE CORRECT MOVES WHEN TIME WAS RUNNING OUT.

LINE TO TAKE WITH THE PRESS

12. YOU WILL NOTE SHEVARDNADZE'S EMPHASIS ON CONFIDENTIALITY. WITHIN MINUTES OF MY DEPARTURE, SOVIET TV HAD ANNOUNCED MY MEETING WITH SHEVARDNADZE ON ITS MAIN NEWS BULLETIN, SAYING ONLY THAT I HAD CALLOED TO DISUCSS ''BILATERAL ITEMS''. WE HAVE AGREED WITH THE MFA THAT, IN RESPONSE TO PRESS ENQUIRIES, WE SHALL SAY THAT THESE ITEMS INCLUDED ARRANGEMENTS FOR MR GORBACHEV'S VISIT AND YOUR CONGRATULATIONS TO SHEVARDANDZE ON THE INF AGREEMENT.

13. THE RUSSIANS HAVE NOT YET FORMALLY ANNOUNCED THE STOP-OVER (THE LEADERSHIP'S TRAVEL DETAILS ARE CUSTOMARILY GIVEN OUT VERY LATE), BUT THE MFA SPOKESMAN IS TELLING WESTERN CORRESPONDENTS THAT GORBACHEV'S MEETING WITH THE PRIME MINISTER WILL TAKE PLACE AROUND LUNCHTIME WITH NO FIXED AGENDA. HE IS EXPLAINING THE DECISION TO VISIT THE UK IN TERMS OF MRS THATCHER'S GOOD WORKING RELATIONSHIP WITH MR GORBACHEV, SAYING THAT LONDON IS IN THE MIDDLE OF THE ROAD BETWEEN MOSCOW AND WASHINGTON IN MORE WAYS THAN ONE.

14. SEE MIFT

CARTLEDGE

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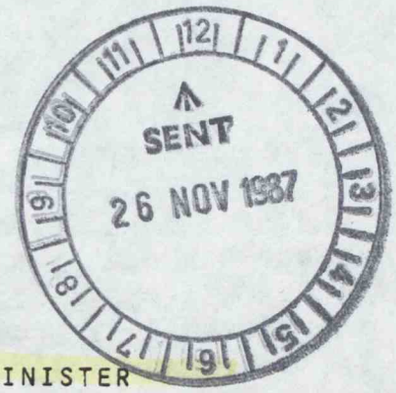

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FM MOSCOW
TO DESKBY 262330Z FCO
TELNO 1693
OF 262115Z NOVEMBER 87

MIPT: MEETING WITH SOVIET FOREIGN MINISTER

1. SHEVARDNADZE WAS VERY TIRED, AND WE SHOULD TAKE AT FACE VALUE HIS REMARKS ABOUT THE SERIOUSNESS OF HIS DECISION TO MEET ME AT THE END OF A LONG DAY (WHICH PRESUMABLY INCLUDED THE REGULAR POLITBURO MEETING) WHEN HE COULD (AS HE SAID) EASILY HAVE DEPUTED THE TASK. BECUUSE HE WAS BOTH TIRED AND I THINK GENUINELY UPSET ABOUT THE ARTICLE I DID NOT PRESS TO THE LIMIT MY POINTS ABOUT THE FREEDOM OF THE PRESS IN A DEMOCRATIC SOCIETY. TO HAVE DONE SO WOULD HAVE LED TO AN UNPRODUCTIVE AND ILL-TIMED ROW. THE RUSSIANS KNOW OUR POSITION ON THIS BUT WE SHALL NEVER GET THEM TO ACCEPT IT. IN PARTICULAR, THEY WILL NEVER BELIEVE THAT THE GOVERNMENT-FUNDED BBC EXTERNAL SERVICES ARE BEYOND CONTROL.

2. FOR THE SOVIET FOREIGN MINISTER TO CHOOSE TO INVOLVE HIMSELF DIRECTLY IN WHAT SHOULD BE A MINOR ROW IS EXTRAORDINARY. WHY ARE THE RUSSIANS SHOWING SUCH HYPER-SENSIVITY ? TO A FAR GREATER DEGREE THAN HE PROBABLY REALISES, ANDREW WILSON HAS TOUCHED ON A VERY SORE POINT. FOR QUITE A LONG TIME THERE HAS BEEN WIDESPREAD GRUMBLING HERE ABOUT RAISA GORBACHEVA. THE SOVIET PEOPLE ARE SIMPLY NOT ACCUSTOMED TO THE DEGREE OF VISIBILITY AND INFLUENCE WHICH SHE ENJOYS. WHATEVER HER ASSETS IN THE EXTERNAL DIPLOMATIC CONTEXT, SHE HAS BECOME A DEFINITE POLITICAL LIABILITY FOR GORBACHEV AT HOME. HE IS PARTICULARLY VULNERABLE TO ALLEGATIONS OF EXTRAVAGANCE, LET ALONE PECULATION, ON HER PART BECAUSE THIS IS ONE OF THE ISSUES ON WHICH FIRST ANDROPOV, AND THEN GORBACHEV AND HIS SUPPORTERS, HAVE ATTACKED BREZHNEV'S MEMORY, HIS FAMILY AND THEIR CRONIES. THIS IS WHY WE HAVE ENCOUNTERED SUCH AN EXTREMELY SENSITIVE REACTION, AND I DO NOT DOUBT THAT BOTH KOVALEV (WHO MAY HAVE PERSONAL LINKS TO THE GORBACHEVS THROUGH HIS LITERARY ACTIVITIES) AND SHEVARDNADZE WERE ACTING ON DIRECT INSTRUCTIONS FROM THE GORBACHEVS.

3. WHAT HAS MADE MATTERS WORSE IS THE WIDE DISSEMINATION OF WILSON'S STORY, CONTAINING AS IT DID APPARENTLY PLAUSIBLE AND SPECIFIC FACTUAL ALLEGATIONS. I AM TOLD THAT IT HAS BEEN CARRIED BY THE AMERICAN AND WEST GERMAN MEDIA BUT WHAT HAS DONE THE GREATEST DAMAGE, SO FAR AS THE SOVIET LEADERSHIP IS CONCERNED, IS ITS

DISSEMINATION ON THE BBC EXTERNAL SERVICES. WE HAVE DIRECT EVIDENCE THAT SHEVARDNADZE WAS NOT EXAGGERATING WHEN HE SPOKE OF ITS EFFECT UPON THE PEOPLE: AT A PACKED PUBLIC MEETING LAST NIGHT, ORGANISED BY ''MOSCOW NEWS'' AND ATTENDED BY MY STAFF, A QUESTIONER ASKED THE PLATFORM ABOUT RAISA GORBACHEVA'S CONDUCT, QUOTING THE BBC AS A SOURCE. PROXIMITY TO THE SUMMIT IS YET ANOTHER CAUSE FOR EMBARRASSMENT.

4. WHAT SHOULD, OR CAN, WE DO ? THE ANGER OF THE SOVIET LEADERSHIP COULD HAVE A CERTAIN EFFECT UPON OUR RELATIONS, IF WE ARE SEEN TO MAKING NO APPARENT EFFORT TO HELP TO ''EXTRICATE'' THEM (AS SHEVARDNADZE PUT IT). HOWEVER, IT IS IMPORTANT TO BEAR IN MIND THAT THEY DO NOT HAVE A GREAT DEAL OF LEVERAGE. THE STOP-OVER ANNOUNCEMENT HAS NOW BEEN MADE. THERE WAS NOT EVEN AN INDIRECT THREAT BY SHEVARDNADZE TO CHANGE THE ARRANGEMENT: NOR DID HE SAY THAT SUCH A COURSE MIGHT HAVE BEEN CONTEMPLATED BEFORE THE ANNOUNCEMENT. HE SPOKE VERY POSITIVELY ABOUT THE PROGRAMME SUGGESTED BY THE PRIME MINISTER, SOME DETAILS OF WHICH HIS SPOKESMAN IS NOW GIVING TO WESTERN JOURNALISTS. INDEED, THE RUSSIANS WOULD LOOK VERY FOOLISH IF THEY CANCELLED THE VISIT BECAUSE WE HAD DEFENDED THE FREEDOM OF THE BRITISH PRESS AND HAD FAILED TO MAKE AN OFFICIAL STATEMENT REBUTTING WILSON'S ARTICLE. IF THEY EVER CONSIDERED SUCH A COURSE, THEY MUST BY NOW HAVE DISCOUNTED IT.

5. IT IS IN ANY CASE NOT WITHIN OUR POWER TO LANCE THE BOIL. THE FACTS ARE NOT AT OUR DISPOSAL. THEY CAN ONLY COME FROM THE SOVIET SIDE. I THINK THAT WE SHOULD AIM TO FIND A WAY OF REDUCING THE TEMPERATURE WITH THE RUSSIANS WHICH IS NOT COUNTER-PRODUCTIVE EITHER BY REVIVING INTEREST IN WILSON'S STORY OR BY ATTRACTING DOMESTIC CRITICISM. I BELIEVE THAT ONE WAY OF DOING THIS WOULD BE FOR THE PRIVATE SECRETARY AT NO 10 TO INVITE ZAMYATIN OR HIS DEPUTY TO CALL EARLY TOMORROW, 27 NOVEMBER. THE P.S. COULD SAY THAT HE WAS ACTING ON THE PERSONAL INSTRUCTIONS OF THE PRIME MINISTER, WHO HAD READ MY REPORT ON THE CONVERSATION WITH SHEVERDNADZE. HE COULD THEN:

(A) ASK ZAMYATIN (PERHAPS WITH THE ASSISTANCE OF THE NO 10 PRESS SECRETARY) TO EXPLAIN TO THE SOVIET LEADERSHIP WHY THE SORT OF CORRECTIVE ACTION BY THE BRITISH GOVERNMENT WHICH SHEVARDNADZE IMPLIED WOULD BE HARMFUL TO SOVIET INTERESTS, IN THAT IT WOULD GIVE RENEWED IMPETUS TO A STORY WHICH IS RAPIDLY BEING OVERTAKEN IN THE NEWS COLUMNS. HE COULD ALSO EXPLAIN THAT SUCH ACTION IS GENUINELY UNTHINKABLE FOR THE GOVERNMENT, AS WE DO NOT POSSESS THE FACTS AND WOULD BE CRITICISED SEVERELY FOR TRYING TO STIFLE

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PRESS COMMENT ON BEHALF OF THE SOVIET UNION.

(B) TELL ZAMYATIN THAT ONLY THE RUSSIANS COULD TAKE EFFECTIVE CORRECTIVE ACTION, AND SUGGEST THAT HE (ZAMYATIN) SHOULD WRITE AT ONCE TO THE OBSERVER (FOR PUBLICATION THIS SUNDAY) AND TO THE BBC. IT WOULD BE IMPORTANT THAT ZAMYATIN'S LETTER SHOULD SET OUT THE FACTS WITHOUT POLEMICS. HE COULD ASK THE BBC EXTERNAL SERVICES TO REPORT HIS LETTER, IN THE INTERESTS OF BALANCE AND FAIRNESS, IN THE SAME WAY THAT THEY HAD REPORTED THE ORIGINAL STORY.

(C) IF ZAMYATIN ACTED THUS, THE GOVERNMENT WOULD LOOK FOR A NATURAL WAY OF COMMENTING ON HIS LETTER. (WHILE WE SHOULD NOT COMMIT OURSELVES SPECIFICALLY WHAT I HAVE IN MIND IS THAT A SUPPLEMENTARY MIGHT BE ASKED IN THE HOUSE, WITHOUT BEING PLANTED OBVIOUSLY, OR THAT SOME COMMENT MIGHT BE MADE BY THE NO 10 PRESS OFFICE). COULD WE ALSO DISCREETLY ENCOURAGE BUSH HOUSE TO CARRY IT ?

(D) SOLONG AS MATTERS ARE HANDLED IN THIS WAY, THERE IS A VERY GOOD CHANCE THAT ANY FURTHER INTEREST IN THE STORY WILL BE SUBMERGED IN THE WAVE OF POSITIVE NEWS STORIES AND COMMENT WHICH WILL ALREADY BE APPEARING ABOUT THE PRIME MINISTER'S MEETING WITH GORBACHEV AND THE SUMMIT ITSELF.

6. I COULD MAKE SUPPORTING REMARKS TO THE MFA, PREFERABLY AT NOT TOO HIGH A LEVEL: BUT I AM SURE THAT FURTHER ACTION IS BEST TAKEN IN LONDON. IN THE LIGHT OF MY MEETING WITH SHEVARDNADZE, I SHALL NOT MAKE ANY FURTHER HEADWAY HERE: AND WE HAVE A BETTER CHANCE OF EXPLAINING TO SOVIET OFFICIALS IN LONDON HOW BEST TO MANAGE THE BRITISH PRESS.

7. I SHOULD ADD THAT I WOULD NOT MAKE SUCH A LENGTHY AND ELABORATE RECOMMENDATION WHERE I NOT CONVINCED THAT BEHIND AN APPARENTLY EPHEMERAL AND, IN WESTERN TERMS, TRIVIAL INCIDENT LIES A REAL AND MAJOR POLITICAL PROBLEM. GORBACHEV HAS, AT PRESENTDIFFICULTIES ENOUGH WITHOUT THIS. IF WE ARE SINCERE IN WISHING HIM AND PERESTROIKA WELL, I BELIEVE THAT WE SHOULD EASE HIS PASSAGE THROUGH THIS PARTICULAR PATCH OF TURBULENCE IF WE CAN DO SO WITHOUT COMPROMISING OUR OWN PRINCIPLES.

CARTLEDGE

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LONDON SW1A 2AA

From the Private Secretary

25 November 1987

Dear Tony.

SOVIET PROTEST ABOUT THE OBSERVER ARTICLE ON RAISA GORBACHEVA

Thank you for your letter of 24 November about the representations made to Sir Bryan Cartledge by the Soviet authorities about articles in our Sunday Observer on Mrs. Gorbachev. I have drawn this to the Prime Minister's attention and I see no harm in telling the Russians this. The Prime Minister has commented that she will certainly herself tell Mr. and Mrs. Gorbachev how distressed she was about the article (if she has an opportunity), while making the point that she too suffers frequently from attacks in the Observer.

You may like to amend the proposed telegram to Moscow to give Sir Bryan Cartledge discretion to say that the matter has been drawn to the Prime Minister's attention. If you judge it advisable, you could also say - while sticking to the line that we have no control over what appears in the British press - that the Prime Minister was distressed to learn of such a disparaging article about someone for whom she has great respect.

We shall have to hope that the article does not have any repercussions: but I am a bit apprehensive about the delay in announcing Mr. Gorbachev's intended stopover.

Yours sincerely,

C. D. Powell

A. C. Galsworthy, Esq., CMG.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

24 November 1987

Dear Charles,

Soviet protest about the Observer article on Raisa Gorbacheva

I attach Moscow telegram no 1671 reporting Sir Bryan Cartledge's summons last night by First Deputy Minister Kovalev. I also attach a copy of the offending Observer article.

Sir Bryan asks for instructions on whether he should tell the Observer correspondent that he has himself been summoned. We have also considered whether, if the Observer are to be told, this might be better done in London. Our firm recommendation is against informing the Observer. In the first place we should not act as a channel for Russian complaints about the British press. In the second, the Observer would probably use an approach as justification for a further story drawing on the Ambassador's summons as evidence that they have touched on raw Soviet nerves. This would appear just as Mr Gorbachev is about to arrive here.

There is an implicit threat in what Kovalev said about the "forthcoming contact" but it seems unlikely that the stopover will in fact be threatened by this incident. Should the story of Sir Bryan's summons leak either indirectly or because the Russians themselves release it, we propose to confirm that the Ambassador was summoned and that he told the Soviet First Deputy Foreign Minister that freedom of the press was an important part of British democracy and that the Government was not in any way responsible for what the press writes. It would clearly be best not to be drawn into discussion of the substance of the Observer's allegations.

I attach a draft telegram to Moscow with instructions to Sir Bryan Cartledge along these lines.

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

CONFIDENTIAL
FM MOSCOW
TO DESKBY 232200Z FCO
TELNO 1671
OF 232045Z NOVEMBER 87

SOVIET PROTEST ABOUT OBSERVER ARTICLE ON RAISA GORBACHEVA

SUMMARY

1. LATE NIGHT SUMMONS TO RECEIVE COMPLAINT FROM FIRST DEPUTY FOREIGN MINISTER ABOUT THE OBSERVER'S (22 NOV) FRONT PAGE ARTICLE ON RAISA GORBACHEVA. OFFICIAL REQUEST THAT THE PRIME MINISTER SHOULD BE INFORMED, IN THE CONTEXT OF ''FORTHCOMING CONTACT''.

DETAIL

2. FIRST DEPUTY FOREIGN MINISTER KOVALEV SUMMONED ME TO SEE HIM AT 10.00 PM (LOCAL) ON 23 NOVEMBER. KOVALEV WAS FLANKED BY GERASIMOV, THE FOREIGN MINISTRY SPOKESMAN. GERASIMOV DESCRIBED IN DETAIL HIS EXCHANGES EARLIER TODAY WITH THE OBSERVER'S MOSCOW CORRESPONDENT, ANDREW WILSON, ABOUT THE LATTER'S FRONT PAGE ARTICLE ON 22 NOVEMBER. GERASIMOV HAD DEMANDED TO KNOW WILSON'S SOURCES FOR THE ''SLANDEROUS LIES'' CONCERNING MRS GORBACHEVA. HE HAD DENIED THAT SHE HAD BEEN MENTIONED BY ELTSIN AT THE CC PLENUM, AND THAT SHE RECEIVED ANY REMUNERATION FROM THE CULTURAL FUND, ALL OF WHOSE OFFICERS OFFERED THEIR SERVICES GRATIS. WILSON HAD STATED ONLY THAT THE STORY WAS FOUNDED ON A SOURCE IN WHICH HE HAD COMPLETE CONFIDENCE, AND HAD REFUSED TO APOLOGISE.

3. GERASIMOV HAD ALSO TAKEN EXCEPTION TO THE STATEMENT THAT MRS GORBACHEVA'S VISIT TO A SHIP HAD CAUSED DISCONTENT. HE FURTHER COMPLAINED ABOUT DISSEMINATION OF THE STORY ON THE BBC RUSSIAN SERVICE AND IN OTHER PAPERS.

4. THE ESSENCE OF MY REPLY WAS THAT WHAT APPEARED IN OUR NEWSPAPERS WAS ENTIRELY A MATTER FOR THEM AND NOT FOR THE GOVERNMENT. PUBLIC FIGURES IN THE WEST HAD TO ACCEPT DISOBLIGING ARTICLES, WHETHER WELL FOUNDED OR NOT. I HAD

NOT SEEN WILSON'S STORY AND COULD NOT COMMENT ON IT. I KNEW HIM TO BE AN HONEST REPORTER WHO BORE THE SOVIET UNION NO ILL WILL, BUT SOMETIMES JOURNALISTS GOT THINGS WRONG OR HAD BAD SOURCES.

5. KOVALEV INSISTED REPEATEDLY THAT THE MATTER SHOULD BE BROUGHT TO THE PERSONAL ATTENTION OF THE PRIME MINISTER: THIS REQUEST WAS EVIDENTLY THE MAIN PURPOSE OF MY SUMMONS. I SAID THAT I WOULDREPORT TO YOU, AND YOU TO HER. I EMPHASISED THAT IT WAS NOT WITHIN THE POWER OF THE BRITISH GOVERNMENT TO TAKE CORRECTIVE ACTION, IF THAT WAS WHAT HE WAS SUGGESTING. OTHER THAN A GLANCING REFERENCE TO THE OPTION OF A LIBEL SUIT BY THE CULTURAL FUND AGAINST WILSON, KOVALEV MADE NO DIRECT THREAT. HOWEVER, AT THE END OF OUR EXCHANGES, HE REFERRED TO THE RELEVANCE OF THIS MATTER TO A 'FORTHCOMING CONTACT', ON WHICH HE DECLINED TO ELABORATE BUT TO WHICH, HE SAID, ''WE SHALL REVERT''.

6. I SHALL SEND A FULLER REPORT SEPARATELY. THE SENSITIVITY IN THE KREMLIN WHICH THIS ARTICLE HAS REVEALED IS STRIKING AND INTERESTING. MEANWHILE, I SHOULD BE GRATEFUL FOR GUIDANCE AS SOON AS POSSIBLE ON 24 NOVEMBER ON WHAT ACTION, IF ANY, YOU WOULD LIKE ME TO TAKE WITH WILSON. I WAS NOT/NOT ASKED TO TREAT THE SOVIET DEMARCHE AS CONFIDENTIAL, AND IT IS POSSIBLE THAT THE FOREIGN MINISTRY WILL THEMSELVES LET IT BE KNOWN THAT THEY HAVE MADE REPRESENTATIONS ABOUT WILSON'S ''SLANDEROUS CONCOCTIONS''. WILSON WILL KNOW FROM HIS CONVERSATION WITH GERASIMOV THAT HE HAS TOUCHED ON A VERY SENSITIVE NERVE. IF I INFORM HIM OF THE MEETING, IT WILL GIVE HIM AND OTHER CORRESPONDENTS ANOTHER STORY TO WRITE, ALTHOUGH YOU MAY CONSIDER THAT THERE IS A NEED TO INFORM THE OBSERVER WHEN REPRESENTATIONS OF THIS KIND ARE MADE: IN SO DOING, YOU WOULD I HOPE MAKE IT CLEAR THAT I FIRMLY DEFENDED THE FREEDOM OF THE BRITISH PRESS. HOWEVER, MY INSTINCT IS THAT IT WOULD BE ADVISABLE NOT/NOT TO REVEAL THE FACT OF THE SOVIET DEMARCHE FOR THE TIME BEING, UNLESS AN MFA STATEMENT OBLIGES US TO CONFIRM IT.

7. RESIDENT CLERK PLEASE INFORM HEADS OF SOVIET AND NEWS DEPARTMENTS.

CARTLEDGE

YYYY

LIFE ON CLOUD NINE —BY GEORGE HARRISON

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10233

SUNDAY 22 NOVEMBER 1987

OBSERVER

Kremlin row over Raisa's job

ANDREW WILSON ■ Moscow

IT IS now known that Boris Yeltsin, the disgraced Moscow party leader, made a bitter personal attack on Mikhail Gorbachov's wife, Raisa, at the fateful Central Committee meeting on 21 October.

Yeltsin criticised her for accepting a highly-paid Government job that many people had supposed was voluntary, and for encouraging the development of a personality cult by adopting the role of 'First Lady.'

Details of the attack, given to the *Observer* this weekend, help to explain Gorbachov's acquiescence in suppression of a full report of Yeltsin's controversial speech, in which he also accused senior members of the Politburo of obstructing the *perestroika* reforms.

The speech resulted in Yeltsin being stripped of his post as chief of the Moscow Party, although he has since been given the post of Construction Minister, as a partial recompense.

The event has caused a wave of unprecedented restlessness and rumour in Moscow, including unfounded reports last week that Yeltsin had attempted to commit suicide.

Yeltsin's attack on the party leader's wife came at a time of rising disquiet over the leading lady's taste for smart foreign clothes and her open pleasure in the television cameras. The fact that, this time, open criticism was coming from a friend and protegé of Gorbachov made Yeltsin's dramatic intervention all the more painful.

On Friday, Gorbachov made a new appeal for party unity in the wake of Yeltsin's departure. 'We cannot conduct affairs in the old way,' he told leading members of the Central Committee in a special session. He also called on party organs to get rid of 'inertia, conservatism and over-organisation.'

The appeal is seen as an attempt to reassure people who, like Yeltsin, fear that *perestroika* is faltering.

■ How Yeltsin lost his job, page 12.

Fighting the flak: Gorbachov has taken a firm stand following Boris Yeltsin's fierce personal attack on the 'First Lady'

Hurd to back Nazi

King's Cross inquest will be told

POLICE have pinpointed the cause of last week's King's Cross fire disaster but are refusing to reveal it

Police s(

Yeltsin lost job after 'cult' attack on Raisa

ANDREW WILSON in Moscow reveals why Gorbachov refused to save his protégé.

BORIS YELTSIN, the disgraced former boss of the Moscow Communist Party, launched a fierce personal attack on Raisa Gorbachov during his controversial speech last month, *The Observer* has now learnt.

In the speech, Yeltsin accused the leader's wife of improperly taking a highly-paid government job and of creating the 'pre-condition' of a personality cult of herself and her husband. The directness of the attack has led Mikhail Gorbachov to go along with suppressing publication of the speech.

It also helps explain the iciness with which Gorbachov put the final knife into his erstwhile colleague and friend after Yeltsin's speech. Besides rebuking colleagues for obstructing *perestroika* (restructuring), Yeltsin turned specifically to Mrs Gorbachov, attacking her for two things.

The first was her acceptance of a monthly salary of 780 roubles (the same sum in pounds at official rates, but much more in reality) for work the Cultural Fund set up to help collect and preserve the national heritage. Up to now most people had assumed that her position on the fund's board was voluntary; not that it carried four times the national average wage and 280 roubles more than the pay of an acade[illegible]. The revelation is particula[illegible] embarrassing when many workers here are having to take pay cuts as industry is 'restructured.'

The second criticism concerned a visit by the Gorbachovs to Murmansk last month. During the visit she went aboard a warship and was photographed by the Press among a group of sailors.

According to Yeltsin, the incident offended naval tradition (women are not allowed aboard Soviet warships) and was another instance of Mrs Gorbachov putting herself forward as a 'First Lady', for which the Soviet system makes no provision.

The attack (which must have delighted some Party members otherwise critical of Yeltsin) is seen as the reason for Gorbachov's failure to get the speech published, as *glasnost* would demand.

Yeltsin: Public sympathy.

It could also explain the unexpected severity of his own speech condemning Yeltsin at the 11 October meeting of the Moscow Party.

Some amends were made last week when Yeltsin was appointed to ministerial rank as deputy chairman of the State construction committee.

But as the dust begins to settle, it is clear that while Gorbachov has safeguarded his position of authority in the Party, he has suffered badly in popularity and loss of public confidence—at least in Moscow. And just when he badly needs both to get the economy moving.

Three things stick in the public gullet. First is his failure to say a single warm word in mitigation of his former friend's conduct. Whatever Yeltsin's faults of impetuosity and intemperence, Gorbachov could at least have paid tribute to his energetic fight against corruption. The second is the choice of speakers at the Moscow Party meeting. Nearly all the 24 who so mercilessly attacked Yeltsin were members of the Brezhnev-appointed *Nomenklatura*. Only the cosmonaut Alexei Yeliseyev and one other called for moderation in the Party's judgment.

The third is what people now know about Yeltsin's heart condition at the time of his inquisition. Admitted to hospital with a damaged aorta, he was obliged to leave his sick-bed to face the judgment of colleagues and 'friends.'

All this has contributed to the mood of public sympathy for Yeltsin.

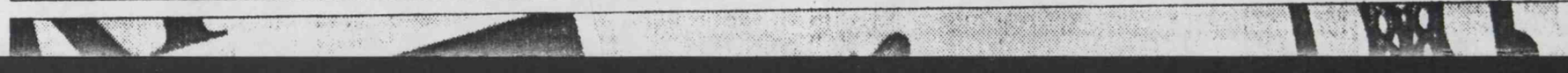
At one point there was even to have been a popular demonstration in his favour. It was called off after disagreements among the organisers, the so-called 'Federation of Socialist Clubs,' which claims the adherence of 12 small groups 'working for the *perestroika*.

On Sunday evening the same organisation called a meeting in a Moscow ceramics factory at the behest, no less, of the state broadcasting organisation Gostelradio, which was supposed to film it for a current affairs 'after midnight.' At seven o'clock police entered the building and told the organisers to close the proceedings and told the camera crew to stop recording, which they did.

At the same time, unbiased evidence of Yeltsin's unfitness to continue in office continues to accumulate—often coming from the same people who bitterly resent the manner in which he has been dropped.

Last week a Moscow *rayon* (city district) party secretary told how, after replacing corrupt *rayon* officials with young reformists, Yeltsin had alienated his own appointees by sending commissions to report on their work secretly, to himself alone. 'And for a district head to get him on the telephone took anything from two to three days,' added his once-enthusiastic supporter.

Mrs Gorbachov: 'High pay, high profile.'



Jamaican

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TELNO
OF NOVEMBER 87

YOUR TELNO 1671: SOVIET PROTEST ABOUT OBSERVER ARTICLE

1. You should not (not) tell Wilson of your summons by Kovalev. We shall not be informing the Observer in London either. In our view to do either would give the Observer an excuse to run a second story showing the content of Soviet sensitivity. Nor do we wish to act as a conduit for Russian complaints about the British press.

2. It is however possible that the story will leak either because Moscow based or other correspondents put two and two together, or if the Russians themselves put it about in the course of denying the allegations themselves. If this happens we shall confirm that you were summoned and that you replied to Kovalev that freedom of the press is an essential part of British democracy and that the British Government is in no way responsible for what the press may write about public figures whether in Britain or elsewhere. We would refuse to be drawn into any discussion of the substance of the allegations. You should take a similar line. Please report by immediate telegram if the fact of your summons becomes public knowledge in Moscow.

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From the Private Secretary

24 November 1987

ANGLO-SOVIET ANNUAL LECTURE, 27 NOVEMBER

Thank you for your letter of 23 November about the inaugural lecture by Academician Aganbegyan at Chatham House on 27 November. The Prime Minister is, unfortunately, unable to attend but is content to send the message proposed in your letter. However, there is one slight amendment - substitute the words "very pleased" for "delighted" in the first line.

She is not particularly attracted by either of the proposed titles for the Anglo-Soviet lecture in future. I should be grateful if further thought could be given to this.

CHARLES POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

Prime Minister

Agree to send the proposed message for the Chatham House lecture?

Foreign and Commonwealth Office
London SW1A 2AH

23 November 1987

I don't think much of the proposed titles for these lectures, proposed on page 2. Agree to ask the FCO to think again?

Let me look at this during the CDP 23/11

Dear Charles,

Anglo-Soviet Annual Lecture, 27 November

As you know, Academician Aganbegyan is giving the inaugural lecture in the series agreed during the Prime Minister's visit to Moscow at Chatham House on 27 November at 1330 hrs. We are doing our best to ensure that he gets a large, high level, audience and good media coverage. The event is likely to be televised.

The Foreign Secretary would have wished to attend, but will unfortunately have to be in Spain on that day. He will be represented by Mr Mellor. We understand that the Prime Minister has a lunch engagement and is not likely to be able to drop in for part of the proceedings (eg the buffet lunch beforehand) as she did at the Royal Society dinner for Dr Marchuk.

The Foreign Secretary would however see considerable merit in the Prime Minister sending a short message to be read out at the start of the public part of the Chatham House occasion before Academician Aganbegyan gives his talk. This would emphasise the importance she attaches to following up the initiatives agreed during her visit to Moscow. The Foreign Secretary has in mind something on the following lines:

> "I am ~~delighted~~ very pleased that the series of lectures agreed during my visit to Moscow earlier this year is being inaugurated so soon and with such a distinguished figure as the first Soviet lecturer. I can think of no more interesting current subject than the one chosen and no more appropriate speaker to present it. I am only sorry that I am unable to be present myself. I hope that Academician Aganbegyan's lecture will be the first of many which will help our two countries to understand each other better. And I hope that a similarly distinguished audience will attend the inaugural British lecture in Moscow next year."

although I have unfortunately been unable to ~~attend~~ meet

The Foreign Secretary has also been considering the question of a title for the lecture series as a whole. It has proved difficult to come up with titles likely to have an impact both here and in the Soviet Union, and to be

/acceptable

acceptable to both sides. The Foreign Secretary has concluded that the two leading candidates are:

- "The Murmansk Lectures": for both British and Soviet audiences this would recall our war-time partnership with the Soviet Union. There were 40 convoys to Murmansk and Archangel involving nearly 800 ships, of which 90 were lost. There is a Commonwealth war cemetery in Murmansk with 20 British graves in it (the vast majority of the casualties were of course at sea). During his recent speech in Murmansk, Mr Gorbachev made a notably warm reference to the convoys: "We have not forgotten nor shall we ever forget how allied convoys with weapons and equipment for the Soviet Army broke their way here through Hitlerite blockade. The courage of Soviet, British and American sailors who secured their passage was and remains a vivid symbol of cooperation between our peoples in the period of the Second World War." Murmansk would therefore be an evocative title: the only negative connotation from the Russian point of view is the Allied intervention at Murmansk after the Revolution, in which some British troops were involved. But we doubt if this is likely to be a serious problem.

- "The Glasnost Lectures": although "Glasnost" risks becoming something of a cliche, and might not survive a change of regime in the USSR, it has the merit of simplicity and directness. The Russians might however have some difficulty in accepting it.

The Foreign Secretary's own preference is for "The Murmansk Lectures". While not as eye-catching as "Glasnost", this might be sufficiently unusual to catch on and sufficiently neutral to be acceptable to the Russians.

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street

C. Powell

Old paper with minor corrections - for your file?

I-C

Soviet Developments & the West

It may be helpful to look at the foreign policy problems presented us by the Gorbachev regime schematically. There are, in effect, four possible conditions of the future Soviet Union:

1. A weak and friendly Soviet Union
2. A weak and hostile Soviet Union
3. A strong and friendly Soviet Union
4. A strong and hostile Soviet Union

Only the fourth variant should worry us.

If the reconstruction of the Soviet Union is successful, the outcome will be either 3 or 4. But which?

Some commentators just assume that a strengthening of the Soviet economy is bound to lead to the abandonment of that hostility in principle to other political orders which has marked the USSR from its beginning. What is there to justify this assumption?

Those who cast a cool eye on Soviet developments are charged -- by Archie Brown, for instance -- of thinking that the Soviet system "cannot change". On the contrary, most serious observers of the Soviet regime have always maintained that (in Orwell's words) the USSR must

"either democratise or perish" -- or if not democratise, at least somehow evolve from being a closed society based on force, fraud, and dogma. And if we envisage an eventual Russia which has so changed, then it is obvious that, between the present Soviet Union and that later entity, there must be some form of transition.

No one sees as probable an imminent revolution putting into power anything resembling democracy. There is no plausible political movement, no political leadership, nor any serious possibility of one readily emerging -- in Russia proper at least. (As Alex Ginzburg, has said, almost none of the dissidents is capable of ruling the country). All political experience is within the present party and governmental machine. Mere administration could not be carried out without them. For the moment, then, it is the Party, and the Party leadership, which must be the agent of change.

Democracy as such is thus not the immediate issue. But it is true that the Soviet economy cannot be seriously reformed without the withdrawal of party and state from its total monopoly of economic and political power, to a minimum of something like a limited autocracy which is yet a Rechtstaat, with a largely market economy. And, whatever decentralisation of the state machinery may take place, so long as the Party itself remains centralised there will be a disciplined plenipotentiary representative of the centre in every level and locality.

It is equally true that there is no sign of accepting any restriction of party power in even the most reformist section of the leadership. Gorbachev, in his July 15 speech, said that the West was more frightened of Soviet 'democratisation' than of Soviet nuclear weapons. But if democratisation meant the beginnings of dismantling the despotic-socialist state and the totalitarian ideology, the West would of course be delighted. The West would only be 'frightened' if the intention of the Gorbachevite 'democratisation' were to strengthen the Communist order in its doctrinally mandated struggle against our own: and this is what he appears to mean.

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Thus, if the proposed or probable changes in the USSR were inevitably to lead in the long run to an open and unaggressive society, regardless of the present intentions of Gorbachev, we should welcome them unreservedly. But there is no such inevitability.

At present the more radical of the reformers, that is to say Gorbachev and his adherents, wish to modernise the economic system while retaining Leninist socialism, and the one party state. Formally speaking, this is impossible. Various adjustments between these contradictory aims can be made, but only up to a point.

Gorbachev wishes, in effect, to square the circle.

If the reform programme goes ahead (and is not, in practice at least, effectively shelved), then a contradiction faces the leadership. If they do not introduce a market economy, then the country will be ruined; if they do introduce such an economy, then the all-pervading power of the party will have to withdraw from a major social area, and cease to have total control. The trouble with planning and thinking in contradictory terms is that sooner or later the facts blow up in one's face. It is normal for such transitional rulers to find, when the crunch comes -- but not until then -- that they are pursuing incompatibles.

At that point Gorbachev, or some successor, must in practice (if not in theory) break out of the mould of Leninist doctrine: or fail in his economic aims.

If so faced with keeping Marxism-Leninism, the one-party state and the socialist state-controlled economy, or proceeding with real radical change, which would Gorbachev and the others chose?

Everything they say, and everything we know of them suggests that they would preserve the Communist order. Gorbachev himself has laid down that reform does not include political pluralism. Of course, it <u>may</u> be that the pressures of the continuing issues, becoming ever greater as such a choice approaches, would work in the by then split and confused minds of the leadership and bring them, half-concealing it even from themselves, to at least

the beginnings of a true evolution forward. More likely still, their successors, emerging in a shaken and disrupted apparat, might grasp the nettle; or their successors.

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A further and highly refractory problem is that of nationalism in the peripheral republics and in Eastern Europe. Any 'opening' to hitherto heretical ideas must also open the issue of national rights, even of self-determination. Any genuine "democratisation" must liberate the powerful forces of nationality. In an important sense a 'liberal' (even a 'liberal communist') Soviet Union could not exist; for if 'liberal' it would no longer be a Soviet Union. The peripheral republics, and even their party leaders, have long tended to seek more autonomy than Moscow grants; and given the opportunity some at least of them would seek at lowest the level of independence of Mongolia or Poland.

It is an interesting slip of the tongue that in a speech last year Gorbachev twice referred to the USSR as 'Russia' -- and on Ukrainian soil at that.

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What then, in the international context, has the

current struggle for glasnost, 'openness', been about, and where is it leading?

There has been much frankness about present day social and economic horrors, with a view to their amendment. And we have seen the beginning of an attack on Stalinism, as economically and politicaly misconceived, and practically criminal.

Here the point at issue has been the extraordinary, demoralising falsehoods on which the regime has stood for fifty years. The traditionalists want them to be preserved, or at least only unsubstantially amended. The 'reformists' want:

(a) to repudiate the faked trials of the 1930s

(b) to condemn Stalin

(c) to restore the rest of the revolution's leaders to the status of comrades, even if mistaken ones

(d) to question the economic policies of the 1930s, including collectivisation -- not as such, but as to the Stalinist methods of its fulfilment.

By Soviet standards this is a huge clean-up; but it does not in any way question the Leninist one-party state. As Gorbachev has said, 'Glasnost should further socialism ... it is not intended to undermine socialism and our socialist values'.

Still, if they admit the awfulness of the Stalin regime, then they should admit that the West was right in defending itself against its expansion. At present, as in other spheres, they attempt to square the circle by the thesis that Stalinism was abominable, but that it was nevertheless socialism, and therefore empowered to assault and defeat 'imperialism' -- i.e. the West -- as far as it could.

This ties in with <u>current</u> foreign policy. Is 'Socialism', Soviet style, still essential for the world? Or is it to be admitted that other political social orders have a legitimate right to exist? And this is not to be solved by mere rhetoric about 'peaceful coexistence', which was equally spoken of by Stalin and Brezhnev and all earlier Soviet rulers. It must, if we are to have peace, be admitted in principle as well as tactically. So far, there has been no abatement of the claims of Moscow's socialism as the only legitimate model for the world.

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Of course, the reformists may simply be defeated, and the group which merely wants a sort of semi-streamlined Stalinism may succeed. And apart from that, Gorbachev himself may press change as far as, and no further than, it begins to affect the Marxist state, and settle for a fully streamlined Stalinism. Indeed the USSR

may be entering a period of social and political instability, where all sorts of possibilities could emerge.

The economic reforms will cause intense social strains, both for the bureaucratic caste, and for the working class which now relies on heavy food and other subsidies. The potential for fresh developments is great. Yet politically the attraction of a Western-style evolution seems largely confined to the intelligentsia, while the forces of an archaic nationalism seem to have more profound roots, and more potential dynamism, with large sections of the Russian population. Even if a formal Communist facade is maintained, we may see a military-bureaucratic dictatorship, or a sort of Russian national fascism (the influence of the new rightwing crackpots is already astonishing: for example, they have been accused of 'taking over' Soviet institutions in Novosibirsk), or a combination of the two. A military-nationalist Russia (perhaps within the Soviet forms) would not be a comfortable associate in a world community. But it might at least have foreign policy aims which, unlike those of Marxism-Leninism, were at least not unlimited as a matter of principle.

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But if we assume that the 'reformers' triumph

completely, at what point might the social and political order be such that it does not regard Western democracy as its enemy and destined prey?

If the USSR does eventually take the steps necessary to bring it into the civilised world, then we must welcome it, and adjust our policies accordingly.

Meanwhile, we can pursue negotiations as we have in the past. And we can make the best of any Soviet retreat, even if considered in the Kremlin as a 'breathing space' and made with a view to advance later on. These were, or should have been, our policies with previous Soviet governments.

Another side of the West's role in the past continues to be important. The present revulsion of, probably, the majority of the educated class is the result of two things. First, the plain failure of the system. Second, the years of devoted work by a small number of dissidents who have placed the rest of the intelligentsia in an impossible intellectual position; but above all, the constant intrusions of real facts and knowledge over the foreign radios, including the BBC.

It has always been clear that for a genuine participation by Moscow in a cooperative world order the main condition we seek must be the abandonment of global and absolutist claims, and that this should be reflected, for a start, in the free movement of people and ideas.

Until Moscow takes such steps, we should not

prematurely accept, or encourage our public to accept, that it is no longer irremediably hostile.

This is not to be too schematic about the point at which we can assume genuine co-operation. Our attitude can change pari passu with Soviet evolution, as and if it actually takes place; but our criteria must be based at every point on careful assessments of the reality. And we should encourage a reformist Soviet regime precisely to the degree that it fulfils those criteria.

The National Archives

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cc MASTER.

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 November 1987

Dear Lyn,

PRIME MINISTER'S MEETING WITH MR. AGANBEGYAN

The Prime Minister saw Mr. Aganbegyan, one of Mr. Gorbachev's chief economic advisers, for an hour this morning. Mr. Aganbegyan was accompanied by the Soviet Ambassador. Sir Terence Burns was also present.

I have recorded separately an exchange between the Prime Minister and the Soviet Ambassador at the end of the meeting.

The Prime Minister began by complimenting Mr. Aganbegyan on his lecture yesterday evening and said that she was looking forward to hearing an account of economic reform in the Soviet Union. She was impressed by the difficulty of moving from a highly planned society to one in which people took more individual responsibility. It required a massive change in attitudes. She wondered how the Soviet leadership would go about securing this change. Mr. Aganbegyan said that he wished he had the answers. The Soviet Union had little experience of this. They would proceed by trial and error. It was not like making a pie: there were no ready-made recipes. The Prime Minister said that people tended to be afraid of change. They had to be persuaded that it would result in a better life.

The Prime Minister continued that she thought the Soviet Union faced two particular problems: it was trying to make far-reaching changes in a relatively sophisticated economy. In a way, the Chinese faced an easier task simply because their economy was more basic. But because the Soviet economy, and particularly the industrial sector, was relatively sophisticated, it was impossible to control everything from the centre. By stressing the problems, she did not in any way want to imply scepticism of what Mr. Gorbachev was doing. His efforts had our support.

Mr. Aganbegyan said that the Prime Minister's analysis was accurate. Economic reform in the Soviet Union was a complex process. It embraced a number of objectives. The first was to change the balance of the economy towards increasing living standards and solving social problems. A

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dangerous gap had opened up between the highly developed industrial base and people's living standards. There were serious problems in housing, shortages of foodstuffs, lack of consumer goods and inadequacies in health and education. The second objective was modernisation of industry to increase the efficiency of production and improve the quality of products. The main thrust here was heavy investment, particularly in the machine tool industry. The third objective was to reform management practice. This was by far the most difficult. The Prime Minister commented that it would be impossible to achieve the first two objectives without progress on the third. Successful implementation of the economic reforms which Mr. Aganbegyan had described would require a massive change of attitude for managers who had been used to a command economy. We would be very happy to see a team of young managers come to Britain to study the workings of successful companies, like Marks & Spencer or similar enterprises. Mr. Aganbegyan remarked that the first item in his own programme was a visit to Marks & Spencer. He agreed that the Soviet Union had a great deal to learn in this area. If the decision were his, he would take up the Prime Minister's offer to send teams of young managers to Britain. This had in fact happened in the 1920s, when young managers had been sent to the United States, Germany and Britain to learn.

Mr. Aganbegyan continued that management reform had two main objectives: to give firms as much independence as possible and to give workers a larger say in the running of their firms. The Law on Enterprise provided for self-financing, profit and loss accounting and commercial decisions. As these were gradually adopted in industry the whole nature of the Soviet economy would begin to change. The Prime Minister said that she had been surprised by the proposal to elect managers. Surely managers should be chosen on merit. Mr. Aganbegyan acknowledged the problem. But the Soviet leadership were seeking a way to involve working people in the process of reform. They had to be made accomplices and brought along. The extension of democracy to industry was a means of achieving this. It would give the people working in a particular factory a role in shaping its plans and determining how profits were distributed. The better the manager the better off the work-force would be. This would incline them to select the most expert and proficient managers. Undoubtedly there were risks in this course and mistakes would be made. But in Mr. Gorbachev's view there would be fewer mistakes than when appointments were made by bureaucrats in ministries. He believed the new system could produce results. The Ambassador added that Mr. Gorbachev also wanted to get people used to the idea of real elections.

Sir Terence Burns raised the problem of pricing. Evidently, many prices in the Soviet Union did not reflect costs. For example, food was heavily subsidised. Getting prices to reflect costs would mean price rises. How would this be handled? What compensation would people receive? What steps would be taken to deal with inflationary prices? How would people be carried along to accept these changes? Mr. Aganbegyan said that the Soviet authorities were planning

introduce price reform by the mid-1990. There was still debate as to whether such reform should extend to the three most heavily subsidised products, dairy, meat and bread. Taken together the subsidies for these three products alone amounted to 57 billion roubles a year out of a total budget of 430 billion roubles. Wide discussion of reform was taking place in the media. But it was quite clear to all professional economists that there would have to be price rises. However, two conditions had been attached to these at the June Plenum of the Central Committee. First, price reform must be democratic. The draft law would have to be published several months prior to its intended implementation so that it could be discussed publicly and the results of this discussion taken into account. Secondly, price reform must not affect living standards adversely. This meant that price increases would have to be compensated. There was an analogy with what had happened after the ending of rationing following the war. He did not under-estimate the difficulties. People in the Soviet Union were used to stable prices and, for that matter, to shortages. There was no doubt that reform would be unpopular. People would not believe that they would be fully compensated. For this reason, price reform would not be introduced until the Soviet economy was able to offer a better supply of foodstuffs and consumer goods. That was one reason why additional funds were being channelled into agriculture.

The Prime Minister said that it was natural that the greater freedom given by perestroika and glasnost led in the first instance to people expressing fears, doubts and criticisms. There would have to be a massive campaign to convince people that things would be better as a result of the proposed reforms. She urged Mr. Aganbegyan, (who is of somewhat lugubrious mien), not to be depressed about the task. It would need endless energy and enthusiasm. The essential problem was to decide how fast to go and how to win people's support.

Mr. Aganbegyan said that he would like to question the Prime Minister about the success of her economic policies, and the lessons which they might offer for the Soviet Union. The Prime Minister gave a brief seminar. It was arranged that Mr. Aganbegyan would have a further meeting with Sir Terence Burns to take this further.

I am copying this letter to Alex Allan (H M Treasury), Tim Walker (Department of Trade and Industry), John Howe (Ministry of Defence) and Trevor Woolley (Cabinet Office).

Yours sincerely,

C. D. POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office

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CONFIDENTIAL

PRIME MINISTER

MEETING WITH ACADEMICIAN AGANBEGYAN

You are to see Academician Aganbeygan, one of Mr. Gorbachev's principal economic advisers for an hour tomorrow. The Soviet Ambassador will also be present. I have asked Terry Burns to come too. You may like to suggest that he carry on the discussion with Mr. Aganbegyan at some later point.

You have started on some of the background papers in the folder but have not had time to get very far. If you can, you should glance at the short biography of Aganbegyan, the quotes from his work, the first chapter of his new book and the note on Soviet economic reform.

I am told by Terry Burns - who met him briefly last night - that Aganbegyan is a bit dour. You may have to make the running. He is a mathematical economist by training. Judging by his biography, he has been quite an outspoken critic of the way the Soviet economy runs for over 20 years. He must be rather a brave man.

I think it is important, in the Ambassador's presence, to start by saying that you would be delighted if Mr. Gorbachev were to stop off in the United Kingdom on his way to Washington. You will also want to repeat your support for what Mr. Gorbachev is trying to achieve.

You will also want to refer to Mr. Aganbegyan's forthcoming lecture at Chatham House and say how sorry you are that you cannot yourself be there.

Thereafter you will want to ask him about the economic reform programme, what additional steps he foresees, and how he assesses the immediate prospects for the Soviet economy. But it would also be helpful to enlarge the discussion to see what you can find out about his views on progress with perestroika more generally and the extent of opposition to Mr. Gorbachev.

CDP

CHARLES POWELL
19 November 1987

CONFIDENTIAL

Prime Minister
You might glance
at this.
His main lecture
is next week, at
Chatham House.

PM seen

Foreign and Commonwealth Office

London SW1A 2AH

19 November 1987

Dear Charles,

Visit of Academician Aganbegyan

I undertook in my letter of 18 November to let you have a note of any points arising from Aganbegyan's lecture today at the LSE.

Speaking without notes and with a generous leavening of statistics Aganbegyan gave a standard account of the reasons for and aims of perstroika. He identified consumer requirements, housing and health as priority areas. It would be necessary in future to achieve growth through increased productivity as resources, particularly labour, became scarcer. Productivity should be boosted by improved management techniques, including more independence for enterprises and greater application of science and technology.

Resistance came from elements in the management system which did not want to take risks or to submit to elections. Economic reform in the past had not succeeded because it had not been attempted on a comprehensive scale and because democratisation had been lacking. Glasnost and democratisation in society and the workplace would be the key to overcoming resistance. Further democratisation in the party and society would be one of the main items on the agenda of the special 1988 Party Conference.

Asked about training people for the new demands placed on them by perestroika, Aganbegyan said that various measures to improve the quality of personnel were in hand. But most people would have to learn "on the job" in the new conditions. You could not learn to swim out of water.

Asked how the fully reformed Soviet economic/social model would differ from a Western market/welfare economy Aganbegyan replied that there would be no division of society into those owning, and those working, the means of production. Individual labour for oneself would be permitted, but the hiring of labour would be forbidden. There would be no unemployment (not even a 2.3% "pool" to improve conditions for others, as suggested by some Soviet economists) and so no free labour market. A degree of "strategic" planning

/would

would still exist. National industries would not be sold off. The issue of shares was not being promoted at present so there would be no stock market. "So we will sleep easily". The changes in the making for the Soviet way of life would not change the fundamentals of society.

One questioner complained about discrimination against Jewish refusenik scientists. Aganbegyan did not duck the issue or engage in polemics. He said he thought some progress was being made towards making emigration easier. He was not personally aware of any such discrimination within the Academy of Sciences now, although there had been problems in the past.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

CC BYP
PC

Foreign and Commonwealth Office

London SW1A 2AH

19 November 1987

Dear Charles,

Call on the Prime Minister by Academician Aganbegyan: Training of Soviet Sociologists in the UK

GR?

You sent me a copy of your letter of 12 November to the DES together with the British Academy's letter of 11 November which raised the possibility of arranging courses for Soviet sociologists in the UK.

I understand that the DES are in the process of drafting a reply to your letter but you may wish to have the enclosed line to take and background for the Prime Minister's use in case Aganbegyan raises the subject. The line reflects consultation with the DES.

The papers are self-explanatory. In the Foreign Secretary's view, we should be convinced that this really is a top Soviet priority before considering the difficult financial questions posed by the request.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

TRAINING IN THE UK FOR SOVIET SOCIOLOGISTS

Points to Make

- Slightly surprised at choice of discipline. Would have expected others eg economists, managers, to have priority.

- What role do you see for sociology in perestroika?

(If satisfactory assurance of priority received)

- Finance a problem. Trying to reduce expenditure as part of our own perestroika. But will ask officials to look at urgently.

TRAINING IN THE UK FOR SOVIET SOCIOLOGISTS

BACKGROUND

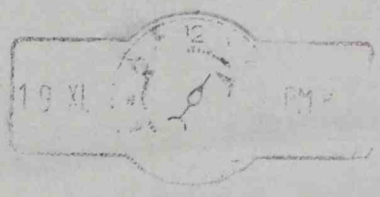
1. The British Academy wrote to the Private Secretary at No.10 on 11 November enclosing a proposal that courses for Soviet sociologists should be arranged in the UK. The letter said that Academician Aganbegyan might raise this with the Prime Minister at their meeting on 20 November. The first course would be in 1989 for 20 students for 12 weeks, and if successful would be repeated in the two following years. The cost is (conservatively) put at £60,000 for one course only.

2. The Department of Education and Science have been asked for a draft reply. We understand that, since their PES provision for the British Academy's grant-in-aid has already recently been increased substantially to meet other commitments, they are likely to argue that it is for the British Academy to judge the priority of the project and if necessary to find the resources required from funds earmarked for other purposes.

3. It would be difficult for the FCO to obtain additional PES funds for this project. To divert resources from other areas of Anglo-Soviet cooperation would mean making real sacrifices in terms of other high priority projects.

4. It would therefore be useful to know how high a priority the Russians themselves attach to this proposal and what backing it has with the Soviet leadership. It is arguable that training economists, managers (on which the Russians have already made proposals to us) or financial experts might be a higher priority.

Soviet Union. Rels FT 8.



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MY TELS NOS 1638-1641: THE ELTSIN AFFAIR: A FURTHER ASSESSMENT

SUMMARY

1. AN ATTEMPT, NECESSARILY TO SOME EXTENT SPECULATIVE, TO RECONSTRUCT THE COURSE OF EVENTS WHICH CULMINATED IN ELTSIN'S FALL. GORBACHEV PROTECTED ELTSIN FOR AS LONG AS HE COULD: BUT ELTSIN'S SPEECH AT THE 21 OCTOBER PLENUM GAVE GORBACHEV NO CHOICE BUT TO THROW HIM TO THE WOLVES. PUBLICATION OF A FULL ACCOUNT OF THE MOSGORKOM MEETING WHICH DISMISSED ELTSIN HAS INCREASED RATHER THAN LIMITED DAMAGE TO GORBACHEV'S AUTHORITY AND IMAGE: AND HAS ENGENDERED CONSIDERABLE PESSIMISM ABOUT THE FUTURE OF PERESTROIKA AND GLASNOST'.

DETAIL

2. WHAT HAPPENED ?

THE FOLLOWING ATTEMPT TO CHART THE COURSE OF EVENTS WHICH CULMINATED IN THE INDICTMENT AND DISMISSAL OF ELTSIN ON 11 NOVEMBER IS BASED ON AN AMALGAM OF INTERNAL EVIDENCE FROM THE PUBLISHED ACCOUNT OF THE MOSGORKOM PLENUM, INFORMATION FROM LOCAL WESTERN AND EAST EUROPEAN SOURCES, CONVERSATIONS WITH RUSSIANS AND THE MORE PLAUSIBLE OF THE MANY RUMOURS WHICH HAVE BEEN CIRCULATING IN MOSCOW SINCE THE CENTRAL COMMITTEE PLENUM ON 21 OCTOBER. I CANNOT GUARANTEE ITS ACCURACY BUT IT IS PROBABLY AS CLOSE TO THE TRUTH AS WE ARE LIKELY TO GET FOR THE TIME BEING.

3. FOLLOWING HIS APPOINTMENT AS FIRST SECRETARY OF THE MOSCOW PARTY COMMITTEE AND CANDIDATE MEMBER OF THE POLITBURO IN DECEMBER 1985 ELTSIN QUICKLY ESTABLISHED HIMSELF AS THE MOST OUTSPOKEN AND RADICAL PROPONENT IN THE LEADERSHIP OF REFORM AND OPENNESS AND AS THE SCOURGE OF PRIVILEGE AND CORRUPTION. HIS SPEECH AT THE 27TH PARTY CONGRESS, IN WHICH HE ATTACKED ''ONE INERT -634 9% 58.3-SERVERS WITH PARTY TICKETS'' AND THE MATERIAL PRIVILEGES OF

THE LEADERSHIP, WAS THE HIGHLIGHT OF THAT OCCASION. ALL THIS WON FOR IM IN MOSCOW THE SAME HIGH PROFILE AND GENUINE POPULARITY AT GRASS ROOTS LEVEL WHICH HE HAD ACHIEVED FOR MUCH THE SAME REASONS IN SVERDLOVSK, WHENCE GORBACHEV HAD SUMMONED HIM TO TAKE ON THE MUCH MORE CHALLENGING TASK OF RUNNING THE CAPITAL. THERE CAN BE NO DOUBT THAT ELTSIN WAS IMPATIENT, ABRASIVE, HIGL-HPNDED IN DEALUING WITH HIS SUBORDINATES, FOND OF PUBLICITY AND THAT HE HAD ALL THE DEFECTS, AS WELL AS THE VIRTUES, OF A NATURAL POPULIST. MUSCOVITES, NEVERTHELESS, APPRECIATED AND ENJOYED THE CONTRAST WITH GRISHIN'S GREY AND CORRUPT REGIME. ELTSIN'S ENEMIES LAY PRINCIPALLY AMONG THE MANY SURVIVORS FROM THAT ERA IN THE PARTY APPARATUS AND MUNICIPAL BUREAUCRACY, WHO WERE THE FIRST TO SUFFER FROM HIS STYLE. ALTHOUGH, EVEN BY GORBACHEV'S ACCOUNT IN HIS OPENING SPZOA AT THE GORKOM PLENUM ON 11 NOVEMBER, ELTSIN'S FIRST YEAR IN MOSCOW WENT WELL, HE ENCOUNTERED MOUNTING RESISTENCE TO THE SWEEPING (AND NECESSARY) PERSONNEL CHANGES OF WHICH HE OPENLY BOASTED: BY THE END OF 1986, THESE HAD BECOME A MAJOR BONE OF CONTENTION BETWEEN HIM AND THE CENTRAL COMMITTEE SECRETARIAT, TO WHOM MANY OF ELTSIN'S VICTIMS HAD DOUBTLESS APPEALED.

4. BEFORE THE CENTRAL COMMITTEE PLENUM IN JANUARY, 1987, THE POLITBURO FORMALLY WARNED ELTSIN THAT HIS CADRE POLICY WAS GOING TOO FAR: IT WOULD HAVE BEEN NATURAL, IN FUNCTIONAL TERMS, FOR LIGACHEV TO TAKE THE LEAD IN ADMINISTERING THIS REBUKE. ELTSIN APPARENTLY PROMISED TO MEND HIS WAYS. ELTSIN CAME IN FOR FURTHER CRITICISM FROM HIS COLLEAGUES DURING THE JANUARY PLENUM ITSELF, PROBABLY AS A RESULT OF HIS FORTHRIGHT SPEECH, WHICH LIGACHEV BY IMPLICATION CRITICISED IN HIS OWN CONTRIBUTION. ELTSIN RECEIVED A FURTHER CHIDING SHORTLY BEFORE THE CC PLENUM IN JUNE AND AT VARIOUS STAGES GORBACHEV HAD PRIVATE MEETINGS WITH ELTSIN AT WHICH THE LATTER PROBABLY GAVE VENT TO HIS FRUSTRATIONS OVER THE BLOCKING ROLE OF THE PARTY SECRETARIAT AND AT WHICH GORBACHEV ENDEAVOURED TO COOL HIM DOWN. IN MID-AUGUST OR EARLY SEPTEMBER, ELTSIN SENT A LETTER TO GORBACHEV, THEN ON HOLIDAY, WHICH RAISED THE QUESTION OF HIS POSSIBLE RESIGNATION FROM THE POLITBURO AND FROM HIS MOSCOW PARTY POST. THIS MAY HAVE RESULTED FROM A FURTHER CLASH WITH LIGACHEV, WHO WAS RUNNING THE PARTY IN GORBACHEV'S ABSENCE AND PERHAPS USED THIS OPPORTUNITY TO PUT THE BOOT IN. TOWARDS THE END OF SEPTEMBER, GORBACHEV DISCUSSED THE POSITION WITH ELTSIN AND URGED HIM TO POSTPONE THE QUESTION OF HIS PERSONAL POSITION UNTIL AFTER THE 70TH ANNIVERSARY CELEBRATIONS.

5. THE IMPRESSION GIVEN BY THIS PHASE OF THE SAGA IS THAT GORBACHEV ATTEMPTED TO MEDIATE BETWEEN LIGACHEV AND ELTSIN AND TO PROTECT THE

LATTER FROM THE CONSEQUENCES OF HIS IMPATIENCE, HOT TEMPER AND POLITICAL IMPRUDENCE. IT WAS POLITICALLY IMPORTANT TO GORBACHEV TO HAVE AT LEAST ONE MEMBER OF THE LEADERSHIP WHO WAS OUT AHEAD OF HIM IN TERMS OF RADICALISM AND REFORMIST ZEAL.

6. IN EARLY OCTOBER, AT ONE OF THE REGULAR MEETINGS OF THE MOSCOW PARTY ''AKTIV'', ELTSIN AS USUAL RESPONDED TO WRITTEN QUESTIONS HANDED UP FROM THE FLOOR. ONE OF THESE, WHICH HE READ OUT, ASKED WHETHER IT WAS TRUE THAT THERE WERE DIVISIONS WITHIN THE POLITBURO AND, SPECIFICALLY, DIFFERENCES BETWEEN HIM AND LIGACHEV: HIS ANSWER WAS ''YES, BUT PERESTROIKA CONTINUES''. ANOTHER QUESTION ASKED WHETHER ELTSIN APPROVED OF THE POLITICAL ACTIVITY OF RAISA GORBACHEVA: ELTSIN REPLIED, TACTFULLY FOR ONCE, THAT HE SAW NOTHING TO CRITICISE IN THIS. ACCOUNTS OF THESE QUESTIONS (POSSIBLY PLANTED BY HIS OPPONENTS) AND ANSWERS WOULD HAVE QUICKLY FOUND THEIR WAY BACK TO LIGACHEV AND POSSIBLY TO GORBACHEV AS WELL.

7. AT THE CC PLENUM ON 21 OCTOBER, ELTSIN EXERCISED THE RIGHT OF THE MOSCOW PARTY SECRETARY TO SPEAK FIRST AFTER GORBACHEV'S INITIAL REPORT, WHICH DEALT BOTH WITH THE 70TH ANNIVERSARY CELEBRATIONS (PARTICULARLY THE DRAFT OF HIS OWN MAIN SPEECH) AND WITH THE PROGRESS OF ''PERESTROIKA''. I BELIEVE THAT THE DESCRIPTION OF ELTSIN'S MAIN THEME GIVEN BY ZAMYATIN IN LONDON ON 10 NOVEMBER, NAMELY THAT PUBLIC EXPECTATIONS OF ''PERESTROIKA'' HAD BEEN HEIGHTENED MUCH TOO FAR BEYOND THE POINT AT WHICH THEY COULD REASONABLY BE MET, IS PROBABLY CORRECT. ELTSIN DOUBTLESS ARGUED THAT, UNTIL THE PARTY WAS BETTER ABLE TO SATISFY THE DAILY NEEDS OF THE PEOPLE - WHICH WOULD REQUIRE GREATER SUPPORT FROM THE PARTY SECRETARIAT FOR THOSE LIKE HIMSELF WHO WERE WORKING AT THE PIT FACE OF ''PERESTROIKA'' - THE LEADERSHIP WOULD DO WELL TO TONE DOWN ITS RHETORIC. GORBACHEV APPARENTLY INTERRUPTED ELTSIN AT ONE POINT TO SAY THAT HE WAS PAINTING TOO BLACK A PICTURE, TO WHICH ELTSIN IS SAID TO HAVE REPLIED ''MIKHAIL SERGEEVICH, YOU DO NOT KNOW THE REALITIES''. IT IS LIKELY THAT ELTSIN THEREAFTER BECAME HEATED AND EMOTIONAL AND CRITICSED SOME OF HIS POLITBURO COLLEAGUES, PARTICULARLY LIGACHEV, IN SHARP AND PERSONAL TERMS. THIS INAUGURATED A DEBATE IN WHICH, IF GORBACHEV IS TO BE BELIEVED, NO CENTRAL COMMITTEE MEMBER SUPPORTED ELTSIN: IT IS INDEED LIKELY THAT MOST OF THOSE PRESENT THOUGHT DISCRETION THE BETTER PART OF VALOUR ALTHOUGH ARBATOV IS RELIABLY CREDITED WITH ATTEMPTING TO POUR OIL ON TROUBLED WATERS. THE RESULT WAS A FORMAL RESOLUTION CONDEMNING ELTSIN'S SPEECH AS POLITICALLY MISTAKEN AND INSTRUCTING THE POLITBURO AND MOSGORKOM ''TO CONSIDER COMRADE ELTSIN'S RESIGNATION'' (IT IS NOT AT ALL CLEAR WHETHER THIS HAD ACTUALLY

BEEN OFFERED) FROM HIS MOSCOW POST.

8. ACCORDING TO PLAUSIBLE RUMOURS, GORBACHEV AND LIGACHEV MET ALONE FOR HALF AN HOUR IMMEDIATELY AFTER THE PLENUM ENDED. IF SO, LIGACHEV MAY HAVE DEMANDED ELTSIN'S HEAD AND PERHAPS THREATENED TO SPLIT THE POLITBURO IF THIS WAS NOT FORTHCOMING. BUT GORBACHEV HAD DOUBTLESS ALREADY CONCLUDED THAT ELTSIN WOULD HAVE TO BE SACRIFICED IF HE AND ''PERESTROIKA'' WERE TO SURVIVE. HE THEREFORE AGREED TO LEAD FOR THE PROSECUTION AT THE FORTHCOMING PLENUM OF THE MOSGORKOM - INDEED, TO HAVE ALLOWED LIGACHEV TO DO SO WOULD HAVE BEEN IN ITSELF A BLOW TO HIS OWN AUTHORITY. THE SCENARIO FOR THE MOSGORKOM MEETING (MY TURS) WAS DOUBTLESS CAREFULLY PLANNED IN ORDER TO ENSURE BOTH THAT THE INDICTMENT WAS SAVAGE AND UNANIMOUS: AND THAT IT CONCENTRATED ALMOST EXCLUSIVELY ON ELTSIN'S PERSONAL SHORTCOMINGS IN ORDER TO DISTANCE THE POLICIES OF ''PERESTROIKA'', AND QUESTIONS SURROUNDING THEM, FROM ELTSIN'S DISCRACE. THIS STRATEGY NEVERTHELESS HAD THE DISADVANTAGE FOR GORBACHEV THAT, AS HE HAD PERSONALLY SELECTED ELTSIN IN THE FIRST PLACE, HIS OWN JUDGEMENT WAS BY IMPLICATION CALLED INTO QUESTION. ELTSIN HIMSELF IS REPORTED TO HAVE ENTERED HOSPITAL ON 8 NOVEMBER (ALTHOUGH HE LOOKED FIT ENOUGH AT THE KREMLIN RECEPTION ON THE PREVIOUS DAY) SUFFERING FROM ANGINA AND TO HAVE LEFT HIS HOSPITAL BED TO BE PRESENT AT THE MOSGORKOM PLENUM ON 11 NOVEMBER: IF SO, THIS COULD ACCOUNT FOR THE UNCHARACTERISTICALLY MUTED TONE OF HIS APOLOGIA, IF THIS WAS FULLY AND ACCURATELY REPORTED. HE THEN RETURNED TO HOSPITAL (REPORTEDLY THE KREMLIN CLINIC) AND IS APPARENTLY STILL THERE.

9. IT IS DIFFICULT TO INTERPRET OR ATTRIBUTE THE DECISIONS, FIRST, DELIBERATELY TO LEAK THE ROW AT THE CC PLENUM ON 21 OCTOBER TO THE WESTERN MEDIA (MY TELS NOS 1572 AND 1588 AND, SUBSEQUENTLY, TO PUBLISH WHAT APPEARS TO BE AN UNPRECEDENTEDLY FULL ACCOUNT OF THE MOSGORKOM MEETING ON 11 NOVEMBER. SOME REPORTS ATTRIBUTE BOTH DECISIONS TO YAKOVLEV, IN THE INTERESTS OF GLASNOST': OTHERS SEE THE HAND OF LIGACHEV, WHO WISHED TO MAKE ELTSIN'S DISGRACE AS COMPREHENSIVE AS POSSIBLE, AND TO ENSURE THAT THE TERMS OF THE INDICTMENT WERE KNOWN THROUGHOUT THE PARTY (ALTHOUGH THIS COULD EASILY HAVE BEEN DONE BY INTERNAL MEANS). WHATEVER THE PROVENANCE OF THESE DECISIONS, HOWEVER, THEY HAVE HAD IMPORTANT CONSEQUENCES.

REACTIONS TO ELTSIN'S FALL

10. MY EXPECTATION THAT THE PUBLICATION OF THE MOSGORKOM PROCEEDINGS MIGHT LIMIT THE DAMAGE TO GORBACHEV'S AUTHORITY CAUSED BY ELTSIN'S

FALL (MY TELNO 1638) HAS NOT BEEN BORNE OUT IN THE EVENT. ON THE CONTRARY, IT APPEARS TO HAVE MADE MATTERS CONSIDERABLY WORSE FROM GORBACHEV'S STANDPOINT. SPECIFICALLY:-

I) MUSCOVITES ARE ASKING WHY, IF THE MOSGORKOM MEETING COULD BE GIVEN THE FULL GLASNOST' TREATMENT, THE LEADERSHIP HAS NOT RELEASED THE CONTENT OF ELTSIN'S OFFENDING SPEECH AT THE CC PLENUM ON 21 OCTOBER: WHAT ARE THEY TRYING TO HIDE ? (THE ANSWER TO THIS IS PROBABLY THAT ELTSIN'S COMMENTS ON THE GULF BETWEEN RHETORIC AND RESULTS WERE TOO TRUE FOR COMFORT).

II) ANOTHER FREQUENT COMMENT IS THAT, EVEN IF THE ACCOUNTS GIVEN AT THE MEETING OF ELTSIN'S PERSONAL SHORTCOMINGS WERE ACCURATE, THESE DID NOT JUSTIFY SUCH DRASTIC PUNISHMENT: AS ROY MEDVEDEV HAS REMARKED, THEY ARE COMMON TO MOST SOVIET LEADERS ANYWAY AND ARE NOT IN THEMSELVES SUFFICIENT GROUNDS FOR POLITICAL DISGRACE. MUSCOVITES ASK WHY ALIEV, WIDELY BELIEVED TO HAVE BEEN INVOLVED IN LARGE-SCALE CORRUPTION UNDER BREZHNEV, WAS ALLOWED TO RETIRE WITH HONOUR ON HEALTH GROUNDS WHEREAS ELTSIN, THOUGH HOSPITALISED AT THE TIME, WAS DISMISSED WITH IGNOMINY.

III) GORBACHEV IS SEEN BY MANY AS HAVING BETRAYED THE MAN WHO WAS THUGHT TO HAVE BEEN HIS STAUNCHEST AND MOST COURAGEOUS ALLY.

ENDS PART ONE.

CARTLEDGE

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18 November 1987

Dear Charles,

Visit of Academician Aganbegyan

The Prime Minister is seeing Aganbegyan at 10.45 am on Friday, 20 November, to discuss Mr Gorbachev's economic reforms. We propose to tell the Soviet Embassy that Aganbegyan may be accompanied by the Soviet Ambassador or the Minister, Gventsadze, if Mr Zamyatin is still ill, and a note taker. Mr Bishop will interpret.

I enclose briefing for the call in the form of points to make and supporting papers, including a note prepared by our Research Department on Soviet economic reform and a detailed personality note on Aganbegyan. (The Prime Minister may like to note that he was born in Georgia). I will forward separately some "quotable quotes" from Aganbegyan on different aspects of perestroika together with any significant points arising from the talk he is giving at LSE on 19 November.

The meeting arises from the Soviet Ambassador's call on you on 21 July when he handed over a note on the Soviet economic reforms and said that Mr Gorbachev would be willing to send Aganbegyan (described as his chief economic adviser) to brief the Prime Minister. She accepted this suggestion in her message of 22 July to Mr Gorbachev. I attach a copy of the note handed over by Zamyatin in July. Its provenance is uncertain, although it has clearly been tailored to the intended recipient and is striking for its frankness of tone.

Aganbegyan's visit is taking place under the auspices of the British Academy. The Academy had issued an invitation to him to visit the UK, which he had accepted in principle, prior to Zamyatin's call on you. I enclose a copy of the outline programme. Aganbegyan will be taking the opportunity of his visit to launch his book "The Challenge: Economics of Perestroika" which is being published by Hutchinson in the UK in March 1988. It has already been published in France where Aganbegyan is at present.

We assume that the Prime Minister will wish to discuss the broad themes of the reform with Aganbegyan. The points to make are intended to cover the key aspects: the role of the enterprise and of private enterprise; price reform and foreign economic relations and the political dimension. Here the Prime Minister may wish to draw Aganbegyan out on the implications for perestroika of Eltsin's fall.

Aganbegyan in his turn will probably be interested to hear more about economic changes in Britain, as well as the Prime Minister's views on the recent stock market volatility. One specific point Aganbegyan may raise is the question of Soviet entry into the GATT. We have consistently taken the line that GATT is based on market principles and that to speak of Soviet accession is premature while its economy remains so different from those of other GATT members.

There is a reference in the points to make to the Extraordinary 1988 CPSU Conference. Gorbachev has announced that this will be in June. He would clearly like to use it to shift the balance in the Central Committee in his favour (it is still dominated by Brezhnev appointees) by changing a significant proportion of present members and possibly introducing measures such as compulsory retirement and multiple candadacies. Gorbachev floated these ideas at the January Plenum but it is not clear how far existing Conference "rules" will allow this. The last such Conference was in 1941.

Yours ever,

Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

PS. I am also enclosing the promised "quotable quotes".

GANBEGYAN, Abel Gezevich

Born 1932, Tbilisi, Georgian SSR.

Academician since 1974.

Academic Secretary, Economics Department, Academy of Sciences USSR since 1986.

Formerly Director of the Institute of Economics and Organisation of Industrial Production, Siberian Department, Academy of Sciences, in Novosibirsk (1966-1985).

Aganbegyan's name is Armenian but he was born in Georgia. He graduated from the Economics Faculty of Moscow State University in 1955 and then worked until 1961 in the State Committee for Labour and Wages. In 1961 he became Head of the Research Laboratory for Mathematical Economics at the Institute of Economics and Organisation of Industrial Production at Novosibirsk, and later became Director of the Institute. A student of L V Kantorovich, a leading mathematical economist, he was involved in the work in the early to mid 60s on mathematical forecasting of which another leading member, Nemchinov, wrote an important article in 1964 on economic reform which has recently been quoted by Gorbachev. These economists advocated a mixture of planned economy with market mechanisms and the use of profit as incentive and indicator. In 1964, at the age of only 32, Aganbegyan was elected a corresponding member of the Academy of Sciences.

The mathematical economists, however, ran into minor trouble with the Soviet leadership after Khrushchev was ousted in 1964, and Aganbegyan himself got into trouble for a highly critical analysis of the Soviet economy in 1965. Some elements of profit-related decentralisation were, however, introduced in 1965 in the so-called Kosygin reforms and in 1966 Aganbegyan was appointed Head of the Institute in Novosibirsk. In 1967 he was awarded the Order of Lenin. Kosygin is said to have been much impressed by his work.

The Novosibirsk Institute became one of the leading centres of economic analysis and reform studies. Aganbegyan made a name for himself as a sharp critic of the over-centralised, bureaucratic management system, the endemic wastefulness and inefficiency of Soviet industry and as the author of unfavourable comparisons with Western industrial productivity levels. In 1970 Aganbegyan became Chief Editor of the new journal of his Institute "Eko". He has been closely involved in studies of the distribution of productive forces and the development of Siberia, the Soviet Far East and Arctic Regions, and headed a number of expeditions in these regions.

When the 1965 reforms began to run out of steam in the 1970s, Aganbegyan became a persistent critic of the government bureaucracy which was forcing enterprises to abandon the new management methods. (Ministries were imposing ever higher plan targets on successful enterprises, making it impossible for them to fulfil their plans and pay bonuses, and thus compelling them to revert to old methods). He also regularly produced statistics which dramatically demonstrated the shortcomings in the Soviet economy. His researches may well be the source of references in recent speeches by Gorbachev, for example at the June Plenum, to dramatic statistics which show Soviet economic inefficiency (eg the fact that unused stocks stored in factories in the Soviet Union are worth over 300 billion roubles at any one time). In a recent book Aganbegyan has suggested that even if the Soviet Union achieved the annual economic growth rate called for by Gorbachev but unlikely to be met, (4%), very little can be done in the near future out of State funds to improve lagging Soviet living standards.

In 1983 another well-known researcher at Aganbegyan's Institute Tatyana Zaslavskaya, a specialist in the social development of rural areas, presented a paper on Soviet economic and social problems at a closed conference. At Aganbegyan's instigation the paper was circulated for official use only, so that the text could be franker than if it were for publication. It was, however, leaked to the West. Many of its themes, on the obsolescence of the over-centralised Soviet planning system, and the lack of social justice which results from heavily subsidized agricultural prices etc, have been echoed in speeches by Gorbachev over the past 2 years. Both Aganbegyan and Zaslavskaya have commented that Gorbachev has taken a keen interest in the work of the Institute. When he worked in Novosibirsk, Aganbegyan became acquainted with Central Committee Secretary Ligachev, who was a Secretary of Novosibirsk Regional Party Committee up to 1961 and later First Party Secretary of another Siberian region, Tomsk, before moving to Moscow.

Soon after Gorbachev's accession in March 1985, Aganbegyan moved to Moscow. He was appointed Chairman of a Commission of the Academy of Sciences for the Study of Productive Forces and Natural Resources, and also had an office in the Institute of World Economics and International Relations (IMEMO), then headed by Aleksander Yakovlev, now a Politburo member and Party Secretary. In 1986 he became Academic Secretary of the Economics Department of the Academy of Sciences, the senior academic post in economic studies in the Soviet scientific establishment. He also heads a department in the Government Commission, headed by Talyzin, Chairman of Gosplan, responsible for the study of methods of economic management.

Although a Communist Party member since 1956, Aganbegyan, like most academics in his field, is not a Central Committee member. However he and other leading academics are invited from time to time to attend Central Committee Plenums and he attended the June Plenum on economic reform in the preparations for which he was closely involved.

Over the past 2 years he has given frequent press, radio and television interviews. At a recent press conference he commented that he did not rule out the idea of opening a stock exchange in the Soviet Union, but that "not everything could be done at once".

Aganbegyan has not travelled widely in the West, but has visited several Eastern European countries.

He is the editor of a book on Reform of Management of the Economy: Problems and Ideas, which has just been published.

SOVIET ECONOMIC REFORMS

Introduction

1. Since 1985 the Soviet leadership and particularly Gorbachev have become increasingly aware of the seriousness of Soviet economic problems and have now accepted that minor tinkering with the system will be inadequate to solve them. They have stressed, however, that the measures they have proposed are designed to strengthen socialism, not to replace it. While acknowledging that market forces have a rôle they are not prepared adopt a market economy in the Western sense. If their efforts fail to revitalise the economy, the technology lag behind the USA may become insurmountable, in which case, the Soviet Union would in all probability become a third rate power within a decade or so.

2. The economic system that is being moulded will thus be a hybrid, retaining elements of a centrally planned economy, especially in the main industrial sectors, while allowing some role for the market and limited private enterprise, particularly in agriculture, light industry, consumer goods and services, and the supply system. Decentralisation of decision-making to enterprises is to be introduced progressively over the next 5 years.

Background

3. The economy inherited by Gorbachev was in serious trouble, and was growing at an almost imperceptible rate, if at all (Soviet statistics were moreover so unreliable as to be a very imprecise indicator of what the situation really was). Resource allocation constraints were probably becoming critical, given the massive resources still being poured into agriculture with diminishing returns (one third of total capital investments), the increasing costs of energy supplies, and the 15% of the budget absorbed by the defence sector. Soviet earnings from exports still came predominately from raw materials, eg oil and gas, since much Soviet machinery and manufactured goods cannot compete with Western products. Social welfare, particularly the health service and the education system, were receiving a declining share of the budget and were no longer providing an adequate service. As Gorbachev and some of his associates implied at the 27th Congress, political stability could no longer be taken for granted. Andropov had tried to introduce changes, such as a labour discipline campaign and a limited experiment in enterprise autonomy, in his short period in office, but they lost momentum under Chernenko and systemic problems were not addressed until well into Gorbachev's first 2 years in office.

4. Initially Gorbachev gave a further boost to labour discipline measures, including his major campaign against drunkeness at work and at home. (Unfortunately, if not unpredictably, many determined Soviet drinkers have turned to even more dangerous substitutes for alcohol in the form of perfume, hair lacquer, and home distilled products, to name but a few). He announced, also in 1985, a major boost to investment in the engineering sector, to replace much of the outdated stock of machinery in Soviet factories. The Soviet planning system (requiring annual increments in output) was, however, a serious disincentive to replacement of equipment, since this usually involves a temporary downturn in output. A new quality control system and a more advanced form of enterprise autonomy were introduced, both experimentally, and some decentralisation of foreign trade activity and the establishment of joint ventures with foreign companies, were allowed. Some managerial structures and personnel from the defence industries were transferred to civilian industry in an attempt to improve efficiency.

5. By mid 1986 to early 1987 the inadequacy of these measures became apparent. The stagnation in the economy showed little sign of arrest and indeed, the drastic effects of an unusually harsh winter showed even more how rickety the system had become. Moreover, a high level of rejection of manufactured goods under the newly introduced state acceptance system of quality control ('Gospriemka') seriously affected plan fulfilment rates, particularly in the key machine-building (engineering) sector. The first few months of 1987 probably recorded negative growth. There was also evidence that measures to encourage co-operatives and individual labour (ie private enterprise which precludes the employment of labour by individuals) introduced in 1986, particularly in the area of consumer goods and services, were being thwarted by local authorities unwilling to issue licences.

6. In January Gorbachev announced at a Party Central Committee Plenum that economic problems could be blamed to a considerable extent on mismanagement and neglect by previous leaderships, and that economic reforms could not succeed unless accompanied by political change and "democratisation" including the election of managers by workers. Real incentives were needed in the economy and good work should be rewarded by high rates of pay. A draft law on the state enterprise was published for open discussion. Work on the programme of economic reform continued, accompanied by a debate in the Soviet press on such controversial issues as the role of the plan and market, unemployment, the future of the huge central and regional government bureaucracies, and wage differentials. Some economists declared that the draft law on the state enterprise fell short of what was needed, fearing that under its terms ministries would still be able

to claw back control of day-to-day industrial management and impede a real devolution of decision-making to the producer.

The June Plenum

7. Gorbachev's speech to the June Plenum and Ryzhkov's to the Supreme Soviet Session which followed it, showed that the reformists had, to a large extent, won the day. Personnel changes at the Plenum - the promotion of A Yakovlev, N Slyunkov and V Nikonov to full Politburo membership - also strengthened Gorbachev's hand. The speeches recognised the need for a complete overhaul of the economic system away from command-type planning, which was inappropriate to a sophisticated economy of the 1980s. They advocated a 'socialist market', in which productive enterprises responded to the demands of the consumers, and prices reflected both production costs (in efficient enterprises) and the market value of the product. The high levels of state subsidies to agriculture, and of waste and hoarding of materials by enterprises, were condemned as not conducive to high productivity, and the Soviet public was warned of the need for change in areas very much taken for granted up till now, such as food prices, wages, and job security.

8. Gorbachev announced that wage levelling, which had crept in under Brezhnev, was a disincentive to good work, and that henceforth wages could be as high as was appropriate to reward productivity; that individual 'family farms' would be encouraged; and that enterprises would all become self-financing by 1990. While encouraging managers to shed surplus labour, he assured the public that unemployment would not be allowed to develop. The Law on the State Enterprise was adopted, and a further 10 decrees were put to the Central Committee, and adopted on 17 July, covering reforms in the fields of planning, supply, banking, finance and credit, science and technology, prices, statistics, the role of the ministries, republic management authorities, social and labour policies. The decrees, published in late September, outlined the way forward in general terms and set a timescale for adoption between 1988 and 1991. Gorbachev said in June that the entire package was to be in place by the beginning of the 13th Five Year Plan (1991) and suggested that a Party Plenum might be held on 'the political concept of the 13th Five Year Plan'.

9. Gorbachev has recognised that one of the most politically sensitive of the reforms, that affecting prices, needs to be carefully handled if public anxiety and resentment are to be contained when food prices, particularly for meat, rise following the reduction or removal of the present economic subsidies. He has promised

that a detailed outline of planned price changes will be published for public discussion any before action is taken. The public has, however, already reacted to the hint that food prices may go up sharply, and the Soviet authorities are receiving letters of protest in large numbers. Many people, especially pensioners, do not accept official assurances that people on low incomes will be compensated for food price rises. Some retail prices will still be centrally fixed, others will be agreed on a contractual basis, and some can be independently decided by the producer. Not only retail prices will be affected by the planned reforms, however - the price paid by industry for energy supplies, water and other resources will also be raised to a realistic level (to encourage economies).

10. Changes are being gradually introduced in the role of planning and the market in the economy. Detailed instructions for production of individual items issued by Gosplan to enterprises, via their branch ministries, are to be replaced by a mixture of 'state orders' (which will be compulsory and will initially cover up to 80% of output, but will decline) and goods produced to fulfil contracts concluded with customers. An element of competition between enterprises is intended, particularly in fulfilment of state orders. Enterprise managers will no longer be able to depend on handouts from the state budget or bank 'loans' they do not repay. After paying a stable proportion of their profits to the state budget, they will be able to keep the remainder to use as they wish for investment and expansion, wages and bonuses, housing etc. They will in future have to finance themselves from bank credits on which interest is due and repayment is obligatory. Enterprises which fail to repay loans or make a profit over a period, even after receiving managerial help and advice, will have to be closed. Inefficient or superfluous workers can be made redundant, but will be entitled to up to 6 months benefit while they find a new job or are retrained. 60% of enterprises will go on to the 'self-financing' system next January, and the remainder in 1989. Gosplan meanwhile is supposed to limit its role to economic forecasting, long-term planning for main products, provision for essential sectors such as energy and defence, and state orders for vital items, but its slowness in adapting to the new system has been criticised.

11. Agriculture is being tackled in parallel. Gorbachev has promised bold measures to be outlined at a Plenum, probably next year. He has already personally encouraged the development of private and co-operative farming, and the long-term leasing of unused land and plots of state and collective farm land to families and teams to cultivate independently - an approach seen by some as ideologically suspect. Particular emphasis has additionally been laid on

improving the storage, distribution and processing of food so as to reduce the huge level of waste - something which was to have been at the forefront of the Food Programme, adopted under Brezhnev in 1982. A principal aim is to become self-sufficient in grain, of which 60% is at present used as animal fodder. There has been a succession of poor or mediocre harvests since the record harvest of 1978 (237 million tonnes) requiring large imports from the West. The 1987 harvest is claimed to be over 210 million tonnes.

Foreign Trade

12. In theory, the Soviet economy could benefit greatly by opening up the foreign trade sector. Easier access to imports could help many producers as well as consumers; and the element of competition could be a stimulus to a number of industrial sectors. But there are two major drawbacks. Firstly, a number of domestic changes would be required, such as freedom for enterprises to set their own prices, and to choose their own trading partners; and the possibility of bankruptcy for those inefficient firms who could not cope with foreign competition. So far only limited moves in this direction have been proposed. Second, there would be a risk of a substantial increase in foreign indebtedness. The Chinese example indicates that imports might increase rapidly, whereas exports take longer to respond to the stimuli of competition and new markets. Since the USSR's net indebtedness to the West is in the region of $20 billion, it will be wary of risking a major deterioration in the trade balance - even in the short term. The authorities may seek some of the benefits of trade liberalisation by trying to open up intra-CMEA trade, since, as a major net creditor, it is in a strong position here. But even so the practical difficulties of liberalising trade between a group of centrally-controlled economies - by introducing real convertibility of the rouble - are immense. Russia should not expect any major boost to its economy from the foreign sector for a number of years.

Prospects

13. Gorbachev is not having everything his own way and his perestroika programme is meeting growing resistance. He has been unable, or unwilling, so far to push through real cuts in the huge government bureaucracy with the ruthlessness many Soviet economists consider necessary both to make better use of resources and to stop the branch ministries from meddling in enterprises' affairs. Gorbachev has himself mentioned the figure of 18 million managerial staff in the Soviet Union, of which 2½ million are working in ministries. There has been a limited reduction in the number of central and republic ministries (which up till

recently numbered 800) since June; (some of their responsibilities however have been devolved to regional state production associations, which may simply become another layer in the bureaucracy, similar to the ministries in all but name). In the past the profitability of successful enterprises has often been reversed by the tendency of ministries to load them with ever more demanding plan increments, to make up for the poor performance of weaker enterprises in the same sector. There are vested interests involved, of course, and the bureaucracy is evidently putting up strong resistance to a serious reduction in its powers. It is faced with the prospect of large scale redundancy of white collar workers unwilling to become industrial workers, if the ministries were to be savagely reduced.

14. Since the new system is to retain elements of the old planning system, albeit on a lesser scale, there is a risk that bureaucrats and industrial managers who are unused to and wary of accepting responsibility will conspire to reinstate central planning in the 'command' form familiar to them, thus once again throttling initiative, innovation and competitive production. Some Soviet and Western economists believe the measures proposed to be half-baked, possibly helpful in the initial stages of an evolutionary process, but at risk of a reversal if not bolstered by further moves towards a market economy. We do not know whether Gorbachev views them as part of a long process of reform or an end in themselves. He gives the impression of making up his mind as he goes along. On Soviet admission the reforms bear some similiarity with Hungarian reforms, which have been in progress for nearly 20 years and have become increasingly radical. There are also elements of East German and Chinese ideas. Even what is proposed so far is in any case evidently considered radical by Soviet conservatives in the party and elsewhere. The Soviet press has aired many readers' objections to eg redundancy, price rises, individual labour and co-operatives, family farms, and most of all to differentials in personal wealth - which Gorbachev has had to defend as quite compatible with socialism.

15. Many reformist economists in the Soviet Union see the state's virtual monopoly of ownership of the means of production as having been a cardinal error. They advocate a system of 'civilised co-operatives' (after Lenin) and have even put forward proposals for economic zones, similar to those in China, to which foreign capital might be attracted. They refer to Lenin's New Economic Policy of the 1920s in defence of the ideological credentials of such methods. So far co-operatives are being introduced primarily in agriculture and light industry and particularly in the services sector. There are, however, advocates of co-operatives and personal shareholding in industry as well.

At the June Plenum Gorbachev made passing reference to the possibility of individuals using surplus purchasing power to invest in co-operatives and leisure facilities, in order to improve the range of consumer goods and services available. This may be a pointer to the future. In his speech on the 70th anniversary of the Revolution Gorbachev called for flexibility, and implied that Lenin, Marx and Engels did not always provide the right answers to current tasks.

16. The way forward will be difficult - Gorbachev himself acknowledges that the next 2-3 years will be crucial and that the difficulties are likely to grow. He has expressed irritation at the resistance and inertia which are already hampering introduction of the reforms. He is seeking to impose an economic and moral revolution on a conservative Soviet society, and has threatened to remove from office any who persist in opposing it. He will be fully aware of the risk to his programme and to his own position should the Party hierarchy fear that its leading role in society is threatened or if national tensions in a variety of regions should become unmanageable. (Aganbegyan himself has recently visited Yugoslavia and on his return ruled out real economic autonomy for the 15 Soviet republics, precisely because of the trouble such regional independence had caused in Yugoslavia).

ACADEMICIAN AGANBEGYAN: "QUOTABLE QUOTES"

On the aims of perestroika:

"The main purpose of the current reform is to change the centralised methods of running the economy and bring production into line with the needs of consumption. Secondly, the current reform must create organisational, economic and social conditions to ensure faster scientific and technical progress. Thirdly, a radical management reform means making all enterprises and the associations fully revenue and cost accounting. Fourthly, a basic restructuring of the finance and credit system is required. We need to renounce financial support for poorly operating industrial facilities and to grant extra funds to enterprises working very effectively. Radical changes are also needed in our entire pricing and wages system. Finally, a drastic reform of the economic mechanism covers drawing the working people into management widely, turning it over to self management and broad economic democracy".

(Radio Moscow Hungarian Service Interview, 31 July, Paraphrased).

"The whole of perestroika is directed in the final analysis towards improving the life of the people".

(Press Conference, 27 October).

On the point so far reached:

"Had anyone told me that everything would change in the Soviet Union within such a brief period, that there would be new people, leading officials - professionals with whom I talk the same language, which is exactly what did not exist a few years ago - I would not at all have believed this possible".

(Interview with Czech TV, 1 July).

"We are at the first stage of perestroika and some positive progress has been achieved, but there has still not been radical progress which, say, would be felt in every Soviet family. So far a permanent, solid foundation for acceleration in the form of a new economic mechanism and new technical base has not been laid down. We have now entered a crucial stage in perestroika - perhaps the most critical stage, when the large scale transition from words, and from the working out of decisions and concepts, from the first experiments to nationwide action is being implemented.

(Press Conference, 27 October, Paraphrased).

On the lessons of the past:

"The collapse of the reform of the 1960s was because an integral organism rejected the foreign bodies imposed on it from outside. The law of self-preservation, characteristic of all living things, came into play. The reform was narrow and superficial and did not apply to the economy as a whole".

(Interview in Izvestia, 25 August).

"We have carried out a merciless analysis of the past. Why? Because of the future. To be able to advance".

(Interview for Czech TV, 1 July).

On the prospect of failure:

"I do not allow myself to think that perestroika may fail. It will take place, in one form or another, quickly or slowly, simply without fail because there is no alternative, no other path of development for us".

(Press Conference, 27 October).

"Wherein lies the hope of the irreversibility of perestroika? The main hope rests in the democratisation of our society. When perestroika becomes the matter of all and is underway everywhere, when a top-ranking figure or group do not represent its moving force and when the centres from which it is developing are scattered everywhere throughout the country, then just try to halt such a process. It is almost impossible".

(Interview, Czech TV, 1 July).

On resistance and remedies:

"One of the main dangers, I would say, is to underestimate the force of inertia, passivity, which manifests itself in various forms, the old structure of our economy which is like fetters on our legs".

(Press Conference, 27 October).

"There are people who are not attracted to this whole affair, they are unable to change. Such leaders must either be replaced by someone else or they should leave of their own accord. It is probable that during the course of perestroika we shall also make mistakes. We are not, after all, infallible. But as Comrade Gorbachev has said: the biggest mistake we can make is to be so afraid of mistakes as to do nothing".

(Interview on Hungarian TV, 3 September).

"It is necessary to create a movement from below that will finally sweep away some of this apparatus. Not all of the apparatus, as the apparatus and the people can be different, but that part of the apparatus which is lacking, where people do not realise they are causing harm. They do not give the enterprises the opportunity to develop".

(Soviet TV Interview, 5 October).

On self-management:

"People should feel themselves to be the masters at their workplace. They must have the opportunity to buy a wide range of goods and services for the money they have earned. They have to have an interest in working better and thus in improving their earnings and their lives".

(Interview with Czech TV, 1 July, Paraphrased).

On loss-making enterprises:

"A loss-making enterprise - that means each of us must pay for it. This is parasitism, it is existing at the expense of the whole of society".

(Interview with Czech TV, 1 July).

"If it were up to me, I could liquidate with a clear conscience a few thousand enterprises out of the 48,000 currently operating in the USSR. Not everybody agrees with this. I am, nevertheless, convinced that on this issue a firm hand is indispensible".

(Interview with Radio Moscow Hungarian Service, 1 August).

On unemployment:

"I am categorically opposed to allowing unemployment in the Soviet Union, even partial unemployment".

(Interview with Radio Moscow Hungarian Service, 5 August).

On price rises:

"However (food) price rises happen, two principles must be taken into consideration ... it must be done after a wide ranging debate, involving the working masses and a system must be introduced which ensures that the rise in prices should not hit those with small incomes".

"In my opinion, an increase in prices of heating and raw materials is also expedient. This forces enterprises to use natural reserves in a more economic way".

(Interview with Radio Moscow Hungarian Service, 4 August).

GETTING VALUE RIGHT

Academician and economist ABEL AGANBEGYAN assesses the Soviet economy and discusses its prospects in the near future.

SPEAKING in general terms, the reason why the reforms of the 1960s failed was because the law of protecting the system, which applied to everything, worked.

Attempts at reorganisation were only made in industry and agriculture. Finance, trade, construction, supply, sectoral ministries and regional bodies were unaffected.

In other words, the reform did not embrace the economy as a whole. Decisions were passed in secret and democratisation didn't get a look in.

But even under such unfavourable conditions, the reform provided valuable experience and very important results.

The main success was accelerated development. The 1966-70 five-year plan was an improvement on the previous one: growth rates went up in national income, labour productivity and real per capita income.

The fact that the reform revealed the 'mechanism of deficiency' was also significant. At that time petrol was in short supply and it was necessary to discover whether this was a real or artificial shortage. Distribution and illogical quotas were cited as a possible cause, so a test was carried out.

In five regions rationing was removed — no limits, but as much as you like.

What happened? At first, people really stocked up. Time passed, but the right to buy an unlimited amount of petrol remained. The conclusion? Much less petrol is actually needed than defined by the limit and planning.

There are many absurdities in traditional industries. For instance the USSR produces 4.5 times more tractors than the USA. What for? Crop output in our country is a third of that in the USA. But we produce only half as many trailers and mounted equipment as we need.

Up to a quarter of the output of many industries is useless. The tractor paradox is also true of lorries. Eighty percent of them have four-five tons carrying capacity. This is needed by the Likhachev and Gorky motor works, but not by the national economy. In the whole world only three percent of automobiles have such a capacity. No wonder ZIL lorries run half empty even in one shift.

If production were not isolated from the needs of society, it would be easier to find out what goods are to be transported before the lorries are produced.

Only full satisfaction of requirements should serve as a criterion for the effectiveness of the national economy. Transition of enterprises to self-financing inevitably strikes at ineffective decisions. Next year's order from collective and sate farms for lorries, tractors and combine harvesters is smaller than before. Their order for combine harvesters is about a third of the planned figure. And there are collective farms which took only the number of machines they required, that is about half what was planned.

The client was compelled to take the costly but useless machines not just because there was nothing else. Sqandering funds didn't affect his own well being — collective and state farms were buying equipment on credit taken from the state. Their debt has grown to about 100 billion roubles. This state credit came free and it was not repaid.

There is probably no need for more examples. We had an economic mechanism which did not link requirements with production.

Manufacturers should not produce what is not wanted. Useless machines should not be bought, for cash or on credit, or at the state's expense. For this we need new principles of management.

These principles have been outlined as a result of torments, arguments, meditations and two years of hard work. The culmination of this work was the June plenary meeting of the party's central committee, which approved the strategy of perestroika.

An operating schedule has already been adopted and people have been chosen to handle it. A reform of finance and prices, bank and supplies will be carried out over three years (1987-1990). The means of production (60 percent from 1990 and 80-90 percent after another two years) will be transferred to wholesale trade.

Then comes the most burning question — standards, especially the rates by which an enterprise will be able to dispose of its means and profit. So far they have been fixed by the State Planning Committee for ministries, and by ministries for enterprises. It is within the powers of ministries to make unprofitable concerns profitable and vice versa.

For the time being the main principles of establishing economic standards — similar state demands upon enterprises — is being violated. A scale of standards, common for all plants has been established only at the Ministry of Chemical Engineering. In other ministries they differ for various enterprises and associations.

The procedure is different in other countries. All enterprises must settle with the state equally. According to the same rule, as the tax from each worker, people's "starting possibilities" do not interest anyone. It is enough to pay the fixed interest from wages and that's all.

I think it is possible to work differently now, even in the transition period. By delaying work we are losing too much. It is impossible to leave the situation unchanged in which people lagging behind find themselves in a better condition and those working well in a worse condition.

We are switching to a system of standards but in conditions of operating plans. Only the next five-year plan will be drawn up in the new way, so for more than two years we shall live under the old system.

Departments and ministries have found a way round this: individualisation of standards, making them fit earlier approved figures irrespective of the present-day requirements of life.

I think it is possible to work differently now, even in the transition period. By delaying work we are losing too much. It is impossible to leave the situation unchanged in which people lagging behind find themselves in a better condition and those working well in a worse condition.

I'll try to explain this point in greater detail. If an enterprise is running efficiently, it is put under hard (worse) conditions — much more is taken away from it. And the state takes less from the enterprise whose profit was less. A number of exceptions are made for bad enterprises. Low interest on profit is deducted. In other words, society artificially supports those showing poor work, by redistributing the means received from the enterprises working well.

This inevitably restrains progress and slows down development because it is unprofitable to be good.

The mechanism of acceleration should be based only on one principle — to stimulate those who work well. It means equal demands by society upon all enterprises. If demands are equal, those who work well will also earn more.

Perhaps some enterprises are simply afraid of being closed down and for this reason alone they are sticking to their old ways.

Despite suppositions, I think that this process in our socialist country will be humane, although protracted. The likely scheme is as follows: first the enterprise gets into debt, takes credit, then it is denied credit. After this the ministry comes to its aid. Finally, the ministry's patience is also exhausted.

During all this time the wages of workers at such enterprises steadily decreases. They are deprived of bonuses. There will be staff reductions. For workers, an unprofitable enterprise is rather painful. The same applies to the managment, because it is being changed.

Only if the safety measures prove futile will the enterprise be closed down.

It is very good if some big organisation can take it over. But sometimes the enterprise is in such a state of neglect that it cannot be renovated. it is more logical to build a new one.

A special commission has been set up for this. The workers of the old enterprise are paid their wages for three months and go wherever they are most needed. The property of the enterprise is sold and the money goes to the creditors. This is what happens in Poland, Hungary and China.

This is envisaged by the Law on the State Enterprise, although any closures will not be more likely. Only time will tell. In the USSR there are a few thousand unprofitable enterprises and nothing will save them. They must be closed in the interests of society.

I am not proposing that we act as they do in the West where tens of thousands of firms annually go bankrupt and vanish. It would be more correct, I believe, to close a few hundred enterprises in the near future though.

It is a difficult process to provide the workers released from them with new work. One must clearly realise what an unprofitable enterprise means. Suppose it is losing five million roubles. This is the amount that is stolen from us. Everyone could earn more than now but wages have been cut because of the existence of such enterprises.

With its "gifts" the state artificially created a very harmful trend — the domination of enterprise-monopolies. Lenin warned that any (you understand, any, not only capitalist) monopoly leads to stagnation.

In Donbas there are about 30 mines consuming a huge amount of resources and producing a scanty amount of coal. If these 30 mines are closed down, the money released would be enough to produce three times as much coal.

The former, accepted, set-up does not allow this and the mines continue to be subsidised from the state budget. From next year it is the Ministry of the Coal Industry which must support them if it does not decide to close them. For the ministry such a burden makes it impossible to develop other enterprises.

To my mind, closure must not be an extraordinary, isolated event. Out of 46,000 enterprises operating in our country, only those capable of developing under their own steam must be left.

Mighty stimuli for self-development must be created. The enterprises must develop by using their own resources. For instance, at its own expense the state supplied a new engine for the Moskvich car. But the design bureau of the motor works (which did nothing for years) shoudl have developed the engine.

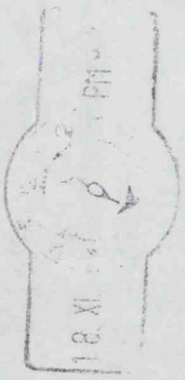
With its "gifts" the state artificially created a very harmful trend — the domination of enterprise-monopolies. Lenin warned that any (you understand, *any*, not only capitalist) monopoly leads to stagnation.

We shall never achieve self-development without standards common for all, without self-financing and self-management. For self-development people must have funds which they dispose of. This shall be so.

When life calls for changes, they take place sooner or later, no matter whether people like them or not. Therefore, a deficient economy with a producers diktat shall be broken without fail. Those against it will go. Those who like the new and can cope with it will come.

This article is taken from an interview with Eugenia Manucharova

Soviet Union; Rels PT8.



CALL ON THE PRIME MINISTER BY ACADEMICIAN ABEL AGANBEGYAN, ACADEMIC SECRETARY, ECONOMICS DEPARTMENT, ACADEMY OF SCIENCES OF THE USSR: 20 NOVEMBER 1987

Objectives

1) To assure Academician Aganbegyan, and through him the Soviet leadership, of our continuing interest in and concern for the success of Mr Gorbachev's economic reforms.

2) To ask Academician Aganbegyan for his view on the prospects for the economic reform programme and to explore the difficulties being encountered.

Points to Make

Introductory

- Very interested in economic reform programme. Long discussion with Mr Gorbachev in March and studied with interest information sent to me in July.

- Welcome for what Mr Gorbachev is attempting. Wish you success. Besides improving conditions for Soviet people, will bring new opportunities for contact and trade with West.

- Know you will be speaking to wide audience when you deliver lecture on perestroika at Chatham House on 27 November. Very important occasion. Wish I could attend myself. Foreign Secretary in Spain then or would have gone. Mr Mellor will go. We shall strive to give your lecture maximum publicity.

PERESTROIKA

The Current Scene

- Main elements of reform mechanism now being put in place. Are you satisfied with progress so far? Priorities?

- Mr Gorbachev in Murmansk said perestroika had reached a critical point. Nature of the difficulties?

- First effect of reforms is more difficulties. How can workers be compensated for this?

Reform of the Enterprise

- How will enterprises have more independence? How will you prevent interference by central planning authorities/bureaucrats? Stimuli for workforces?

- What about scope for sale of shares in enterprises to workers? (Considerable success where this has been done in UK). Is election of enterprise directors really likely to improve efficiency?

- You have said loss making enterprises ("parasitic") and must be closed in interests of society. But you have also said you are opposed to even partial unemployment. How can this circle be squared?

Private Enterprise

- Success of experiments eg in service sector, so far? Possibility of extending to production sector (with employed labour)?

8

- Track record of limited private enterprise in Soviet agriculture very good. How will new "family contract" system extend this? Will cooperative sector be expanded at expense of inefficient state forms?

Price Reform

- You have spoken of need for "radical transformation of system of prices" to include increase in prices of staple foodstuffs etc.

- How and when will these be introduced and how will you compensate for losses? Public presentation?

Foreign Economic Relations

- Many UK companies still concerned that Soviet joint venture legislation does not provide for eg free remittance of profits from domestic sales; guaranteed raw materials and freedom of managers to manage. How to overcome these obstacles?

- Soviet exports still dominated by primary products. How can you change this pattern without fully developed domestic consumer market to impose standards of quality, innovation?

THE POLITICAL DIMENSION

Resistance/Eltsin

- You have said should not be afraid of mistakes. But won't people be more afraid after seeing what happened to Eltsin? Wasn't his treatment excessively harsh?

- Where is resistance concentrated? How can it be overcome? Is the argument really about speed of change or change itself?

[He now appears to have been made a Minister!]

8

Public Opinion

- Genuine popular support for new policies? How can you tell? Can it be maintained until positive results of perestroika appear?

- How enthusiastic is the Soviet workforce at the prospect of real incentives in their work, redundancy/retraining?

Role of the Party/Ideological Aspects

- Is traditional view of "leading role" of Party still sustainable in climate of far greater initiative and autonomy of economic units?

- How can Party apparatus be made more open to new ideas, more responsive to demands of perestroika?

- What are the prospects for the June 1988 Party Conference? What does Mr Gorbachev hope to achieve there?

Glasnost

- What is role of glasnost in all this? Have media gone far enough in exposing corruption, waste, inefficiency?

- People may not always want to hear the truth about the failures of centralisation and their own living standards,but can be no effective reforms without the truth.

PROGRAMME FOR ACADEMICIAN AGANBEGYAN

WEDNESDAY 18 NOVEMBER

Mid afternoon	Arrive from Paris
Evening	Dine at British Academy

THURSDAY 19 NOVEMBER

am	Tour of London
Noon	Public lecture at LSE, followed by lunch
1530	Press conference organised by Hutchinson (publishers)
Evening	Dinner given by Hutchinson

FRIDAY 20 NOVEMBER

1045	Meeting with Prime Minister
Noon	Talks at FCO, followed by lunch
Afternoon	Visit to General Office of Marks and Spencer
Evening	Theatre and dinner given by Professor T Shanin, Professeor of Sociology at Manchester University.

SATURDAY 21 NOVEMBER

At Soviet Embassy until early evening. Departure by train for Cambridge.

Evening	Dinner in King's College

SUNDAY 22 NOVEMBER

Breakfast with Master of Trinity (Sir Adrian Huxley)

1030	Service in King's College Chapel
1200	Call on Master of St John's
1300	Lunch in Ely, followed by visit to Cathedral and local country house
2000	Dinner in Downing College

MONDAY 23 NOVEMBER

Morning	Visit Economics Faculty
Afternoon	Visit Cambridge Science Park
Dinner	Professor Stone (Provisional)

TUESDAY 24 NOVEMBER

0900	Drive to Oxford
1100	Meeting with Social Scientists at Nuffield College
1300	Lunch at St Antony's
1400	Visit Oxford
1700	All Souls (Sir Isaiah Berlin)
1900	Dinner St Antony's High Table. Drive Oxford - Manchester

WEDNESDAY 25 NOVEMBER

0930	Breakfast briefing on Manchester
1030	City Development Corporation
1230	Lunch with Corporation and Local Industrialists
1430	Meeting with Manchester City Councilors
1700	Seminar about Manchester, past, present and future
2000	Dinner, Manchester University Department of Sociology

THURSDAY 26 NOVEMBER

0845	Breakfast Manchester University Pro-Vice Chancellor
1030	Meeting with Manchester University Social Scientists
1215	Lunch with Vice Chancellor
1400	Visit Manchester and Rochdale
1855	Train to London

FRIDAY 27 NOVEMBER

Morning	Visit Marks and Spencer shops
1230	Buffet lunch with invited guests at Chatham House
1330	Lecture
1500	(Possibly) Press and TV interviews
1600	Calls in the City

SATURDAY 28 NOVEMBER

1130	Depart for Moscow

U94AAW

Information brief for the Rt.Hon.
Margaret Thatcher,
the Prime Minister

Importance of the June 1987 plenary meeting of the Central Committee of the Communist Party of the Soviet Union lies with the fact that it marked a crucial shift to large-scale practical measures in reforming the economy and society. The perestroika has been raised to a new level.

I think the Prime-Minister remembers from her recent visit to Moscow the animated discussion of the ways and means of reorganisation, on how it affects the lives of people, many changes being already visible.

Yet, at the plenary meeting both Mr.M.Gorbachev and other members of the Central Committee frankly admitted that reorganisation was advancing slowly, with numerous difficulties. Of course, we have some hopeful signs - higher industrial and agricultural output, more high-quality goods. Glasnost and democratisation make people more aware of what is happening around them, more active in pursuit of common goals. There is, as Mr.Gorbachev put it, "an explosion of spiritual activity".

At the same time, in the last 6 months the party realised fully the complexity of the problems and contradictions we face. They surfaced in the difficulties of the state quality control, anti-drinking campaign, drive for efficiency and discipline. We still cannot overcome wide-spread shortages both of industrial and consumer goods, management is by fiat. In short, the plenary meeting concluded that piece-meal changes in the economy cannot take it away from the "pre-crisis" situation.

We are now convinced that the reform in our country can only advance through a major overhaul of the national economy - from the factory level to management, planning, pricing, trade, finance. The Plenum approved the main guidelines for their reform with the aim of implementing most of it by the year 1990.

As you know we started with an individual enterprise - factory considering it to be the basic unit of the economy at large. The Supreme Soviet has already adopted The Law on State Enterprise. Under the new economic mechanism, factories' accountability and dependenc

on the end result will increase dramatically through introduction of the criteria like cost-effectiveness, self-financing, profit-and-loss accounting. Here are just a few of the new features:

- factories are free to draw up their own production and sales plans guided by the public demand expressed through direct competitive orders of the state, other factories, trading firms;
- economic competition is encouraged;
- after covering to the state the costs of basic assets, land, water,etc., factories retain their profits and can invest them at their discretion into modernisation, capacity build-up or into social amenities;
- funding from the state budget is only preserved for major national orders, while bank credits should be widely available;
- factories can determine the number of employees they need;
- factories, unable to show a profit sufficient to cover the losses and sustain a normal level of income for the workforce, can be closed, in which case the state still guarantees the constitutional right of citizens for work.

In exercising all these new freedoms and responsibilities we see as a major factor the right of self-management, election of executives, collective decision-making. Factories' economic well-being will now be directly dependent on meeting the present customer demand, making good use of resourses, raising quality level.

Instead of day-to-day running of subordinate factories, ministries, state committees, other national economic bodies will now focus on overall economic strategy, keeping the proportions in balance, organising research and development, introduction of new technologies. What control over factories is left in their hands will be executed through a system of economic norms and target figures (level of demand for goods of social priority, minimum efficiency rate, etc.).

State planning organisations should now concentrate on spelling out basic priorities and long-term macroeconomic and social targets, structural policy and investment criteria, guidelines for research and development, enhancing scientific, cultural, educational potential and maintaining defence.

Quite obviously, more low-key role for central planning and managment bodies will involve streamlining of cumbersome bureaucracies, cutting down on the staff. This creates, as you would know very well, another set of social problems.

Now modus operandi for factories and ministries can only function under a new system of procurement and supply. Wholesale trade and plant-to-plant co-operation replaces the supply quotas of materials, determined by the centre. Yet, it can only become possible if we overcome the wide-spread shortages in the economy both in industrial and consumer markets. That is another complex task of high priority.

As part of the drive to overhaul economic management, pricing is to be revamped. Currently, economically unjustified price fixing leads to ever increasing government subsidies which, I can tell you, have reached the annual level of 76 billion roubles. The Plenum has ruled that the government bodies will only fix the price for the priority products. Otherwise, the emphasis should be on wholesale and contract prices, determined by the supply and demand situation. More details of the pricing reform are yet to be worked out.

Finance and banking should be re-organised in such a way that monetary figures strictly corresponded to the volume and quality of goods and services produced. Banks cease to be a channel of government subsidies and return to their original role of creditors.

To implement all these reforms, we also need managerial personnel of a new mould - young, efficient, innovative. New measures to raise the level of professional training are to be adopted new incentives introduced.

It is very important to satisfy the demand for high-quality consumer goods and foodstuffs now in short supply. Otherwise, there is no sense in raising wages and salaries, introducing new higher bonuses. The principle "to everyone according to his work" must be backed up economically.

This might be especially interesting for you. We feel that our standing on international markets should change. Many ministries and individual enterprises have now obtained the right of access to the foreign markets. They also retain larger part of their hard-currency proceeds. Steps are planned to strengthen the

rouble, make it a convertible currency. The structure of our foreign trade should be changed in a way that ensures us fuller participation in the international division of labour.

It was stressed at the Plenum that the ultimate success of this enormously complex and complicated economic reform depends on the continuation of the political process of glasnost and democratisation. New style of thinking, new style of management must lead to more active mass participation in governing the country - both economically and politically. A series of concrete measures to this effect were adopted.

We realise we face a difficult situation. It is aggravated by the fact that we undertake our reforms simultaneously on all directions. There will be a certain transitionary period, when both old and new elements are going to co-exist within the economy, adding to the confusion.

That gives additional significance to the conclusion drawn by the Central Committee, that in political terms there is no opposition to the course of reform we have taken. There are people reluctant to face new challenges, vested interests who do not want to part with their fringe benefits, bureaucrats opposing a change as such. But the vast majority of people fully supports the party's call to make socialism more socialist, to make our system more efficient. We are sure of that, and on that certainty rests our conviction in the ultimate success of perestroika.

THE CHALLENGE:

ECONOMICS OF PERESTROIKA

by
Abel Aganbegyan

Attached is a draft manuscript copy of the first chapter of Abel Aganbegyan's specially commissioned book.

Also attached are some quotes from the chapter which may give a helpful introduction.

Abel Aganbegyan will be talking about Perestroika at his P Press Conference on November 19th (3.30pm at the ICA).

We look forward to seeing you there.

Further information in advance of the Press Conference can be obtained from Sara Bentley on (01) 240 3411 ext. 2195 or by writing to the address below.

HUTCHINSON

Hutchinson Education, Brookmount House, 62-65 Chandos Place, London WC2N 4NW.

Gorbachev's top ten: the people who run the USSR

ABEL AGANBEGYAN, 54, was plucked from the ideological wilderness to become the country's top economic adviser. He combines economic skill with first-hand knowledge of Soviet society and experience in industry. He has seen his arguments for reform and a greater role for market forces finally being accepted by the leadership.

VIKTOR CHEBRIKOV, 63, has been KGB chairman since December 1982. He was brought to Moscow from Dneprpetrovsk, Brezhnev's political base, and was appointed deputy to Andropov in 1967. He is believed to be a strong supporter of Gorbachev although he has recently voiced reservations about democratisation.

ANATOLY DOBRYNIN, 67, who spent almost a quarter of a century as Moscow's ambassador to Washington, is now a member of the leadership and believed to be the architect of Moscow's arms policy towards the US. Since he was recalled in March 1986 he has been a secretary of the central committee in charge of foreign affairs.

RAISA GORBACHEVA, 55, met her husband when they were students at Moscow State University. She has a PhD in philosophy. Though her glamour has made her the darling of the West she is disliked by many Russians, who believe she should stay out of sight. Insiders say Gorbachev values her as a shrewd observer and adviser.

YEGOR LIGACHEV, 66, promoted by Yuri Andropov, is theoretically number two in the Communist Party. A central committee secretary since 1983, he has responsibility for ideology. He has supported *perestroika*, but his recent speeches have emphasised themes cherished by orthodox elements in the party.

ANATOLY LUKYANOV, 57, whose ties to Gorbachev go back to their days together at Moscow State University, is head of the general department of the central committee, in effect controlling personnel matters and the flow of state papers to Gorbachev himself. Lukyanov has also been placed in charge of reform of the legal system.

EDUARD SHEVARDNADZE, 58, one of Gorbachev's oldest friends in the leadership, whose appointment as foreign minister in 1985 raised eyebrows. But the former Georgian Party chief has modernised the Soviet foreign service, brought in younger and better-equipped ambassadors and shown skills that won him acceptance.

GEORGY SMIRNOV, 62, a former personal assistant to Gorbachev, was appointed this year to head the institute of Marxism–Leninism, a key job in an ideologically based society. Smirnov is presiding over the difficult process of facing up to the truth about the Soviet past. His problem will be judging where to draw the line.

ALEXANDER YAKOVLEV, 63, a former ambassador to Canada, author and propagandist, Yakovlev has risen spectacularly under Gorbachev to become *de facto* number two in the country. He shares Gorbachev's reformist ideas more fully than any other member of the leadership. He is a secretary of the central committee.

BORIS YELTSIN, 56, the puritanical Moscow party chief, was brought from the Urals to clean out corruption. He is a candidate member of the Politburo but of all the reformists he has been the most publicly outspoken and has made enemies in the process. He received two death threats in the midst of an anti-corruption drive last year.

from The Sunday Times Magazine, November 8th 1987

HUTCHINSON

From Chapter One of

THE CHALLENGE: ECONOMICS OF PERESTROIKA

by Abel Aganbegyan

We believe in Perestroika and are optimistic. And although it is proceeding slowly, with difficulty, and many mistakes have already been made along the way, with more probably yet to come, as Gorbachev has said, there is nowhere for us to retreat, we must move forward, increasing speed as we go. (p.43)

Perestroika in our society affects everything and everyone. It is global, many-sided and all-embracing. It is not only in the economy that reforms are being undertaken. We are also rebuilding our political system, ideology, party work - the whole superstructure above the economic base of society. (p.6)

For every rouble introduced into the capital stock there has been less and less production, and less and less good use has been made of it. (p.9)

That the situation must change in a profound way is evident. (p.10)

We have fundamentally altered the scientific technological policy ... As an example, in the Soviet machine building sector in the 11th five year period only 9% of all equipment was renewed, while in the 12th five year period 40% will be changed. (p.13)

In the Soviet Union an unjustifiable gap has opened up between industrial power, science and the educational level of the population on the one hand and the level of satisfaction of material and social needs of the population on the other. (p.15)

The development of agriculture, food and light industry has sharply fallen behind and the service sector has not developed. Provision of housing has also been poor. Pensions, introduced in 1956, were progressive for their time, but despite the passing of 30 years they have hardly changed. This has become an acute problem. (p.16)

In the near future it will be necessary to resolve the food supply problem, to test the market with various food products and, above all, to meet fully consumer demand for meat and dairy products. (p.17)

To fully satisfy consumer demand it is intended to reform retail prices, sharply reducing state subsidies. (p.18)

The fundamental improvement of the health system is crucial. (p.18)

From Chapter One of

THE CHALLENGE: ECONOMICS OF PERESTROIKA

by Abel Aganbegyan

The education system is being reformed ... information and computer technology ... is being made compulsory. (p.17)

All measures, as previously, will start from the fact that in the Soviet Union there will be no unemployment. (p.20)

The existing system of economic management, based on the command system represses democracy, initiative and the creativity of workers and does not encourage the potential for social and worker activism. (p.20)

The essence of this Perestroika lies in the transition from the administrative to economic methods of management ... The main development is economic democracy, the workers being widely involved in management and now being able to elect their own economic managers. (p.23)

In the Soviet Union one worker cannot employ others for wages, with everything made over and above wages as his profit ... it is illegal. (p.28)

Lenin attached fundamental importance to the voluntary nature of co-operatives. (p.30)

Perestroika is a difficult and painful process ... critical analysis is being made of ongoing changes, and past experiences are being assessed. (p.31)

A transition is envisaged from an economy of shortages, with power in the hands of the producers rather than consumers to social production, orientated in the satisfaction of social needs, working to the demands of the consumers and ending all shortages. (p.34)

In 1987 the USSR may exceed the 800 million mark in shoe production, 3.2 pairs per person per year. Whereas in Czechoslovakia 1.7 pairs per person suffices. In the USA where the population is only a little greater than the USSR, only 300 million pairs of shoes are produced and that is sufficient. But in the USSR 800 million pairs is not enough and we still purchase a large quantity of footwear from Czechoslovakia, Yugoslavia, Finland, Italy and many other countries. Much footwear is produced, but the quality is poor and having bought these shoes people are not satisfied and seek new ones. As soon as modern, fashionable shoes come on sale queues form. At the same time poor shoes often sit on shelves swelling stocks. This applies to many other products. (p.36)

Our backwardness compared to the most developed countries in the world is too great to be overcome before the end of the century ... agriculture is five times inferior to the USA. (p.38)

1. The Challenge of *Perestroika*

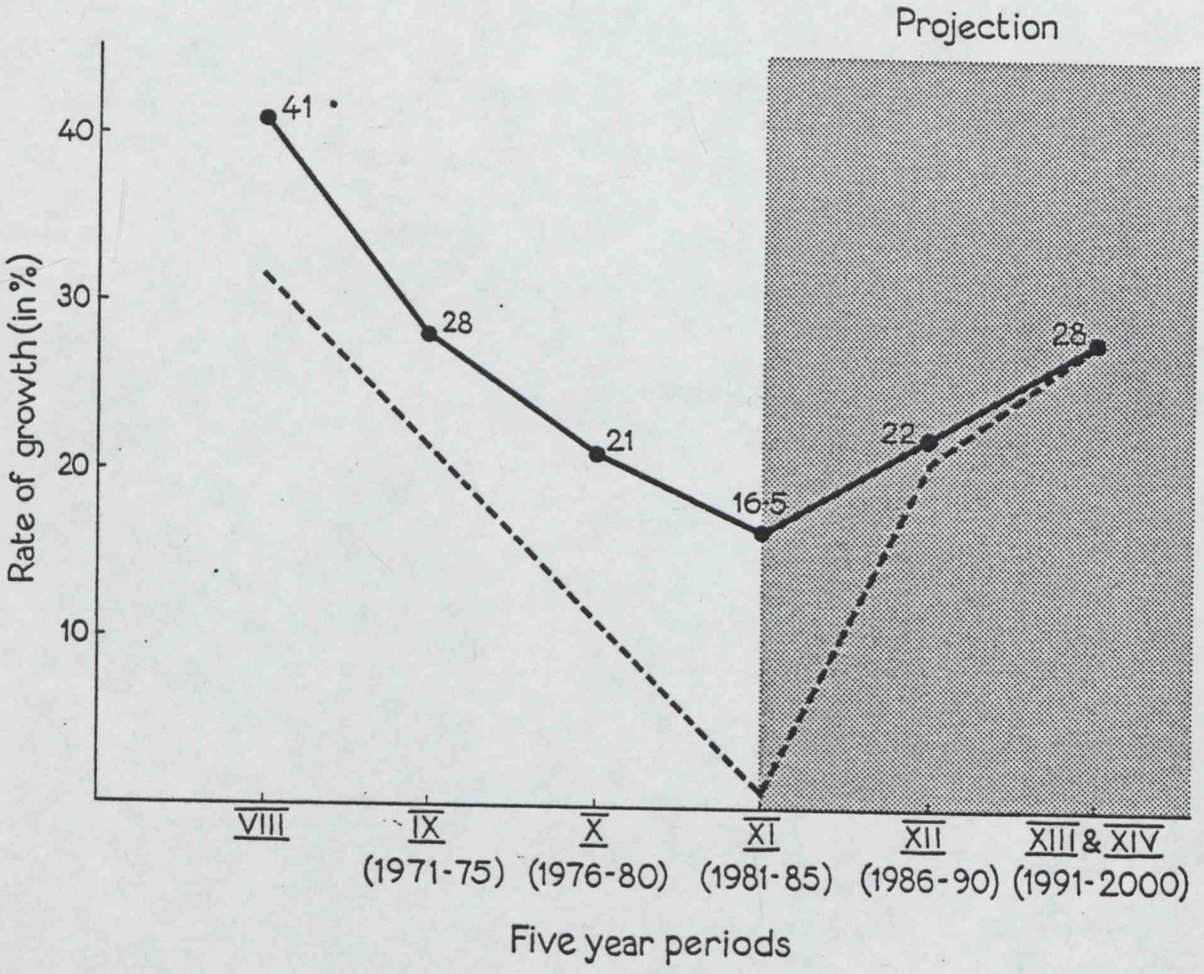
The new economic strategy of development for our country proclaimed by Gorbachev in April 1985 at the Plenum of the Central Committee of the Communist Party of the Soviet Union (CPSU) is summed up in the new political concepts of "*uskorenie*" (acceleration), "*perestroika*" restructuring and "*glasnost*" (openness).

At the root of this new economic strategy lies the concept of *uskorenie*, the acceleration of social and economic development. This revolutionary strategy is in contrast to the tendency of *zamedlenie*, the slowing down of development of the last 15 years. The graph below shows the rate of growth of basic general social and economic indices of development over 15 years to 1985 and projected income for consumption and accumulation (a figure of % growth by five-year period).

Table 1 (see over)

The continuous line signifies indices of growth of national income according to official statistical data. This shows that in three five-year periods the rate of growth of national income fell nearly 2,5 times. Growth fell both relatively and absolutely.

Table 1


Projection
Rate of growth (in %)
40
30
20
10
41
28
21
16·5
22
28
VIII
IX
X
XI
XII
XIII & XIV
(1971-75)
(1976-80)
(1981-85)
(1986-90)
(1991-2000)
Five year periods

Nonetheless, it must be taken into account that in the recent 11th five-year period (1981-1985), a part of the growth in national income was obtained through the excess of foreign imports to the USSR over exports. Moreover, to calculate such an index of change in national income in comparable prices (by physical volume) an index of price increases is used.

In my opinion, Soviet price statistics are inadequate and insufficiently account for hidden price increases through changes in the range of products, replacing cheaper with more expensive goods without a corresponding improvement in their consumer quality.

If a more realistic index is taken into account, the rate of growth of the national income and of other indicators of development will be lower than that indicated by official statistical publications.

I have therefore tried to show on the graph (dotted line) a more accurate picture of the rate of growth of national income. It is obvious from the graph that in the 11th five-year period there was practically no economic growth. Unprecedented stagnation and crisis occurred, during the period 1979-1982, when production of 40% of all industrial goods actually fell. Agriculture declined (throughout this period it failed to reach the 1978 output levels). The use of productive resources sharply declined and the rate of growth of all indicators of efficiency in social production slowed; in effect the productivity of labour did not increase and return of capital investment fell, aggravating the fall in the capital-output ratio (*fondootdacha*[1]). Then, towards the end of the 11th five-year period it became impossible to improve the situation. Overall, the five-year plan appeared not to be fulfilled and the country fell into a serious economic situation.

Negative tendencies developed in many sectors, stagnation began and economic imbalances intensified. In these circumstances in March 1985 the Plenum of the Central Committee of the CPSU elected as General Secretary of the Central Committee of the CPSU Mikhail Gorbachev, a young, dynamic leader, university-educated, highly cultured and with a deep professional understanding of the country's economic problems. A new strategy of development by acceleration was worked out in just over a month of intense work, considering previous research.

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[1] *Fondootdacha* The indicator of the capital output ratio characterises the increase in output in relation to each unit of capital added (ICOR). It is expressed by the sum total of production divided in roubles per one rouble of investment. The rate of growth of this indicator is calculated by the change in physical volume of products and funds, valued in fixed prices.

The quantitative side of this acceleration is evident from the second half of graph. If one proceeds from the official statistics of the 11th five-year period, the rate of growth of the national income should have risen on average by an annual 3% from 1981-1985 up to 4% in the current five-year plan and to 5% or more in the 1990s.

3-4-5- percent is the quantitative formula of acceleration. If one takes into consideration the actual situation, the stagnation of the economy in the 11th five-year period, then in effect from a zero growth rate we must achieve a radical leap to a 4-5% rate of growth.

The real rate of growth of national income according to the calculations of the author, indicated by a dotted line on the graph, effectively coincides with the projected figures of accelerated growth in the future. This requires explanation.

The methodology of our official statistics calculates national income without consideration of the service sector, while according to UN methodology and most countries of the world the service sector is counted in the measurment of national income.

The calculation of the service sector required no serious amendment to the previous rate of growth of national income, insofar as the share of services in our country is very low, and its rate of growth in the 11th five-year period did not exceed the general rate of growth of the national income.

Things are different now, however. According to the 12th five-year plan the service sector will grow at a greater rate, approximately double that of the national income, and its weight will therefore grow significantly. If calculations are made according to western methodology, then all things being equal, the real rate of growth of national income of our country will be notably higher than the official indicators. Although, as already noted above, the low rate of growth of price indicators must be taken into account. And, evidently, these contradictory tendencies in the 12th five-year plan will balance each other, especially in the 1990s. Therefore 4-5% growth of national income according to our plan for the future can be seen as sufficient by objective indicators.

So far we have been speaking about the <u>quantitative</u> side of the concept of acceleration of the development of the country. The term "acceleration" is used precisely in this sense, by mathematicians to characterise the rate of growth. But here the meaning of "acceleration" has a different socio-economic sense, which includes not only quantitative but qualitative aspects and

moreover, the qualitative side of the concept of acceleration is more important than the quantitative.

The concept of acceleration also includes transition to a new quality of growth in the Soviet economy. In the final analysis, the rate of growth is not as important as the content of each additional percentage point of this growth. But, naturally, the content can change radically.

The current structure of the economy of the USSR is backward and conservative. Within it mining and agriculture occupy exaggerated positions, and in contrast manufacturing industry and processing of raw materials are insufficiently developed. Even worse developed is the so-called tertiary sector, the service sector. In the same way the quality, efficiency, competitiveness of goods produced is universally low. There is a high proportion of obsolete production. The range of goods and services substantially diverges from and does not satisfy real social needs and effective demand. Both the branches working for consumers and what one might call welfare services have seriously fallen behind, as has the whole social sector.

It is naturally this obsolete structure of production that in many ways determines the content of growth of the real product. The future is another matter. We intend to make major changes in the structure of our economy, to make it more progressive, efficient and socially significant and aim at the satisfaction of social needs and growth of the welfare of the people. Therefore the content of projected growth of social production will be radically changed. We will increase production of high quality competitive products, the scale of mining will sharply fall and the extent of processing will grow. The proportion of machine construction will grow especially rapidly and within it the scientific branches, and above all the information industry. The national economy will be directed at the immediate solution of social tasks, and connected to this the pace of growth in the welfare services will grow and the social sector will be a priority for development.

A new quality of growth will appear throughout this process. It will be visible in two main ways. Firstly, in the major change in the factors and sources of this growth. In the past 15 years we have primarily developed at the expense of extensive factors, through the absorbtion by industry of more and more new resources. In future it is envisaged that the economy will transfer to a path of intensive development, that is through increased efficiency and quality. Thus the main source of economic growth will be through scientific technical progress.

Secondly, the new quality of growth will be expressed in the strengthening of the social direction of our economic development. Everything connected with the satisfaction of the various of the people

will receive preferential treatment. A sharp about-turn in the economy will be realised in achieving social ends and increasing the standard of living of the Soviet people. While earlier branches and areas of the economy were directly connected with the satisfaction of the needs of the people they were developed belatedly and their proportion fell. Now these sectors will recieve priority and preferential development. Their proportion, for example, in the general volume of capital investment in the national economy will rise.

As must be evident the acceleration of the socio-economic development is expected to lead our economy to qualitatively new and higher limits. We are speaking here about the renewal of our economic life through accelerated growth.

I would note that acceleration of socio-economic development embraces not only the sector of economics, but affects the whole of society. This is the long-term and strategic impetus of the policy of our Party.

This does not mean a short-term campaign or an acceleration during, let us say, just the next five years. This is a long-term strategy, not just until the end of the century but forat least the next 20-30 years. Thus the programme of the CPSU, the new wording of which was accepted at the 27th Congress of the Party is directed at the whole of this period. Running through this programme is the concept of the acceleration of the socio-economic development of the country. This acceleration must combine many ideas in this programme.

To guarantee advance in our society *perestroika* must be realised in the economy. This is a new idea in our political and economic practice. Formerly in the Soviet Union, the notion of "perfection" (*sovershenstvovanie*) of the economy was current. *Perestroika* is somewhat juxtaposed to this. Perfection implies the improvement of individual aspects and elements of the economy. Here one starts from the premise that the economic mechanism overall reflect the conditions and tasks of development and needs only to be directed, improved and perfected. This is, so to speak, an evolutionary path to change.

Perestroika is different. It signifies profound changes for the better, major qualitative changes. *Perestroika* is inevitable when existing economic conditions do not respond to new conditions, formed by the needs in the development of society and the demands of the future. Here it is necessary to change the economic system, to transform and renew it in a profound way. For this transformation the restructuring is necessary not just of individual aspects and elements, but of the whole economic system, all aspects and all elements together, in order to achieve a qualitative change. The essence

of the issue is that this revolutionary form of change contrasts with an evolutionary form. The term *perestroika* is characterised precisely by such revolutionary qualitative transformation. This term is many-sided, synonymous in many ways with terms such as radical reform, major reconstruction, radical change, transition to new quality and breakthrough.

Perestroika in our society affects everything and everyone. It is global, many-sided and all-embracing. It is not only in the economy that profound reforms are being undertaken. We are also rebuilding our political system, ideology, party work - the whole superstructure above the economic base of society.

As an economist I will speak of *perestroika* in the economy. It should be emphasised that it is extraordinarily important that economic reform does not occur in isolation from other sectors of social life but strengthens the transformation of these sectors.

In which directions then is *perestroika* being realised in the economy?

Perestroika of the economy is occurring in many, perhaps one can say every, direction. But if one attempts to sort out its major lines and directions then they can be presented in five groups of measures.

1. Transition of the national economy to the path of intensive development

We are resolving the task of accelerating the socio-economic development of the country in conditions of declining growth of the resources involved in production. In the past, to a considerable degree our economic growth occurred through a significant increase of these resources. The Soviet Union is enormous, and rich in resources, and it was natural to develop through extending the involvement in production of the work force, of fuel and raw materials, of capital investment and funds. If you take a typical post-war five-year period, then usually in a five-year period our basic application of funds and capital investment increased 1½ times, the extraction of fuel and raw materials by 25-30%, and a further 10-11 million people were recruited into the national economy, a large proportion of whom swelled numbers in the various branches of production. This was characteristic let us say of the 6th, 7th, 8th and 9th five-year periods incorporating the two decades 1956-1975. The last five-year period with a large growth in resources was the 9th five-year period.

If you try to calculate the composite indices of growth of all resources used in production, then according to our computation this indicator in the 9th five-year period was 21%.

In the following chapters I will dwell in detail on the method of calculation of this composite index and its component parts. But now it is important for us to present a picture of the overall plan.

Thus after the 9th five-year plan, because of a range of mainly objective factors, growth of resources started to decline fairly sharply. The increase of labour resources had slowed by 3-4 times because the country had entered the post-war demographic phase. Besides this, there lies ahead a significant redistribution of the numbers of workers from branches of industry into the service sector - education, health sector i.e. branches serving the population.

If earlier we gained a quarter of all growth in production through quantitative growth, then in the 12th five-year peiod it was the first time in our history that the increase in production had to be guaranteed by growth in the productivity of labour, for the numbers in these branches will not grow. In the 1990s the rate of growth of productivity of labour will exceed the growth of production so that some of those involved in branches of production will be freed and transferred to those branches providing services to the population.

Our future plans anticipate that in the 15-year period to the year 2000, with the intended doubling in the national income the growth of productivity of social labour in the national economy will be of the order of 2,3-2,5 times. This means that the number of workers in productive branches will substantially fall.

By way of comparison we can introduce the figures of the previous five-year period (1981-1985). During this period national income increased 1,8 times, the number of workers by 15% and productivity 1,6 times. As is evident we must, through accelerated growth of productivity, compensate for the fall in the number of workers and besides this, guarantee a rising rate of growth of national income. In this way a trebling of the growth in productivity lies ahead. This would be unprecedented in our history.

Yet more striking are changes in the area of extraction of fuel and raw materials. In the 9th five-year period the volume of the mining industry increased by 25% but only 8% in the 11th five-year period. Declining growth of a third was mainly connected with the worsening of geological and economic conditions of mining. With its large-scale mining industry, currently the largest in the

world, the Soviet Union is fairly rapidly exhausting its most accessible of natural resources. To maintain levels of extraction it is necessary to dig deeper, to discover new deposits and to transfer to less favourable fields. The fuel and raw material base in the inhabited regions of the country are already unable to meet our requirements and in many of them the volume of extraction is declining. Therefore it is necessary to discover new deposits in the north and eastern regions, to construct transport links, to create new towns and develop territories and attract the population there.

All this, naturally, does not come cheap. As a result the cost of fuel and raw materials is growing. The capital investment allocated is growing especially rapidly. Also the ecological constraints developing the mining industry are becoming increasingly strict.

Simultaneously, technical progress is proceeding rapidly in the sphere of rational use of resources. It has been said that it is cheaper to save one tonne of fuel than to extract it. The efforts and means to do this lie within better use of resources. By maintaining stable levels of extraction of fuel and raw materials, an increasingly large part of the additional need for them must be satisfied through economising and cutting average consumption.

In the 12th five-year period two thirds of these additional needs were covered by better use of resources. But in the 1990s, in our opinion, this indicator will be up to 75-80%. Thus the growth in extraction will decline in the future. This worldwide tendency is also characteristic of the Soviet Union. Here too we must transfer from the extensive path of unrestrained increase in size of fuel and raw material requirements to a more intensive use of resources and more effective economies.

It should also be taken into account that the USSR is perhaps the one country in the world the majority of whose fuel and raw material requirements is met through domestic production, not imports. Moreover, occupying as it does, one sixth of the earth's land surface and being rich in natural resources, our country exports, mainly to the socialist countries, oil, gas, timber and many other raw materials. There is no opportunity nor even particular need to behave like the developed capitalist countries in guaranteeing their fuel and raw material supplies. If such a country needed additional quantites of coal or non-ferrous metals, it purchases them as a rule from underdeveloped countries, investing capital there when necessary, creating its own companies there or mixed joint-stock companies etc. We cannot behave in this way.

The above relates not only to raw materials but, to a certain extent, to labour also. Any shortage of scientists or highly qualified specialists in the USA has been ended through "recruiting"

candidates from other countries through higher salaries. Turkish and Yugoslav workers were attracted to West Germany when additional unskilled labour was needed. When this need ended and unemployment began to rise, it is well known that foreign workers were immediately discriminated against. Such a course also is unacceptable to us.

In the last decade the rate of growth of capital investment has sharply fallen. The overall volume of capital investment in the national economy in the 9th five-year period increased by 41% compared with the previous period, by 29% in the 10th, 17% in the 11th. This also led to a reduction in the growth of the capital stock. Earlier it was increasing by 50% or more every five years, in the 11th five-year period by 37%, and in the 12th a growth rate of roughly 30% is anticipated. Overall in the forthcoming 15th period, calculations indicate, the sum total of capital stock must double, at roughly the same proportion as the national income.

For comparison we can point to the fact that in the previous 15 years (1971-1985) with an increase of 1.8 in the national income turned to account, capital stock trebled.

This comparison shows that capital output ratio has sharply fallen with every five-year plan, on average 14%. In other words for every rouble introduced into the capital stock there has been less and less production, and less and less good use has been made of it.

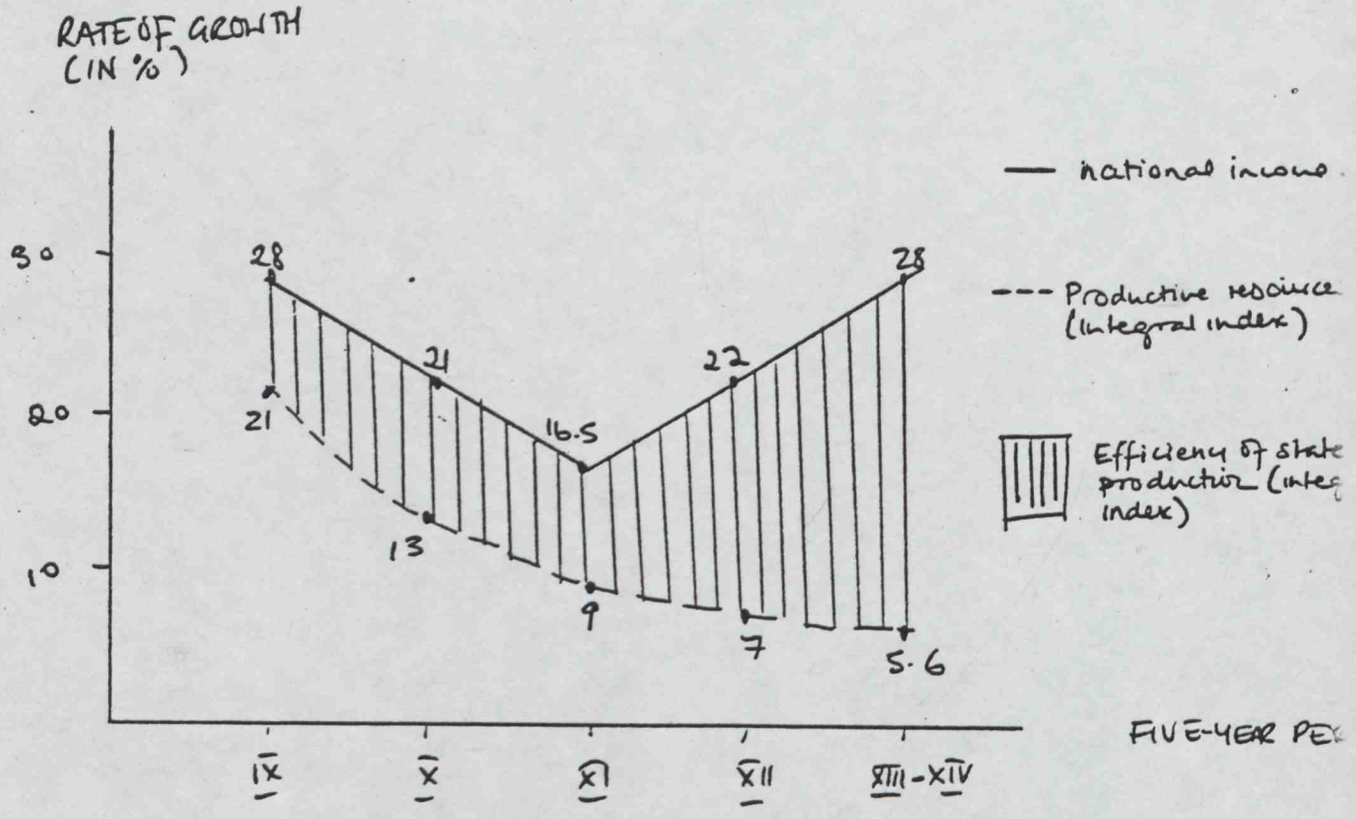
Now this unfavourable tendency must be overcome and stabilised, as is evident from the projected capital output ratio figures. In the 12th five-year period the fall in this capital output ratio will slow down, by the mid-1990s this indicator will stabilise and thereafter it is intended the rate will increase.

Thus we must restructure from the extensive to the intensive path in all sectors by using all types of resources. To do this, efficiency in the use of resources is expected almost to double. Efficiency will have to rise in order to compensate for the declining growth of resources and to guarantee the acceleration in the growth of the national income.

What do concrete calculations reveal? Table 2 shows the rate of growth of national income and the growth of resources (composite index) is shown, beginning with the 9th five-year period, the last five-year period with a large growth in resources.

Table 2.

Table 2. (Page 9)



According to the composite figure, the rate of growth has fallen from 21% in the 9th five-year period to 13% in the 10th and to 9% in the 11th. We could not compensate in this period for the reduction in growth of resources by a further increase in productivity. Therefore the rate of growth of the national income fell in proportion to the reduction in the growth of resources. This is according to official data. If the amendments used above are included in the calculation of our indicators then the fall was greater still. I will however, rely on the official indicators. The tendency is quite persistent. Efficiency in the use of resources is indicated on the graph by the differential between the readings for the rate of growth of the national income and those for the growth of resources. This area on the graph is shaded.

In the 9th five-year period the composite index of efficiency grew by 6% which is easy to see, comparing the indicator of growth of national income for the five years (1,28) and indicator of growth of resources (1,21) is 1,28:1,21 = approx. 1,06. In the 9th and 10th five-year periods the composite index of efficiency grew by 7% every five years.

Thus a certain inertia occurred in economic development with the predominance of extensive methods and the slowing down of the rise in efficiency.

In the 9th five-year period three quarters of economic development was extensive, in the 10th two thirds and in the 11th roughly three fifths. This is the only visible improvement in the structure of the factors in economic growth, insofar as with each five-year period the overall rate of economic development fell. Overall in the 15-year period we can basically speak of the predominance of extensive over intensive factors of growth: economic growth of two thirds occurred through growth of resources and only one third through increased efficiency in their use.

That the situation must change in a profound way is evident from the graph. In the 12th and following five-year period we envisage the acceleration of the rate of growth of the national income with a continuing reduction in the growth in the input of resources. The divergence of the two lines on the graph therefore will grow sharply and we must guarantee faster increases in efficiency than in the rate of growth of national income. From the 12th five-year period, for example, the composite index of efficiency will rise by 14% (national income will grow by 22% and resources by a total of 7%), and in the 13th and 14th five-year period average efficiency must rise by 21% (the growth of national income to 28% and the growth of resources by a guaranteed 5-6%).

An accelerating increase results in the efficiency of production of 7% in the 11th five-year period, 14% in the 12th five-year period and 24% in the following five-year period.

As early as the 12th five-year period we must guarantee a doubled rate of acceleration, and in the 13th and 14th five-year periods trebled acceleration compared with the 11th five-year period and 1½ times that of the 12th five-year period.

This ambitious task will be and difficult. With what resources do we intend to overcome negative tendencies in the rate of growth of efficiency and to attain a qualitative change for the better?

One possibility is the mobilisation of organisational, economic and social reserves and potential through better use of existing resources and of the productive technical base, through the reinforcing of discipline, order and the increase of responsibility, the strengthening of people's interest, their qualifications and education. With better attitudes to work, enthusiasm and creativity, better organisation and management and appropriate technology, it will be possible to achieve a rise in productivity, economies of fuel and raw materials, better use of equipment and at the same time to raise the quality of goods produced.

Use of these resources and this potential is a very immediate issue. The experience of many collectives and the practice of implementation of economic reforms in the past in the Soviet Union and in other socialist countries points to these areas of potential.

A basic instrument for the mobilisation of this potential is the *perestroika* of management, strengthening interest in the final results of labour and the raising of the quality of organisation and management. In this emphasis on the needs of people is of great significance. The more care that is taken over the conditions of work and lifestyle of working people, the better, more effectively and productively, as a rule, do they work.

The general socio-political and psychological climate in the country, the belief in the rightness of existing policy, conviction in the need for a better future all facilitate creativity, initiative and more productive labour. Much depends on measures taken to reinforce discipline and increase the accountability of the responsible authorities. All these factors are being put into effect in the process of acceleration. The mobilisation of these organisational economic reserves is especially important in the first stages of

acceleration, since growth of cost effectiveness and quality can be thus reached in the short-term. And this does not require especially great capital investment, whereas *perestroika* of the structure of production requires time.

Other things should however be taken into consideration. The potential of future raising of efficiency given the existing productive technical base and qualifications of workers will decline and time will run out as the degree of mobilisation of these reserves increases. Possibilities are also limited by the technical level of production.

Here is a typical example: the ZIL-130 150 hp 5-tonne lorry requires 29 litres of fuel for 100km according to the planned rate of consumption, but in fact it often needs 35-40 litres. The engine is labour-intensive to maintain, has many lubricating points, is not powerful and the weight-bearing capacity of the trailer is limited. Of course, with a better attitude to work it could function better and more efficiently; for example, by making the routes used more economic, lowering fuel consumption, being more careful with the engine and extending its operational life before capital repairs are required etc. But all these reserves and possibilities are limited by the technical design of the vehicle itself. The limits of organisation, economic and social reserves are clear.

Another issue is <u>scientific technological progress</u>. If we modify this vehicle from use of petrol to diesel, then the consumption of oil, even for a more powerful engine, could be halved. Additionally, the weight-bearing capacity of the trailer could be increased and the lorry could run two to three times longer prior to service, through less lubricating points.

And the potential for such scientific technological progress in the future is unlimited. Cost effectiveness can be increased by more than percentages but by whole points. And therefore scientific technological progress is a major strategic factor in increasing cost effectiveness, intensive production and growth of acceleration. We place great weight on this.

But to modify old technology it is necessary to adjust its mass production, and to implement technical reconstruction throughout industry and its branches. We recognise the high cost effectiveness of a diesel ZIL, but in order achieve this, the Moscow Vehicle Factory must be restructured, the production of modern diesel engines begun and the old machinery replaced. All this requires time and large capital investment.

Therefore it is very important not to contrast these two means of raising efficiency - the organisational changes and scientific technological progress - but organically to combine them. We can expect initial acceleration, stimulus and development of the economy in the near future mostly through organisational, economic and social factors. We must begin technical reconstruction, raise the level of Soviet machine-building, adapt to mass production of new, more cost effective technology and begin to guarantee it to other branches. Having started acceleration through organisational and economic factors, efficiency will be further developed and extended by scientific technological progress.

Besides this, mobilisation of organisational, economic and social reserves is very important for obtaining efficiency in the use of thenew technology. Indeed the new technology requires higher levels of organisation and management and that people take greater interest in their use. Often this technology is more expensive and can give results only when it is fully and intensively used by qualified personnel.

All these conditions for better use of the new technology are being prepared for through the mobilisation of organisational, economic and social factors, and through the more effective use of reserves and their potential.

As is evident the course of transition of the economy to an intensive path of development includes measures to accelerate scientific technological progress organically, through the application of the achievements of science and technology and their generalised use in production.

Technological progress is many-sided. It includes an evolutionary process in the perfection of technology as well as revolutionary, generational changes in technology i.e. in the transition to totally new technological systems. In the last 15-20 years in the Soviet Union the evolutionary form of technological progress prevailed. Progress was sluggish and poorly reflected in the growth of efficiency in the economy. Existing equipment-producing technology was being renewed slowly, old systems retained, and the equipment became obsolete and as a consequence, efficiency and growth rates declined. The renewal of machinery and equipment and the whole capital stock of actual enterprises was only taking place at a rate of 2-3% per year.

The idea of acceleration of the socio-economic development of the country requires a qualitatively different approach. We have fundamentally altered the scientific technological

policy, laying great emphasis on revolutionary forms of scientific technological progress, on major technological reconstruction of machine building and on a high planned rate of renewal of machinery and the rapid dismantling of obsolete departments and their replacement by new, appropriate science and technology.

As an example, in the Soviet machine building sector in the 11th five-year period only 9% of all equipment was renewed, while in the 12th five-year period 40% will be changed. This will mean a rise in the planned rate of renewal of the range of machinery produced from 3,1% in 1985 to 13% in 1990. And if in 1985 only 29% of machine building production has been up to world levels, in 1990, with this high planned rate of renewal and production of a whole new generation of technology, we hope to have arrived at a figure of 80-90% of world levels.

This will require, of course, serious redistribution of capital investment and other resources into machine building and the guarantee of the priority development of this branch. Whereas in the 11th five-year period the volume of capital investment in machine building grew by a total of 24%, now in the 12th five-year period it is intended to guarantee a growth of 80%. These new approaches are being realised through the new investment and structural policy. The proportion of capital investment directed at the technical reconstruction and renewal of production has sharply risen and the share of capital investment for new construction lowered. Earlier more than a third of capital investment went on technical reconstruction. In the 12th five-year period more than half of all capital investment is earmarked for this. Correspondingly, the structure of capital investment in production is changing, and the proportion accounted for by equipment and machines within it is substantially rising. The volume of assembly work is falling.

The introduction of intensive methods of social production on the basis of scientific technological progress, reconstruction and implementation of the new investment and structural policy are the first steps of *perestroika*. As a result we must substantially increase our efficiency and quality and through accelerating socio-economic development, establish a sound technological base.

2. <u>The strengthening of the social direction of economic development. Turning the development of the national economy towards the urgent resolution of the tasks of increasing the well-being of the Soviet people</u>

In the Soviet Union an unjustifiable gap has opened up between industrial power, science, culture and the educational level of the population on the one hand and the level of satisfaction of material and social needs of the population on the other. In the beginning this situation was associated primarily with our difficult history and the destruction wrought during the First World War and the Civil War on Russian territory. It was necessary to rebuild the economy. The country was backward, agrarian, and without developed heavy and armament industries. In conditions of imperialist encirclement, political pressure and ultimatums we had, in the shortest time possible, to undertake industrialisation and create a modern industry. As events showed, the course towards industrialisation was the correct one.

In the Second World War, 20 million lives and one third of the nation's capital stock were lost. After it, years of rebuilding followed. Simultaneously, the expensive problems of unravelling the secrets of the atomic bomb, and the creation of a rocket defence shield had to be resolved to guarantee the peaceful labour of our people from the growing threat, above all from the USA.

In these conditions energies and resources were concentrated on the development of heavy industry and armaments and insufficient was allocated to the development of welfare services, the social sector and to raising the standard of living of the people. But even in these difficult conditions working people were guaranteed the social gains of the socialist revolution. Unemployment was abolished, free health care and education were provided, to a considerable degree housing was built by the state and pensions came wholly from the state budget. A 40-hour working week was established in the country, the material welfare of the population increased. But all this was done with limitations.

In the last 15 years the development of negative processes mentioned above, the fall in the rate of growth and efficiency has been especially painfully reflected in the development of the social sector and in our inability to resolve our social problems. Resources were allocated to the social sector according to the so-called "residual principle" (*ostatochnyi printsip*), whereby capital investment was firstly directed towards industrial goals, and housing, the raising of living standards and other improvements to peoples' lifestyle were only allocated what remained.

As a result, for example, the proportion of capital investment in the economy for construction of housing was reduced from 23% in 1960 to 14-15% in the last five-year period. The expenditure on education as part of the national income reached 10% in 1950 (this was the

highest rate in the world) and has fallen in recent years to 7%. The health system has also been neglected, with less than 4% of the national income allocated to its development when other countries allocate 8-12%.

The development of agriculture, food and light industry has sharply fallen behind and the service sector has not developed. Provision of housing also has been poor. Pensions, introduced in 1956, were progressive for their time, but despite the passing of 30 years they have hardly changed. This has become an acute problem.

Insofar as old equipment has basically been retained, the renewal has proceeded at a slow rate and not comprehensively. Working conditions have barely changed, and the numbers of manual workers remains almost unchanged. Half of all workers and collective farm workers work with their hands, and there is still a significant proportion of unskilled manual labourers.

The ageing economic system of administrative commands from above aggravated the unbalanced development, neglecting the social sector, and even exacerbating the gap between consumer demand and supply. The market has not been supplied with necessities and the demands for meat, dairy products, fruit, high quality goods and various services are not being met.

The stagnation of the economy in the 11th five-year period and the economic crisis were accompanied by a growth in such anti-social processes as speculation, bribery, and use of one's position for personal ends. The phenomena of stagnation, apathy, consequences of the negative tendencies of development led to the loss of interest in work among part of the population and strengthened the attitude to ownership. Even worse, a tendency to hoard and be greedy developed among consumers. Social justice was systematically violated. Plans to boost welfare were not fulfilled and hidden price increases occurred. The tendency towards levelling out of and arbitrariness in establishing wages and privilege for certain categories of workers did enormous harm. Widespread drunkenness undermined the healthy section of the population and is one of the reasons that life expectancy in the USSR has failed to rise in the last 20 years and that the death rate for males of active age has actually grow.

The new economic and social policy of the party has given top priority to the overcoming of these unfavourable social phenomena. The whole social sector and the welfare of people has to be brought into line with the industrial level of the country and the needs of society.

From an enumeration of negative processes and phenomena it is evident that a great deal remains to be done. Above all, priorities must be changed and the greatest significance be accorded the development of the whole social sector. For this it is intended substantially to increase the percentage of capital investment and other resources which are allocated to housing and social construction. It has been decided that a significant share of resources that go to production will be redistributed for the additional development of the social sector.

In order to resolve the worst social problem of the country, housing, it is intended to increase construction by 1½ times and to complete 40 million well-built flats and houses by the year 2000, i.e. doubling the existing housing stock.

Calculations show that with the current rate of population growth (on the threshold of the year 2000 it will exceed the 300 million mark, from a current total figure of 283 million) this will be sufficient housing with an equitable distribution system to give every family a separate, well- built flat. We are maintaining our country's preference for very low rents. Indeed currently, people's expenditure on rent and public utilities totals only 3% of their income.

In the near future it will be necessary to resolve the food supply problem, to test the market with various food products and, above all, to meet fully consumer demand for meat and dairy products. To achieve this, in the 12th five-year period it is intended to raise the level of growth of production of food 2,5 times.

In the 11th five-year period the volume of production rose by a total of 6% against a population growth of 4%. To cope with this the Soviet Union was obliged to purchase some 40 million or more tonnes of grain and about a million tonnes of meat from abroad. Initial successes in the development of agriculture in 1986 enabled imports of foodstuffs to be cut by a half as a result of some improvements in the supply system.

In the 12th five-year period it is intended to increase the volume of agricultural production by 14,4% overall. Anticipated annual demand for meat will grow from 62kg per head in 1985 to 70kg in 1990, and for milk and dairy products (expressed in terms of milk) from 325kg to 340kg.

To fully satisfy of consumer demand it is intended to reform retail prices, sharply reducing the state subsidies on the sale of meat and dairy products. The raising of prices is to be realised in a democratic way after discussion with working people and with full compensation through additional payments to the population from state funds.

Yet greater efforts are required to supply the market with widely needed goods and to end the chronic gap between demand and supply. For this it is intended to raise the rate of growth 1½ times of the production of widely sought-after goods in industry and, most importantly, greatly to improve substantially the quality of products and restructure the range of products available according to demand.

It is intended to raise the growth rate in the service sector by 2-3 times. An all-encompassing programme of production of goods in demand and the development of the service sector has been accepted.

A fundamental change for the better is intended for conditions of work and, above all, the end to unskilled manual labour. Currently almost half the working population are engaged in manual work, but by the year 2000 the proportion of manual labourers should have fallen to 15-20%.

Widespread technical reconstruction and re-equipment of production, the spread of automisation and complex mechanisation will substantially change the nature of work, and will make work more attractive, creative and interesting.

Collective forms of organisation of work are being strengthened, giving additional impetus to creative initiative.

In order to improve the lives of pensioners a new pension law has been prepared envisaging a significant increase in the size of pensions with the retention of the existing pensionable ages of 55 for women, 60 for men. (People working in heavy industry and also in the far north become pensionable respectively 5 and 10 years earlier.)

The fundamental improvement of the health system in the country is crucial. The construction of health centres has sharply increased, the personnel of the Ministry of Health has been reorganised, and its leadership replaced. An increase in salary for doctors and medical

workers of on average 40% has been announced. A major programme for the strengthening of health care has been prepared.

The resolutions on the struggle against drunkenness in the Soviet Union, taken in May 1985, have enormous social significance. During their implementation sales of alchohol have fallen over a two year period by 40%. This was immediately reflected in a fall in the death rate especially of men of active age. In 1986 for the first time in the last 20 years life expectancy of the population grew by one year. It continued to grow in 1987.

The education system is being reformed. 11-year compulsory education is planned for childen from the age of 6, the material base of schools is to be strengthened, teaching is to be combined with vocational education, teachers' salaries raised by 30%, and the teaching of many subjects is being restructured. The teaching of information and computer technology, for which schools are now being equipped, is being made compulsory.

Putting the social policy into effect goes hand in hand with the principles of social justice and modifies the former levelling out of salaries. Now salary levels are more closely linked to the quality and quantity of work, as per the basic socialist principle of distribution. Wages now depend on a working collective's final output. There are wide opportunities for incentives for highly productive and efficient labour. In the 12th five-year period new rates and scales of official pay up to 20-30% higher are being introduced in the 12th five-year period, according to qualifications, quality and conditions of work. These increased tariff rates are being introduced through mobilisation of enterprises' and economic organisations' own resources and through additional increases in efficiency. With the role of stimulating work and the basic pay differentials, collective forms of organisations are spreading, and it is the collective itself, based on the significance and results of a job, that determines the salary of its members based on a coefficient of labour utilisation.

Social justice penetrates all other aspects of work as well, through the improvement of living conditions , through the allocation of housing, the organisation of leisure, the granting of various privileges and advantages. Control over the observance of social justice is invested in workers' collectives and their unions. The rights of workers collectives and unions are being greatly expanded.

All these measures for the resolution of social problems and the increased well-being of the people are aiming not simply at a quantitative improvement, but at a qualitative renewal in people's lives.

A developed socialist way of life and the consolidation of the advantages of a socialist society are envisaged. All measures, as previously, will start from the fact that in the Soviet Union there will be no unemployment. To achieve this we have in mind greater freedom of choice in professions for workers. Organisations concerned with work and social questions are to be encouraged to develop a training system and refresher course for officials paid for by the state.

The right to leisure, housing and others will be realised more fully, insofar as the material base grows stronger.

3. Radical reform of management of the whole economic mechanism

This area of *perestroika* in economic life is the most important. The existing system of economic management does not correspond to new conditions, to the task of the acceleration of socio-economic development. Indeed the existing system of management is out of date and acts as a brake on the development of our economy.

All other efforts to transform the economy are now coming up against the insolubility of the problems of management of the economic mechanism. It encourages extensive and impedes intensive development. It further complicates the problem by making scientific and technological progress unprofitable and failing to guarantee advantage to those who raise the quality of production. It encourages new construction and makes work on technical reconstruction unprofitable. This system hoards the depreciation funds, maintains the output of old products, and does not push enterprises to renew their funds and products. It hinders *perestroika*.

The existing system of economic management, based on the command system represses democracy, initiative and the creativity of workers and does not encourage the potential for social and worker activism. It does not make workers interested in the final product of their labour. The levelling of wages, the shortages, the gap between supply and demand of individuals and society, the residual principle in the allocation of resources for the development of the social sector are all products of the old economic systemm.

A main characteristic of the existing system of management is the predominance of administrative methods, with economic methods having only secondary significance. This economic system his been formed over a long period of Soviet history. In the ups and downs of history the state used its administrative power to achieve its priorities. With the transition of the country to industrialisation at the end of the 1920s and early 1930s it became a priority to distribute all growth in resources away from agriculture and consumer items and into heavy industry.

Indeed, on the eve of industrialisation our country was predominantly agrarian, with the proportion of agriculture in the total national product around 60% and with the remainder predominantly food and light industry. During these years in the Soviet Union there was no metallurgy, chemical industry, hydro-electricity, machine building or arms industry. The situation in the world became more critical later when the fascists had come to power in Germany and several capitalist states undertook an economic blockade of the Soviet Union, the only socialist country in the world. It was clear that a war against the Soviet Union could flare up. Industrialisation was a matter of life or death.

It was necessary to end the backwardness in an unprecedentedly short period, to create a powerful heavy industry and strengthen defence. This required enormous resources. The planned rate of accumulation in the national income had to double, raising it to a third of the whole national income, with almost all these resources allocated to the creation of heavy industry. At the beginning of the 1930s millions of people were recruited into the construction of the giants of Soviet heavy industry. Magnitogorsk and Kuznetz metallurgical plants, Chelyabinsk and Stalingrad tractor factories, Gorky Car factory all came into being at that time. Several aviation factories were built. Aluminium, ballbearing and machine tool construction industries were created as well as many others. The Dnieper hydroelectric power station and a great number of thermal electric power stations were built. In a word, the Soviet Union became visibly industrial.

This fundamental *perestroika* of the economy occurred with the help of direct planning by directives. Five-year plans were aimed at this, the first of which began from 1927-8. (At this time the economic year did not coincide with the calendar year.)

In the three pre-war five-year periods, uncompleted because of incredible hardship and pressures, a gigantic step forward was made in the Soviet Union in the development of industry, and above all heavy industry.

From the beginning of the 1930s economic methods of management were curtailed. Trade between centers of production was replaced by centralised distribution of resources and the market contracted. The primacy of production and the secondary role of the consumer were established. Financial reforms at the beginning of the 1930s ended commercial credit and erased the differences between direct and credit financing. The budget method of financing prevailed. The work done by enterprises was determined by directives, which year after year became more detailed. Financial accountabililty became a formality; prices were virtually irrelevant and many branches were unprofitable. Losses were hidden in the form of subsidies from the state budget.

Administrative methods were extended to official employment policy. All managers were appointed from the top down. Assessment of work was made according to the degree to which the plan had been fulfilled. Army-like disciplinary methods were propagated.

These administrative methods of management became more brutal during the Second World War (1941-1945), when a large part of industry was ordered to evacuate from western and central regions of the country occupied by the fascists to the Urals and Siberia. It was necessary fundamentally to restructure industry, subordinating the development of the economy as a whole to the task of "Everything for the front, everything for victory!".

Fighting took place on the territories of the most developed, densely populated regions of the country, where a large part of industry and other branches of industrial enterprises were concentrated. The roads and towns over a large part of the territory of the European part of the country were destroyed during the war.

In difficult post-war circumstances development had to be re-established, and resources redistributed from the east of the country to the west. Only in the 1950s did the country heal the wounds of war and exceed the pre-war level of economic and social indicators.

From this moment the administrative system of management, created in these extreme conditions, impeded our development. To a certain extent this was recognised, particularly in sectors such as agriculture. Here the administrative methods were especially intolerable and ruinous, because of the very nature of agriculture and the need to consider local conditions, and the importance of the knowledge, experience and skills of the village workers.

Secondly, in the period 1953-57 after Stalin's death and also during the economic reforms of 1964-1965,, attempts were made to introduce economic methods of management more widely. But these attempts were not all-encompassing and touched only individual branches and sectors of the economy, and despite isolated positive results, there were few successes in the final analysis. Ultimately, a relapse to administrative management and command systems occurred.

With the development of productive forces, the unfolding of the scientific and technological revolution, the strengthening of socio-economic factors in economic development, the administrative system of management began to stand in ever greater contradiction to the growing needs of the development of society and finally came into sharp and protracted conflict with them. The situation worsened at the beginning of the 1970s, when the potential of extensive development through growth of resources began to decline, when a new stage of the scientific and technological revolution began and the needs of the population grew significantly. In this period the system of economic management began acting as a serious brake to development. This led, as has been said, to to negative economic and social consequences; the rate of development began to slow, efficiency and attention to quality of production fell. Stagnation began.

As a result, towards the end of the 1970s and begining of the 1980s crisis arose. Stagnation of the economy had occured. The standard of living had stopped rising.

It became clear that this could not continue, that fundamental change, *perestroika*, was needed. A major link of *perestroika* in the economic sector is the radical reform of management of the whole economic system. It has necessitated two long years to work out the direction of this reform, conducting numerous economic experiments to test the elements of a new economic system.

But this period is now behind us. The recently ended June 1987 Plenum of the Central Committee of the CPSU completed the working out of a new integrated management system. An expanded programme of *perestroika* of the economic system was accepted.

The essence of this *perestroika* lies in the transition from the administrative to economic methods of management. For this the basic productive link is the transfer of associations and enterprises to full economic accounting, self-financing and self-management. The main development is economic democracy, the workers being widely involved in management, and now able to elect their own economic managers.

Transition to economic methods sharply increases the role of prices, finance-credit conditions and increases motivation and incentives to work. Therefore, the immediate task of *perestroika* of management is the fundamental reform of the pricing system and the financial credit system. This will create the preconditions for a broad and universal transition from centralised allocation of funds for the supply of goods to numerous options for trade betweencentres of production. Simultaneously, a direct relation is established between the size of the enterprise wage fund together with the material incentive fund and the final results of the workers' labours. Changes in the system of rates and scales are taking place. A broad transition is occuring to collective forms of organisation and incentive work. Work collectives have received general rights in the sector of wages.

All this requires radical changes in the system of centralised planning and management. Instead of detailed directives of tasks, planning is being concentrated on the establishment of an indicative economy [1] with levers and incentives, and a system is being developed for consumers to order products from producers. Among consumers will be state organisations, placing state orders.

The activity of the various ministries and regional authorities will also fundamentally change. The ministries will refrain from detailed regulation and trivial involvement in the activities of enterprises, and are being transformed into the planning, economic and scientific and technological headquarters of industry. The regional aspects of management will be greatly strengthened. The formation of local budgets will be transferred to an indicative system. Regional organs of management of economic activity are being created in the form of subdivisions of local Soviets (councils).

All these ideas and measures for radical reform characterise a global, fundamental *perestroika* of the system of management, a *perestroika* of all component parts of the economic system. This *perestroika* will mainly be undertaken in the forthcoming two to three years, so that by the 13th five-year period (1991-1995) the country will have entered a new and intergrated system of management. This management system must become the agency for accelerating socio-economic development. It must motivate and intensify development through

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[1] To be achieved through a system of planning (*normativnoe planirovanie*) by which inputs (especially of materials in short supply) are determined by expected output. This method is used to improve the efficiency of the productive process.

the application of scientific and technological progress, plant renewal, high quality control, the mobilisation of both public opinion and economic reserves of production.

4. The Expansion of cooperatives and self-employment[1]

In the preceding period of administrative management, the development of cooperatives in the Soviet Union was curtailled. Industrial cooperatives which were quite widespread in industry, and above all in the production of consumer goods, were abolished in the 1950s, and the development of cooperatives was not tolerated in commerce, foodstuffs, services amd many other branches in which all organisations and establishments were state-run. Simultaneously in the 1950s, and especially at the beginning of the 1960s collective farms were reorganised. Some collective farms (*kolkhozy*) were changed into state farms (*sovkhozy*). Remaining collective farms were amalgamated. Thus, the cooperative sector in the Soviet economy was reduced to a minimum. An administrative system of management was also used in the remaining collective farms and in the fishing industry just as in state enterprises.

At that time the view that a merger of state and collectively or cooperatively owned property was necessary was widely held and state ownership was considered a higher form than collective farm or cooperative ownership. Self-employed workers were subjected to even more severe limitations under the administrative system of management. Whereas in earlier times the typical producers or artisan was small scale, gradually the number of individual craftsmen declined because of the harsh tax and administrative system. In other sectors, notably consumer services and commerce, self-employment was not permitted at all.

Authorised self-employment was widespread only within the private secondary economy, mainly among citizens in villages, small towns and settlements. Sale of products from the private secondary economy was permitted in collective farm markets. But even here, under the pretext that the private secondary economy distracts workers from the state economy, various limitations were introduced from time to time mostly by local officials. This led to a fall in the role of the private secondary economy in the supply of goods. The development of horticultural associations was also checked. Not all those wanting to receive a piece of land for horticulture and market gardening received one under the pretext of shortage of land. The official waiting list for land exceeded 6 million.

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[1] Self-employment in Soviet conditions includes family employment.

All these measures to curtail cooperatives and self-employment conflicted with working people's interests. Horticultural and market gardening cooperatives sprung up spontaneously wherever the state permitted and there was no way of getting rid of the applicants, for example, voluntary building brigades became widespread on a semi-legal basis, moonlighters (*shabashniks*), who undertook agricultural and other building contracts and received money on completion of the job. Hundreds of thousands of people took part in such unplanned construction, widespread in many collective and state farms and in many northern regions, when state construction organisations could not manage the volume of work. Self-employment, involving hundreds of thousands of people, has also become widespread on a clandestine level, usually as a second job in addition to work in a state organisation. Individual car repairs, private taxis and production of many goods in demand have become particularly widespread. All this has become a significant part of the so-called "unofficial" economy and a supplement to the main state economy.

Black markets sprung up accordingly, with a turnover of many billion roubles.

Since state organisations in commerce and the service sector have not met the demands of consumers, the practice of offering services using state materials has become common. As an example, state drivers often work as private taxis drivers in their free time. Sales assistants with access to goods of which there is a shortage sell them under the counter for extra money. Private cars are repaired for fees paid directly to mechanics in state garages and the garages receive nothing.

The administrative system of management has unsuccessfully fought this black economy, and been unable to do nothing about it. With the increase of shortages and the gap between the populations' needs and state organisations' limited ability to satisfy them, this black economy has spread.

With *perestroika* and the transition to economic methods of management, conditions for the development of cooperatives and self-employment have fundamentally changed. The development of cooperatives and self-employment is now considered as an important way to democratise economic life. What has concretely been done?

Above all, industrial cooperatives in the food, service and other sectors have been revived. More than three thousand were formed within months of the new laws being passed. Of course, this is a very modest beginning linked to the fact that the organisation of cooperatives

started during the summer when most of the population is on holiday. It also reflects the hesitancy of many citizens who, previously brought up to have a negative attitude to such types of work, have become removed from it,and are now waiting and watching to see the results of the first cooperatives. There are also serious difficulties facing the first cooperatives with the existing centralised system of supply of material and technical resources through the allocation of funds. Thus it is difficult for cooperatives legally to obtain the materials they need for production. There is no free market and few workshops, and so the fate of the cooperatives depends on whether they can find premises or not.

These economic limitations are to be ended soon as the material and technical supply system is being replaced by a wholesale trade system. By 1990 60% of all products are to be sold on a wholesale basis. After the retail price reforms at the end of this five-year period, the limitations placed on cooperatives obtaining many goods will be ended. (The cooperatives have now to obtain many goods, primarily, state-subsidised meat and milk, exclusively from the collective farm market and not from state shops. This limits their activity.) With the transition of enterprises to full self-accounting as profit centres with financial independence they can themselves decide questions of renting premises. Thus in this respect also the organisation of cooperatives will be made easier.

The continued survival of the administrative system of management, bureacracy, and all the delays in decision-making etc. are reflected in the slow organisation of cooperatives. Not all problems of cooperative work are resolved and in the final analysis there is still notably no direct authorisation of intellectual workers' cooperatives. Without this the Moscow Council cannot organise, for example, the "Polyglot", which combines foreign language specialists and teachers who are prepared to teach foreign languages, give coaching, translate and interpret at conferences etc. It is expected that in the near future the question of intellectual cooperatives will be resolved.

In what sectors are cooperatives most widespread now? Many cooperatives have concentrated their efforts on the fuller use of secondary supplies, industrial by-products, manufacturing various articles from them. Material and technical supply organs responsible for the utilisation of secondary resources give assistance in organising these cooperatives, finding premises, guaranteeing equipment and ensuring delivery of raw materials.

Cooperative cafes are proliferating. In Moscow, for example, 118 have started up in a matter of months. The main problem here is obtaining premises. A total of 118 cafes for Moscow is

not many. At the end of the 1920s there were about three thousand in Moscow, then inhabited by one quarter of the Soviet population, so there is great potential.

Increasing numbers of cooperatives are starting up in the service sector, providing a whole range of services: car repairs, child-minding, cleaning and many others. The Kishnevsk "Volga" cooperative, for example, attracts many students and offers 20 types of services. Currently 300 people work in the cooperative, but they wish significantly to increase its activity. Such services affect not only private individuals but also state enterprises and organisations. Car repair cooperatives, for which there is a particular need, have still not developed sufficiently. This kind of work could be greatly speeded up if the Ministry of Transport (industry and light vehicle factories) would give assistance in organising cooperatives, renting them the necessary equipment, guaranteeing spare parts and tools. This is not yet forthcoming. Branch ministries, associations and enterprises except the *Gossnab* (State Supplies Committee) have not yet turned their attention directly to cooperatives and the self-employed.

There is a great future for the development of cooperatives in the USSR including the intellectual sector. Taking the example of other socialist countries which have started developing cooperatives and self-employment in various sectors before the USSR, the future looks like this. Cooperatives and individual work could fulfil up to a half of the volume of services, and reach at least one third of public catering and produce up to a quarter of all consumer goods.

Alongside cooperatives self-employment must be developed. More than 200 patents have been obtained by individuals. Despite the factors reinforcing the development of cooperatives, there is one factor hindering the development of self-employment: in the USSR people are not permitted to work on a self-employed basis as their main job (although an exception is made for artisans), but only secondarily, in addition to a job in a state or cooperative organisation. Pensioners, students, unemployed family members may do so.

Wage labour is forbidden in the USSR and citizens working on a self-employed basis may not take on others, with the exception of tutoring children. In the Soviet Union one worker cannot employ others for wages, with everything made over and above wages as his profit. We consider this the exploitation of wage labour and it is illegal. If several workers are required for production, they can organise a cooperative, where the rights of each member are equal and there are no employer/ paid-employee divisions. The whole collective chooses the

president, can re-elect him or her if necessary, and all profit belongs to the cooperative members and not the president, and they jointly decide what to do with this profit.

In contrast to the laws for cooperatives, a special law was passed governing self-employment, which came into effect from May 1 1987. This authorised all self-employment. The numbers of self-employed doctors, teachers and tutors and members of other such professions, especially private taxi drivers, are all increasing. This is most marked in the Baltic cities. Local organisations and councils have broad powers to organise and stimulate such self-employment. Where they make excessive demands, the self-employed sector is developing poorly and vice versa. In Moscow, local authorities made very many more demands on private taxis than on state taxis, and as a result very few started up. Not long ago local authorities were obliged to review these rules and we anticipate the authorisation of private taxis in Moscow as has happened in other cities.

The rights of local councils of peoples' deputies and their executive committees are undergoing a process of democratisation and are being broadened. In particular, the local budget is being increased. Now it will be formed in advance by standard indicative guidelines to be established by estimating the resources of every enterprise and organisation in the region. With the extension of their rights, local authorities' responsibility for meeting the populations' needs more fully increases. *Glasnost*, criticism, control from below, regular reports by the representatives to the electors will shortly become the practice in local workplaces. In these conditions the population can exert pressure on the management of local authorities, demanding of them greater efforts to improve living standards. This pressure from the population will increase because in the future a transition is to occur to a system of nomination for elections of presidents among local officials and candidates for vacant positions. *Glasnost* and control from below will be developed further.

In these circumstances local authorities, as I see it, will increasingly seek to encourage cooperative and self-employed activity as an important means to meet more fully the needs of the population, giving cooperatives and self-employed workers a certain future.

The development of cooperatives and self-employment is not a departure from socialist principles of economic management. In Soviet conditions a cooperative is a socialist form of economic management, foreseen by Lenin in one of his last articles "On Cooperatives". As is well known, several of Lenin's last articles were dictated. He was extremely ill and sensed his imminent death. These articles are rightly seen as his last will. It is symbolic that

among the various questions to which Lenin wished to draw society's attention, was the question of cooperatives as an important form of socialist economic management. Lenin fully understood that a socialist society could not be developed solely on enthusiasm and the application of administrative measures. He wrote about the need to employ the principles of material self-interest, ability to pay one's way, self-financing, financial accountability (*khozraschet*) and for material responsibility under socialism. The cooperative form of economic management is indeed a form which guarantees greater material incentive in work, responsibility and ability to pay one's way. At the same time it is a democratic form since it is voluntary. Lenin attached fundamental importance to the volunatry nature of cooperatives. Moreover, cooperatives are self-managing organisations, where the collective itself decides everything and it is not fixed from above by an official. Thus the potential and advantages of such cooperatives are far from exhausted. But it is well known in economic history, that no economic form will disappear if it contains the potential for self-development, if it does not in fact extinguish itself.

The development of self-employment has also to be approached from the point of view of strengthening the material self-interest of the individual.

The aim of socialist development in the final analysis lies in meeting the needs of all members of society more fully. Cooperatives and self-employment contribute to this end and therefore reinforce our socialist principles. They completely correspond to the slogan of *perestroika* of Gorbachev "Better socialism!"

5. Transition to *glasnost*, democracy and self-management

Democratisation of the whole of our society and the development of *glasnost* is an important aspect of *perestroika*.

As applied to the economy, debate is proceeding on an increased role for workers' collectives in the resolution of economic questions, and in the transition to self-management. In the Law on socialist enterprises, workers' collectives have been granted broad rights in the establishment of plans of economic development for their enterprise, deciding how incentives should be granted, on the relation of work conditions to salaries, and the social development of their collective.

Of particular significance is the right of workers' collectives to choose their economic leaders, from brigade to enterprise and association level. Earlier, under the administrative system, directives on the conduct of the plan, down to the smallest details, were handed down from above. Now, with full economic independence and self-accounting, the welfare of the collective depends above all on the organisation of work and the choice of level of productivity. The leader, as head of the working collective, must take the lead in striving for higher efficiency and productivity.

Perestroika is a difficult and painful process. Its success is determined by the socio-political climate in the society in which *perestroika* occurs. The most complex issue is *perestroika* of peoples' thinking and consciousness. For, the consequence of *perestroika* in thinking and consciousness consists in action and work towards the transformation of society.

Karl Marx wrote: "An idea becomes a material force when it is accepted by society." The idea of *perestroika* must be acccepted by society and then *perestroika* will proceed. But how can this transition to a new way of thinking and an understanding of new tasks be guaranteed? Here the media of ideology and mass information are of inestimable help. *Glasnost*, truth, criticism and self-criticism are the effective instruments of preparation for the new consciousness. Change in the ideological sphere is thus the main impetus for *perestroika* of the economy and other sectors of society.

This is what is happening in our country now. Enormous changes in publishing, television programmes, the activities of writers, film makers and theatre directors are apparent. Freedom of expression has been developed to its best ability. Critical analysis is being made of ongoing changes, and past experiences are being assessed. All this is directed at working people. All feel that it has become easier to breath, and that the socio-pyschological climate in the country overall is receptive to changes and *perestroika*. Thus *glasnost* is working and and as such encouraging economic reform.

Such are the main directions of *perestroika* of the economy. But we are at the initial stage. We have virtually only just begun *perestroika*. Most attention in this first stage has been directed towards the social factors affecting acceleration. It was necessary to convince working people of the need for *perestroika*. A great job has been done and its results lie in the psychological preparedness of broad masses of the workers for *perestroika*. On the other hand, the challenge of discipline, order, accountability and initiative, the strengthening of economic managers and the chance to experiment, to work with greater independence, all have

positively affected our development. In the preceeding six to seven years up to 1985, the growth of industrial production in the country was on average 3-4% a year. After the April Plenum of the Central Committee of the CPSU it was around 5%. This additional growth of industrial production was achieved thanks to the acceleraion of productivity, the previous rate of 2-3% having risen now to roughly 4,5%. In the recent period, for the first time, the whole growth of industrial production has been achieved through growth in productivity without an increase in the number of workers.

We have managed to overcome past difficulties. So while earlier, a pronounced shortage of fuel and energy resources was experienced and the work of these branches was unreliable, in the last two years the situation has corrected itself. The fall in the extraction of oil has been overcome (extraction fell from 616 million tonnes in 1983 to 595 million in 1985). Recently the oil industry has again begun to increase extraction and for the first time in many years has started to fulfill the plan; in 1986 615 million tonnes was extracted. Stable growth has continued in 1987. From 1978 the coal industry also stagnated, failing to fulfill the plan. A turning point has been reached and the volume of mined coal is rising steadily. Despite the Chernobyl accident supply of eclectricity to the economy remains stable.

Metallurgy problems have also been corrected. Work has started to be carried out more intensively through technical reconstruction. The volume of production has grown, above all by highly cost-effective rolled iron and pipes. Machine building is being restructured. Here work on technical renewal of production has been developing. In 1986 the volume of capital investment in the reconstruction of the machine industry increased by 30% i.e. more than in the preceding five-year period, but results have not yet been forthcoming. This has still not told on the renewal of machine-building production. The coefficient of the renewal of the range of products has increased from 3,1% in 1985 to 4% in 1986 and to 4,3% in the first half of 1987, which is naturally not enough. Overall, *perestroika* of machine building is proceeding with difficulty. The changes in the course of technological reconstruction and in the extension of state quality control have disturbed individual parts of the machine building industry, and their work has slowed down. I hope that these are temporary difficulties connected with reorganisation.

All branches of light industry except machine building are still working unsatisfactorily. The volume of production is barely increasing. In 1986 the rate of growth was only 2% overall. It has not improved so far in 1987. It should be taken into consideration however, that light industry has transfered to a new system of planning, whereby enterprises' plans

are wholly determined by commercial orders. Many enterprises have had to change their range of products according to consumer demand. This has not only resulted in trade stocks remaining stable, but in recent years even declining. But overall, such a low rate of growth in this sector negatively affected the growth of commodity circulation.

Agriculture has developed better than other branches in the past two years, mainly as a consequence of changes in scientific, technological and investment policy in the villages, and of fundamental changes in the management system and economic structure. In 1986 the volume of agricultural production grew by more than 5% including a 1% increase in the private economy, and 7% in the state economy. The harvest of grain in 1986 was 210 million tonnes, 30 million tonnes more than than the average for the previous five-year period and almost 20 million tonnes more than in 1985. Production of meat in 1986 increased correspondingly by 1,5 and 0,7 million tonnes and milk by 5,5 and 2,5 million tonnes.

All this made a 5% increase in the volume of production in the food production industry possible, including: meat and dairy products by 6,3% in 1986 compared with 1985. Such growth in production of food has enabled us to cut by half imports of grain and meat from the West.

Other branches of the economy have started to work more successfully. Overall a certain acceleration has been achieved. But there is not as yet a full change. Connected with this, a firm base for scientific and technological progress has not yet been achieved through acceleration. Stop-gap measures alone are being undertaken. And while there is no firm base, development is not permanent. Hard frosts in January and February 1987 immediately affected industrial growth rates. In effect, growth came to a halt during these months, and although industry increased production in the following months by 4-5%, overall for the first half of this year volume of production has increased by only 3,5%.

As before it is proving difficult to satisfy consumer demand. The retail trade cannot easily be guaranteed a supply of goods. It has not been possible to improve financial indicators significantly either. Additional difficulties have arisen because in 1986, due to the fall in the prices of fuel and other goods in the West, the USSR's external trade turnover fell in current terms by 7,9%. In the first six months of 1987 exports fell by a further 4%. These are temporary difficulties, although it shows in what difficult circumstances *perestroika* is being undertaken.

Against all these difficulties and setbacks, *perestroika* is gathering force and now our country is entering a new crucial stage of *perestroika*, whereby, since the acceptance of the resolution of the June Plenum of the Central Committee of the CPSU, large scale transition of all branches of the economy to new conditions of economic management is being implemented. Radical reform of management is beginning to be put into effect.

Perestroika of the social sector is also gathering force. The residual principle for the allocation of resources to social needss has been ended. This is particularly noticeable in construction of housing. In 1986 for the first time, 118,2 million square metres of general living space were made available, 5,2 million more than the year before.

Measures for the improvement of education and healthcare are being taken. The food situation has also slightly improved. The death rate fell from 10,6 to 9,7 per 1,000 people against a growth in the birth rate. Death by accident, poisoning and trauma fell especially sharply (by 22%). Persistent efforts by society to combat drunkenness have had some effect. In a word, work on *perestroika* continues, and there are changes for the better. But there has still not been a breakthrough.

We have glimpsed the basic directions of *perestroika* in the economy and social sector. It is clear that *perestroika* is revolutionary in character and that its full realisation will alter and renew our whole society and economy. The economy will be qualitatively different.

Where are we headed, what final goals are we pursuing and how will *perestroika* be realised?

Above all, a transition is envisaged from an economy of shortages, with power in the hands of producers rather than consumers to social production, oriented to the satisfaction of social needs, working to the demands of the consumers and ending all shortages. An economy of shortages cannot be highly effective, insofar as from a socialist perspective efficiency is defined as the full satisfaction of social needs. With shortages it is self-evident that needs are not being totally satisfied. The excessive power of the producer in conditions of shortage, in conditions where the consumer has no choice, leads to deformation of the structure of the economy and to the development of production by producers pursuing their own interests. As a result the economy of shortages produces many things in excessive quantities.

The Soviet Union now produces 4,5 times more tractors than the USA, for a lower volume of cultivation. However, for every tractor we produce almost half as many trailers and hitches.

on which their effectiveness depends. It is obvious that such a quantity of tractors is not necessary, but they are produced and thrust upon the collective farms and state farms which purchase them as a rule not out of their own resources, but through loans from the state on special terms. Often, in effect, on permanent loans. Similarly more combines, agricultural machinery and work stations, 4-5 tonne vehicles and many other types of machinery are produced than necessary. As soon as an enterprise transfers to a system of full financial accountability and economic independence and purchases its means of production at its own expense, the demand for these ficticiously inflated runs of production will be substantially reduced. In 1988, for example, collective and state farms have ordered 30% fewer combines than were previously distributed to them.

The agro-industrial association "Kuban", which transfered to full economic independence has, for some years already ordered roughly half as much agricultural technology as before. When there is a transition in a collective or state farm to working as contract teams, and when land and agricultural technology is assigned to teams (for rent), then up to 40-50% of tractors, combines and other technology will not be required by these contract teams and so will be superfluous.

If the structure of production is considered from the point of view of social need, then the superfluous production of many metal items is evident. And so one begins to understand why there are shortages of metal. Indeed, the USSR smelts 156 million tonnes of steel, more than twice that of the USA, and yet there is a much smaller volume of end products. To this metal we must also add several million tonnes of rolled steel purchased from other countires, costing up to 2½ billion roubles of hard currency. A significant part of this metal goes into

the production of superfluous machinery. And this is one of the reasons for such a hypertrophied development of metallurgy in the USSR, where the volume of production exceeds the total volume of production of black metals for the whole of Western Europe.

The above applies not only to the means of production but also consumer goods. In 1987 the USSR may exceed the 800 million mark in shoe production, 3.2 pairs per person per year. Whereas in Czechoslovakia 1.7 pairs per person suffices. In the USA, where the population is only a little greater than the USSR, only 300 million pairs of shoes are produced and that is sufficient. But in the USSR 800 million pairs is not enough, and we still purchase a large quantity of footware from Czechoslovakia, Yugoslavia, Finland, Italy and many other countries. Much footware is produced, but the quality is poor and having bought these shoes people are not satisfied and seek new ones. As soon as modern, fashionable shoes come on sale queues form. At the same time, poor shoes often sit on shop shelves swelling stocks. The above applies to many other products.

But the problem lies not only in excessive production. Much more important is the fact that in circumstances of shortage the demand for quality falls. Producers barely consider consumer demand and articles are turned out according to their convenience, not demand. Consumers are then obliged to undertake additional work to adapt machinery or equipment to their needs, and a great deal of energy and resources are directed to this.

Shortages are the outcome of an inappropiate economic system and not any lack of resources or means. Indeed our country has resources of all types at its disposal, but demand is not satisfied. One of the important tasks for the radical reform of management of the whole economic system consists in guaranteeing the subordination of production to consumer demands. This will lead to the most fundamental changes in the structure of production and quality of products. It is necessary to cut down production of certain types of products and, in contrast, to increase the production of others. Overall this will lead to a considerable increase in efficiency, and to a fuller satisfaction of social needs.

Among social needs, the satisfaction of peoples' consumer demands is of special importance. Until recently the economy was oriented towards production. Everything connected to the development of production was accorded priority status. Resources for the social sector were allocated in such a way to protect the development of production. This also distorted the structure of the economy. A gap formed between the level of industrial development in the

country and the degree of satisfaction of peoples' social needs. Today this gap is being closed.

We need to transfer from a resource-producing economy towards a social economy, to an economy for the individual with priority development of the whole welfare service and social sector.

Another final task, closely related to the first, is the transition from a predominantly extensive economy to a highly intensive economy in which the main factors of economic development are a rise in efficiency and quality. For this a breakthrough has to be achieved in the use of resources and transition from wastefulness to rational use of resources.

The main path of intensive development is scientific technological progress. Here a transition is required from scientific technological progress by evolutionary means to the implementation of a scientific technological revolution. Thanks to the intensive development of technology, the economy will have prospects, flexibility and adaptability in changing conditions.

The most important task is the effective inclusion of our country into the international division of labour. The USSR's share in international trade does not correspond to its economic might. The structure of exports appears undeveloped, dominated by fuel and raw materials, there is an irrational import structure where a large share is made up of the purchase of foodstuffs and metal; at the same time the main share is made up of the purchase of machines and equipment. However, many purchases of machines are usually serial products, which could be produced internally. The transition is envisaged from such a position to a more open economy, and the faster development of international ties. Especially important is the preferential development of external economic ties within a framework of integration by Council for Economic Aid countries. Of key significance here is the implementation of all-embracing programmes of scientific technological progress in these countries.

We are against autarchy and for equality and mutual benefit in the development of international economic links. Two goals proceed from this. First of all, external economic ties can be used as an additional lever to increase the efficiency of our development. And secondly the development of economic ties between countries strengthens the conviction in and efforts for peace.

To fully implement the enormous plans of acceleration of socio-economic development in the USSR, renewal of the Soviet economy, we naturally need peace. Disarmament, if it occurs will free additional resources to accelerate domestic change and, above all, guarantee growth in the living standards of the Soviet people. At the same time, part of the economic resources from disarmament are to be used, as reported by Soviet leaders, for assistance to underdeveloped countries.

Furthermore, from a command economy with mainly administrative methods of management, we must move toward a democratic, independent, self-managing economy, to an economy in which the broad masses of working people are actively participating in management.

All this will fundamentally change the look of our economic system. The advantages of socialism within our economy are apparent. We want a highly effiçient economy, to reach the highest productivity levels in the world, to be at the forefront of technology and quality of production and at the same time to avoid unemployment, preserve the short working day and strengthen the social achievements of working people on a broad democratic base.

It is towards the achievement of these goals that the CPSU Programme, accepted at the XXVII Congress of the the CPSU is orienting our society. Of course, such goals are impossible to achieve in the short term. The largest jump is to be made in the period up to the year 2000. By this time the material technical base of our society will be renewed. The scientific technological revolution will have widely unfolded in the country and, using its achievements, we must advance to the foremost position. But our backwardness compared to the most developed countries in the world is too great to be overcome before the end of the century. Thus in terms of productivity we have fallen 2½-3 times behind the USA and 2-2½ times behind other developed Western countries.

To a certain extent such backwardness has occured because of low labour productivity in agriculture which is five times inferior to the USA. Evidently to a certain extent such a large difference in productivity between agriculture in the USSR and USA is connected with the less favourable natural climate and conditions for development of agriculture in the USSR, where a significant part of arable land is situated in arid zones where the overall temperature is sightly lower than the USA. Allowing for agriculture, Soviet backwardness implies a level of development 2-2,5 times below the USA and 1,5-2 times that of other developed Western countries.

During the last 20 years productivity in the USA and European countries has grown on average 2,5-3%, although higher rates can be expected in the forthcoming period. We plan to increase productivity by an average of 6% per year up to the year 2000. At such a rate we will outstrip the productivity levels of many European countries and closely approach the USA.

The above also applies to other indicators of efficiency. Up to the year 2000 in the USSR, for example, it is intended to lower national metal consumption 1,9 times, energy consumption 1,4 times. In so doing we will have reached the level of material resource consumption of the most developed countries.

As has already been stated, major efforts will be made to improve the quality of products and their competitiveness. By the year 2000 differences between the USSR and other countries will be eliminated. Increase in productivity, other indicators of effectiveness and quality of products will create a material basis for an end to the of significant differences which currently exist in the levels of real income, food and industrial goods, of housing, health provision and many other aspects of the standard of living. I do not think that in 15 years it is possible for the USSR to reach the highest standards in the world. And this will be especially difficult to achieve in a service sector, which is extremely underdeveloped, and also in the housing sector of the economy. But it is clear that with the high rates planned (2-3 times faster than in Western countries) the gap will rapidly close and we will attain the indicators of the most advanced countries in this sector. All this and a higher standard of living will be guaranteed, combined with the social achievements of socialism.

The acceleration of the socio-economic development on which we are relying is a long-term strategy, based on a whole programme of action accepted in the CPSU programme. A certain period of time beyond the year 2000 will be required to draw equal with and then possibly overtake the USA and other countries in productivity, efficiency and quality in the various aspects of the standard of living of the population. In any case we will look with confidence to the future and hope that the 100th Anniversary of the Great October Socialist Revolution in 2017 can be celebrated with the fulfilment of the prophesies of Lenin of higher levels of productivity under socialism than capitalism.

When one talk of *perestroika* and one mention difficulties and the inspirational aspects of it, it begs the following obvious question: Where are the guarantees that all this will happen? That *perestroika* is real and lasting? Answering this question usually one refers to our previous efforts to restructure in the mid-1950s and to undertake economic reform in the

mid-1960s which ultimately failed and were abandoned. Will this *perestroika* not end in the same way?

The question is reasonable and the answer difficult, as it is not easy to see into the future and to be absolutely certain. But it seems to me that this *perestroika* will be completed. I see serious arguments for it. Above all, one can undertake to finish an important task when that task has become necessary if not overdue for completion. Life and objective needs themselves will dictate the final course. Such is this *perestroika*. It is not an invention of the leadership, nor a subjective wish of a group of individuals, but part of our development. This *perestroika* has been prepared by the whole course of our previous development.

But such an answer, is of course too general and will satisfy no one. Therefore I will try to introduce other arguments for my optimistic viewpoint.

First Argument

A definite litmus test of efforts towards real *perestroika* lies in our attitudes to the past. If one really wishes to undertake restructuring, then one must critically assess the past and extract lessons for the future from it. This is never easy. Indeed we all hold collective responsibility for the past. Criticising the past we are, overall, being critical of ourselves. On the other hand, when one makes criticisms of the past, feelings inevitably arise that all the failures are the responsibility of one's predecessors and this is not really in order. For in the past not only bad but good things occurred, and when one criticises the past an internal protest arises in some people, which is arguably not an objective approach to take.

One can only move confidently into the future taking one's past into consideration, and by not repeating its mistakes. In this regard this is a very special period in the Soviet Union. Indeed the past 10-15 years have been characterised by serious negative tendencies. It is not easy to recall and criticise this period. But this is a necessary and proper thing to do. For in this way gradually one's analysis of the past becomes deeper and its mistakes are uncovered. Of prime importance is the fact that for the first time in the Party Programme reasons for the negative tendencies of the 1970s have been indicated. It might seem out of place in the Party Programme, a document that looks to the future, but such voices have rung out during the discussion of the Party Programme. Criticism was made in order to determine the way forward. Criticism of the past, extracting both positive and negative lessons, are

signs of a desire to leave behind the failures of the past, to avoid repetitions of past mistakes and to complete *perestroika*.

Second Argument

The pace of *perestroika*. How will *perestroika* fare when the process broadens or deepens? Let us recall the major turning points so far. In the April 1985 Plenum of the Central Committee of the CPSU the idea of acceleration of Soviet socio-economic development was voiced for the first time and the need for *perestroika* discussed. At the June 1985 meeting of the Central Committee of the CPSU on the questions of acceleration of scientific technological progress, positions taken in the April Plenun were greatly developed. Here a new scientific, technological, investment and structural policy for the current stage was fairly broadly established as a starting point for a reworking of the 12th five-year plan. Here, suggestions for *perestroika* of management were made in greater detail.

The most important landmark was the XXVII Party Congress which developed and approved a range of questions on *perestroika*. For the first time questions of *perestroika* in the social sector were posed; the analaysis of *perestroika*'s direction and route and methods to implement it deepened. All this was recorded in both the new CPSU Party Programme and in "Main Directions of the Economic and Social Development of the USSR in the 12th five-year plan and Perspectives for the year 2000".

Moreover the January 1987 plan of the Plenum of the Central Committee of the CPSU was of great significance. It worked out in detail questions on the development of democracy in our society. Fundamental reasons for the failure of past attempts at *perestroika* were uncovered. It was concluded that they were not undertaken on a genuine democratic basis and, thereby established transition to self-management as the most important phenomenon of democracy.

Now resolutions on changes in the policy of official recruitment, placement and training, have been accepted within *perestroika*, which are of key significance to future development.

The June 1987 Plenum of the Central Committee of the CPSU accepted a developed programme for the implementation of radical reforms in the system of management of the whole economic structure. The following two important steps were taken along the future path of *perestroika*. It was declared that at one of the forthcoming Plenums of the Central Committee of the CPSU ideas for the 13th five-year period would be considered. This will be the first five-year

period the new economic system in place, and therefore the plan must be inovative. On it will fall the burden of introducing a structure of production for social needs.

This will be a five-year period of major acceleration of scientific technological progress, of broadening of intensive methods of production and high-quality products. Work is in hand for this in the 12th five-year period. The 13th five-year period, therefore, will deepen and develop the general route to *perestroika* and acceleration.

The most important future step is the convocation of an All-Union Party Conference at the end of June 1988. An All-Union Party Conference has not taken place for almost 50 years and a return to this democratic form of the All-Union Party forum, in itself is significant.

But even more important, are the two key issues on the agenda, the consideration of which must give a powerful impulse to the basic direction of *perestroika*. One concerns the route of *perestroika* and the tasks for its development. The second is the democratisation of society and the Party.

Perestroika thus continues step by step. And the guiding force of the Communist Party is appearing as its inspiration and organiser.

Third Argument

The complexity of *perestroika*. Critical analysis of previous reforms in our economy show that they were not succesful because they were not all-encompassing. On the one hand the reform of the economy did not coincide with reforms in society, nor in the party. On the other hand in the economy itself, these reforms embraced only individual branches or sectors. The overall system of economic management was based on the old principles. Therefore ultimately a relapse occured with the old ways preserved. These crushed the new methods and gave them no chance to develop.

Another issue concerning the existing *perestroika* is that it has a global character and embraces the whole of social life, not just the economy. We have already mentioned that *perestroika* is inspiring new economic thinking in the sector of ideology, and creating a new socio-pyschological climate of change in society, which in itself assists economic reform.

The *perestroika* of economic life has an all-encompassing, many faceted character and affects all elements, branches and sectors of the economy. It is very important that *perestroika* of

management for example, goes hand in hand with the introduction of new investment and structural policy and with the acceleration of scientific technological progress, and with a new approach to the selection and placement of personnel. Old elements cannot suppress the new since *perestroika* is occuring on many fronts. Everywhere old methods are being replaced by new. *Perestroika* in one area reinforces *perestroika* in another, mutually enriching each other. Only a general *perestroika* will mean movement forward without retreat before any rearguard attack.

Fourth and Most Important Argument

This involves the renewal through *perestroika* among the broad masses of working people. "Secret" attempts at *perestroika*, reforms from the top, in which the working people themselves are not involved and which touch only individual sectors of the economy are doomed to failure. Such reforms from the top are easily rescinded and undone.

Things are quite different with a powerful popular movement behind them. A strong desire for change, if it captures the masses, is very hard to restrain. Thus the development of democracy and the direct involvement in *perestroika* of the whole population and the working people are the best guarantors of irrevocable renewal of society and changes in society.

We believe in *perestroika* and are optimistic. And although it is proceeding slowly, with difficulty, and many mistakes have already been made along the way, with more probably yet to come, as Gorbachev has said, there is nowhere for us to retreat, we must move forward, increasing speed as we go.

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THE 70TH ANNIVERSARY OF OCTOBER 1917 AND PERESTROIKA: DOES THE REVOLUTION CONTINUE?

HER MAJESTY'S AMBASSADOR AT MOSCOW TO THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

SUMMARY

1. Preparations for a major Soviet anniversary. Intended as a showpiece for perestroika, but from the outset overshadowed by a serious rift in the Soviet leadership. (Paragraphs 1 to 3).

2. Three hour address by Gorbachev on 2 November, formally re-evaluating Party history and aspects of ideology. The product of lengthy preparations, including a Central Committee plenum. The object of the speech was to consolidate the theoretical basis of perestroika. Although disappointing to liberals and the West, and clearly the result of a political compromise, it probably served Gorbachev's purposes. (Paragraphs 4 to 9).

3. 179 foreign delegations turned up for the anniversary. A special meeting was arranged for their benefit on 4/5 November - claimed to be the largest ever gathering of Communist and other left wing parties and movements. The meeting was addressed by Gorbachev, who gave further emphasis to the diversity of international Communism. General support (Ceausescu and Castro apart) for perestroika, but some criticism of the Soviet Union. (Paragraphs 10 to 15).

4. Public events and British representation: Red Square Parade and two Kremlin receptions. Attendance of Shadow Foreign Secretary. (Paragraphs 16 to 18).

5. Conclusions: The effect of the Eltsin affair on the celebrations: the major talking point of the week. Eltsin's dismissal will have detracted from the leadership's attempt to use the anniversary to demonstrate unity in the cause of perestroika. A hard fight ahead for Gorbachev. (Paragraphs 19 and 20).

BRITISH EMBASSY

MOSCOW

17 November, 1987

The Rt Hon Sir Geoffrey Howe QC MP
etc., etc.,
Foreign and Commonwealth Office
London SW1A 2AH

Sir,

1. In the first half of November 1987 the Communist Party of the Soviet Union celebrated the 70th Anniversary of the "Great October Socialist Revolution"; and dropped from its ruling body the most outspoken advocate of reform. In this despatch I seek to draw lessons from probably the most testing fortnight of Mr Gorbachev's two and a half years as the Soviet leader. Annexed are a chronology of the events attending the anniversary celebrations, and a list of foreign delegations.

2. Anniversaries, both of people and of events, matter to the Russians. This is partly because they provide secular substitutes for the high days and holydays which, until the Revolution, were provided by the Orthodox Church calendar; and partly because they provide occasions for displays of unity between Party and people, and of popular enthusiasm for the policies of the day. Decennials are accorded particular reverence: the 70th Anniversary of the Revolution gained further in significance from the fact that it fell at a critical phase of the development of Gorbachev's internal and external policies.

3. The week should have been pure showpiece for Gorbachev and his policies. It was immediately preceded by the launching of his book, ambitiously entitled 'Perestroika. New Thinking for Our Country and the World'. Gorbachev, we are told, spent much of the summer working on the volume (in the period when he dropped out of public view); whatever assistance he may have had, I see no reason to doubt this. Certainly the book is a far cry from the turgid hackwork to which some of his predecessors put their names, if not their pens. The curtains having thus been raised, the scenario was for a celebration of perestroika and glasnost' in three acts: first, a reappraisal of Soviet history and, to some extent, ideology in Gorbachev's speech on 2 November at the

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"Joint Gala Session of the CPSU Central Committee, The USSR Supreme Soviet and the Supreme Soviet of the Russian Federation"; second, a chorus of support from the world communist movement and a wide range of left-of-centre parties and movements, attracted to the broader church of the new political thinking; and finally the parade, the parties and the October Revolution holiday itself. In contrast to the Party Congress - the last occasion to which such a profusion of guests was invited - this should have been a week of declamation rather than debate, an advertisement of internal solidarity and external sympathy for Gorbachev's efforts to reconstruct the Soviet Union. Though not of direct relevance, the agreement reached in the preceding week on the Summit with the United States formed another part of the backdrop.

Gorbachev's Speech to the Joint Session

4. Gorbachev opened the celebrations with a three hour set-piece oration entitled "October and Perestroika: The Revolution Continues". I was present in the Kremlin Palace of Congresses for the speech: in the years since the Soviet invasion of Afghanistan, Western Ambassadors have been instructed to stay away from such occasions, but in 1987 our Western partners broke ranks under various pretexts and we were obliged to follow. I have reported and commented on this address in a series of telegrams which I need not repeat now; but Gorbachev's speech deserves to be set in context.

5. The most important point to be made is that this was not Gorbachev speaking, but the Party. It was not Gorbachev's personal address in the manner, say, of his remarkable reformist statements in September at Murmansk and Leningrad. As part of the process of perestroika, Gorbachev and his Party colleagues had decided to make a formal re-evaluation of Party history and of important aspects of ideology. From time to time echoes of the drafting battles reached our and other Western ears. After, it appears, a minute process of scrutiny by Party ideologists, the draft was submitted on 21 October to a plenary meeting of the Central Committee convened specifically for the purpose. The value to Gorbachev of this painstaking approach was that the speech was unassailable. Where he staked out new positions (or revived old ones, whether by re-opening historical consideration of Bukharin, Stalinism, and Khrushchev, or by giving different answers to classic Marxist questions on the nature of the struggle with imperialism and capitalism) Gorbachev was acting with the full authority and backing of the Central Committee, itself a body which is still far from being restructured in his own image. The price he paid was to genuflect in many places to old-fashioned dogma; and the result to Western ears was a curious and disappointing hotch-potch. In short, the speech was a political deal. It was characteristic of Gorbachev in that he kept his policy broadly on course while maintaining the collegiality of the leadership.

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6. The build-up to the speech had led Soviet and Eastern European liberals and Western observers to expect too much. It was preceded by a steady flow of revelations in Soviet newspapers and journals about the "blank spots" of Soviet history. Historians, writers and journalists had progressively extended the bounds of permitted historical discussion. By the time of the anniversary it had become almost commonplace to read personal accounts of Stalin's purges and of collectivisation, and to encounter such previously unmentionable names as Trotsky and Bukharin. Television footage showing Krushchev was screened; and his photograph appeared in the central press. This inevitably focussed attention on the historical elements of Gorbachev's address. Although it was known that Ligachev and other conservative Party figures were uneasy at the pace at which glasnost' was opening up history, much of the Moscow intelligentsia, encouraged by leaks from inner sources, persuaded itself that Gorbachev's speech would at last bring the Soviet Union to terms with the stark facts of its history. Gorbachev's theme and title did not contradict this line of thought. He now habitually describes perestroika as a revolutionary process. This implies a clear break with the past. At the same time, his speech had to establish a line of descent from the ideas of Lenin and the October Revolution to those of Gorbachev and perestroika. But if perestroika is a continuation of Leninist thinking and a revolution is nevertheless required to put it into practice, things must by definition have gone badly wrong in the intervening period. To spell this out frankly turned out to be too much for the Central Committee - perhaps too much for Gorbachev himself. Gorbachev did not break a great deal of new ground. Some of the more awkward aspects of Soviet history have been remitted to two Commissions for further study. Liberals and Western democrats were disappointed.

7. Rapid economic advancement is the kernel of Gorbachev's "restructuring" but as yet he has little tangible proof that his policies are showing results. The economy in 1986 did not meet all the ambitious targets set out in the current Five Year Plan. The results for the first nine months of this year were published on the eve of the anniversary and strongly indicated that the main targets will once again be missed in 1987. Heavy autumn rains had ruined any chances of a record grain harvest. As a result, the economic message in the speech and throughout the anniversary week was muted. The emphasis had to be political.

8. The external dimension of Gorbachev's address was more interesting, though hardly revelatory. He surprised me and many others by resurrecting the Communist International and placing it in an honoured niche in the Communist Hall of Fame. I think that was precisely his object: world revolution is now a museum piece and, as he said, the international Communist movement must henceforth take new forms. He then went on to post the way ahead. He did this both by establishing an ideological base for inter-dependence in a world in which capitalism is not about to whither away; and by reiterating in clear and unmistakable terms the more tolerant attitude towards local variations on Communism which he has promulgated as part of his "new political thinking".

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9. The question of whether or not the speech was "disappointing" perhaps misses the point. It is more useful to consider what sort of a benchmark has now been set solemnly and officially by the Central Committee through its General Secretary. In one of the world's most conservative societies, it is worth bearing in mind how far the leadership have travelled since the 60th anniversary, and especially in Gorbachev's short period. Ten years ago, Brezhnev delivered a characteristically cliche-ridden and complacent address, interspersed with frequent bursts of prolonged (sycophantic and stage-managed) applause. The speech was replete with bombast: "No single society existing anywhere on earth has done and could have done for the popular masses, for the workers, as much as socialism has done. Every Soviet person possesses in their entirety the rights and freedom which allow him to take an active part in political life ... [We have achieved] huge economic and scientific-technical might, and a rich experience in the building of a new life. We have literally all that is needed to go forward confidently to our cherished goal - to Communism, to conquer all the new summits of progress." Some are prone to compare Gorbachev with Khrushchev, and to argue that the former has gone no further than Khrushchev went at the 22nd Party Congress in 1961. (On that occasion Khrushchev gave an edited public version of the still unpublished 1956 summit speech, naming Beria and Yagoda as well as Stalin and describing inter alia the suicide of Ordzhonikidze and the murder of Kirov). But the political circumstances were entirely different. Khrushchev used de-Stalinism to attack his enemies, and was ultimately ousted for just this sort of "voluntaristic" tactic. Gorbachev, as one local source has remarked approvingly, is different in that he has attacked Stalinism rather than Stalin and Stalin's people. While I would not go as far as the Foreign Ministry official who characterised Gorbachev's remarks about world Communism as "breathtakingly new", I do not dismiss the view of those, within the official machine as well as outside, who maintain that overall the speech has consolidated glasnost' and perestroika and incorporated a number of forward steps.

The Outside World

10. If the accent during the week was on both the past and future of the Soviet Union, a secondary theme was the implications of Soviet policy for the wider world (just as Gorbachev addressed his book not just to the Soviet people but to the world as a whole). The Soviet leadership took advantage of the anniversary, and of currently intense international interest in their country, to broadcast their message to a large and sympathetic audience from around the globe.

11. Introducing Gorbachev on 2 November, President Gromyko referred to the presence of 163 visiting delegations from 119 countries. Some of the most senior foreign visitors joined the Soviet speakers at the 'Joint Gala Session' on 2 and 3 November. Not surprisingly, they chimed in with Gorbachev's line on the modern and tolerant shape of international Communism. General Jaruzelski was conspicuously effusive, describing the process of

of Soviet reform as an age of enlightenment and renaissance. Other fraternal leaders rehearsed their own national history in terms of the influence of socialism while lauding the reform process in the Soviet Union. President Ceaucescu typically stood alone in declining to use Gorbachev's buzz words.

12. On 4 and 5 November, the CPSU arranged a separate meeting specifically for its guests from Communist and other left wing parties. By this time the number of participating delegations had apparently swelled to 179, making this - according to the Soviet press - the largest gathering of its kind ever to be held. The meeting provided the occasion for a second, and much shorter, speech by Gorbachev. He developed some of the themes laid down in his earlier address, and placed particular emphasis on the importance of revamping socialist theory to take account of the changing situation in the world:

> "A new reading is needed of the theoretical legacy created by our predecessors in the name of man's social emancipation - an appreciation deriving from precise analysis of new realities and yielding optimally correct political conclusions".

He also yet again distanced himself from the concept of monolithic Communism:

> "We do not in the least claim a monopoly on the truth: we are engaged in a search ourselves and invite others to look jointly for the ways along which mankind could cross the minefield of our times ... . What is needed is a more sophisticated culture of mutual relations among progressive forces. The kind that would make it possible to accumulate all the diversity of experience and that would help understanding of the surrounding world in all its many colours and in its contradictory nature. The 'arrogance of omniscience' is akin to fear of not being able to cope with new problems".

And, in contrast to Brezhnev and his predecessors, Gorbachev was frank about the relative lack of success of socialism. In particular, socialism had yet to come to terms with the consequences of capitalism's use of the scientific and technological revolution:

> "The fact that present-day socialism is trailing so far behind capitalism in its level of technological development has delayed our emergence to a new level of understanding of [the productive] process. The conditions for overcoming this lag are taking shape in the course of revolutionary perestroika".

13. On past occasions, the CPSU has been known to restrict the right of unorthodox guests to speak, or to publish little or nothing of what they have said. At this meeting, time permitted 63 delegates to deliver their statements: and all delegates were given a chance to publish their positions in the press. By no means all the statements will have been music to Soviet ears. Many were only too happy to agree that ideological and other differences within the left need not be a barrier to cooperation. But the delegate from the Italian socialist party cast doubt on 1917 as the starting point for socialism, while Le Painsec of the French socialist party criticised Soviet behaviour over human

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rights and in Afghanistan. He picked up the references of Gorbachev and Jaruzelski respectively to 'socialist pluralism' and 'socialist personalism' and expressed the hope that such phenomena would be realised. As I have reported separately, the Chinese were careful to distance themselves from these proceedings, having sent only a non-Party delegation from a friendship society to represent them at the festivities.

14. There was a heavy turn-out from the Third World. Syria was represented, as at the Party Congress, by the Deputy General Secretary of the Ba'ath party, who repeatedly evaded Soviet attempts to arrange a meeting with Yasser Arafat. Arafat himself seemed upset not to receive a high level of attention, but secured an invitation to visit the Soviet Union again before the end of the year. The Afghan leader Najibullah spoke cautiously of 'the strengthening of the armed forces as the sure way to internal political normalisation': the official account of his meeting with Gorbachev referred to problems 'which the CPSU and PDPA had to solve'. Some prominence was given to the Cambodian question, with speeches from Heng Samrin, Nguyen Van Linh and Kaysone Phomvihane. All three Indochinese leaders were received by Gorbachev: and Nguyen Van Linh, for no apparent reason, was awarded the honour of replying on behalf of foreign guests to Gorbachev's speech at a reception. The Ethiopian delegation also received conspicuous attention. The Cubans arrived without Castro, who then made a point by turning up late on 4 November. In his public speech Castro signally failed to pay tribute to Soviet internal reforms; and the report of his bilateral meeting with Gorbachev included a pregnant reference to the need to improve the efficiency of Soviet/Cuban cooperation.

15. It was self-evidently a propaganda coup for the CPSU to attract such a wide range of fraternal delegates to this Party celebration. In the communique on its meeting of 12 November, the Politburo declared that the meeting had 'marked the beginning of a broad dialogue of international left-wing forces'. It remains to be seen whether this will turn out to be the first of a series: a proposal from the Belgian (Flemish) Communist Party for a pan-European follow-up was greeted with enthusiasm. It may be going too far to suggest, as some have done, that the Russians have in effect achieved the long-term goal of reviving meetings of the World Communist Movement under their banner: but they have certainly tried hard to plant the seeds of a new united left.

Pomp and Circumstance

16. As with the political message, there has been an evolution in the style of celebrations since Brezhnev's day. Ten years ago, tributes to the leadership in slogans and pictures were everywhere to be seen. At the 70th Anniversary, the number of slogans on public buildings and banners were sharply reduced, and the only portrait in evidence was that of Lenin. The parade itself remains much as before: no significantly new equipment was on display and the military demonstration still ended menacingly with an array of missiles.

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17. Gorbachev also presided over two Kremlin receptions, for the foreign delegates and the diplomatic corps. A feature of the former was the way in which Raisa Gorbacheva held court in her own right, scorning to join the other Politburo wives who were dutifully sitting with their husbands to listen to the concert with which the reception ended. Gorbachev hosted the diplomatic reception with elegance and aplomb: I was able to convey to him the Prime Minister's personal good wishes and her hope that he would visit Britain in 1988.

British Representation

18. British representation during the week was far from conspicuous. The Secretary of the Communist Party of Great Britain spoke at the fraternal gathering, and even presumed to point out that Communism needed to make itself more attractive if it was to have an impact in the West; but he was overshadowed by the heavyweights of the movement. The Labour Party was represented by the Shadow Foreign Secretary, the Rt Hon Gerald Kaufman MP. Mr Kaufman did not arrive in Moscow until the evening of 5 November, partly perhaps to avoid involvement in the meeting of the broad left on 4-5 November; and the only official events which he attended were a Kremlin reception and the Red Square parade.

The Fall of Boris Eltsin; and Conclusions

19. So much for the formal programme. As I indicated in my introduction, I cannot describe the 70th Anniversary celebration without reference to the unprecedented public row within the CPSU involving the person and performance of the Moscow Party First Secretary, Boris Eltsin. I have reported this in a succession of telegrams of which number 1657 contains a full assessment. Suffice it to say here that this was an unintended sub-plot which threatened to take over the play. It provided the major talking point of the week of festivities, and must have riveted the attention of foreign delegates. It has caused tremors not only here but, to judge from my colleagues' reporting telegrams, in Eastern Europe as well. It took place during an event which had been stage managed to show that perestroika was well on its way, was firmly set within the Leninist tradition, and had a message for the socialist community throughout the world, It has shown a global audience that Gorbachev and his allies are embattled; that they cannot move as fast as some of them would wish; and that Gorbachev himself has been unable to save an important if impulsive lieutenant.

20. The Politburo concluded that the 70th Anniversary had demonstrated "the high spiritual mood of the Soviet people, their unity with the Communist Party, their powerful support for the course of acceleration, and for reconstruction and for the renewal of all spheres of life in our society". However this was not the leap forward which some had predicted. It was over-shadowed by the Eltsin affair, to the timing of which Gorbachev seemed to have reacted bitterly. Even on the historical front, Gorbachev had mixed success. At his second speech of the week, on 4 November, he claimed that "now we have definitively overcome attempts to be cunning with history, during which we at times

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proceeded not from what there was, but from what we wanted to see". That claim seems over-optimistic. I would prefer the verdict of an unofficial Soviet contact who summed it up thus: "there were differences of view; the outcome was a draw; this was all that Gorbachev needed". Soviet contacts, both official and unofficial, have stressed that Gorbachev's speech will not result in limits being set on glasnost'. They believe that in practice it will give new impetus to the opening up of Soviet history. They may well be right with regard to the speech. But the process whereby it was negotiated, and much more significantly the saga of Eltsin's downfall has indicated the strength and depth of the constraints under which Gorbachev is working. As he presses ahead with the critical process of putting perestroika into action and of seeking to produce results in the three years between now and the next Party Congress, the omens for Gorbachev and his allies are not encouraging. He has a hard fight ahead of him both on the economic front and in his campaign to modernise the Party, in which next summer's special Party Conference will play an important part.

21. I am sending copies of this despatch to HM Ambassadors at Washington, Bonn, Paris, Peking, Eastern European posts, UK Representative at NATO and UK delegate to CSCE, Vienna.

I am, Sir,
Yours faithfully,

Bryan Cartledge

Bryan Cartledge

Annex 1

CHRONOLOGY OF EVENTS

21 October 1987	Plenum of Central Committee (CC) of CPSU 'to discuss questions connected with the 70th Anniversary celebrations of the October Revolution and certain other current tasks'.
27 October	Beginning of a series of press conferences on the theme of the October Revolution and perestroika: press conference on 'the economic and social policy of the CPSU' by Aganbegyan and Zaslavskaya.
28 October	Press conference on Soviet culture by Aitmatov (writer), Shatrov (playwright), Efremov (theatre director).
30 October	Joint US-Soviet announcement of Washington Summit on 7 December 1987.
31 October	Press conference on 'Socialist democracy' by Lukyanov (Secretary, CC), Shakhnazarov, Vlasov (Minister of Interior USSR), Sukharev (Minister of Justice RSFSR). In response to a question Lukyanov admits that Eltsin made a 'politically mistaken' speech at the recent plenum and had tendered his resignation.
1 November	Launch of Gorbachev's book 'Perestroika, New Thinking for Our Country and the World'.
2 November	Meeting of CC CPSU, Supreme Soviet USSR and Supreme Soviet RSFSR to mark 70th anniversary. Speech by Gorbachev 'October and Perestroika: the Revolution Continues'.
3 November	Kremlin meeting between members of the Politburo, party veterans, representatives of fraternal parties. Bilateral meetings between Gorbachev and Jaruzelski (Poland), Mengistu (Ethiopia), Najibullah (Afghanistan), Kadar (Hungary) and Husak (Czechoslovakia). Press conference by Yakovlev (Secretary CC CPSU) on 'October, Perestroika and the contemporary world'.
4 November	Meeting of Parties and movements participating in the celebrations. Addressed by Gorbachev. Bilateral meetings between Gorbachev and Honecker (East Germany), Marchais (French CP), Ram (General Secretary All-Indian Committee, Indian National Congress (I)), Natta (Italian CP), Ceausescu (Romania), Mies (West German CP) and Ortega (Nicaragua).

4 November (cont)	Press conference on 'Historical path of the land of the Soviets' given by Smirnov (Director of Institute of Marxism/Leninism), Volobuev and Polyakov (corresponding members of Academy of Science), Rzheshevsky (Doctor of historial sciences).
5 November	Second day of meeting of Parties and movements, and conclusion. Bilateral meetings between Gorbachev and Krunic (Yugoslavia), Papaionnu (AKEL), de Poinsec (French Socialist Party), Yasser Arafat (PLO), Ditfurt (FRG 'Green' Party), Dos Santos (MPLA). Press conference on the new political thinking given by Arbatov (Director of IUSAC), Primakov (Director of IMEMO) and Falin (Chairman of Novosti).
6 November	Reception given by Gorbachev for diplomatic representatives from Western countries. Bilateral meetings between Gorbachev and Phomvihane (Laos), Batmunkh (Mongolia), Fidel Castro (Cuba).
7 November	Military parade and demonstration of workers in Red Square. Speech by Minister of Defence D T Yazov. Brief address by Gorbachev at Kremlin reception marking the 70th anniversary.
11 November	Eltsin removed from office as First Secretary of Moscow Gorkom at a plenum of the Gorkom.
13 November	Pravda publishes a full report of the proceedings of the Moscow Gorkom plenum.

Annex II

I. PARTY AND GOVERNMENT OR STATE DELEGATIONS FROM CMEA MEMBER STATES, STATES OF SOCIALIST ORIENTATION AND FINLAND (ALL INVITED BY THE CPSU CENTRAL COMMITTEE, THE PRESIDIUM OF THE SUPREME SOVIET AND THE COUNCIL OF MINISTERS

COUNTRY	DELEGATION LEADER
Bulgaria	Todor Zhivkov
Cuba	Fidel Castro
Czechoslovakia	Gustav Husak
GDR	Erich Honecker
Hungary	Janos Kadar
DPRK	Pak Sung Chul
Mongolia	Jambyn Batmunkh
Poland	Vojciech Jaruzelski
Romania	Nicolae Ceausescu
Vietnam	Nguyen Van Linh
Yugoslavia	Bosko Krunic
Afghanistan	Najibullah
Angola	Jose Eduardo dos Santos
Ethiopia	Mengistu Haile Mariam
Finland	Mauno Koivisto
Cambodia	Heng Samrin
Laos	Kaysone Phomvihane
Nicaragua	Daniel Ortega
PDRY	Ali Salim al-Beedh

II. OTHER DELEGATIONS INVITED BY CPSU CENTRAL COMMITTEE "TO ATTEND THE FESTIVITIES ON THE OCCASION OF THE 70TH ANNIVERSARY OF THE GREAT OCTOBER SOCIALIST REVOLUTION":

COUNTRY	DELEGATION LEADER
Algeria	Mohammed Cherif Messadia (National Liberation Fro
Argentina	Athos Fava (Communist Party)
Australia	(a) Socialist Party: Peter Symon
	(b) Communist Party: B Aarons
	(c) Australian Association for Communist Unity: B Bodenham
	(d) Labour Party: M Bian
Austria	(a) Communist Party: Hans Kalt
	(b) Socialist Party: Manfred Scheuch & E Freschl
Bangladesh	(a) Communist Party: A Roy & M A Khan
	(b) National Awami Party: A Wadud
Bahrain	S bin Ali (National Liberation Front)
Belgium	(a) Communist Party: Louis Van Geyt
	(b) Socialist Party (Flemish Wing): J Veyninx
Benin	S Oguma (Popular Revolution Party)
Bolivia	Humberto Ramirez (Communist Party)
Botswana	P H K Kedikilwe (Democratic Party)
Brazil	Salomão Malina (Communist Party)
Burundi	S Rusuku
Canada	William Kashtan (Communist Party)
Cape Verde	Abilio Duarte (PAICV)

/Chile

Chile	(a) Communist Party: V Teitelboim
	(b) Socialist Party: A Astengo
	(c) Radical Party: A Sule
China	Zhang Wengjing (People's Society for Friendship with Foreign Countries)
Colombia	Gilberto Vieira (Communist Party)
Congo	Jean-Michel Bokamba-Yangouma (Labour Party)
Costa Rica	(a) Party of the Costa Rican People: L Chacon
	(b) People's Vanguard Party: H Vargas
Cyprus	Ezekias Papaioannou (Progressive Party of the Working People of Cyprus (AKEL))
Denmark	(a) Communist Party: Ole Sohn
	(b) Social Democratic Party: Lasse Budtz
Greenland	Arqaluk Lynge ("Inuit Ataqatigiit" - Left Wing Socialist Party)
Dominica	Narciso Isa Conde (Communist Party)
Ecuador	Rene Mauge (Communist Party)
Egypt	(a) National Progressive Unionist Party: F Mursi & H A Razeka
	(b) Nasser Arab Socialist Party: D Daud
	(c) Communist Party
Finland	(a) Communist Party: A Alto
	(b) Communist Party (United): T Sinisalo & J Kajanoja
	(c) Social Democratic Party: P Paasio & U Iivari
	(d) Centre Party: P Vayrynen & S Kaariainen
France	(a) Communist Party: G Marchais
	(b) Socialist Party: Louis Le Painsec
FRG	(a) Communist Party: H Mies
	(b) Social Democratic Party: G Schumacher & O Selbman
	(c) Green Party: J Ditfurth
West Berlin	Horst Schmitt (Socialist Unity Party)

/Ghana

Ghana	Kojo Tsikata (Provisional National Defence Council)
Great Britain	(a) Labour Party: Gerald Kaufman
	(b) Communist Party: Gordon Maclennon
Greece	(a) Communist Party: Harilaos Florakis
	(b) Panhellenic Socialist Movement (PASOK): G Papandreou & V Papandreou
Grenada	George Louison (Maurice Bishop Patriotic Movement)
Guadeloupe	C Chipotel (Communist Party)
Guatemala	Carlos Gonzalez (Labour Party)
Guinea	Kerfalla Camara (Military Committee for National Redress)
Guinea-Bissau	T A Lopes (African Party for the Independence of Guinea and Cape Verde) (PAIGC)
Guyana	(a) Cheddi Jagan (People's Progressive Party)
	(b) Ranji Chandisingh (People's National Congress)
Haiti	B Bertoni (United Party of Haitian Communists)
Honduras	Rigoberto Padilla Rush (Communist Party)
India	(a) Indian National Congress (I): R R Ram
	(b) Communist Party: Rajeshwara Rao
	(c) Communist Party (Marxist): E M S Namboodiripac
Iran	(a) A Khavari (People's Party of Iran)
	(b) Farokh Neghdar (Feda'ijan Khalq Organisation)
Iraq	A Muhammad (Communist Party)
Ireland	(a) Workers' Party: Sean Garland
	(b) Communist Party: James Stewart
Israel	Meir Vilner (Communist Party)
Italy	(a) Social Democratic Party: A Carilia & R Puletti
	(b) Communist Party: Alessandro Natta
	(c) Socialist Party: Claudio Martelli
Jamaica	(a) Workers' Party: T Munroe
	(b) People's National Party: B Jones

/Japan

Japan	(a) Communist Party: M Kaneko
	(b) Socialist Party: M Kaneko & S Yamahana
Jordan	Y Zayadin (Communist Party)
Lebanon	(a) Socialist Progressive Party: Walid Jumblatt
	(b) Communist Party: George Hawi
Libya	Abu-Bakr Younis Jaber (General People's Congress of the Socialist People's Libyan Arab Jamahiriya)
Luxembourg	Rene Urbany (Communist Party)
Madagascar	Richard Andriamanjato (Party of the Independence Congress)
Mali	Amadou Baba Diarra (Democratic Union)
Malta	Anthony Vassalo (Communist Party)
Mauritius	(a) Militant Socialist Movement: Karl Offman
	(b) Mauritian Militant Movement: Paul Berenger
Mexico	(a) Institutional Revolutionary Party: A Nunez & A Molina
	(b) Socialist Party: L Valdes, P Gomez & J Ortega
	(c) Socialist People's Party: J Cruikshank Garcia
Morocco	(a) Socialist Union of Popular Forces: M Lahbabi
	(b) Party of Progress & Socialism: Ali Yata
Mozambique	M dos Santos (FRELIMO Party)
Netherlands	(a) Communist Party: Elli Izeboud
	(b) Labour Party: W van Velzen
New Zealand	M Tucker (Socialist Unity Party)
Norway	(a) Communist Party: Kare Andre Nilsen
	(b) Labour Party: Thorbjoern Yagland
Pakistan	Communist Party representative
PLO	Yasser Arafat (Chairman)
Palestine	Naim Ashhab (Communist Party)

/Panama

Panama	(a) Revolutionary Democratic Party: R Vasquez
	(b) People's Party: Ruben Dario Sousa
Paraguay	L Rolon (Communist Party)
Peru	(a) Communist Party: Jorge del Prado
	(b) People's Party (APRA): N Mujica & Carlos Roc
	(c) Socialist Revolutionary Party: A Filomeno
Philippines	Felicissimo Macapagal (Communist Party)
Portugal	(a) Communist Party: Alvaro Cunhal
Reunion	Communist Party: Paul Verges
Rwanda	M Ntahobari (National Revolutionary Movement)
El Salvador	(a) Communist Party: Shafic Jorge Handal
	(b) Farabundo Marti National Liberation Front: N Diaz & J Rodriguez
	(c) Revolutionary Democratic Front: Eduardo Call
San Marino	Gilberto Ghiotti (Communist Party)
Sao Tome & Principe	R V Braganca (Liberation Movement)
Senegal	(a) Party of Independence & Labour: A Dansoko (b) Democratic League: Abdulai Batili
Seychelles	Jacques Hodoul (People's Progressive Front)
Sierra Leone	E T Kamara (All People's Congress)
South Africa	(a) J Slovo (Communist Party) (b) O Tambo (ANC)
SWAPO	Sam Nujoma (President)
Spain	(a) Socialist Worker's Party: S Clot & A Sercas
	(b) Communist Party: Gerardo Iglesias
	(c) Communist Party of the Peoples of Spain: Ignacio Gallego
Sri Lanka	K P Silva & P Keuneman (Communist Party)
Sudan	Mohammed Ibrahim Nugud (Communist Party)
Sweden	(a) Social Democratic Labour Party: S Ericsson
	(b) Left Party - Communists of Sweden: Lars Werne
	(c) Workers' Communist Party: Rolf Hagal

/Switzerland

Switzerland	(a) Labour Party: G Schpilman
	(b) Social Democratic Party: T Meissen
Syria	(a) Baa'th Party: Abdullah Al-Ahmar
	(b) Communist Party: Khalid Baghdash & Yousef Feisal
Tanzania	Charles Kileo
Tunisia	(a) Communist Party: Mouhammed Harmel
	(b) Destour Socialist Party (PSD): Ahmed Ben Arfa
Turkey	(a) Communist Party: H Kutlu
	(b) Workers' Party: N Sargyn
	(c) Left-Wing Unity of Turkey & Turkish Kurdistan (unnamed representative)
Uganda	National Resistance Movement: M Kigongo
USA	Gus Hall (Communist Party)
Uruguay	(a) Broad Front of Uruguay: M Arana, L Senatore & V Penco, F Ottonelli
	(b) Socialist Party: J Pereira
	(c) Communist Party: Rodney Arismendi
Venezuela	Alonso Ojeda (Communist Party)
YAR	Muhammad Saeed al-Attar (General People's Congress)
Zambia	E Mudenda (United National Independence Party)
Zimbabwe	Nathan Shamuyarira (Zimbabwe African National Union - Patriotic Front (ZANU-PF)) & K Sorsa (Socialist International)
Socialist International	K Sorsa

III. OTHER GUESTS

Officially described as "a delegation of the editorial collegium of the Journal World Marxist Review, veteran internationalists, delegations, leaders and activists of international, regional and national foreign trade-union, cooperative, women's, youth, antiwar and other public organizations, friendship societies from various countries and production front-runners from socialist countries - winners of the socialist competition to mark the 70th anniversary of the Great October Revolution".

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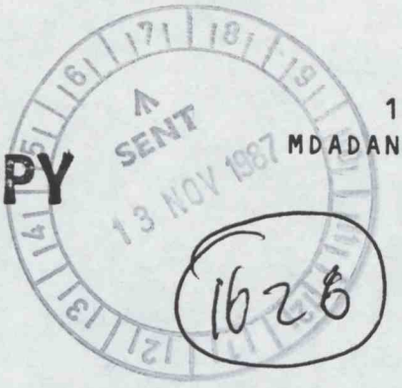

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OF 131440Z NOVEMBER 87
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MY TELNO 1638: THE FALL OF ELTSIN: MEETING OF THE MOSCOW GORKOM: STATEMENT BY ELTSIN AND CLOSING STATEMENT BY GORBACHEV

SUMMARY

1. ELTSIN ACCEPTS THE CRITICISM LEVELLED AT HIM, REAFFIRMS HIS DEDICATION TO THE PARTY AND TO PERESTROIKA AND ACKNOWLEDGES HIS GUILT. GORBACHEV ENDORSES THE DECISION OF THE MEETING, STRESSES THE IMPORTANCE OF THE INCIDENT AS A LESSON AND MAKES AN IMPASSIONED PLEA TO CONTINUING SUPPORT FOR PERESTROIKA.

2. ELTSIN MADE A BRIEF AND CONTRITE STATEMENT IN WHICH HE AGREED WITH THE CRITICISM WHICH HAD BEEN LEVELLED AGAINST HIM AT THE MEETING, AND PLEDGED HIS FIRM SUPPORT FOR, AND BELIEF IN, PERESTROIKA. SHOULD HIS BEHAVIOUR HAVE CONTRADICTED THIS, HE BELIEVED THAT HE SHOULD BE EXPELLED FROM THE PARTY. HE NOTED THAT THINGS HAD BEGUN TO GO BADLY FOR HIM FROM THE BEGINNING OF THE YEAR. HE HAD FOUND IT EASIER TO MAKE PROMISES THAN TO ACT, AND HE SAID THAT HIS ROLE AS FIRST SECRETARY HAD BEEN DAMAGED BY HIS ''OWN PERSONAL AMBITION''. HE REGRETTED ANY DAMAGE DONE TO MOSCOW AND REAFFIRMED HIS LOVE FOR THE CITY. HE WAS UNABLE TO REFUTE THE CRITICISM HE HAD HEARD: AS ONE SPEAKER HAD ALREADY NOTED, IT WOULD HAVE BEEN BETTER IF IT HAD BEEN MADE EARLIER. ELTSIN CONCLUDED BY EXPRESSLY ACKNOWLEDGING HIS GUILT BEFORE THE MOSCOW GORKOM, BEFORE THOSE ASSEMBLED AND BEFORE GORBACHEV.

3. THE MEETING WAS CONDLUDED BY GORBACHEV, IN MORE PERSONAL TERMS THAN THOSE OF HIS OPENING SPEECH. HE NOTED THAT THE MEETING HAD BEEN AN ''OPEN PARTY DISCUSSION IN A HIGHLY EXACTING AND RESPONSIBLE SPIRIT''. THE RIGHT DECISIONS HAD BEEN TAKEN. GORBACHEV REASSURED HIS AUDIENCE THAT ''THE CONCERNS OF MOSCOW ARE THE FOREMOST CONCERNS OF THE CENTRAL COMMITTEE'' AND REITERATED THE COMMENTS HE MADE EARLIER ABOUT THE SUPPORT WHICH THE HIGHER PARTY ORGANS HAD GIVEN TO MOSCOW. THE ATMOSPHERE HAD TO CHANGE IN THE CITY SO THAT PEOPLE ''WORKED

WITH INITIATIVE, AS THEY SAY, NOT FROM FEAR, BUT FROM CONSCIENCE.'' THE GORKOM PLENUM HAD BEEN A ''DIFFICULT, BUT INSTRUCTIVE LESSON. AND DIFFICULT LESSONS ARE NOT EASILY MASTERED AND NOT BY EVERYBODY.''

4. ''THIS LESSON SHOULD NOT BE FORGOTTEN '', GORBACHEV NOTED. ''IT IS A LESSON FOR THE CENTRAL COMMITTEE OF THE CPSU. I AM NOT GOINT TO JUSTIFY MYSELF HERE, OR LAY OUT IN DETAIL WHAT SHOULD HAVE BEEN DONE IN ORDER NOT TO HAVE ALLOWED THE MISTAKES IN THE WORK OF THE GORKOM, WHICH WE HAVE BEEN DISCUSSING TODAY, TO HAPPEN. I, PERSONALLY, HAVE ENDURED MUCH FOR WHAT HAS HAPPENED. YOU SEE, I HAD CONVERSATIONS WITH BORIS NIKOLAYEVICH ELTSIN SEMICOLON HARSH, OPEN, AND ONE-TO-ONE. I MUST TELL YOU, BORIS NIKOLAYEVICH, THAT YOUR (TVOI) AMBITIONS GOT IN YOUR WAY, REALLY GOT IN YOUR WAY. ON THE EVE OF THE JANUARY PLENUM AND AT THE (OCTOBER) PLENUM ITSELF WE FUNADAMENTALLY SET YOU RIGHT. ON THE EVE OF THE JUNE PLENUM THERE WAS ANOTHER CONVERSATION. I WISH TO ADD MY SUPPORT TO THOSE WHO SPOKE ABOUT THE POSITIVE SIDES OF ELTSIN'S WORK. BUT ALL THE SAME HE TURNED OUT POLITICALLY NOT TO BE UP TO THE JOB, HE DID NOT HAVE THE STRENGTH TO HEAD A PARTY ORGANISATION LIKE THAT IN MOSCOW.''

5. REFERRING TO ANALYSES MADE AT THE JANUARY PLENUM, GORBACHEV HIGHLIGHTED THE NEED FOR COLLEGIALITY: ''COLLECTIVENESS AND COLLEGIALITY ARE A GREAT FORCE.''

6. GORBACHEV WENT ON TO NOTE THAT (AFTER THE CENTRAL COMMITTEE HAD CENSORED ELTSIN), A CENTRAL COMMITTEE MEMBER, ZATVORNITSKII, HAD RISEN TO SPEAK AND HAD ASKED HOW IS TI THAT YOU (ELTSIN), SUCH AN IMPORTANT LEADER, CAN THINK NOT ABOUT THE COUNTRY, NOT ABOUT THE PARTY, BUT WERE CONCERNED ABOUT CAREERISM: YOU SETTLE ACCOUNTS, FORGETTING ABOUT THE DIFFICULT TASKS WHICH WE HAVE UNDERTAKEN. IS THIS PERMISSIBLE ? IT IS NOT PERMISSIBLE (EXCLAM) ''THESE WORDS.. CUT ME TO THE QUICK'', SAID GORBACHEV.

7. GORBACHEV CONCLUDED HIS SPEECH WITH AN IMPASSIONED PLEA FOR PERESTROIKA. ''OUR ENEMIES CALL US UTOPIAN, AND FORECAST THAT WE WILL FAIL. THEY SAY THIS OUT OF FEAR BEFORE OUR PERESTROIKA.'' WITH THE PASSING OF THE JANUARY AND JUNE PLENUMS THEY REALISED THAT THE LEADERSHIP WAS SERIOUS ''AND THEY PANICKED. NOW THEY ARE DOING ALL THEY CAN TO SOW DOUBT IN THE MINDS OF THE WORKING CLASS, DISBELIEF IN WORKERS, TO COMPROMISE PERESTROIKA. LET THEM TALK (EXCLAM) TO SLANDER US IS A COMMON THING FOR THEM ... A PATH IS DIFFICULT, BUT WE'VE GONE UP IN THE WORLD AND STAND NOW NOT IN

QUICK-SAND BUT ON FIRM GROUND, AND BECAUSE OF THAT WE WILL REMAIN STANDING (EXCLAM) ... I'M SURE THAT MUSCOVITES WILL BRING ABOUT THAT CONTRIBUTION ON WHICH THE COUNTRY, THE CENTRAL COMMITTEE AND THE LEADERSHIP DEPEND, AND WE WILL SUPPORT YOU.''

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MY TELNO 1638: FALL OF ELTSIN:

PLENUM OF MOSCOW GORKOM: GORBACHEV'S OPENING SPEECH

SUMMARY

1. A COMPREHENSIVE AND DEVASTATING CONDEMNATION OF ELTSIN'S POLITICAL CONDUCT AND STYLE, DELIVERED BY GORBACHEV, EVIDENTLY ON BEHALF OF THE POLITBURO, AND PUBLISHED APPARENTLY IN FULL. REVELATION THAT ELTSIN HAD BEEN A PROBLEM FOR AT LEAST A YEAR AND HAD ALREADY BEEN REBUKED BY THE POLITBURO. CLAIM THAT (CONTRARY TO EARLIER REPORTS) NO CENTRAL COMMITTEE MEMBER HAD SPOKEN IN ELTSIN'S DEFENCE AT THE PEREDERZHKI PLENUM ON 21 OCTOBER.

DETAIL

2. GORBACHEV OUTLINED EVENTS AT THE OCTOBER 21 PLENUM OF THE CENTRAL COMMITTEE, AND EARLIER, WHICH LED TO ELTSIN'S RESIGNATION. GORBACHEV SAID THAT THE POLITBURO HAD CONSIDERED IT NECESSARY AT THIS PLENUM TO LOOK AT SOVIET HISTORY AND ALSO CONSIDERED IT NECESSARY ''ONCE AGAIN TO EVALUATE THE PROGRESS OF PERESTROIKA.'' GORBACHEV WENT ON TO NOTE THAT THE SPEECH GIVEN BY ELTSIN AT THE PLENUM ''SOUNDED A DISSONANT NOTE. ELTSIN HAD DECLARED THAT HE HAD NO COMMENTS ON THE TEXT OF GORBACHEV'S SPEECH FOR DELIVERY ON 2 NOVEMBER AND WAS FULLY SUPPORTIVE OF IT. HOWEVER, HE WISHED TO TOUCH ON A SERIES OF QUESTIONS WHICH HAD ACCUMULATED IN HIS MIND DURING THE TIME THAT HE HAD WORKED IN THE POLITBURO.'' IT MUST BE SAID, ''GORBACHEV CONTINUED,'' THAT AS A WHOLE, ELTSIN'S SPEECH WAS POLITICALLY IMMATURE, WAS EXTREMELY CONFUSED AND CONTRADICTORY. THE SPEECH DID NOT CONTAIN A SINGLE CONSTRUCTIVE SUGGESTION AND WAS FOUNDED NOT ON ANALYSIS OR FACTS, BUT ON EXCESSES (PEREDERZHKI) AND AS SUCH IT WAS IN ESSENCE CONSIDERED BY THE MEMBERS OF THE CENTRAL COMMITTEE, TO BE DEMAGOGIC IN ITS CONTENT AND CHARACTER.''

3. GORBACHEV CONTINUED THAT IN ESSENCE ELTSIN ''TRIED TO BRING

INTO DOUBT THE WORK OF THE PARTY ON PERESTROIKA SINCE THE APRIL 1985 PLENUM ... AND WENT AS FAR AS TO SAY THAT PERESTROIKA GAVE PRACTICALLY NOTHING TO PEOPLE'' IN ELTSIN'S OPINION THE ASSESSMENT OF THE CENTRAL COMMITTEE THAT THE REALIZATION OF THE NEW PHASE OF PERESTROIKA IN THE NEXT 2 OR 3 YEARS WAS MISTAKEN AND DISORIENTATED THE PARTY AND THE MASSES. '' BY THIS HE DISPLAYED COMPLETE THEORETICAL AND POLITICAL INCAPACITY IN AN ANALYSIS OF THE PROGRESS OF PERESTROIKA, AND SHOWED HIMSELF UNABLE TO UNDERSTAND THAT IN THE HUGE WORK OF RENEWAL OF SOVIET SOCIETY THERE WERE BEFORE THE PARTY AND ALL WORKERS TASKS WHICH WOULD TAKE A LONG TIME, AND MEDIUM TERM TASKS AS WELL AS TASKS WHICH IN THE NEXT FEW YEARS WOULD ACHIEVE A NOTABLE IMPROVEMENT AND A SATISFACTION OF THE REAL NEEDS OF THE PEOPLE ... IN PARTICULAR IN HIS OPINION THE LEADERSHIP OF THE PARTY LACKED ''REVOLUTIONARY ENERGY'' IN THE INTRODUCTION OF PERESTROIKA.''

4. ''ATTEMPTS BY ELTSIN TO SHOW IN A WRONG LIGHT THE WORK AND SITUATION WITHIN THE POLITBURO AND IN PARTICULAR ANY QUESTIONS RELATING TO PRINCIPLES OF COLLEGIALITY, DREW A PARTICULARLY HARSH REACTION FROM MEMBERS OF THE CENTRAL COMMITTEE''. GORBACHEV WENT ON TO NOTE THAT THERE WAS NOTHING UNUSUAL IN THE FACT THAT A CENTRAL COMMITTEE MEMBER CRITICISED HIGHER PARTY BODIES AND INDIVIDUALS AT A PLENUM. ''THIS IS A NORMAL THING''. BUT, ELTSIN'S OUTBURST WAS A TOTALLY DIFFERENT AFFAIR. ''WHEN THE ATTENTION OF THE CENTRAL COMMITTEE WAS CENTRED ON QUESTIONS OF PRINCIPLE IN THE THEORY AND PRACTICE OF OUR DEVELOPMENT, ELTSIN TRIED TO TAKE THE WORK OF THE PLENUM IN A DIFFERENT DIRECTION BY STATING HIS PARTICULAR POSITION ON A SERIES OF QUESTIONS''. GORBACHEV NOTED THAT ELTSIN'S SPEECH DREW ''DISBELIEF AND INDIGNATION'' FROM MEMBERS OF THE CENTRAL COMMITTEE AND THE PLENUM UNANIMOUSLY CONSIDERED HIS SPEECH TO BE ''POLITICALLY MISTAKEN. NOT ONE OF THOSE WHO SPOKE SUPPORTED ELTSIN''. HAD ELTSIN NOT SEEN ANY SIGNS OF ENCOURAGEMENT IN THE LIFE OF THE COUNTRY SINCE THE APRIL 1985 PLENUM ? GORBACHEV WENT ON TO REHEARSE SOME OF THE SUCCESSES SO FAR UNDER PERESTROIKA.

5. GORBACHEV THEN TURNED HIS ATTENTION BACK TO MISTAKES MADE BY ELTSIN AND QUOTED LENIN TO THE EFFECT THAT ''EVEN THE BEST PEOPLE IF THEY INSIST IN HOLDING TO A WRONG POSITION ARRIVE AT A POSITION WHICH IN FACT IS NOT DIFFERENT FROM UNPRINCIPLED DEMAGOGY''. THIS HAD HAPPENED WITH ELTSIN AND HE HAD ''PLACED PERSONAL MOTIVATION HIGHER THAN THE INTERESTS OF THE PARTY. IT WAS THE GENERAL OPINION OF MEMBERS OF THE CENTRAL COMMITTEE THAT ELTSIN'S ACTION WHICH HAD BEEN IRRESPONSIBLE AND LACKING IN DISCIPLINE BROUGHT HARM TO WHAT WAS MOST IMPORTANT TO US NOW - THE UNIFICATION OF ALL FORCES,

MOBILIZATION OF ALL THE POSSIBILITIES OF THE RESOLUTION OF HUGE TASKS OF PERESTROIKA''. AT THE END OF HIS SPEECH ELTSIN RAISED THE QUESTION OF HIS RELEASE FROM HIS DUTIES AS A CONDIDATE MEMBER OF THE POLITBURO.

6. GORBACHEV NOTED THAT ELTSIN'S INTENTION TO RESIGN HAD BEEN KNOWN TO HIM EVEN BEFORE THE PLENUM. WHILST HE WAS STILL ON HOLIDAY, HE HAD RECEIVED A LETTER FROM ELTSIN IN WHICH ELTSIN HAD REQUESTED THAT THE QUESTION OF HIS REMAINING IN THE POLITBURO AND AS FIRST SECRETARY OF THE MOSCOW GORKOM SHOULD BE RESOLVED. ON RETURNING FROM HOLIDAY GORBACHEV HAD CONVERSATION WITH ELTSIN AND ''WE AGREED THACETHIS WAS NOT THE TIME TO DISCUSS THE QUESTION, THAT WE WOULD MEET AND WE WOULD DISCUSS ALL OF IT AFTER THE OCTOBER CELEBRATIONS. NEVERTHELESS ELTSIN, BREAKING THE RULES OF PARTY AND SIMPLE HUMAN ETIQUETTE, DECIDED TO BRING THIS QUESTION DIRECTLY BEFORE THE PLENUM, BY-PASSING THE POLITBURO.''

7. AS REGARDS ELTSIN'S REFERENCE TO LACK OF SUPPORT FROM THE SECRETARIAT OF THE CENTRAL COMMITTEE ''THIS STATEMENT IS COMPLETELY ABSURD AND HAS NO CORRESPONDENCE WITH REALITY''. GORBACHEV WENT ON AT SOME LENGTH TO LIST THE EXTENSIVE HELP AND SUPPORT GIVEN BY THE POLITBURO TO CHANGES BEING MADE IN MOSCOW. GIVEN ALL THIS SUPPORT, GORBACHEV ASKED WHY ELTSIN HAD BEHAVED IN THIS WAY. THE POLITBURO HAD COME TO THE CONCLUSION THAT THE REASONS LAY PRIMARILY IN HOW ELTSIN ''UNDERSTOOD PERESTROIKA AND THE METHODS BY WHICH IT WAS TO BE BROUGHT INTO EXISTENCE''.

8. ELTSIN'S ATTEMPTS TO OVERCOME PROBLEMS WHICH HAD BUILT UP IN MOSCOW AND TO RID THE CITY OF NEGATIVE PHENOMENA HAD BEEN GREETED WITH PARTICULAR UNDERSTANDING AND SUPPORT FROM WORKERS. GORBACHEV NOTED SPECIFICALLY THAT ''AT A PRELIMINARY STAGE THIS HAD ALLOWED CERTAIN NOTABLE CHANGES FOR THE BETTER''. HE CONTINUED HOWEVER THAT CRITICISM IS LESS IMPORTANT THAN ACTUAL DEEDS AND THAT THIS SHOULD BE THE WORK OF PARTY ORGANISATIONS. BUT ''THE BURO OF THE GORKOM UNDER THE INFLUENCE OF ELTSIN HAD TRIED TO REACH NECESSARY CHANGES BY SUDDEN SWOOPS TAKING PEOPLE UNAWARES (NASKOKOM) THROUGH PRESSURE, SHOUTING, AND NAKED ADMINISTRATIVE METHODS. AND THESE ARE, AS IS KNOWN, METHODS FROM THE OLD ARSENAL AND COULD NOT GIVE REAL AND LASTING SUCCESS.''

9. ''IN ADDITION, HAVING BECOME ACCUSTOMED IN THE EARLY STAGES TO WIDELY BROADCAST DECLARATIONS AND PROMISES WHICH TO A

SIGNIFICANT EXTENT FED HIS INORDINATE VANITY, AND HIS DESIRE TO BE ALWAYS ON VIEW, ELTSIN BECAME NEGLIGENT AND WEAKENED THE LEADERSHIP OF THE CITY PARTY ORGANISATION, AND HIS PERSONNEL WORK''. AS IMPROVEMENTS BEGAN TO SLOW DOWN IN THE CAPITAL AND THINGS STARTED TO WORSEN ELTSIN ''TRIED TO OFF-LOAD RESPONSIBILITY FOR HIS OWN SERIOUS SHORTCOMINGS IN HIS WORK ON TO OTHERS AND FIRST AND FOREMOST ON TO SENIOR OFFICIALS''. THE PARTY GORKOM ON THE INITIATIVE OF ELTSIN AND WITH HIS ACTIVE INVOLVEMENT BEGAN A SECOND ROUND OF SHAKING UP OF STAFF WHICH THE POLITBURO HAD TOLD HIM PREVIOUSLY SHOULD NOT BE DONE. HE HAD BEEN WARNED, APPARENTLY BEFORE THE JANUARY PLENUM THIS YEAR, BY THE POLITBURO THAT IF HE DID THIS THEN HE WOULD RECEIVE NO SUPPORT. WHEN TOLD OF THIS HE HAD REACTED IN A PROPER WAY SAYING THAT HE HAD LEARNT AN IMPORTANT LESSON AND WOULD BENEFIT FROM THE EXPERIENCE. HOWEVER HE ''DID NOT DRAW THE NECESSARY CONCLUSIONS'' ACCORDING TO GORBACHEV. THIS LED TO FAILINGS IN MOSCOW.

10. GORBACHEV CONCLUDED HIS MAIN SPEECH: ''IN GENERAL, COMRADES, THE STYLE AND METHODS OF ELTSIN, CHARACTERISED BY PSEUDO-REVOLUTIONARY PHRASEOLOGY AND PSEUDO-DECISIVENESS, TURNED OUT TO BE UNSOUND.'' WHEN THE TIME CAME FOR REAL WORK AND NOT PHRASE-MONGERING, ''HELPLESSNESS, FUSSING AROUND AND A PANICKED ATMOSPHERE APPEARED.'' THIS WAS THE BACKGROUND TO THE CC PLENUM'S DECISION THAT ELTSIN'S STATEMENT WAS ''POLITICALLY MISTAKEN'' AND TO INSTRUCT THE MOSCOW PARTY TO CONSIDER HIS REQUEST TO RESIGN.

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MY TELNO 1430: FALL OF ELTSIN

1. TODAY'S SOVIET PRESS CARRIES A LENGTHY ACCOUNT (16 COLUMNS) IN PRAVDA OF THE PROCEEDINGS OF THE MOSCOW GORKOM MEETING ON 11 NOVEMBER. IT IS AN EXTRAORDINARY DOCUMENT, PROBABLY WITHOUT PRECEDENT. IT GIVES WHAT APPEARS TO BE A VARTUALLY VERBATIM ACCOUNT OF GORBACHEV'S OPENING AND CLOSING STATEMENTS AND ALSO FULL SUMMARIES OF MORE THAN 20 SPEECHES FROM THE FLOOR, INCLUDING A REMARKABLE ''MEA CULPA'' FROM ELTSIN HIMSELF. ALTOGETHER, IT PROVIDES THE MOST REVEALING INSIGHT INTO SOVIET POLITICS AND THE FRANKEST AND MOST DAMMNING INDICTMENT OF A LIVING SOVIET LEADER TO HAVE APPEARED SINCE THE TIME OF KRUSHCHEV.

3. MY 3 IFTS CONTAIN A DETAILED SUMMARY OF THE PROCEEDINGS. A CONSIDERED ASSESSMENT MUST WAIT UNTIL THE DUST HAS SETTLED BUT THE FOLLOWING ARE MY INITIAL THOUGHTS.

3. THE REPORT REVEALS THAT THE ELTSIN SAGA HAS A MUCH LONGER HISTORY THAN WE HAD REALIZED. IT EMERGES THAT ELTSIN HAS BEEN IN CONFLICT WITH KEY ELEMENTS OF THE LEADERSHIP FOR A YEAR AT LEAST. GORBACHEV REVEALS THAT AS LONG AGO AS JANUARY ELTSIN WAS CENSURED BY THE POLITBURO FOR HIS MANNER OF RUNNING MOSCOW AND THAT HE AGREED TO MEND HIS WAYS. GORBACHEV ALSO RELATES HOW ELTSIN WAS AGAIN SUBJECTED TO POLITBURO CRITICISM FOR HIS INSISTENCE ON PURGING MOSCOW PARTY PERSONNEL IN JUNE AND THAT HE OFFERED TO RESIGN IN A PERSONAL LETTER TO GORBACHEV WHILE THE LATTER WAS ON HOLIDAY IN AUGUST/SEPTEMBER. ALL THIS SUGGESTS THAT ELTSIN'S PERSONAL CONDUCT AND MANNER OF OPERATING WAS A MUCH MORE IMPORTANT ELEMENT IN HIS DOWNFALL THAN HAD BEEN EVIDENT HITHERTO. IT ALSO INDICATES THAT GORBACHEV HIMSELF, AS ELTSIN'S PATRON, MUST HAVE BEEN WORKING HARD FOR SOME TIME TO KEEP HIM IN THE LEADERSHIP.

4. GORBACHEV'S SPEECH IS REMARKABLE FOR ITS FRANKNESS AND DETAIL ABOUT ELTSIN'S SHORTCOMINGS. HOWEVER HE IS CAREFUL THROUGHOUT TO DISTINGUISH BETWEEN THESE PERSONAL SHORTCOMINGS AND THE POLICIES OF PERESTROIKA. ELTSIN'S MAIN FAULTS, AS GORBACHEV REPEATEDLY

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STRESSED, WERE HIS AMBITION, HIS HIGH-HANDED MANNER AND HIS FAILURE TO TAKE HIS COLLEAGUES WITH HIM. ELTSIN'S CLAIMS THAT THE SECRETARIAT OF THE CENTRAL COMMITTEE FAILED TO SUPPORT HIM WERE DESCRIBED AS ABSURD.

5. HAVING DECIDED, FOLLOWING THE CENTRAL COMMITTEE PLENUM ON 21 OCTOBER, THAT ELTSIN MUST GO, GORBACHEV'S AIM HAS CLEARLY BEEN TO DISTANCE HIMSELF FROM ELTSIN AND TO CONCENTRATE ON SAVING PERESTROIKA. BY ENSURING THAT HE IS PUBLICLY SEEN TO HAVE PRESIDED OVER THE ATTACK ON ELTSIN, AND BY STRESSING THROUGHOUT IN HIS SPEECH THE IMPORTANCE OF ''COLLEGIALITY'' (IE WORKING BY CONSENSUS), HE HAS MANAGED TO CREATE A PICTURE OF A LEADERSHIP UNITED AROUND THE BASIC PROCESS OF PERESTROIKA WITH ELTSIN REVEALED AS AN INDIVIDUAL AND ABERRANT EXCEPTION. ALTHOUGH IT IS TOO EARLY FOR A FINAL JUDGEMENT, I BELIEVE THAT GORBACHEV'S SPEECH, TOGETHER WITH HIS BOLD AND UNPRECEDENTED DECISION TO PUBLISH THE GORKOM'S PROCEEDINGS, WILL SIGNIFICANTLY DIMINISH THE DAMAGE TO HIS OWN AUTHORITY AND TO PERESTROIKA WHICH ELTSIN'S FALL MAY HAVE CAUSED.

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PRIME MINISTER

WHEN HE HAS FINISHED,
YOU OUGHT TO INVITE
MR TOLSTYKH [pron. Tolstick]
TO SAY A FEW WORDS.
HE IS OF EQUAL RANK
WITH MARCHUK. YOU MIGHT
ACKNOWLEDGE HIS PARTICULAR
SKILL AND EXPERIENCE IN
THE ELECTRONIC AND
COMPUTER FIELD.

CDP

PRIME MINISTER

MEETING WITH ACADEMICIAN MARCHUK AND DR. TOLSTYKH

You are seeing Academician Marchuk and Dr. Tolstykh for 45 minutes tomorrow morning. Academician Vainshtein, Head of the Crystallography Institute in Moscow, will also be present, as will the Soviet Ambassador. Sir George Porter will come from the Royal Society and Mr. Garrett, our Scientific Attache in Moscow, will accompany the visitors. I would suggest that, with interpretation, it is probably easier to hold the meeting round the table in the Cabinet Room. It will certainly impress your visitors. In that case, we should need to do the photographs in the lobby just outside the Cabinet Room. **Agree to this?**

Marchuk is, as you know, President of the Soviet Academy of Sciences, put in there by Gorbachev to reform it and bring Soviet science into closer touch with the needs for restructuring and modernisation. Tolstykh, on the other hand, is Chairman of the State Committee for Science and Technology, which is concerned principally with determining R & D priorities in the Soviet Union. He is more directly concerned with industrial problems. He is an engineer by training, and previously ran the Soviet Union's main computer factory for ten years.

I think your talks with them might cover three broad areas:

(i) What it is that they are trying to achieve in their respective fields in the Soviet Union, and how Anglo/Soviet co-operation contributes to this. You might ask for a brief report on their talks with Sir George Porter.

(ii) More general bilateral issues. These include your hope that Mr. Gorbachev will take up your invitation to visit the UK next year, your hope to see Anglo/Soviet trade expand, and your strong wish to see

the Simon Carves/GEC project for a process controller plant in Yerevan, for which a Letter of Intent was signed during your visit, brought to an early and successful conclusion.

(iii) Much more generally, their impressions of perestroika. What obstacles is it meeting? How does it affect their work? Who are the conservative forces - not a term you approve of - who are said to be resisting reform? What is behind the resignation of Mr. Yeltsin? Can the Soviet economy ever succeed unless it goes over to a full market mechanism and incentives? You will remember that Mr. Gorbachev is sending his Economic Adviser, Academician Aganbeghan, to brief you next week.

The folder contains fairly copious briefing material which you will probably not have time to look at. I have flagged one or two of the more interesting pieces.

C.D.P.

Charles Powell

12 November 1987

DG2CJJ

Foreign and Commonwealth Office

London SW1A 2AH

12 November 1987

Dear Charles,

Visit of Academician Marchuk and Dr Tolstykh

Thank you for your letter of 3 November about arrangements for the call on the Prime Minister on 13 November by Academician Marchuk and Dr Tolstykh. I understand that this is now to be at 10.15. The Soviet party will consist of Academicians Marchuk and Vainshtein (Head of the Crystallography Institute which Mrs Thatcher visited in Moscow), Dr Tolstykh, the Soviet Ambassador and an Embassy notetaker (Kossov). The Russians wanted to insert Dr Borisov, Dr Tolstykh's assistant at the State Committee who has a KGB background. They have been told that the Prime Minister will only receive the two Heads of Delegation, and exceptionally Academician Vainshtein as her former host plus only the Ambassador and an Embassy (stressed) notetaker.

[I vetoed Borisov]

I now attach briefing for the call, in the form of points to make and background, including personality notes on Marchuk, Tolstykh and Vainshtein and details of their programmes.

Marchuk and Tolstykh are between them responsible for most of the R and D effort of the Soviet Union and so are key figures in the process of economic "acceleration". They are both reform-minded technocrats. Marchuk has a background in theoretical physics, with experience in computer development and the application of computers to advanced areas of study such as meteorology (he will be visiting the Meteorological Office). Tolstykh was from 1977-85 Director of the 'Elektronika' factory in Voronezh, one of the most successful producers of Soviet computers.

Marchuk is overseeing an extensive reform programme at the Academy and in its associated research institutions, including a large measure of decentralisation and compulsory retirement, improvement of technical resources; laboratory equipment and links with industry. Tolstykh at the State Committee is charged with managing Soviet scientific and technical

development, and with introducing a new focus on priorities for R and D work with powers to cut-back or close ineffective research institutes and to encourage domestic competition and more exchanges with the West.

The Prime Minister may wish to be aware that on more than one occasion during his current visit, Marchuk has stated that the Prime Minister encouraged him to visit the UK when they met in Moscow. This does appear to be a factor in the priority given by the Academy to an early visit to this country.

The Prime Minister may also like to ask Marchuk and Sir George Porter about their talks together. We understand that these have been constructive and useful.

We assume that the Prime Minister will wish to use much of the time available to probe the thinking of these senior visitors on the current state of perestroika (restructuring) and its prospects for the future and in the process to form a view of the nature and force of the difficulties facing Gorbachev which caused him to take such a studiously balanced view in his speech on 2 November. The visitors will know that Academician Aganbegyan will be briefing the Prime minister a week later. It will be interesting to compare their presentations.

Marchuk himself spoke at the Central Commitee plenum on 21 October which saw the surfacing of the much-publicised disagreement between Eltsin and Ligachev, which we now learn has cost Eltsin his job as Moscow Party Secretary.

With this general aim in mind we have suggested direct even occasionally provocative questions. Marchuk in particular is a nimble performer and will not mind being put on his mettle.

On the bilateral front, the Prime Minister may wish to refer in general terms to her invitation to Gorbachev to visit the UK and to our desire to futher scientific cooperation and the trade possibilities it would create as part of the overall development of bilateral relations. In this context the Russians may just possibly raise COCOM. If they do the Prime Minister can point to the extensive untapped and unrestricted possibilities and point out that all countries have restrictions on grounds of national security.

It would be particularly helpful if the Prime Minister could mention the Simon Carves/GEC project for a process controller plant in Yerevan, value £250 m. A letter of intent was signed during the Prime Minister's visit. Subsequent negotiations for the contract have been difficult and prolonged with the Russians insisting the price quoted is too high, although the consortium have already cut it several times. The visitors are not directly responsible but at this stage it is important to take every opportunity to press our case.

The Russians may raise environmental cooperation and the possibility of reviving the 1974 Anglo-Soviet Joint Environmental Protection Agreement. This proved excessively one-sided in operation and was put on ice after the Soviet invasion of Afghanistan. However Soviet concern about environmental protection is genuine and increasing and so as part of the follow-up to the Prime Minister's visit the Department of the Environment is examining the possibilities for a limited resumption of the Agreement in areas where practical benefits might accrue for the UK. The Department of the Environment's view is that the scope is limited, and costs may outweigh benefits but the possibilities can be explored further during a call by Professor Izrael of Tolstykh's delegation on Lord Belstead at the DoE on 17 November.

The Prime Minister may also wish to mention Dr Sakharov, both to underline her own personal admiration for him and to illustrate the need for greater glasnost and freedom in Soviet science and society in general. The Academy of Sciences had acquiesced in Sakharov's shabby treatment: but this was before Marchuk's time.

Additional background papers are as follows:

- Two reports from the Post on perestroika in, respectively, the Academy and State Committee.

- A note on Anglo-Soviet scientific co-operation.

I also enclose a copy of the special supplement on Soviet science from the latest issue of 'Nature', which may be of interest to the Prime Minister. We understand Marchuk has read it and commented that he was encouraged by it.

Yours sincerely, L. Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

CALL BY DR TOLSTYKH, DEPUTY PRIME MINISTER AND CHAIRMAN OF THE SOVIET STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY, AND ACADEMICIAN MARCHUK, PRESIDENT OF THE ACADEMY OF SCIENCES ON THE PRIME MINISTER: 13 NOVEMBER 1987

OBJECTIVES

1. To emphasise our desire to develop bilateral cooperation and trade in particular in the scientific and technical fields.

2. To touch on the need for more progress in the Soviet Union on freedom of information and expression, with reference to the role of science and Sakharov.

3. To ask Tolstykh and Marchuk what perestroika means for the Soviet scientific community and to form a view of the prospects and of the difficulties and opposition facing Gorbachev.

POINTS TO MAKE

Bilateral/Trade

- Pleased to see Marchuk/Vainshtein again; recall interesting visit to Crystallography Institute. Welcome Tolstykh to UK (first visit). See visits in context of building on my visit to Soviet Union.

- Hope Gorbachev will pay return visit soon. Much to discuss. Important to keep up momentum.

Both delegations have full programme. Hope you gain good impression of our pure and applied science and our potential as a partner. Britain the inventor of TV and the jet engine - still at the forefront of technology today. Technology and enterprise are our motor. Gorbachev takes very similar line. Wish you success.

- Want more practical cooperation, so long as it is mutually beneficial and does not harm security of either side. Hope

opportunities can be identified in your meetings.

- Trade aspect important. First agreed to aim for a 40% increase during Gorbachev visit 1984.

- Not happened. Both sides must work harder.

- Good example: Simon Carves/GEC project for process controller plant in Yerevan. Letter of intent signed during my visit but contract still being negotiated. Hope this can be concluded soon.

Environment (if raised)

- Welcome growing emphasis in USSR on environmental protection. Concerns us both.

- Considering possibilities for bilateral cooperation: Lord Belstead looking forward to discussing with Prof Izrael. Important condition should be genuine mutual benefit.

Human Rights/Information

- Pleased to have opportunity to meet Dr Sakharov during my visit. Have long admired courage of him and his wife. Glad he is now back at work at Academy. Science is about enquiry. Development of research, and its effective application in economy hampered when freedom of information and expression are controlled or restricted. Soviet society and science need less control, more enquiry.

Perestroika

- Long discussion with Mr Gorbachev about his reform programme. (Academician Aganbeghan briefing me next week on economic aspects.) We welcome this, and wish you success. Impact of perestroika on your own work?

- What are priorities now for Soviet science?

- Read with interest Mr Gorbachev's speech of 2 November. Plenty of frank speaking, which I like. What are "conservative forces", whose resistance to reform he said was increasing? Surely resistance must be considerable if he has to acknowledge it? Does this apply to world of science?

- How can resistance be overcome: what incentives for ordinary people? Will perestroika succeed? Is the argument about speed of change or change itself?

- Is party/state apparatus flexible enough to respond to demands perestroika imposes? Do you see parallel problems in efforts to reform your own large, wide-ranging organisations?

- Science is about the future. But confidence to face future comes from knowledge of past. How important is it to lay the ghosts of Soviet history? Why is the process so hesitant?

- Is more radical change of the system necessary? Market mechanism and profit motive rather than ideology stimulate R and D and rapid application of results to production. Free exchange of information accelerates social and economic development. What needs to be done in USSR?

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THE COUNSELLOR (SCIENTIFIC)
BRITISH EMBASSY
MOSCOW

Dr A Keddie
RTP4
DTI
Ashdown House
123 Victoria Street
London

2 November 1987

GKNT

1. The USSR State Committee for Science and Technology (GKNT) have been given an enhanced role in managing scientific and technical progress in the Soviet Union according to a Decree of the CPSU Central Committee and the USSR Council of Ministers (Sobraniye Postanovlenii Pravitel'stva Soyuza Sovetskikh Sotsialisticheskikh Respublik (Otdel pervyi) 34 (1987) pp. 691-705).

2. The GKNT is criticised for not (in past years) concentrating its efforts sufficiently on key problems in working out a strategy of technical development and for making poor use of the possibilities for international collaboration. In future it will be required to give first attention to determining R&D priorities and to solving major inter-branch problems using new technologies and materials to bring domestic manufacture up to world standards.

3. The GKNT will retain its current role of coordinating S&T activity among all government bodies. In the past this has met with resistance on the part of industrial ministries and state committees who have wished to safeguard their autonomy. It will also retain its forecasting role and the administration of the state S&T information system. Areas of modified or increased responsibility include:

(a) Planning. In collaboration with the USSR Academy of Sciences and the State Building Committee (GOSSTROI) the GKNT will develop a forward S&T strategy and complex programme covering the next 20 years with recommendations for the next 5-year plan worked out in greater detail. This will be a "roll-on" procedure up-dated every 5 years. The complex programme is to be submitted to the Council of Ministers not later than 3 years before the beginning of a 5-year plan. The GKNT is responsible for giving Gosplan concrete proposals in S&T for inclusion in the 15-year forward economic and social development plan and for reporting to the Council of Ministers on the extent to which S&T achievements and trends are taken into account in draft plans.

(b) Inter-branch S&T complexes (MNTKs) The GKNT is given responsibility for managing the MNTKs and, in collaboration

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with central and regional authorities, for radically improving their performance.

(c) Comecon. GKNT is to supervise the Soviet implementation of the Complex S&T Programme for Comecon countries up to the year 2000 in collaboration with corresponding organisations in other Comecon countries.

(d) Research degrees. The GKNT will control the work of the Higher Attestation Commission (VAK) attached to the USSR Council of Ministers which is responsible for the award of Candidate of Sciences and Doctor of Sciences degrees.

(e) Production technology. Responsibility will rest with the GKNT to assess the S&T needs of production processes to bring output up to world standards.

(f) Branch research institutes. The GKNT will review their effectiveness in the light of S&T priorities and the institutes' contributions to new technology. If need be, the GKNT can propose profile changes or liquidation. Proposals for new research establishments, whatever their affiliation, can be agreed only when they can offer highly-effective solutions to national problems. All branch research institutes, design bureaux and technical organisations will transfer to economic methods of management. Contracts with customers will form the legal basis for an institute's work and competition will be encouraged. GKNT, along with Gosplan and other government ministries, will have responsibility for supervising the introduction of economic management methods and analysing their practical effect.

(g) The GKNT will strictly control and take responsibility for the effective use of state budgetary resources applied to:

(i) theoretical research of the highest importance;

(ii) inter-branch problems of state significance;

(iii) the creation of new techniques or technology revolutionising social production.

(h) The GKNT, Gosplan and Finance Ministry are required within 6 months (ie by early 1988) to work out procedures for financing scientific research and design work based on the Decree.

(i) S&T information. The GKNT is required to modernise and improve existing services on the basis of new technology and to have methodological control over S&T information work throughout the USSR. Decisions of the GKNT regarding joint use of information networks are to be mandatory.

/ (j)

(j) Foreign contacts. The GKNT is required to increase the effectiveness of international S&T relations entered into by Soviet organisations with a view to studying and using the latest achievements of world science. Particular attention is given to the development of international cooperation (expecially with Comecon countries), to establishing direct links between enterprises and organisations, the creation of joint enterprises, scientific collectives and international societies.

(k) Licences. The GKNT will direct policy on selling Soviet licences overseas and on the purchase of foreign licences and new technology with central hard-currency funds. It will also monitor the effective use of foreign licences and technology in the domestic economy and report annually on this to the USSR Council of Ministers.

(l) Inventions and discoveries The GKNT is to take the lead in developing inventions and encouraging their wide practical use to accelerate scientific and technical progress. It is envisaged that the State Committee for Inventions and Discoveries will be transformed into a Committee attached to the GKNT. The GKNT is required to support the efforts of organisations and societies promoting public awareness of the role of S&T in the national economy.

4. The State Committee for Science and Technology is, according to the Decree, made up of the following members:

Chairman (a Deputy Chairman of the USSR Council of Ministers)

Deputy Chairmen

Leading scientists and industrialists

The President of the USSR Academy of Sciences

The President of the All-Union Academy of Agricultural Sciences

The President of the USSR Academy of Medical Sciences

The Minister of Higher and Secondary Specialist Education of the USSR

The Chairman of the USSR State Committee for Standards

The Chairman of the Committee for Inventions and Discoveries

The Deputy Chairmen of the Permanent Organs of the USSR Council of Ministers

A Deputy Chairman of USSR Gosplan

The Committee meets in formal session several times a year to discuss long-term issues and trends. There is a Collegium

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which serves as an Executive Committee. The Collegium contains some department and directorate heads and meets weekly to discuss tasks and reports. Collegium decisions become decrees when endorsed by the GKNT Chairman.

5. The Decree also requires the GKNT to strengthen its efforts in recruitment and training of personnel. It is emphasised that specialists employed by GKNT must be highly qualified, capable of deep analysis and be skilled in modern management methods. The basic organisational structure of the GKNT will be modified to reflect the current need to concentrate on major priorities.

Comment

6. The biggest change is the realisation that the planning of S&T for its own sake has no value. In future an S&T strategy closely integrated with national economic needs will be developed and efforts will be concentrated on certain major priority directions. The functions of the GKNT as far as foreign contacts are concerned will not change fundamentally although the trend will be more towards encouraging direct links between other Soviet and foreign organisations rather than entering into collaboration agreements themselves. Existing agreements with foreign firms will be honoured and whenever the subject under discussion covers several industrial sectors the GKNT will continue its useful role of coordinating the Soviet response.

Yours ever,

Tim

T Garrett

cc Ms Susan Seymour, OT3/DTI
S Butt Esq, SD/FCO ✓
P Wetton Esq, ESSD/FCO
A Burwood-Smith Esq, RTP4/DTI
Mrs Janet Gunn, RD/FCO

Anglo-Soviet Scientific Relations

1. Much of our scientific co-operation is undertaken under the auspices of the Royal Society (who have arranged the programme for Marchuk and his delegation). The Royal Society's links with the Russians go back to the end of the 17th century when Peter the Great came to England to study ship-building here and stayed at the country home of the Secretary of the Royal Society. In 1718 the Czar decided to set up at the Imperial Academy of Science (later renamed) in St Petersburg, a project in which European scholars, including fellows of the Royal Society, assisted.

2. Exchanges of visits and publications between the Royal Society and the Academy continued on an informal basis for the next 250 years. In 1955 and 1956 visits were exchanged by the two Presidents which led to a formal Agreement in 1956 on scientific co-operation and exchanges of visits and publications. A new Agreement was signed in June 1986 during a visit to the USSR by the current President of the Royal Society, Sir George Porter. In recent years some 20-30 visits have taken place in each direction under the Agreement each year.

3. The Science and Engineering Research Council has co-operation agreements with the Soviet Academy in the areas of synchroton radiation and laser physics. They hope to extend collaboration to other areas also, where the level of scientific exchanges has tended to be quite low.

Space

(UK/USSR Agreement on space signed in Moscow in March 1987 during Prime Minister's visit)

4. Links are developing well between UK universities (including Birmingham, Leicester, London and Sheffield) and Soviet institutes in space astronomy and solar system science. The principal project is Spectrum-X, an X-ray mission due for launch in 1992-94, for which a Western European group, led by the UK, has outlined four prospective instruments. Invitations to participants in Mars/Phobos missions present further useful opportunities. UK involvement will depend on selection of priorities and allocation of funds from existing budgets.

UK-USSR S & T AGREEMENTS

1956 (revised 1986)	Royal Society/USSR Academy of Sciences Agreement on Scientific Co-operation and Exchange of Scientists.
1968	UK/USSR Agreement on Co-operation in Applied S & T
1974	UK/USSR Agreement on Development of Economic, Scientific, Technological and Industrial Co-operation.
1975	UK/USSR Agreement on Co-operation in the field of medicine and Public Health
1977	British Academy/USSR Academy of Sciences Agreement on Scientific Exchange in the Humanities and Social Services
1987	UK/USSR Agreement on Study, Exploration and Use of Outer Space for Peaceful Purposes

MARCHUK, Guriy Ivanovich

President of the Academy of Sciences; Member of the CC CPSU

Academician Marchuk (61) trained as a nuclear physicist and worked for many years in the Siberian Department of the Academy; in the late 1970s he was a Vice-President of the Academy and Chairman of the Siberian Department.

In 1980 he was transferred to Moscow as a Deputy Chairman of the Council of Ministers and Chairman of the State Committee for Science and Technology, retaining these posts until October 1986 when he replaced the 83 year old A P Aleksandrov as President of the Academy of Sciences.

Marchuk is a member of the CC CPSU. He has travelled little outside Eastern Europe (but he visited the UK in 1969) and speaks little English but fluent French.

In a recent major interview with "Izvestiya" Marchuk outlined a number of reforms adopted at the Academy's recent AGM including decentralisation and greater autonomy for the Academy's regional and functional departments, compulsory retirement for managerial posts at 65-70, re-establishment of the Academy's technical department and the formation of a State Programme of Fundamental Research. Among his principal tasks will be bringing about a radical improvement in the badly neglected area of developing and maintaining links between research and industry.

TOLSTYKH, Boris Leontevich

Deputy Chairman, USSR Council of Ministers and Chairman, State Committee for Science and Technology (GKNT) (1987)

Born 1936, Russian.

Graduated from Voronezh State University (Dr. Tech. Sci.).

1970 - Joined CPSU

1959-77 - Engineer, deputy chief engineer, later chief engineer of the "Elektronika" Production Association, Voronezh.

1977 - General Director of the "Elektronika" Association.

1979 - Member of USSR Supreme Soviet;

1979-84 - Member of Standing Commission for Consumer Goods and Trade, Council of the Unions;

1984 - Member of the Standing Commission for Science and Technology, Council of the Union.

1985 - (December – January 1987) Deputy Minister of the Electronics Industry USSR.

Feb 1987 Deputy Chairman, USSR Council of Ministers, and Chairman, State Committee USSR for Science and Technology.

He is a Hero of Socialist Labour and holds two Orders of Lenin and the Order of the October Revolution; he holds a USSR State Prize.

VAINSHTEIN, Boris Konstantinovich

Director, Institute of Crystallography of the Academy of Sciences.

Academician Vainshtein (65) has been Director of the Institute of Crystallography since 1962. He graduated from Moscow University in 1945, and from Moscow Steel Institute in 1947, and has been at the Crystallography Institute since 1949. He was elected an Academician in 1976.

According to the "Large Soviet Encyclopaedia" his basic area of research is in the "structural analysis of crystals, the theory of diffraction of electrons and X-rays, and the structure of protein molecules. He invented a method of structural electronography and was the first to define the position of oxygen atoms in a number of crystals and to decipher the structure of many complex and organic compounds".

Academician Vainshtein has visited the UK many times over the last 30 years, most recently in 1985.

PROGRAMME FOR ACADEMICIAN MARCHUK

MONDAY, 9 NOVEMBER

Arrive pm

TUESDAY 10 NOVEMBER

am	Discussions: Royal Society
1400	Visit Imperial College
1700	Call on Mr Robert Jackson, PUSS, Dept of Education & Science
Evening	Soviet Embassy reception

WEDNESDAY, 11 NOVEMBER

am	Visit Meteorological Office
pm	Continue Visit to Meteorological Office

THURSDAY 12 NOVEMBER

am	Departments of Applied Maths and Theoretical Physics; Pure Mathematics and Statistics, Cambridge University
lunch	Hosted by Sir Andrew Huxley
pm	Cambridge Science Park
Dinner	Royal Society

FRIDAY 13 NOVEMBER

1015	Call on the Prime Minister (with Dr.Tolstykh)
1100	Call on Lord Glenarthur, Minister of State, FCO
1300	Lunch with Mr Walker, Secretary of State for Wales
1430	Press Conference Soviet Embassy
1600	Final talks, Royal Society
Evening	Covent Garden

SATURDAY 14 NOVEMBER

Sightseeing (including visit to National Maritime Museum, Greenwich Observatory)

SUNDAY 15 NOVEMBER

Departure am

Note: Academician Vainshtein has a separate programme including visits to the Departments of Metallurgy and Science of Materials and Chemical Crystallography Laboratory in Oxford; the Department of Crystallography, Birbeck College; and the Laboratory of Molecular Biology, Cambridge.

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PROGRAMME FOR DR TOLSTYKH

THURSDAY 12 NOVEMBER

am	Arrive
Lunch	Shell Company (Delegation may attend without Tolstykh)
pm	Visit Marconi Instruments, St Albans

FRIDAY 13 NOVEMBER

0915	Call on Mr Peter Walker, Secretary of State for Wales
1015	Call on the Prime Minister (with Marchuk)
lunch	Davy Corporation
pm	Travel to Ditchley Park, Oxfordshire

SATURDAY 14 NOVEMBER

Participate in trilateral UK/US/USSR Conference on "End of Century tasks: Coping with High Technology, Industrial Transformation and Economic Interdependence".

SUNDAY 15 NOVEMBER

pm	Depart Ditchley for North Wales

MONDAY 16 NOVEMBER

am	Visit Dinorwic pumped storage power station, North Wales
pm	Visit Plessey PLC, Liverpool Return to London
Dinner	As guest of Plessey

TUESDAY 17 NOVEMBER

0900	Call on Seaforth Maritime PLC
1130	Call on Lord Marshall of Goring, Chairman, CEGB
Lunch	As guest of CBI
1430-1530	Question time and Prime Minister's Questions (Possible call on Sir Geoffrey Howe)
1630	(Possible call on Mr Mellor, Minister of State, FCO)

0945 Call on Mr John Fairclough, Chief Scientific Adviser, Cabinet Office

1045 Meeting with Mr Cecil Parkinson, Secretary of State for Energy, to review Anglo-Soviet Energy Cooperation

1215 Call on Lord Young, Secretary of State for Trade and Industry

Lunch/pm As guest of Amersham International Ltd

1800 Reception hosted by Great Britain-USSR Association

THURSDAY 19 NOVEMBER

am Departure

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SOVIET ACADEMY OF SCIENCES
SCIENCE POLICY.

1. IZVESTIYA OF 21 MARCH CARRIES AN INTERVIEW WITH PRESIDENT OF USSR ACADEMY OF SCIENCES G I MARCHUK IN WHICH THE LATTER EXPLAINS MEASURES FOR REFORM (QUOTE PERESTROIKA UNQUOTE) DISCUSSED AT THE ACADEMY'S GENERAL MEETING 10-12 MARCH.

2. IN ANSWERS TO QUESTIONS SUBMITTED BY B KONOVALOV, IZVESTIYA SCIENCE OBSERVER, MARCHUK STATED THAT WITH THE AIM OF ACHIEVING A LEADING POSITION FOR SOVIET SCIENCE IN ALL FUNDAMENTAL DIRECTIONS THE FOLLOWING MEASURES ARE BEING PUT IN HAND:

(A) DECENTRALISATION

THE ROLE OF INDIVIDUAL DEPARTMENTS OF THE ACADEMY (ABOUT 20) IS BEING SUBSTANTIALLY STRENGTHENED BY TRANSFERRING FUNCTIONS FROM THE PRESIDIUM ALLOWING THE LATTER TO CONCENTRATE ON MAJOR STRATEGY AND COORDINATION. IN THEIR SECTORS DEPARTMENTS WILL HENCEFORTH BE FULLY RESPONSIBLE FOR MATERIAL AND BUDGETARY ALLOCATIONS, PLANNING, THE DISBANDING OF INEFFECTIVE GROUPS AND ESTABLISHING DIRECT SCIENTIFIC LINKS OVERSEAS.

(B) PERSONNEL

FOLLOWING A REVIEW ONE IN FORTY OF ACADEMY PERSONNEL HAD BEEN RETIRED AND ONE IN TWENTY DEMOTED. HEADS OF INSTITUTES AND LABORATORIES WILL RELINQUISH EXECUTIVE RESPONSIBILITIES AT AGE 65 (UP TO 70 FOR MEMBERS OF THE ACADEMY) AND RETURN TO SCIENTIFIC WORK. NEW POSTS OF ADVISERS TO DIRECTORS AND THE PRESIDIUM ARE BEING CREATED SO THAT MEMBERS OF THE ACADEMY CAN CONTINUE TO IMPART THEIR EXPERIENCE WITHOUT LOSS OF SALARY. ATTENTION IS TO BE GIVEN TO IMPROVING SALARIES AND HOUSING CONDITIONS FOR YOUNGER SCIENTISTS.

(C) TECHNICAL RESOURCES

THE ABOLITION OF THE ACADEMY'S TECHNICAL DEPARTMENT (IN THE 1960S) IS NOW SEEN AS A MISTAKE SERVING TO ISOLATE THE ACADEMY FURTHER FROM INDUSTRIAL NEEDS. TO HELP RECTIFY THE SITUATION A DEPARTMENT FOR INFORMATICS, COMPUTER TECHNOLOGY AND AUTOMATION AND A DEPARTMENT FOR PROBLEMS OF MACHINE BUILDING, MECHANICS AND CONTROL PROCESSES HAVE RECENTLY BEEN SET-UP. OTHER INSTITUTES REQUIRE A STRENGTHENING OF THEIR EXPERIMENTAL WORKSHOP AND DESIGN FACILITIES. THEORETICAL INSTITUTES REQUIRE MORE DESKS, PERSONAL AND MAINFRAME COMPUTERS. SCIENTIFIC INSTRUMENTATION MUST BE DEVELOPED SO THAT BY 1995 SOVIET LABORATORIES ARE EQUIPPED TO WORLD STANDARDS.

(D) INNOVATION

THE DRIVE FOR INNOVATION MUST NOT DETRACT FROM THE NEED TO ADVANCE AREAS OF FUNDAMENTAL WORK AND PUBLISH RESULTS. SCIENTIFIC

IDEAS

IDEAS THEN HAVE TO BE APPLIED AS RAPIDLY AS POSSIBLE AND FOR THIS IT IS ESSENTIAL TO STRENGTHEN THE LINKS BETWEEN THE 50,000 ACADEMY SCIENTISTS AND OVER 800,000 INDUSTRIAL RESEARCHERS.

(E) DEMOCRATISATION

DEMOCRATIC PRINCIPLES, INCLUDING SECRET BALLOTS, HAVE ALWAYS BEEN A FEATURE OF ELECTIONS TO SENIOR POSITIONS IN THE ACADEMY BUT CARE IS NECESSARY NOT TO TAKE THIS PROCESS TOO FAR. AN INSTITUTE'S STAFF MAY WELL CHOOSE THE BEST DIRECTOR OF ADMINISTRATION BUT THE POWERS OF SCIENTIFIC LEADERSHIP NEEDED FOR AN INSTITUTE HEAD WERE A MATTER FOR JUDGEMENT BY THE APPROPRIATE DEPARTMENT AS A WHOLE.

(F) FORECASTING

ABOUT 150 PROGNOSES BY LEADING SOVIET SCIENTISTS ON FUNDAMENTAL PROBLEMS WILL BE USED TO FORMULATE STATE PLANS UP TO THE YEAR 2000. ALLOWANCE MUST BE MADE FOR UNANTICIPATED DEVELOPMENTS.

(G) REPUBLICAN ACADEMIES

THE 14 REPUBLICAN ACADEMIES SHOULD CONCENTRATE ON PRIORITY AREAS WHERE THEY CAN MAKE AN EFFECTIVE CONTRIBUTION RATHER THAN ATTEMPT TO COPY THE USSR ACADEMY ACROSS THE BOARD.

3. MARCHUK FINALLY POINTS TO THE NEED TO FORMULATE A STATE PROGRAMME FOR FUNDAMENTAL RESEARCH, EXPLOIT THE NEW FLEXIBLE STATUTE FOR ACADEMY INSTITUTES, SET UP NEW ENGINEERING CENTRES AND TEMPORARY SCIENTIFIC-TECHNICAL LABORATORIES IN INSTITUTES, AND EXTEND THE SYSTEM OF INTER-BRANCH COMPLEXES BRINGING TOGETHER SCIENTISTS, DESIGNERS AND INDUSTRIALISTS.

CARTLEDGE

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MINIMAL

SOVIET D

Reforming Soviet research

Soviet research is in good shape and even good spirits, but would be more effective if its managers paid more attention to the needs of its researchers and the framework in which they operate.

THIS brief survey of the state of science in the Soviet Union is informed by several prejudices, of which the more obvious are now listed.

First, science is international in the sense that even researchers of different nationalities and with different short-term goals (publishing a paper, making a bomb) have identical long-term interests (finding out). That is why it is has been a tragic loss for the West as well as for the Soviet Union that, for half a century, links between the Soviet enterprise in science and that elsewhere have been needlessly attenuated.

Second, the election of Mr Mikhail Gorbachev as General Secretary of the Communist Party of the USSR in March 1985 is the best thing to have happened in the Soviet Union, 70 years old next week, for at least 60 years; it may also the best thing to have happened to the world elsewhere since the end of the Second World War. Mr Gorbachev wants to reconstruct the Soviet Union and to make it prosperous, but to keep it socialist. Can anybody elsewhere pretend that the world would be a safer place if the Soviet Union were bankrupt and socialist?

Third, nobody can tell whether Mr Gorbachev's venture will succeed. The odds of history are against him; Russia changes only slowly. The fact that the intellectual community in the Soviet Union seems to be solidly behind him does not assure his success. The next few months, before the *ad hoc* party conference next June, will be critical.

Fourth, the Soviet government is (or should be) downcast that the attention given since 1917 to higher education, science and technology has left the Soviet Union with a civil industry which is inefficient and incapable of meeting social needs.

Science and technology have been cherished from the outset of the Soviet state precisely in the belief that only science and technology would create the resources required for the sustenance of a socialist state. Why has that calculation gone so wrong?

The achievements of Soviet science are a curious mixture of success and failure. Even before the revolution, Soviet science had made a distinctive mark (remember Mendeleev?). Since, there has been a long succession of distinguished Soviet practitioners and a long roster of practical achievements. Especially in mathematics and physics, but more recently in other fields as well, Soviet researchers have won great respect from their colleagues elsewhere. There are many ways in which the temper of Soviet science as practised at the best institutes and universities is directly in the tradition of old-fashioned European scholarship; undistracted by the scramble for research grants, unworried by doubts about their tenure of office and secure in the knowledge that their institutions will survive, able men and women devote themselves wholeheartedly to scholarship and the intellectual welfare of their students (also a part of scholarship).

Other Soviet researchers, equally distinguished and sometimes as well-known academically, have shown the Soviet government the recipes for making several startling machines that function successfully — nuclear weapons of various kinds, rockets that send satellites into orbit reliably and nuclear submarines apparently no less functional than those of other manufacturers (of which there are not many). Even those who wish these machines did not exist must agree that they play a crucial and legitimate part in the defence of the Soviet Union. Why cannot a technical enterprise so technically competent arrange for Moscow to have a reliable supply of toothpaste?

The failure to deliver the economic growth the Soviet state and now (with *glasnost* increasingly) the Soviet people look for is not the fault of Soviet science but of the economic environment. By declining to make science a scapegoat for obvious economic failure, all Soviet governments since the Second World War have implicitly acknowledged that. Mr Gorbachev's strength is that he has gone further than his predecessors in his appraisal of the magnitude of the Soviet Union's economic failure and in recognizing the dangers inherent in its continuation. He puts much of the blame on the shoulders of the 15 million bureaucrats, planners and decision-makers, intervening between the two halves of civil industry — production plants and their customers. What must worry him, as it does his supporters, is the difficulty of creating a link between the two halves that will give the former an incentive to produce what the latter want that will not be mistaken for ideological backsliding.

If Soviet science is not to blame, what can it do to help? Readers of the pages that follow will recognize that the Soviet research community abounds with talented people working imaginatively on important problems, just as in many other places. That impression is deliberately intended. But it should also be clear that the organization and management of Soviet science, unfamiliar to Westerners, also leave a great deal to be desired in Soviet terms. It is, for example, strange that a system attaching great importance to planning should allow the distribution of its talent among institutes and even geographically to be determined largely by the chance relationships of young men and women still at university with their teachers. There is indeed a danger that if the economic climate in which it operates were more efficient, Soviet science would not be able to meet the challenges that would face it. Moreover, the academy's programme of modest reform (see p. 781) is entirely insufficient to avert that risk.

Here is a brief list of some of the obvious defects of the present system, and some suggestions as to how, in Soviet terms, they could be remedied.

Mobility. Immobility within the Soviet research enterprise is stultifying. Outstanding people may be able to force their way to other institutes or even to persuade the authorities to let them create new institutes of their own, but most working researchers must reconcile themselves to staying for the remainder of their careers at the institutes to which they are first appointed. The University of Novosibirsk is even proud that half of all its physics graduates are still working in the town (most of the rest having been shuffled off into less exalted jobs). There is every reason to expect (and plenty of anecdotal evidence to confirm) that people thus placed are unlikely to be best placed, and are in danger of going to sleep, becoming malcontents or both. Academy administrators, saying there is "no problem", list the schemes by which people wishing to change jobs can, for example, look for others willing to swap apartments (a lottery that may succeed in 3 to 5 years or never). Within its own terms, it is mystifying that the academy does not follow other large employers of skilled labour in advertising all vacancies at all levels throughout its system and arranging that they are filled by merit from among all applicants, providing necessary assistance with relocation.

Deprivation. The days have gone when all practitioners of Soviet science were privileged. Now, only academicians and the similarly placed are privileged. Young people embarking on their careers are especially encumbered by the hardships of daily

Soviet life, but the establishment seems curiously indifferent to their hardship. Those who succeed against the odds are likely to be exceptionally able people (although nepotism may also do the trick, and often does, for friendships forged in adversity endure). But even those ground into the dust by adversity remain on the books. The official view is that, with last year's 25 per cent increase of university salaries (on a par with those of full-time researchers), "we are hoping it is our turn next". Should not a large employer of scientific labour anxious to get the best out of its workforce be more active in seeking the removal of impediments to its efficacy?

Injustice. Thoughtful enthusiasts for *perestroika* say that economic reform may be less urgent than social reform, especially that of the Soviet judicial system. A similar truth obtains within Soviet science. The most obvious cases of injustice are those in which Jewish people who apply for visas to emigrate to Israel usually (but not always) lose their jobs, in flat contradiction of the provisions of the Soviet constitution guaranteeing national equality (where a person's nationality is usually defined by the republic in which his parents were born, but for Jewish people is defined as 'Jew' and so recorded in his internal passport). A more common source of trouble is the arbitrary administration of the system for deciding who shall travel abroad, especially to the West. Although it seems that other government agencies and even organs of the party influence these decisions, they are administered (for academy staff) by the academy, which seems not to appreciate how arbitrariness can corrode morale. Few will deny the Soviet government's right to deny exit visas to some of those who apply for them, or the academy's right to decide when its employees can be spared to travel, but surely the government could insist that its nondiscriminatory laws are obeyed and the academy could arrange that its administration of its relations with the outside world is transparent and fair. The matter is the more urgent because of the shabby treatment of Sakharov in his exile.

Isolation. Much could and should be done to relieve the self-imposed isolation from which Soviet science suffers, and which explains why Soviet science is elsewhere less well respected than it should be. Simple stratagems would help, such as a courier service to the West to circumvent the delays that impede communications with Western journals. (Inward mail can take up to a month to reach its destination.) The bumbledom of the procedures for winning permission to publish abroad (increasingly a formality with *glasnost*) could surely be substituted by an institute director's fiat without compromising the Soviet Union's legitimate interest in commercial and military secrecy. More flexible policies on travel would plainly also help, although it is becoming clear that the cost of travel will be a handicap unless Mr Gorbachev can find a formula for currency reform that gives rubles real value. Other urgent problems of liaison are not even considered yet: what, for example, can be done to connect under-computerized Soviet science with the electronic data networks now well-established elsewhere?

Impoverishment. The performance of Soviet science is sadly hampered by equipment deficiencies on a scale too great to be cured by purchases from abroad, at least while rubles are what they are. Moreover, while the interest of individuals in research institutes is as variable as at present, it would be wasteful to arrange that everybody has the most modern tools for research. In the long run, this serious problem will be solved only when the ills of Soviet industry are cured. Meanwhile, there is an urgent need that the Soviet scientific enterprise should have more natural access than is provided by the often arbitrary allocations of hard currency to the international market in instruments and equipment. Plans that academy institutes with a present interest in the development of equipment should be free to make deals with companies overseas will unfortunately not produce results quickly. The capitalist solution of the problem would be for the Soviet Union to buy an instrument company elsewhere, using it as a means of selling its own designs internationally and using the proceeds for buying what it does not manufacture. Should not the academy be pushing for some solution of that kind?

Mismanagement. The sheer scale of the Soviet research enterprise means that its management must be a complicated task. The need that research institutes must be more self-reliant than in the West, ensuring that there is housing for their staffs for example, is a further complication. In the circumstances, it is inevitable that most attention should be spent on major projects, as in space research, plasma physics or high-energy physics.

By contrast, the management of more routine endeavours tends to be skimped. This, at least, is the best explanation why second-rate projects appear to survive indefinitely once begun, while there is a great deal of needless duplication within the system. (Most biology institutes, for example, support programmes of cell membrane research not easily distinguishable from each other.) It is asking too much of the academicians who function as heads of the academy's 17 divisions to deal with all these issues decisively. For the long run, there may be more promise in the scheme now being tried for supporting research in high-temperature superconductivity by asking interested laboratories to compete for funds. It will be interesting to see how this first national competition for research grants is adjudicated; as things are, the Soviet Union is the only major scientific enterprise in which such competitions do not exist.

Two other structural issues need attention, of which the chief is the conflict of interest arising within the academy's own operations. As things are, the academy is both an agent of research and a group of distinguished people which, naturally, has an important (and apparently welcome) collective influence within the Soviet government. Both functions are important, but not easily reconciled with each other. Saddled as it is with the research organization as it has evolved, the academy is not well placed to diagnose its faults and to remove them. It is also hamstrung by the plain truth that people chosen for their distinction in research are not necessarily able managers of the sprawling research enterprise. In the late 1960s, some academicians argued vigorously against the temptation to let the academy become the Soviet government's ministry of science, but events have gone against them. Now the academy is veering towards the election as academicians of people whose skills are managerial, which in the long run may undermine its influence and its usefulness. Either the academy or its masters should ask whether it would not be more effective if it shed its managerial responsibilities, concentrating instead on shaping the pattern of research, perhaps by the administration of a research grants scheme. Such a move would also diminish the often deadening influence of grand men in the Soviet scheme of things.

A better balance between the universities and institutes in the conduct of research is also urgently needed. The Soviet Union is unique (even compared with China) in its dependence on formal institutes rather than universities as the agents of research. Nobody would suggest that universities should have a monopoly of basic research, but there is now good reason why Soviet universities should have a better crack at the whip. The potential benefits for the quality of students' education should be evident, but it would help enormously to loosen the over-rigid framework of Soviet research if a measure of plurality were built into the system. Part of the present trouble is that the system is literally self-perpetuating: the numbers of young people qualifying as researchers is determined by the academic influence of those already working in the same field. In the circumstances breaking new academic ground is bound to be difficult. It is remarkable that Soviet science has done so well. But would i not be even better placed if young men and women were no committed to some specialized field of science more or less fron the beginnings of their careers? And is this not what the spirit *glasnost* requires?

Soviet academies

Coordination and management

THE Praesidium of the Academy of Sciences of the USSR is housed in the former mansion (now overrun by central Moscow) of a rich iron and steel family, with a handsome cast-iron staircase to advertise the family's wares. Three hundred metres away is a new white sky-scraper (tall by Moscow's alluvial standards), with gilt moulding in a thick band around the top. The academy would have moved to the latter by now had the government not decreed that work on expensive buildings should be suspended.

Is the hiatus symbolic, perhaps of the uncertainty in knowing how *perestroika* will touch the most august of scientific institutions in the Soviet Union? Time, no doubt, will tell. Meanwhile, the academy has embarked on a modest programme of internally directed change.

That the Soviet academy is much more than a means by which distinguished scholars elect others of their kind to join them has its roots in the foundation of its predecessor, the St Petersburg Academy, by Peter the Great. His model was the Berlin academy of the eighteenth century. The academy has been an agent of research from the outset.

Now, with more than 250 research institutes and 200,000 research scientists on its payroll, the academy is not merely the agent of much of the Soviet Union's research effort but, because of its prestige as an institution and the personal influence of its members, has a dominating influence on the whole pattern of Soviet science and higher education. It is no wonder that the 250 academicians are widely respected and recognized as powerful people (but some academicians eschew the second attribute.) In social status, academicians compare with government ministers (of whom there are a great many in the Soviet Union.)

The growth of the academy's influence began with its move from Leningrad to Moscow in 1933, and rests to a large degree on the contribution of many academicians to meeting nationally important goals, the defence of the Soviet Union in particular.

More recently, academicians have played decisive parts in tackling national emergencies (vice-president Velikhov's role after Chernobyl), in shaping the pattern of industry (vice-president Ovchinnokov's influence on the development of biotechnology) and in developing a pacific space programme (as mounted by R.Z.Sagdeev's Space Research Institute).

Now, of course, there are other academies. Those for agricultural and medical sciences are national or "all-union" institutions modelled structurally on the academy of sciences. The fact that the academy was not able to halt Lysenko's influence on Soviet agriculture from his base at the academy of agricultural sciences may have seemed a black mark at the time, but his fall from power can only have helped the academy of sciences.

There are also academies of sciences for each of the fourteen republics of the union (apart from the Russian Republic), with a further 250 research institutes between them. For administrative purposes, the academy split off its Siberian activities into a separate division in 1958, and has created Far East and Urals divisions. Centres such as Leningrad, with a number of important research institutes, enjoy a degree of local autonomy similar to that of, say, the Far Eastern Branch.

Although these separate institutions all enjoy a degree of independence, their work is to a greater or lesser degree coordinated by what is generally called the "big academy", which also frequently takes the initiative in creating the committees coordinating other nationally important aspects of science.

This, for example, is the spirit in which the academy has this year taken the lead in safeguarding the Soviet government's interest in the development of ceramic superconductors. On the grounds that the first need is to understand the nature of the phenomenon, the academy has also broken new ground by inviting applications for research funds from all institutions considering themselves qualified to take a serious interest in the field, universities as well as public research institutes.

According to Dr Arnold Romanov, deputy chief scientific secretary (and a long-standing associate of Academician G.I. Marchuk, the newly-elected president), the new arrangement constitutes "an element of *perestroika*". It is too soon to tell, he says, whether this device for supporting research will be followed in other fields, but the State Committee on Science and Technology must first have a chance to give its opinion on the success of the scheme.

The management of the academy's interest in research is necessarily complicated. The academy is organized into 17 divisions, each of which is in the charge of an "academician-secretary" responsible for coordinating the work of relevant institutes and for organizing scientific committees reporting on special subjects. These, together with the vice-presidents of the academy and some 17 academicians without central executive responsibility, the president and the academician-secretary, constitute the praesidium of the academy, which meets once each week.

Individual academicians belong to one or other of the divisions, and in that role have been able to influence questions such as the appointment of people to fill important posts — directors of research institutes, for example.

The academy's relations with other organs of the Soviet government are also necessarily complicated. The academy is a creature of the Council of Ministers, essentially the executive branch of the government. The academy's work and future plans, like those of other academies, are grist for the mill of the State Committee on Science and Technology.

The academy is also the repository of a number of other important functions — the negotiation of agreements on the exchange of people with its opposite numbers elsewhere, for example. This is the spirit in which an academy delegation will be visiting Britain early in November, and in which a US delegation will arrive in Moscow later the same month. □

Acknowledgements

THIS survey would not have been possible without some of the changes Mr Mikhail Gorbachev has already engineered. The recipe is *glasnost*, meaning "openness", the buzz-word until it was overtaken in the spring by *perestroika*, meaning "reconstruction". (The Russian word for "reform" could have been used instead if it had not been discredited by its use in the early days of the Brezhnev era, now known as the "period of stagnation.")

The writer (John Maddox, editor of *Nature*), was invited to the Soviet Union as a guest of the Academy of Sciences of the USSR (referred to as "the academy" in what follows) and enabled to see what he had asked to see (with the exception of the Physical-Technical Institute in Moscow, said to be in a region of the city which is out of bounds to foreigners, and an appointment with vice-president of the academy, Y. Velikhov, which did not materialize). At no point did an academy scientist obfuscate the answer to a question, which is not to say that there were no disputed answers; some administrators were more reticent. Hotel and travel costs within the Soviet Union were met by the academy; *Nature* will find some way of reciprocating.

No spell of three weeks can condense into 24 pages a measured account of science in the Soviet Union — and this account is deficient in concentrating on the Russian republic (to the exclusion of the other fourteen) and on one of the several agencies responsible for research in the Soviet Union, the Academy of Sciences of the USSR (which is nevertheless the most important).

The writer is particularly grateful to his guides for most of three weeks. They are Professor Maxim Frank-Kaminetskii of the Moscow Institute of Molecular Genetics, a theoretical physicist turned molecular biologist, whose several applications to accept invitations to speak at conferences abroad have been rejected (most recently this summer), and who is Jewish, and Dr Anvar Shukurov, from the largely Moslem republic of Tadjikistan (on the border with Afghanistan), a graduate of Moscow University, and now a member of the staff of the Space Research Institute at Moscow, whose chief interest is in astrophysical magnetic dynamos. □

Academy reform

Modest changes in progress

THIS year will probably see more changes in the academy's way of doing business than there have been for several years. Among other things, steps are being taken to institute a procedure for electing the directors of research institutes and even the heads of institute laboratories.

The academy is falling into line with the Soviet government's prescription that there should be a formal retirement age for public servants. Earlier this year, for example, it agreed that members of its Praesidium should retire at 75 (roughly 14 of 40 exceed this age), but the rule will not be enforced until 1990.

In the same pursuit of youth, the election of new members of the academy due to be held in December will this time fill more places than will be vacated by the death of academicians, bringing the number of academicians up to 250 apart from those who exceed retirement age.

The electoral proposals have been stimulated by the Soviet government's plans for "democratization", and have been circulated to all institutes as a basis for discussion. The intention is that a final set of proposals should be ready for a meeting of the academy on 28 October, and that the new rules should be introduced on 1 November.

The draft reforms, as circulated for discussion, allow for the election of directors and laboratory chiefs every five years. Institute directors, at present nominated by the appropriate division of the academy, will in future be elected by that division from among as many candidates as there may be. Heads of laboratories will be elected by those working in the units concerned. But it is not yet clear whether the choice will rest with all the members of a laboratory's staff or merely with those who are scientifically qualified.

Similarly, it is proposed that some of the members of the scientific councils which formally govern the research institutes should be elected by the whole staff of the institute. One of the difficulties in this set of draft proposals is that scientific councils would become even larger than they are. It is not intended that the director of an institute should cease to be the chairman of his scientific council, while the draft proposals would return the right of appointment of laboratory chiefs to the academy if one of the candidates should be an academician.

Part of the controversy surrounding the draft proposals centres on the suggestion that institute directors should be elected by the appropriate division of the academy, not by the staff of the institute. Incumbent directors seem uniformly unhappy at the notion that their tenure of office is likely to be challenged as a matter of routine every five years; curiously, there is less discontent at the likelihood that they may not be in future personally responsible for the choice of those in charge of their laboratories.

The academy says it has also begun to give some of its institutes (such as the instrumentation institute at Leningrad) the freedom to engage in commercial arrangements with outside organizations. This is consonant with a general recommendation of the government that research institutes capable of making their way in the world by means of contracts with production ministries or individual factories should be required to become self-supporting. But president Academician G.I.Marchuk says that few of the academy's institutes are in that position, and that the government is committed to the continued support of basic research.

On the common complaint by researchers that Soviet research equipment does not compare with that of rival laboratories in the West, Arnold Romanov, deputy chief scientific secretary, acknowledges that there are problems but insists that the academy is not responsible for all of them. Thus, he says, in respect of computer equipment, the Soviet Union's time-lag behind the West arises because "the importance of this field was not appreciated" early enough by other agencies of the Soviet government.

Within academy institutes, researchers complain that the personal computers now coming into service tend to be unreliable; one theoretician with four such machines for use by his group says that he must reckon that at least one will be out of service at any time, partly because of the slow speed of service and partly because spare parts are only acquired with difficulty. But the most common comment on the computer problem, especially from theoreticians, is that the shortage has been a blessing in disguise, providing mathematicians with an incentive to improve on existing computational methods. □

New man in charge of academy

ACADEMICIAN G.I. Marchuk, elected president of the Soviet academy by secret ballot at the end of 1986, is a vigorous man who seems to enjoy his job. His presidency of the "big" academy seems almost a continuation of his long stint as president of the Siberian Division at Novosibirsk, although he spent two years as chairman of the State Committee on Science and Technology between the two posts.

His view of the academy's contribution to the changing climate is also cheerful — it should be the academy's job to identify the fields in which it already has a great deal of expertise and to push these along faster. But he also says that the changing climate should make industry more interested in the results of research, in which case there should be opportunities for the academy network to prosper.

Marchuk does not share the usual institute view that universities are a lesser kind of institution, saying that their staffs are as well qualified as those at the research institutes. The chief difficulty for the universities, he says, is that the production ministries which are the main users of university graduates in science and technology are unwilling to meet the full cost, with the result that universities in general are unable to establish themselves in research.

Marchuk is adamant that Soviet secondary education maintains higher standards than anywhere else "including the United States". Noting curriculum changes in the past decade, he says the objective now must be to strengthen the creative component of secondary education.

Marchuk is not greatly moved by the decline of interest in science and technology among young people, which he thinks "may not be altogether a bad thing". The causes, he believes, are simply that other occupations now offer higher salaries, while the hardships of the scientific life (and the interest of social issues) have inevitably changed the patterns of young people's choices.

Marchuk's arrival in his new office has not delighted all his fellow academicians. Some suspect the new administration's recruitment of what appears to be an alternative secretariat and are irked by the difficulty of reaching him informally by telephone. No doubt the greatest difficulty, at a time when change is almost a necessary precondition of self-respect, is to judge the pace and even the direction correctly. If anything, Marchuk may be over-cautious for the times. □

Government machine

Why the party calls the shots

MANY anti-communists in the West say that they would forgive the Soviet Union everything were it not a one-party state; only the Communist Party participates in elections. But the genteel sentiment that the system might be changed from within if the Communist Party were defeated at the ballot-box entirely mistakes the significance of the October Revolution, whose 70th anniversary is next week.

Remember the slogan "dictatorship of the proletariat"? How could it be assured that this hard-fought principle would continue to obtain if parties hostile to the principle were able to win power? Exactly similar fears of constitutional subversion have, from time to time, been used to justify the banning of communist parties in the United States.

Even so, people from the West must repeatedly remind themselves of this reason for the unfamiliarity of the Soviet system of government. The Communist Party (the "party" in what follows) is the inheritor of the revolution. Organized locally, regionally and centrally in a manner that exactly parallels the organization of local and national government, the party determines policy and monitors its implementation by the organs of government at all levels.

At the national level, the crucial organ of the party is the Central Committee. Its 300-odd members are elected every five years by the regionally representative party congress. Its staff of officials is the day-to-day monitor of the work of government and other public institutions (such as national newspapers and state-owned factories).

The executive committee of the Central Committee is the Politburo, whose 13 full members are inevitably powerful people. (One was retired last year.) It is natural that the general secretary of the party, now Mr Mikhail Gorbachev, while nominally first among equals on the Politburo, should be the dominant political figure in the Soviet Union: he controls the party machinery.

Local and regional party secretaries enjoy a similar kind of power within their own spheres of influence, and may exercise it arbitrarily or even corruptly. These are the grounds on which the senior party officials of the Asian republic of Khazakstan were replaced, earlier this year, by people nominated from Moscow.

Part of the objective of Mr Gorbachev's proposals in 1986 that there should be a choice of candidates in the election of local and regional party officials (by party members) is meant to weaken entrenched power at these levels in the hierarchy. His proposals for the 'democratization' of public enterprises, allowing workers in state-owned factories to elect their directors, would similarly ensure that local party organs do not have undue influence of appointments.

While the party and its organs are the repositories of political power, they have no legislative or administrative competence. At the national level that rests with the Supreme Soviet and the Council of Ministries (with a prime minister and too many ministers) respectively. Plainly the system would not work at all if certain key ministers (those responsible for foreign affairs and defence, in particular) were not also members of the Politburo.

The Supreme Soviet is a scrutineer of government legislation much as is the House of Lords in Britain. This machinery of government is mirrored in the arrangements at regional and local levels; ordinary people who are not party members have a vote for the membership of the local soviet, and are also now to be offered a choice of candidates.

Both the Academy of Sciences of the USSR (directly dependent on the Council of Ministers) and its analogues in the fifteen republics have traditionally been jealous of their distinctive procedures. Academicians and their officers are elected by the membership in secret ballot. Those seeking to be members or corresponding members of the academies may apply for vacancies in particular disciplinary divisions, but may also be nominated by the membership.

In principle, neither academicians nor academy officials, institute directors for example, need be members of the party, but practical considerations argue otherwise. First, party membership constitutes a kind of character reference. Second, a person with executive responsibility such as an institute director might well find himself at odds with his local party organization over policy were he not in a position to influence party opinion — though the other side of that coin is the risk of becoming a prisoner of unwelcome local party prejudices.

There is no doubt of the party's obtrusiveness even in administrative matters. In Leningrad, for example, the party takes the view that no institute scientist should make more than one extended visit overseas in any year. But party membership, increasingly a privilege, extends to only 10 per cent of the adult population.

There is nothing in what Mr Gorbachev has been saying in the past two-and-a-half years to suggest that he has doubts that the party should be supreme. *Perestroika* is about making government more efficient and the party more democratic. But it could emerge that the influence of the party on public (and even private) life could be modified without being accused of betraying the revolution. □

Press freedom

Glasnost may be only paper-thin

A FREE press is a remarkable thing. Most governments do not put up with the trouble of allowing one. The Soviet government just now is somewhere in between, recognizing that public discussion of important issues may be an indispensable curb on the entrenched power of local and regional party bosses, but still unsure how far *glasnost* should be allowed to go. Time will tell.

In the narrow sense, *glasnost* is an experiment being conducted jointly by the Soviet government and the Soviet press. The censors, who have kept their jobs, still see everything about to be published, but comment only if matters of 'national security' (whatever they may be) arise. The general press is still trying empirically to find out where to draw the line, which makes its exercise of its new freedom tentative and cautious.

MOSCOW NEWS

A difficult breakthrough to a world without medium- and shorter-range missiles

How to transcend the traditional holiday

UP THE GLASNOST STAIRCASE

Moscow News, *the Soviet tabloid making waves.*

In retrospect, *glasnost* may be a consequence of the accident at the Chernobyl nuclear power station in April last year; 280 million citizens (not to mention neighbours) had to be reassured. In August that year, Mr Igor Yakovlev was appointed editor of *Moscow News*, a weekly previously put out through Intourist hotels to help tourists decide how to fill their time.

Moscow News is now a very different tabloid, bursting at the seams with political matters. Sales of the Russian-language edition (on Tuesdays) bump up against the ceiling of 250,000 copies supposedly set by the capacity of *Moscow Pravda*'s presses. Exact translations appear in half-a-dozen other languages on Thursdays. Its partner as the spearhead of *glasnost* is the

Censorship makes headlines in *Ogonyok*

In at least one crucial respect, *glasnost* has brought a change of policy on the censorship of journals such as *Nature*. The old practice of photocopying the journal ceased when the Soviet Union signed the International Copyright Convention two years ago. Then selected news articles from individual issues would be omitted from the Soviet version.

Until February this year, some copies of *Nature* received from Britain would be censored before reaching library shelves, in at least some institutes by removal of entire pages carrying offending articles. Brief inspection suggests that the censorship was not especially subtle; articles critical of the US Strategic Defense Initiative seem on some occasions to have been removed, for example. Much the same seems to have happened with the comparable journal *Science*, which is reproduced under licence in the Soviet Union.

Why and when the practice ceased is not especially clear. At some institutes, all copies of *Nature* appearing since February have been left intact, but photocopies of contents pages distributed by the Institute of Scientific Information of Philadelphia carried blacked-out entries as recently as April. Academician V. Goldanskii has brought the issue to the attention of a wider public in a letter printed in the widely read weekly magazine *Ogonyok* ("Little Flame"). Is he pushing at an open door? □

weekly general-interest magazine *Ogonyok*, which (among other things) serializes previously banned literature, but which published a protest by Academician V. Goldanskii at the Soviet practice (now apparently defunct) of censoring the content of journals such as *Nature*.

It is significant that the deputy editor of *Moscow News*, V.A. Buzchkin, should have acknowledged earlier this month that even his courageous editor will telephone some official at the Central Committee before running controversial matter. But the precaution is not always a safeguard; when *Moscow News* last month published an obituary of a Soviet emigré writer, there seems to have been a row between the editor, Mr Yakovlev, and Mr Igor Ligachev, number two in the Politburo after Mr Gorbachev himself.

Questions of the administration of science are now being discussed in the general press. Last month, for example, *Literaturnaya Gazeta* published a protest at the academy's failure to decree that even institute directors should be freely elected by secret ballot (see *Nature* **329**, 193; 1987). At about the same time, *Moscow News* on 5 October, referring to an earlier article asking why the Soviet Union derives so little benefit from its huge investment in research, concluded that matters would be improved if factory managers used market principles to commission research and development directly from research institutes of their choice, instead of having to go through the central bureaucracy. The previous week, the newspaper had given a graphic account of the circumstances (see p. 794) leading to the closure of the economics institute at Baku by the Minister of Higher Education. (The institute was shot through with nepotism in both the appointment of teachers and the award of degrees and diplomas.)

Despite this heady stuff, the academy's own science publications such as *Priroda* (which means "Nature"), *Science & Life* (with sales of more than 2 million copies a month) and *Chemistry & Life* (more than 200,000 copies) have so far not been much changed. Moreover, while the general press is still tentatively exploring its new hunting ground (and the limits of its freedom), its coverage of professional issues is at best fitful.

This is *glasnost* in the narrow sense. Beyond journalism, the general lifting of restraint in private conversation may in the long run be more important. People say that colleagues still harbour some of their old caution in dealings with each other. It is understandable that many may find it easier to talk openly to foreigners, but this foreigner encountered only half-a-dozen people in three weeks who were evidently telling sugar-coated tales. One, explaining why *glasnost* had not affected his behaviour, said "I've always said what's on my mind, but that doesn't mean that I tell everything that's there".

Even so, the optimists believe that *glasnost* has now gone so far as to be irreversible. They rely on the principle of the Tree of Knowledge. Pessimists, many of whom are also optimists, note that the censors are still at their posts, ready to pick up their telephones at short notice.

It is relevant that many of the administrative controls on the freedom of Soviet citizens also remain in being. Internal passports must be shown repeatedly, Soviet citizens are arbitrarily prevented from entering the hotels set aside for foreigners. Leaving the country even briefly remains a major undertaking. Incoming mail is still censored. External communications are difficult and slow. Even in foreigners' hotels, the only English-language periodicals available are the British Communist Party newspaper *Morning Star* and its equivalents from other European countries.

Glasnost, meanwhile, has lifted the spirits of scientists in the Soviet Union. Many are childlike in their enthusiasm for a more open press. Few have yet learned that *glasnost* is also an invitation for them to speak out. □

Perestroika

Economists come in from the cold

THE question "What are you doing for *perestroika*?" may be a reporter's cop-out, but not the less useful on that account. Most researchers in the natural sciences reply by saying that they continue to work hard in their laboratories, believing that to be the best contribution they can make. Occasionally they go on to say what they hope *perestroika* will do for them (make it easier to buy a cooperative apartment, for example).

Although the intellectual community seems solidly supportive of the prospect of change, the new climate seems not yet to have reached the point at which more than a handful of researchers believe they can by persuasion improve the conditions under which they work.

But that is not true of economists. The changed climate has brought them out of the shadows in which they have been hidden since Lenin's New Economic Programme of the early 1920s. That was the period of emergency when entrepreneurs were allowed to make profits, sometimes with the help of Western capital.

Western economists are forever saying that their forecasts are unreliable because their assumptions are necessarily assumptions about human behaviour, in its nature unpredictable. They may be chastened to know that there are many in the Soviet Union who believe that the Soviet economy responds only slowly to stimulus because of a unique and admonitory influence on the behaviour of would-be risk-takers in the Soviet Union: when Stalin unwound Lenin's New Economic Programme, he arranged for many of those who had prospered to be shot.

But Soviet economists seem now prepared to take a chance. The best-known of the adventurers is Academician A.G. Aganbegyan (see p. 800), who seems well on the way to having a mathematical model of *perestroika*. Dr Andrei Belykh, of the University of Leningrad, while sharing the general enthusiasm for change, stresses that excitement about the prospect of change is not new in the Soviet Union.

Did not both the Khruschev and Brezhnev eras begin with promises of economic growth? He also notes that the first of Brezhnev's five-year plans (1965–70) was the only plan since the revolution to show an acceleration of the annual rate of economic growth, which otherwise has usually worked out at between 3.1 and 3.3 per cent. Surprisingly, he also refers to a paper by Stalin in the early 1950s ("The problems of Socialism in the USSR"), which tacitly acknowledged that prices must be some-

how linked to costs. Brezhnev's reforms of the 1960s failed, he says, because they were exclusively economic.

According to Belykh, the immediate economic goal of *perestroika*, that of moderating consumer subsidies and allowing salaries to rise in compensation, has been on the planners' agenda for well over a decade. Of the logic, he says, there is no doubt, but the speed of change remains in doubt.

Aganbegyan has been saying that an economic relationship between costs and prices should be in place by 1991, but Belykh believes that may not be feasible. The immediate difficulty is that Soviet economic statistics are inadequate for an accurate calculation of the trade-off. "It would be unwise to say that our statistics are in an exceptionally good condition."

The extent to which the lack of statistics may cramp Mr Gorbachev's economic reforms may not yet be fully appreciated in the West or even in the Kremlin.

Although the Soviet government has access to a wealth of data about the production of goods of different kinds, there is no means of telling how people's patterns of consumption would change if prices changed. In a capitalist economy, this would not matter; the market would bring equilibrium. The danger, in a planned economy is that ignorance may breed inaction.

Belykh is also open-minded about the likely consequences of the process of democratization, the election of factory and other managers; "the proof of the pudding is in the eating". If the new system does not work, "we'll have to find another", he says. Nobody can tell what the future holds.

But there is one certainty, in Belykh's opinion: the Soviet Union will never countenance unemployment. But it may at some stage be prepared not to pay high wages to those who do not wish to work, allowing only the productive to share in rising prosperity. Some would say that is a prescription for a welfare state British-style (*circa* 1968).

Meanwhile, it seems that academic economists are being consulted again by government at all levels. Belykh believes, moreover, that he and his colleagues have a great deal to contribute. The trouble, it seems, is that the pace of change dictated by political considerations may be too quick. □

Superconductivity catches *Pravda's* eye

On "Scientists' Day" in April this year the Soviet Union's contribution to the research topic of the moment was reported in glowing terms. Since then, the academy has broken new ground in its mechanism of research grants from its own institutes and other research institutions. Scrutineers say that one award will certainly go to the institute at Tomsk (Siberia) that has succeedeed in making twin films of ceramic materials.

ПРАВДА

Сегодня—День советской науки

ПРОРЫВ В СВЕРХПРОВОДИМОСТЬ

А. ПОКРОВСКИЙ.

Fiscal facts

Money means more to capitalists

FOREIGNERS, the Soviet term for people from elsewhere, should beware of the Soviet concept of money and of the frequently arbitrary values attached to it.

At the official counters, £1 will buy 1.05 rubles; $1 will buy 0.65 rubles or 65 kopeks. But the equivalence is entirely artificial. One can travel 30 km on the Moscow metro for 15 kopeks, buy a decent breakfast at a hotel buffet for about a ruble or a good seat at the ballet for less than 3 rubles. Domestic air travel is cheap (100 rubles will take a person from one end of the Soviet Union to the other) but tickets hard to purchase; ordinary travellers are allocated seats only when official travellers and tourists (who pay more) have been accommodated.

But some things cost more than elsewhere. International telephone calls to a nearby country such as Britain seem to cost about six times the external rate, and Russian vodka is about the same price in Moscow foreign currency shops as in highly taxed Britain.

Part of the explanation is the Soviet Union's way of socialism. The necessities of life are sold to Soviet citizens at subsidized prices (to which foreigners are properly denied access by an artificially high exchange rate), but luxuries are charged for through the nose, so only foreigners can afford them.

That the exchange rates are artificial is tacitly acknowledged by the procedure under which Soviet citizens with foreign earnings, say from authorship, are allowed either to keep them in a special bank account against future foreign journeys or to convert them, at a ruble rate of 4.6:1, into 'checks' used for the purchase of luxury goods. The checks are convertible (but illegally) into paper rubles at the ratio of 1.7:1, suggesting a 'market' conversion rate of 8 rubles to £1 or thereabouts.

The other side of this coin is that employment is also rewarded cheaply. Wages and salaries are uniformly low. Moscow bus-drivers now earn 350 rubles a month, more than twice as much as 'junior scientific workers' (people with the Soviet equivalent of a PhD at the beginning of their careers). Senior scientists with a BSc may earn 500 rubles a month. Members of the academy earn an extra 500 rubles on that account and a further 150 rubles a month if they become members of the academy's praesidium.

If the objective were simply to match low prices with low salaries, nobody would complain. What Soviet citizens do complain about is that there is little in the shops they want to buy, while services (such as restaurant meals) are almost equally 'unavailable'. The result is that many people have money in their pockets (or in savings accounts earning 2 per cent interest), but are perpetually frustrated by the lack of material goods or even of good food and drink. The free markets for high-quality vegetables and better-quality clothing in the large cities seem not to have dented this mismatch between the over-supply of money and the frustrated demand for goods.

Not that young people share this view. Their chief discontent is housing, or the general lack of it. Nominally, housing costs are low. A rented municipally owned apartment will cost a few rubles a month, the purchase of a share in a cooperative apartment block somewhere in excess of 1,200 rubles and a privately owned house (there are such things) ten times (or much more) as much.

The snags are that waiting lists for municipal apartments are several years long, at least in the major cities. The allocation systems are skewed in favour of party members and other dignitaries and even the apparently modest cost of cooperative apartments is beyond young people with only modest savings or with-

out indulgent parents. Motor cars seem further beyond reach.

There is no mechanism for providing private persons with consumer credit. As a consequence, the Soviet government cannot control the level of personal consumption by controlling interest rates, a device considered essential by Western governments. So, in Western terms, the Soviet Union is in perpetual deflation; the money that people save under their mattresses against an uncertain future is money taken out of the economy.

This state of affairs is distinctive to the Soviet way of socialism. To make life's essentials (food and housing) and good things (books and ballets) cheap may ensure that they are in principle available to all (but then there may also have to be an allocation system, which may be operated unjustly). The economic costs of these subsidies are sometimes (as with the Leningrad metro) never calculated. Sometimes, subsidies are not rationally related to each other, so that people empty the bookshops of books they will never read or (in the country) feed 15-kopek-a-kilo bread to livestock.

That this system has required the Soviet Union to insulate itself financially from the outside world, making the ruble unconvertible against Western currencies, always an administrative nuisance, has become an economic burden.

Mr Gorbachev's still undefined programme of reform will be incomplete without some kind of monetary reform. He told a group of workers at Murmansk just three weeks ago that prices would have to rise. The planners are apparently looking for ways in which salaries will also rise in compensation, but it is difficult to see how that can be done equitably. Mr Gorbachev will probably have to invent a domestic banking system.

One of the obstacles seems to be lack of economically significant data. Not that the bureaucracy is short of numbers; the problem is to relate them to economic costs. Another is the Soviet attitude towards money, which long predates the revolution: as one distinguished Soviet scientist said, tongue in cheek, "we are supposed to devote ourselves to science, and to believe that brings its own rewards".

This other-worldliness seems to have led to the view that money is merely a way of simplifying the old barter system, and that it is an inappropriate measure of economic costs and benefits. The directors of quite large enterprises are often surprisingly vague about the details of their budgets; is it any wonder that the all-powerful party, working on the principle that the government is merely its servant, will often will the end of great objectives, leaving the bureaucrats to find the financial means? Mr Gorbachev will have to create a tough-talking treasury department at some stage. □

Great men and barons

Differences of style in science

EVERY Wednesday morning during the academic year, Academician V.L. Ginzburg, just turned seventy, opens his public seminar at the Lebedev Institute in Moscow. Anybody is free to attend. By everybody's account, it is an occasion of a kind unknown in the West. Ginzburg says what he has found interesting in his reading, other people do the same and then the discussion centres on some subject on which he has something special to say. That may be any theoretical topic in physics, but given Ginzburg's special interest in superconductivity, the discussion these days is usually about the mechanism of superconductivity in the new ceramic materials — and the audience frequently overfills the institute's largest auditorium. Each seminar finishes promptly at one o'clock.

This occasion says something about the distinctive style of Soviet science. The great men diligently practise the socratic method, willingly walking the tightrope of unscripted public discussion with their senior colleagues for the benefit of students, living by their wits in public. Their model is the late Lev Landau, tragically incapacitated in a motor crash, who died in 1968, leaving behind what is regarded as a masterpiece of a textbook.

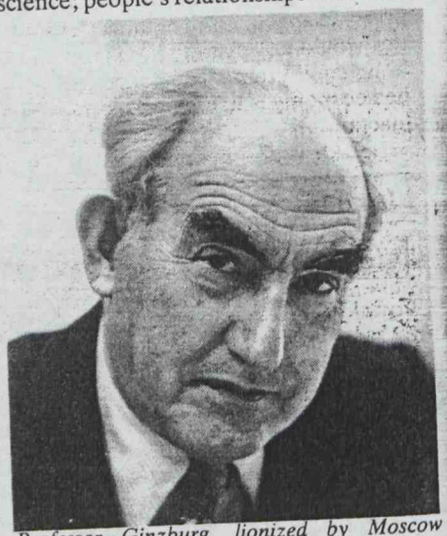
There may be a handful of people in the Soviet Union who can sustain such an ordeal. Another, for example, is Academician Ya B. Zeldovich, with Sakharov responsible for the Soviet hydrogen bomb, who conducts a weekly three-hour seminar on astrophysical topics. His students are told they must attend even when they know too little to follow the proceedings. Sooner or later, they will be asked to discuss a paper Zeldovich considers important at the following week's seminar.

It is no accident that these best-known seminars are by theoretical physicists, for their field is both that at the pinnacle of Soviet respect for science and the starting-point of the education of a large proportion of all Soviet scientists. It is the basis of the reductionist style of Soviet science: is not 'making science' for explaining the real world in terms of elementary concepts, after all?

So the ideal piece of work is a fresh hypothesis, a theoretical exploration of its consequences and a conclusion that coincides with observation or, sometimes, merely common sense. Even those working in much more empirical fields, instrument designers for example, worry away at the details of the principles on which their instruments are designed. There is no reason to believe that easier access to first-class equipment would change this way of working. There are obvious benefits in a system ensuring that many experimentalists have a strong background in theory. The benefits for reporters are considerable: people's explanations of their work begin at the beginning.

One side-effect may be the reason why many Soviet papers appear excessively theoretical to Western readers (and journals). The same tradition, largely a successful one, also colours the way in which students are taught. Nobody should be surprised that the introductory mechanics course at Novosibirsk State University begins with special relativity, for example. Another incidental consequence is that Soviet molecular biology is well populated by migrants from the physical sciences (chemistry included).

Two other features of the system further help to make the Soviet style distinctive, of which the most significant must be the intense personalization of Soviet science; people's relationships with others



Professor Ginzburg, lionized by Moscow society and, coincidentally, coauthor of a paper in this week's Nature. *('Cosmic rays and gamma radiation from the shell of supernova 1987A', page 807.)*

— teachers, students, co-workers, not to mention institute directors and academicians — appear more obtrusive than in the West. In part, this seems to be because of the way that, in such an army of researchers, strength of personality seems to be a necessary (although not sufficient) condition for success.

The immobility of the system, which binds groups of people together for years on end, and the way in which the educational system attaches young people to particular scientists from a relatively early age, reinforce the personalization of research. After three years of university education, good students enter an academy institute (less good students enter less

highly regarded institutes or even teacher training institutes) and, after a further year may be attached to a particular senior person. The better they are, the more likely it is that their relationships will persist — perhaps for a decade or more.

One gossipy result is that people surprisingly often know that some rising star was a "pupil of so-and-so". Another is that great men tend to accumulate extensive groups of long-term collaborators, possibly straddling several institutes, which then become 'schools'. The prizes, for those at the hubs of such networks, are the opportunity to be productive, the intellectual reputation that follows and even the chance to set up a separate institute.

People like Ginzburg and Zeldovich, knowing the respect in which they are held, can afford not to allow external responsibilities to distract them from research. (Ginzburg, for example, hopes to take advantage of the new rules in the academy to cease being head of the theoretical physics laboratory at the Lebedev Institute early in the new year.) Even so, for people of distinction, teaching responsibilities can be onerous.

The darker side of this tendency for important men (and a few women) to occupy dominant places in the pattern of Soviet science is the temptation for people who are less than sure of themselves intellectually to simulate the pattern characteristic of success by the accumulation of public offices — memberships, or chairmanships, of academy and government committees, posts as editors of journals and the like. This pattern is well described by a passage from a complaint in *Moscow News* from one Sandro Belotsky, a physician, at the growing importance of the "science manager" in the Soviet Union.

> It is no secret that, in this country, promotion is dependent on the individual's social activity. There's nothing fundamentally bad about it, but the system does have one flaw: an active worker inevitably accumulates duties, which inevitably become posts. As a result, the director of an institute may at the same time be the head of a [university] department. . ., an academician, a member of the learned council of a ministry, the editor-in-chief of a scientific journal, chief consultant to a ministry, the chairman of a board of directors and member of the higher competence test commission [awarding higher degrees]. . .

Power-brokers of this kind do seem to play an influential part in the affairs of Soviet science. They are in no sense incompetent people but, rather, are often good scientists. But they can frequently be over-stretched and, in that condition, locked into symbiotic relationships with dependent henchmen in the discharge of their responsibilities. In the pursuit of loyalty and the discouragement of disloyalty, power may be exercised arbitrarily. Often, the barons are powerful enough to fight through the bureaucracy to accomplish tasks on behalf of science that would be beyond ordinary mortals. Lysenko was such a person.

This phenomenon is not exclusive to the Soviet Union, of course; the late Detlev W. Bronk, the first president of the Rockefeller University in New York, was such a person. But power-broking on this scale is less common in the West than in the Soviet Union, perhaps because of the hierarchical character of the Soviet system, perhaps from tradition or perhaps because, until recently (but see p. 782), advancing age has not been a bar to public office. As everywhere, the phenomenon is particularly distressing when it leads great men to scientific folly, or to add their names to the better papers of their junior colleagues. □

Moscow's environs

How to beat the bureaucrats

PROFESSOR Anatoly Logunov, rector of Moscow University, a vice-president of the academy and the chairman of the council that calls the shots at the high-energy physics research establishment at Serpukhov, asks a simple question: "What would you do with the more than a hundred research institutes in the Moscow region, each with between 100 and 150 people, with few PhD scientists and with an investment of a few hundred rubles per scientist?" Why not shut them down? Logunov shrugs his shoulders, mentions the difficulties and refers to the "bacillus of inability" that afflicts the Soviet Union.

Logunov was referring to research institutes of agencies other than the academy. His question was a rhetorical reply to the question how the academy itself would improve the quality of its own substandard research institutes. An impatient man, he made no secret of his own wish to see some action — not the "illusion of action" that had become fashionable during the Brezhnev "period of stagnation". Given the chance, he too would shut down all these institutes.

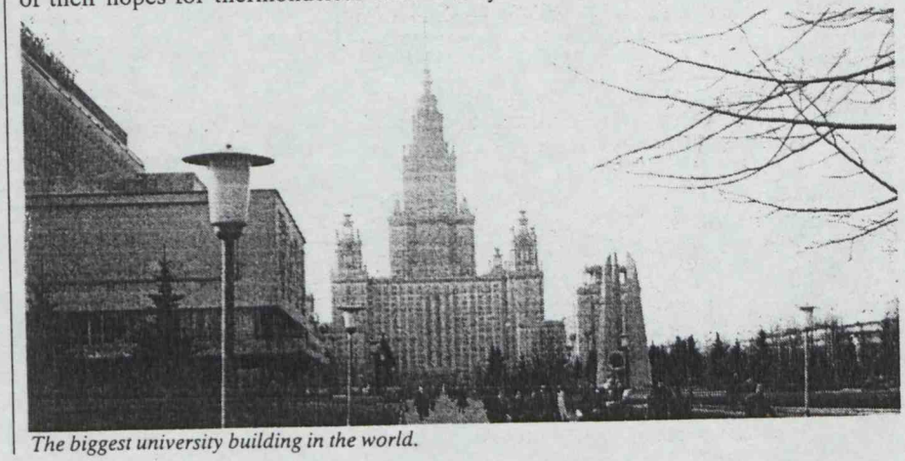
In many spheres of Soviet life, Logunov believes, the "bureaucrats have become more powerful than the directors" or policy-makers. He offers the academy network, and his own efforts to persuade the Central Committee to sanction Serpukhov's new machine, as an illustration of how determination can cut through bureaucratic fog.

Earlier, Logunov (now 60) had sounded vaguely defensive on the issue whether the academy should enforce its new strict rules on the retirement from public office of ageing academicians, explaining that "that would soon affect me" and that people were naturally tempted to believe that, the older they became, the wiser their decisions must be.

He is surprisingly outspoken about the universities and military service, even though science students at his own university are exempt from the Army. He would like to see the system of conscription changed for other institutions as well.

Logunov is a veteran of the famous visit to Britain by Kurchatov in April 1956, at which the Soviet delegation gave the news of their hopes for thermonuclear fusion. He is now temperately resentful of the way in which journals in the West, and especially those who act as referees for them, deal with articles submitted from the Soviet Union. As power-brokers go, Logunov is among the most congenial. Given the chance, he would make Soviet science much more efficient. But he has recently blotted his copybook with his less worldly colleagues with what is held to be an eccentric theory of gravitation offered as an alternative to Einstein's general theory, from which black holes among other things are abolished.

There has been much controversy since an account of the theory appeared in *Science & Life*; a more formal version appears in the proceedings of the VIIth international symposium on high-energy spin physics, at Protvino a year ago, and now published (Serpukhov, 1987). Some fear Logunov might become the physicists' Lysenko, but that seems improbable. □



The biggest university building in the world.

Sakharov

No more fences about Sakharov

ANDREI Sakharov is a saint, his friends say, but he is a saint in crumpled trousers, a well-used lumberjack shirt and a kind of cycling jacket made of wine-red velour which he wears open at the neck. It is easy to forget that he was the one who, with Ya B. Zeldovich, sketched out the principles on which Soviet hydrogen bombs were developed when he was a mere 32, and that he made his first protest about the international arms race as far back as 1961.

Since Sakharov and his wife Elena Bonner returned from his seven-year exile in Gorkii in December 1986, they have lived in an apartment near the Kurskii Railway terminal occupied by Mrs Bonner's mother, who spent part of her daughter's exile in the United States, but who has now returned.

Sakharov and his wife are late owls. He works at the Lebedev Institute, all day, relaxes over dinner, and then starts work again at nine o'clock or so. IBM may have influenced his working pattern by equipping him with a late-model personal computer, complete with one of the few personally owned printers in the Soviet Union.

Sakharov and his wife, Yelena Bonner, soon after hearing that their seven-year internal exile was to end.

Sakharov appears entirely without guile, willing to tackle even the most direct questions directly. It is almost as if he feels he has an obligation to answer any question put to him. He likes to develop his opinion, which is natural enough in one kept to himself for seven years. His friends offer a running commentary on what he says and his wife makes splendid coffee in the tiny kitchen in which people also eat.

Sakharov is, to say the least of it, disappointed that his fellow academicians did so little to help him during his exile. It would not be an exaggeration to say that he is bitter about the whole business. It is particularly hurtful to him that four members of the academy should have denounced him vituperatively in a letter published in the newspapers. He can understand why Academician G.K. Skryabin, the academy secretary, signed the letter, but why should A.M. Prokhorov, otherwise a decent fellow, have added his name?

Another source of discontent is that there is no sign that the authorities plan to return the medals he was awarded (with Zeldovich) for his work on the development of nuclear weapons, of which he was stripped at the outset of his exile. Zeldovich, sporting an exactly similar set of medals on the first day of the sputnik celebrations earlier this month ("We were told to wear them"), explained their absence on the second day by saying "How can I wear them in the presence of Sakharov, who is equally entitled to them?".

Sakharov is also mildy resentful (but not particularly surprised) that the video film of him in apparently good health, which was widely distributed in the West in the months before his exile ended, had been made by the use of the "candid camera" techniques of hidden cameras.

On the state of Soviet science, Sakharov says it is no surprise that theoretical research is stronger than experimental work; the shortage of equipment is a sufficient explanation. But he agrees with the opinion of another guest that Soviet physicists often drop projects when it would be more profitable to follow through, as with the discovery of superfluidity in liquid helium-III in the past decade.

He is also worried by the wayward tendency among Soviet scientists to follow eccentric leads and also to tolerate eccentric leaders, of whom Lysenko ("far from being a simple fool") is the best known.

Sakharov recalls with a blend of wonder and amusement the troubles in the early 1950s over the interpretation of quantum mechanics; Bohr and all his works at Copenhagen were then roundly condemned as idealists (then a term of abuse) by people such as Terletsky and Ivanenko. In the end, it took the intervention of Kapitza to quash the dissident movement. Now the Soviet scientific community as a whole is probably too jealous of its reputation elsewhere to tolerate waywardness on a scale that matters.

The need now, Sakharov believes, is for more durable contacts between the Soviet Union and the outside world — "uncontrolled migration", he calls it. But creative contact with the outside world cannot be maintained by "business trips" and, it goes without saying, "those who are invited" from elsewhere "should be those who are sent". "Nobody can tell who will bring the new ideas".

On the future of arms control, Sakharov is surprisingly cautious. He supports Mr Mikhail Gorbachev's initiatives, but emphasizes that the motives are domestic, mostly economic. "He has to release resources." He welcomes the prospect of an agreement on missiles of intermediate range, but is anxious that this should not provoke a loosening of US influence or a decline of US interest in Western Europe. (Mrs Bonner quickly dismisses as a "Western idea" the suggestion that the other side of that coin might be lessened Soviet zeal in controlling what happens in Eastern Europe.)

Sakharov is looking for other kinds of international agreements, not yet much discussed. On the grounds that the world will need nuclear power for the next century, but because of the consequences of the accident at Chernobyl, he would like to see an international agreement to put all reactors underground. He would also like to see a comprehensive test-ban, to which there is now no obstacle.

Sakharov's release? Mikhail Gorbachev's call with the good news came on a newly installed telephone.

For the rest, in this small kitchen to which the whole world seems to be beating a path, there is some casual conversation about general relativity, speculation about what may lie beneath, or beyond, the much publicized row between a member of the Politburo and the editor of *Moscow News* (see p. 783), one copy of which is passed round the table.

Only when trying to persuade a taxi to go in the right direction did our fellow guest explain that he had not visited the Soviet Union (where he had been born) since Sakharov was locked up. "He really is a saint", he said.

Sakharov may be glad to be away from Gorkii, but is not now cheerfully looking forward to an unclouded future. There may be promise ahead, but there are also great dangers, especially for saints. □

High-energy physics

Friends in high places

HIGH-energy physics is riding high in the Soviet Union, since the Central Committee announced on 17 July that the government would indeed provide the funds (in round numbers, 1,000 million rubles) for building a superconducting 3,000 GeV (3 TeV) proton accelerator. Eventually, the machine may be capable of engineering collisions between protons each of which carries 3 TeV of energy.

The result is that the management of the institute has been galvanized by the transition from exploratory work on the new machine to detailed preparation for the long haul ahead. (The first phase of the new machine will not be commissioned until 1993.)

Several kilometres of the 21-km long tunnel, at 5-m diameter big enough to take a single-track metro railway, have already been excavated. But the most urgent need seems to be that of housing the extra workforce being recruited, with the result that much of the site, splendidly landscaped with the mixture of birch and pine that makes people weep for Mother Russia, has been turned into a quagmire.

One remarkable feature of this development is that it appears to have been decided without the arguments there would have been in Western countries about the relative benefits of investment in high-energy physics and in other fields of science.

The Central Committeee, although not noted for its knowledge of high-energy physics, apparently shares the institute's view that all fundamental science is important, that high-energy physics is especially fundamental and that big machines are both a spur to technological development and a means of attracting international collaborations. Last July's decision seems to be yet another illustration of how decisions on major projects in the Soviet Union are made at a higher level than that at which funds must be provided.

Understandably in the circumstances, there is some amusement at Serpukhov, 90 km south of Moscow, that a decision is still awaited in the United States about a site for the Superconducting Super Collider, and that Britain appears to have cold feet about continued membership in CERN, the European high-energy physics laboratory at Geneva. No doubt it helps that the Institute of High Energy Physics is a dependant of the State Committee for the Utilization of Atomic Energy.

The plan is ambitious, but based deliberately on cautious engineering. The circular tunnel may eventually accommodate three accelerators. For the time being, funds have been approved for two of these, a 400 GeV accelerator (with conventional magnets, now called 'warm') and a 3 TeV machine with superconducting magnets. The institute will go back to the government in time for a decision five years from now on the installation of a second superconducting accelerator.

Interestingly, not everybody is persuaded of the wisdom of this strategy. At the end of last month, Professor Nicolai Dikansky, from the nuclear physics institute at Novosibirsk (see p. 790), broke a journey to California to visit Serpukhov so as to urge the planners that they could do without the second superconducting ring by relying on the techniques of electron cooling to accelerate antiprotons as well as protons in the first ring.

Professor Victor A. Yarba, vice-director of the institute, says that the argument has been settled, and that Serpukhov has decided to build a machine it knows will work. But there is every likelihood that the argument will continue. Five years is a long time, even in high-energy physics.

Whatever the outcome, the existing 70-GeV proton accelerator will be upgraded, by replacing the vacuum chamber, reducing the operating vacuum and replacing the injector, to secure a fivefold increase of the number of protons in each 8-second cycle. (Each bunch will contain 6×10^{14} protons.) Bunches from this machine will then be fed into the warm ring in the large tunnel and accelerated between 400 and 600 GeV, transferred to the superconducting ring and accelerated to 3 TeV.

As with all synchrotrons, each fully loaded ring will be able to function as a storage ring, keeping bunches intact for use over a period of some hours. Collisions between particles will be arranged by extracting appropriate bunches and bending their paths by means of electromagnets over a distance of 250 m or so, but the complications of that arrangement will no doubt be more clearly in the minds of the machine-builders in 1993, when the new machine is due to be commissioned.

More immediately, people are much more preoccupied with the manufacture of the superconducting magnets, each of them 6 m long. Some 2,000 will be needed if both superconducting rings are built. The ring design supposes a field strength of 5 tesla (50,000 gauss) in the vacuum chamber from conventional (not ceramic) superconductors. The windings are embedded in resin and baked; the designers hope that they will then retain their positions to within 25 μm, essential if departures from uniformity of the magnetic field are to be kept to within one part in 10,000. These assemblies are then embedded in stainless steel and the whole is prestressed in a hydraulic press built in the institute's workshops.

Industry, says Yarba, would have have taken three years to build and deliver such a machine. This is yet another illustration of how Soviet laboratories are compelled by the condition of the economy to be self-reliant, even self-sufficient. For the production of the superconducting magnets, for example, the institute plans to build a factory with three production lines, each of which should yield one section of the magnet-ring a day. But before that can be done, it will be necessary to hire the 700 skilled workers who will man the plant, but the housing for them and their families will have to be finished first.

The result is that, since the institute was founded in 1963, the population living on the site has grown to 30,000, a third of them children, all of whose needs must be met by the institute's administration. Scientists as such are a small proportion of the total, a mere 500 or so, Three times as many people are engineers. A further complication is that the nuclear research institute at Dubna (now technically an

The new proton accelerator, still at the underground-railway stage.

Thermonuclear fusion helps to build bridges

THE Soviet Union has had a special interest in thermonuclear fusion for civil power production since 1951, when the youthful Andrei Sakharov and the late Igor Tamm sketched out the nuclear physics of fusion and the principles of the magnetic confinement of hot plasma. A group led by the late I.V. Kurchatov (who startled the world by telling the Soviet tale at a meeting in Harwell, England, in 1956), embarked on the construction of an experimental toroidal machine called "*alpha*".

Soviet plasma physicists are especially pleased that Kurchatov's talk at Harwell launched a programme of collaboration that has survived the political upheavals since. Speaking of a mutual friend, one said "he stayed in my flat one summer with his family". For the Soviet Union, the momentum generated in the 1950s is undiminished; now there are six centres in a programme coordinated by academy vice-president Velikhov.

Novosibirsk is one of them, and a monument to the enthusiasm of the late Andrei Budker for the doctrine that particle physics machinery need not be expensive. Budker migrated from Kurchatov's Moscow institute in 1958 together with forty colleagues, in the vanguard of the response to Khruschev's enthusiasm for the opening of Siberia.

The Institute of Nuclear Physics continues Budker's two lines of interest — a family of electron accelerators of which the best-known 5.5 GeV machine (damaged by fire in 1985, now being refurbished and upgraded) and thermonuclear experiments using the magnetic mirror principle in which plasma is confined in a restricted region by a 'magnetic bottle'.

The director of the plasma physics division at the institute, Professor Dmitri Rotov, who worked with Budker for ten years, says he was "not a simple person", which is a way of saying that his enthusiasms would sometimes get the better of other people's feelings.

The result, however, is a collection of ingenious machines for manipulating plasmas as well as electron beams. (The nuclear physics institute also manufactures a range of electron accelerators for sale to Soviet and overseas industry.) The latest magnetic mirror device is a machine with 20 tesla fields at the mirror ends which is compact enough for its operators to hope to beat the plasma instabilities by more and more precise machining.

So will magnetic mirrors be the answer? Rotov echoes those elsewhere who say that much will hang on the success of the large tokamak machines now being built. The Kurchatov Institute in Moscow is building a machine, due to be operating a year from now, intended to go beyond the performance of the Joint European Torus, sited in Britain, that will in roughly five years determine the immediate fate of other routes to fusion. Again as elsewhere, the magnetic mirror people have a sense of urgency.

The plasma physics division of the Physical Technical Institute at Leningrad (not a university, like its Moscow namesake), is working nearer to the ground, on the development of diagnostic techniques for toroidal machines against the commissioning of the new machine at the Kurchatov Institute next year. Professor V.E. Golant, the director, is especially pleased with the the use of Compton scattering for the measurement of electron temperature and of resonance scattering (excited by dye lasers) for the measurement of neutral particles.

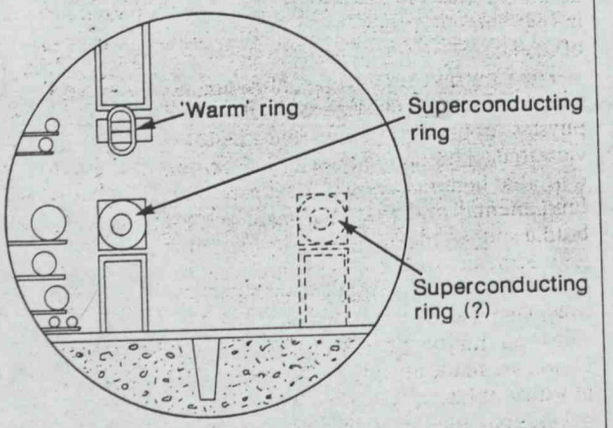
Like others in this business, Golant is delighted with the intimacy of international collaboration in the fusion field which, he says, allows the people in his division a total of some 6 man-months a year of time at fusion laboratories elsewhere. It is almost as if the effort will have been worthwhile on that account even if thermonuclear fusion proves not to be economic. □

international institute run by a consortium of socialist countries), uses roughly 30 per cent of the beam time at Serpukhov, so that the substantial contingent from there must also be accommodated on the site.

What is it all for? Naturally, Serpukhov has no self-doubt, but is sufficiently persuaded of its achievements since the 70 GeV machine began operating in 1967. In the past few years, for example, it claims to have made the running in the exploration of 'glueballs', the electrically neutral entities consisting only of the gluons that hold quarks together and which are left behind when, for example, the quarks of which hadrons are made are removed, perhaps by their decay.

At the end of last month, there was mild excitement that the team at Serpukhov had gathered evidence for the glueball (with a mass equivalent of 1·8 GeV) that decays into four neutral pions (each of which is recognizable by its further decay into two gamma rays).

Serpukhov's role as a stimulant of Soviet industry is harder to define. By 1993 (when the first of the superconducting rings is planned to be in operation), the institute will be operating the largest cryogenic plant in the Soviet Union (generating 30,000 litres of liquid helium an hour), which will be a tangible demonstration of what can be accomplished at 4·2 K. But the Efremov Research Institute for Electrophysical Instrumentation at Leningrad, which manufactures the components such as the warm magnets which are not so specialized that they must be made on site, is said to have more direct links with the electronics industry.



A cross-section of the tunnel for the proposed proton–proton colliding-beam accelerator at Serpukhov, showing the placing of the normal-temperature (warm) magnet ring and the first rings. To the right is the space allowed for the second superconducting ring if permission for that should be forthcoming in the mid-1900s.

Perhaps the most durable if least tangible by-product of the institute's existence lies in its international relations, which are extensive. French groups from Saclay appear to have been the first to visit Serpukhov. Since then, there have been close on 50 collaborations with groups in the United States and at CERN. Only last month, the institute held a week-long workshop to talk over the experiments planned for the new machine. What these mean in terms of physics is anybody's guess; for the time being, people are simply planning to build detectors almost certain to be useful.

Behind last month's workshop lies the hope that it will be possible to interest potential partners in constructive collaboration. The organizers boast that even Japan was represented at the workshop. Nearby Dubna, now constituted as an international organization run by a socialist-bloc consortium, is a way of drawing in the rest of the world.

What will be the response? The hard professionals appear to recognize that everything will depend on their capacity to build a reliable new machine, and on time. The 70 GeV machine was a crucial couple of years late. □

Research institutes

Work, live and die together

To adapt the first sentence of *Anna Karenina*, successful research institutes are all alike, but unsuccessful institutes are unsuccessful in their own distinctive ways. The Soviet Union overflows with institutes in both categories.

The research institute is the indivisible unit of Soviet science, not merely within the Academy of Sciences of the USSR but within the corresponding Academies of Medical and Agricultural Sciences, the separate academies of sciences of the fifteen republics that make up the Soviet Union, and the host of production ministries. By some counts, there are more than 4,000 of these establishments altogether. Defence research is something else again.

The Soviet Union does not of course enjoy a monopoly of research institutes, which have been a part of the landscape at least since the foundation of the Rothamsted Experimental Station in Britain in 1843. In most countries with research pretensions, there are usually traces of a running battle between those who say that institutes are the most effective agents of research and those who complain that research should not be separated from the education of students. The result is usually a quantitative compromise: some institute research and some based in university departments.

The Soviet Union avoids this argument by a compromise: for the sake of effectiveness, let institutes be dominant in research, but make them responsible for a substantial part of the education of the young. Commonly, senior institute people also hold appointments as university professors, thus influencing the curriculum directly. In return, they become personally responsible for the education of some students from the end of the third year of the first-degree course. But the responsibility is also a benefit — they can select the better students as research students, candidates and, eventually, as colleagues. In research, the universities draw the short straw.

Another distinctive feature of Soviet research institutes is their intensely personal character. Many institutes are stamped by their founders with a distinctive style. Peter Kapitza's Institute of Physical Problems in Moscow is renowned for the way in which people are allowed to follow their own instincts. They call it the "Cambridge model". Academician Yuri Osipyan, director of the Moscow solid-state physics institute, claims that his own laboratory is run on the same lines — and, indeed, there are people who have radically changed their fields of research (see p. 793).

Sometimes, a powerful director's idiosyncracies may long survive him. Although Andrei Budker, the founding director of the high-energy physics institute at Novosibirsk, has been dead for ten years, tne laboratory still hallows his rule that a person should not be away from the institute for more than four weeks at a time, an inconvenience to say the least when a complicated collaboration with a distant laboratory may be necessary.

It is more common that a director rules, or seeks to rule, with a rod of iron. The institute has a mission, which the director must carry out. To this end, he (the gender is deliberate) has several important weapons at his disposal: the right to sanction business trips within the Soviet Union, the right to allocate resources and the power of preferment, especially the appointment of laboratory heads.

The appointment of a director is the responsibility of the appropriate disciplinary division of the academy, but appointments must be ratified by the praesidium. It seems to have been common that a director is replaced at death by his faithful right-hand man, often the person to whom a vigorous director would have delegated day-to-day administrative responsibilities.

Appointments, called elections, are for renewable periods of five years, as — technically — are all appointments at academy institutes. For junior people, the requirement is a formality; senior people say "What can we do, when we know there is nowhere they can go?". But the five-year renewal rule can be an effective way of forcing out more senior people, even directors (whose renewal must be decided by the appropriate academy division).

In the internal management of an institute, the director works with a scientific council, of which he is *ex officio* chairman. Technically, the council provides advice both to the director and to the academy. The extent to which directors consult their scientific councils on crucial issues such as the allocation of resources seems to vary from one institute to another. Some institutes maintain a second scientific council to administer the award of research degrees (which must be accredited by a national supervisory board).

The general understanding seems to be that a confident director need not await the advice of his council on important policy issues, but that a director too often in conflict with his council may well find that his appointment is not renewed.

An institute's laboratories are its operational units. Again, their effectiveness depends on the effectiveness of their heads. Some laboratory chiefs appear to consider it their public duty to shoulder administrative burdens so that younger people may get on with more creative work. Others are active scientists functioning as do leaders of research groups in the West; they resent the fact that the practice of science entails such vast amounts of paperwork in the Soviet Union. (Their US equivalents complain that all their time is spent in making research grant applications, but that has at least the appearance of being a creative activity.)

It seems much more common in the Soviet Union than in, say, the United States for junior people to be told what to do (and by when) by the heads of their laboratories, who frequently also exercise the '*droit de seigneur*' of adding their names to the articles written by members of their staffs.

Personal considerations such as these are further intensified by the immobility of the Soviet profession. For all but the most senior people, those likely to be called to higher things, there is a high chance that the institutes people join after the first three years of their undergraduate courses will be those at which they spend the whole of their professional lives. If they find themselves in one of the institute towns that have grown up during the past thirty years, they may well have have the

Fate's fatalities

INSTITUTE directors are usually powerful fellows, but they are also occasionally more vulnerable than their subordinates. Recent events at the Moscow Institute of General Genetics, founded in Moscow after the fall of Lysenko, are an illustration. Until three years ago, the director was Academician N.P.Dubinin, a legendary anti-Lysenko figure who moved to Moscow after being forced out of the Institute of Genetics at Novosibirsk (see p. 800). At the end of his latest five-year stint as director at Moscow, his appointment was not renewed.

Dubinin appears nevertheless to have been able *in absentia* to make life uncomfortable for his well-liked successor, one A.A. Sozinov (not a Lysenko adherent either), who has taken himself off to Kiev, leaving the institute's staff up in arms about the succession. They are particularly incensed that Sozinov should be succeeded by a protégé of Dubinin's, now president of the Moldavian Academy of Sciences.

So, earlier this month, the institute had taken democratization into its own hands, seeking to choose a new director from more than sixteen names by voting on the matter. The hope is that the academy will think it prudent to accept the institute's choice, but it is far from clear how the matter will be resolved.

Sagas such as this are uncommon but not rare. It may even be just that the people at the top should be the more at risk. But it needs very little imagination to appreciate how a row like this can bring people's output of research to a dead stop for months on end. □

same people as close neighbours during the w[illegible] of that time (whence some of the attraction of Moscow and the other large cities).

It is asking more of flesh and blood (not to mention mind) than they can bear to expect that everyone can live happily, and remain creative, in such circumstances. Small disputes grow into entrenched quarrels with the passage of time, just as friendly competition may be magnified into envious rivalry as success turns out to be distributed unevenly. Playing laboratory politics may become not merely a sport but a means of survival. Especially in the smaller institute towns, the determination to survive is fortified by the knowledge that finding another job in the locality will be difficult.

The result, inevitably, is that institutes carry on their books many people who have long since gone to sleep. Quantitative estimates are of course impossible, but institute directors estimate the proportion of sleepers at their own laboratories at between 10 and 30 per cent, sometimes venturing ominously that it may be much greater elsewhere.

The giveaway here is not the great size of many Soviet institutes, which is often a consequence of their need to be self-contained enough to make their own research materials, but what people at all except the highest level in the hierarchy have said in open conversation; they name the people, describe how they fill their days, protest that many of them practise "false science" (a word for the kind of work that could not be defended at an open colloquium) and, charitably, add that they sympathize with the reasons why those named cannot be dismissed. There is nowhere for them to go, or to live when they get there.

So, if you are from the West, think of the Soviet research institute as if it were a ship sailing on an endless ocean. Its complement of passengers changes when some occasionally get off and others join. From time to time, some passengers even learn to sail the ship. Everybody knows the destination ("Make thermonuclear fusion economic", or something like that), and knows how far away it is. How do you spend your time? On science, or at beating the other fellow at bridge?

The academy will be deeply hurt at this complaint, which it will say is subjective (which is true). But the observation derives from a great many conversations with people at a score of academy institutes. Some institutes are in good shape; others seem to dissipate their collective energy on battles within their walls. That is not surprising; the same would happen whenever people were bound together so vicariously, and for so long, whence the reference to *Anna Karenina*. But the practice seems peculiar to the Soviet Union and to China. □

Must the young carry all the weight?

THE youngest institute people have the hardest time. Typically, they will have first entered their institute after their third undergraduate year and will have done well enough (half do not) to be kept on for the usual three-year stint working for the degree of cadidate of science (the Soviet equivalent of a PhD).

Although a proportion, usually again a half of those graduating at this level (but there is no way of telling in advance what the numbers will be), are sent to the figurative Siberia of a ministry institute.

The lucky ones kept on (who, if male, will be 27 years or older, allowing for two years of military service) must look forward to several years of personal deprivation. Starting salaries are 125 rubles a month, no more than research students' stipends in fields such as mathematics and physics. But the next step on the academic ladder, the DSc by thesis which allows a person to qualify as a professor of an associated university, is not usually reached until a person's late thirties or early forties.

In the circumstances, it is mystifying that younger members of institutes do as much good work as is apparent. Marriage becomes an economic and social necessity (for the sake of a second, often greater, salary and the chance of an apartment rather than a hostel bed).

But at this stage, children can be a great misfortune. One married couple, with appointments at different institutes and now saddled with a child for whom they must care in a one-room apartment, take turn and turn about at showing up at work, one in the morning and one in the afternoon.

A young person's advancement in these early years depends crucially on his or her laboratory chief, many of whom are able to bring out the best in junior colleagues. But laboratory chiefs sometimes take against the people they have chosen a few years earlier, assigning them the most tedious tasks or keeping them on low salaries. Most people at this stage of their careers take in translation or abstracting work if they can; teaching, the rates for which have recently been doubled, can bring in more than 10 rubles for a two-hour stint (but is usually in the gift of the laboratory chief).

Working women have the rough edge of the marriage bargain. Their husbands, even if they share the view that children would be a misfortune, still expect them to shop for food, a matter of standing endlessly in line, often during working hours.

The climate is something else again, in most of the Soviet Union. So too is the lack of personal (as distinct from public) transport. Institute people are lucky about vacations, with up to six weeks in a year (but a couple of weeks for two at the Black Sea can cost 1,000 rubles). The mystery is not that they do so little but, in the circumstances, so much. □

Shemiakin Institute

Biotechnology's palace in the sun

THOSE who believe all Soviet researchers to be ill-equipped should disabuse themselves by visiting the Shemiakin Institute of Bio-Organic Chemistry, in an inner Moscow suburb. The institute is identifiable by the sculpture of the valinomycin molecule alongside the entrance to the administration block, one of four seven-storey hollow cubes joined together at their corners.

The buildings and its contents have cost $150 million in 10 years, more than half of that in 'currency'. The money shows. The building itself is a startling departure from the starkness of Moscow's monolithic apartment and office blocks. One academician complained at a meeting earlier this year that the sculpture cost more than the research it commemorates.

The interior, by Finnish and Yugoslav contractors, is luxuriously appointed; the floors of the administration block not covered in wall-to-wall carpeting are simple marble. Elsewhere, there are laboratory corridors with red Asian runners down the centre. The council meeting-room, dark wood with tables to match, would make a boardroom for a multinational from the West. The principal auditorium, with over-stuffed tip-back seats in apple green, might be a luxury cinema were the seats less steeply raked.

For the rest, the institute building has a computer centre, a series of pilot plants, a block in which experiments with radioactivity are concentrated and a health-care centre for the staff. Working laboratories are neat and well-constructed, usually in pairs with connecting offices against the external walls (and cold rooms and the like in the dead spaces). Much of the equipment carries labels that should be familiar from the advertisement pages of *Nature*. An internal greenhouse in a connecting internal corridor doubles as a phytotron and decoration.

Physically, the laboratories are better than the best in the West, but emptier. Genentech's workforce in San Francisco, housed in what is by comparison a rabbit-hutch, might go on strike after a sight of the new Shemiakin Institute.

That is probably now misnamed, although many of the 220 qualified people

on the site (there are 1,200 altogether) are chemistry by training. For the institute, originally founded as a natural product laboratory in 1959 (Lysenko's time), is now the spearhead of the academy's effort in genetic engineering. It is the creation of 52-year-old Academician Yuri Ovchinnikov, vice-president of the academy and a long-standing enthusiast for biotechnology. (Ovchinnikov, who has been a frequent visitor to the West in recent years, is now gravely ill.)

Just why the building should be so lavishly equipped is far from clear. Is it meant as a model of excellence in laboratory furnishing at which others may strive? A recognition of the importance attached to genetic engineering in the Soviet Union? A mixture of the two? Or something else?

Whatever the case, students, of whom there are 50–60 a year, are dealt with well. They have an excellent set of seminar rooms and laboratories (plus Asian corridor-carpets). The institute organizes subdepartments within biology at the Moscow Physical-Technical Institute and at the Moscow State University.

What of the research? Acting director V.F. Bystrov, himself a structural organic

Yuri Ovchinnikov — well known in the West and now author of a major textbook.

chemist, says that a wide-ranging programme of research has taken the institute more or less to where people are in the West. The production of monoclonal antibodies is routine, there are diagnostic tests for infection by the viruses of AIDS (acquired immune deficiency syndrome), hepatitis B and, interestingly, potato mosaic virus.

The development of a technique for producing molecules of tumour necrosis factor (TNF) is complete, and animal toxicity tests preliminary to clinical trials with people are about to begin; Bystrov seemed slightly startled at the suggestion that TNF may be like yet another lymphokine — a naturally occurring biological material whose effects are somewhat ambivalent when tested *in vitro*.

Ovchinnikov's many detractors (envy of the extravagance is rife) overlook his achievements. He has been an enthusiast of genetic manipulation since 1972. At an early stage, he recognized that the prosecution of research in molecular biology would require a supply of materials such as restriction enzymes and radioactive chemicals; there is now a plant at Riga, in the Baltic Republic of Latvia, which produces restriction enzymes and which is also a subsidiary centre of research, especially in toxicity testing and the organization of clinical trials.

Ovchinnikov has also arranged for the production of radioactive chemicals at Tashkent in Central Asia. It cannot be his fault, but that of a production ministry, that the supply is often interrupted, especially in the summer, for periods longer than the 12-day half-life of phosphorus-32. Arrangements for the production of oligonucleotides of specified sequence have not panned out so well.

The Shemiakin Institute is not just a laboratory, however, but the centre of the Soviet Union's web of interest in biotechnology: Ovchinnikov is also chairman of the 65-strong interministerial committee coordinating the activities of more than 200 scientific institutions with an interest in biotechnology. The institute also runs the academy's internal councils on biological membranes and bioorganic chemistry, publishing the two associated Russian-language journals. Ovchinnikov's limitless energy has nevertheless enabled him also to write a major textbook (*Bioorganic Chemistry*, Prosveshcheniye, Moscow, 1987) as well as to participate in many scientific papers. □

Lebedev Institute

High-temple of Soviet physics

THE remarkable Lebedev Institute is a geographically puzzling place. Opposite the main entrance is a building that might be mistaken for a Grecian temple were it not wisely enclosed, a few metres behind the Doric columns, against the hard Moscow winter. That turns out to be the administration block.

The director, Academician N.G. Basov, and his colleagues, are to be found some hundreds of metres behind the imposing entrance, in a laboratory block built, as V.L. Ginzburg quickly explains, on a plot of ground on which people used to grow potatoes in the years immediately after the Second World War.

Closer inspection shows that the institute is not nearly as old as it looks. The first building was in reality put up only in 1951. And behind the imposing facades, many of the laboratory buildings are faced with simple brick. The campus is a kind of simulation of MIT's mix of mock-factories and mock-palaces.

The Lebedev Institute, with all its ramifications, is probably one of the most important concentrations of physicists in the world. Los Alamos would probably give it a close run for its money (and would not have as great a proportion of theoreticians on its payroll of 4,000, at least a quarter of those professionally qualified).

Basov was awarded a Nobel Prize for his contributions to the development of lasers, and he remains active in quantum optics. But he and V.L. Ginzburg, the chief of the theoretical physics laboratory, are anxious to make it plain that the reputation of their institute stems from the great men who have passed through it: Mandelstam, Lansberg, Tamm, Landau, Fock, Fraenkel . . .

Ginzburg, almost certainly the most-active septuagenarian physicist now working every day, and musing on the delectable prospect that he might give up his administrative responsibilities next year, suggests that finding a successor may be difficult with the intelligence that "Sakharov has not been back very long".

Basov is more bullish about the Lebedev. He notes that since the foundation of the institute with the arrival of the St Peterburg academy in Moscow in 1934, with its first director Sergei Vavilov (the brother of the geneticist), no fewer than a dozen academy institutes have been created by the centrifugal tendencies of its various members. Dubna, the now international nuclear research centre, is one of them. "The devotion of our people to science", says Basov, is "extraordinary, enormous".

Ginzburg's view is longer and more down-to-earth. "Just after the war, physics was at the top of its peak — people respected physics more than they respected posts [a reference to the late Lev Landau]". But then salaries went up, there were more people, then other people's salaries increased, now there are probably too many people . . .

This is not the jaundiced comment it may seem. Ginzburg is as active as ever, but the Lebedev is sadly hampered by the serious lack of up-to-date equipment. It would like to be more like Bell-AT&T Laboratories than it is (and is ready to show off a compact electron tube 10 cm across with a spot-size of 10 μm across that may be able to drive a cinema screen through a suitably laser-etched mask). But for lack of equipment, the theoretical division grows at the expense of the others. Ginzburg and Basov seem to have teased each other about that often. □

Soviet universities

The largest system anywhere

By any yardstick, Soviet higher education is gargantuan. The student population is roughly 5 million, with more than a million students recruited every year. These people are educated in a total of nearly 1,000 institutions of various kinds (896 to be precise), most of them with a vocational bent (towards medicine, management or foreign languages, for example). There are 69 institutions known as universities on account of the catholic range of courses on offer.

The standard curriculum requires that a student should take five years over a first degree (but institutions such as the Moscow Physical-Technical Institute allow their undergraduates six years). The first three years of the first-degree course are spent within the walls of the institution concerned, but afterwards a student will be transferred physically to an establishment of a different kind (from a university science department to a research institute, for example, or from a pedagogical institute to a school).

Entry to higher education is competitive, and based on performance in a national school-leaving examination, but some universities run their own competitive examinations to select from among otherwise qualified applicants. For the Soviet Union as a whole, and for institutions of all kinds, the proportion of high-school leavers going on to higher education is just under 20 per cent.

It is a sign of the times in the Soviet Union that the University of Leningrad is planning to advance the date of its own examination from August to July each year so as to be able to compete more effectively for the able students at present creamed off by the State University of Moscow, whose examination has traditionally been in July.

The competition for able students, especially among the universities, appears to have intensified in recent years, partly as institutions have come to recognize that their long-term future will be largely determined by the eagerness with which their graduates are welcomed into the labour-force. The result is that, as in the beleagured British university system, universities have taken to persuading their teachers to excite the interest of potential applicants by delivering popular lectures on some aspect of their science.

Universities and polytechnics (as distinct from monotechnics), being the chief source of recruits for the research institutes, necessarily have close ties with members of institute staffs, many of whom will be nominated as professors and who may, in that role, be responsible both for organizing the whole of the teaching in their special fields and for providing the teachers, usually from among immediate subordinates at their institutes.

The practice seems to vary from place to place, but there are at least some places (the University of Novosibirsk, for example, see page 795 where particular institutes are responsible not merely for education during the closing phase of a first degree but for the first three years as well. First degrees are awarded by universities themselves, but most research degrees are the responsibility of scientific councils of research institutes subject to the approval of national accreditation commissions.

The exceptions are the research degrees awarded directly by those universities that have been able to retain their own research institutes in particular fields. The Moscow State University, even by the consent of its rivals, is the outstanding multivalent university of this kind, but Leningrad (page 796) is also proud of having kept some research capacity within its walls.

Either way, the award of a research degree is a fearsome business. Both Candidates' (PhD) degrees and DScs are awarded on the basis of a thesis (usually a published monograph in the second case). The awarding authority is obliged to circulate copies of the thesis to people knowledgeable in the field, each of whom is entitled to submit critical comments for consideration by the examining board. (Many do, by all accounts.) Finally, the thesis must be defended in public by the applicant, with or without assistance from members of the audience, any of whom is entitled to intervene.

Soviet universities appear to be more like educational mills, if also less confusing, than their counterparts in the West. Part of the explanation is that departments deeply penetrated by the external research institutes with which they are associated are necessarily somewhat isolated from others. Where the curriculum is dominated by a specialized institute, the pattern of teaching also appears inflexible. Why should a bunch of plasma physicists be sensitive to the needs of biologists, for example?

The isolation of vocational education, for example medicine, in separate institutions also deprives Soviet universities of the multi-faceted character called richness in the West. If universities (other than Moscow and Leningrad) were more directly engaged in research, there would be serious difficulties about interdisciplinary coordination; as things are, coordination must be sought through the cumbersome high-level committees involving academies or even ministries.

The Minister of Higher Education, who has contentious problems on his immediate agenda, seems content with the present structural arrangements; in due course, he may find it worth while to seek a merger of vocational schools with existing universities so as to create more interesting institutions (whose administration might be simpler). □

Rationalization

Hunt for quality amid quantity

Minister of Higher Education Dr G.A. Yagodin, appointed by Mr Gorbachev earlier this year to a crucial and previously neglected post, has saddled himself with an invidious task: he is committed to carrying out an evaluation of the quality of the institutions of higher education throughout the Soviet Union so as to tell which should be encouraged to grow and which to shrink.

Only recently, he says with some pride, his ministry has actually closed an institution — the economics institute (essentially a management school) at Baku in Azerbaijan (see p. 783), opening a branch of the Leningrad Institute of Economics there instead. But he has not yet experienced the full fury of important academic institutions scorned.

Yagodin, a vigorous man in his mid-fifties, speaks English excellently, on the strength of a two-year spell studying chemical engineering at Imperial College, London. He talks of the function of higher education in rounded social terms, not merely those appropriate to the supply and demand for specialized labour, which is understandable in one who was snatched away from the rectorship of a university to his present post.

Yagodin does not regard the prospect of evaluating university quality and performance with quite the trepidation that the recent experience of the University Grants Committee in Britain might suggest. "We have no difficulty about Moscow, Leningrad or Tomsk", he says. Most of his difficulties will arise from dealings with the small vocational schools scattered about the country, but the evaluation could also raise national hackles in various of the republics.

For the rest, the process of evaluation will have to be continuous. He plans to set up a system in which outside inspectors will visit universities observing how undergraduates spend their time, on what, and often exercising their right to examine the students to form an objective estimate of what they have learned.

Yagodin goes out of his way to deny the outsider's impression that the quality of

Soviet high-school education is uniformly high. On the contrary, he says, the quality ranges from the "excellent to the bad", and does for no obvious geographical reason; neighbouring schools may be at opposite ends of the spectrum of quality. Like many other educators, and in an outburst of what he calls "political heresy", Yagodin blames the parents of young people for many of these problems.

What with free education, pensions and other social benefits, he says, "people live well in this environment", with the result that young people are often infected by the intellectual laziness of their parents. But young people's ambitions for themselves are often also affected by the "severe egotism" of their parents.

Yagodin reckons that all societies, just now, have difficulties in balancing "material, social and intellectual goals". In the United States, people work for their second car; in the Soviet Union, they buy books they do not read. He wants young people to appreciate that "spiritual demands" should have the upper hand.

The minister is also unwilling to accept that universities are at a disadvantage compared with academy institutes in their conduct of research. The people are as well qualified, are they not? And, in any case, have not university salaries been increased by an average of 25 per cent?

Meanwhile, with such a good Academy of Sciences, higher education can only "welcome the practice" that students should be taught by academy personnel after the third year of their five-year undergraduate course. Yagodin also welcomes the academy's experiment with competitive grants (see p. 782).

So is everything in the garden rosy? Is not the requirement that all Soviet male students should do two years of military service early in their academic careers something of a drag, for example? Yagodin has two answers, one spontaneous, the other, more considered but no less honest. First, he says, military service for students "is not a good idea" and, with an arms control agreement between the superpowers impending, it may not be necessary. But that raises a "very delicate point".

"Look, the other day a German pilot flew over Red Square, and our military were punished. It is a good thing for both of us that his plane was not shot down. But, nearly thirty years ago, Gary Powers was shot down on his flight over the Soviet Union. There are many subtleties in this question of military service for students."

What Yagodin meant — he said as much — is that there is no way in which even such a powerful Soviet citizen as himself can tell whether Marcel Rüst's landing in an unnamed part of Red Square now known officially as Rüst Square was the teenage jape described at the trial a few weeks ago or another plot by the US Central Intelligence Agency.

So what will happen to universities in the Soviet Union? The case of the economics institute at Baku is meant seriously as a warning to other institutions; incompetent (or corrupt) places will be shut down. Yagodin seems quite serious about that.

For the rest, there are the annual budget negotiations, in which Yagodin's personal position is somewhat eased by the circumstance that industrial contributions towards higher education costs are at present about 20 per cent of the total. Like higher education ministers elsewhere, he would like to see industry pay more, if only as a sign that it values the products of the system. One difficulty that could arise is that a successful reorientation of Soviet industry towards a proper respect for costs and values could make plant managers less willing to contribute.

Yagodin's more distant objective for Soviet higher education is that, "having solved the quantitative problem, we must now solve the qualitative problem". He says that the goal must be the development of every person's intellectual capacity to the full, to which end he wants students to be offered (and to assume) more responsibility for their courses (to which end more systematic procedures for grading and assessment will be required).

This account of the problems of higher education in the Soviet Union is not very different from that which would be given, these days, by most of Yagodin's opposite numbers in Western Europe. (The United States, being richer, is different.) But the distinctive feature of the Soviet system is that, with more than 20 per cent of its labour-force trapped in an agricultural industry that still fails to meet social needs, the Soviet Union is probably overinvesting in higher education with an overall participation rate of 20 per cent.

The painless solution, of course, would be to make agriculture efficient; Yagodin is probably glad that that is no part of his problem. For the rest, Yagodin has great faith is what he calls this "*perestroika* business", which he believes will keep eating away at people's minds. A few years from now, he hopes, people will be thinking of even more radical schemes than are now in their minds.

They may have no choice. If this "*perestroika* business" does what is intended, the world's largest system of higher education will be operating in a social and economic environment quite different from that by whose influence it has been formed. Will the vocationally orientated (and often small) institutions retain their independence? Will the present restrictions on where students may seek an education survive? One's impression is that even the enthusiasts for change have not yet begun to anticipate its consequences. □

Professional university

Novosibirsk's academic connection

THE State University of Novosibirsk, sandwiched on one side by the special school for physics and mathematics and, on the other, by the research institutes seeking to employ its graduates, is nevertheless not the production-line people might expect. This, after all, is where Budker, the founder in 1958 of the Nuclear Physics Institute, decreed in 1958 that the introductory mechanics course should begin with special relativity.

Even so, the curriculum is a hard grind. Physics students spend nearly a third of their time on mathematics. During the first three years, laboratory work takes the relatively small amount of 160 hours a year, but computer classes (with a PDP11 machine) use up more than half as much time again.

The organizers of the physics course are rigorous in their expectations of students. Professor Nicolai Dikansky, the university dean, says that only 140 of the annual intake of 220 students can expect to graduate. Students drift off by failure or the sense thereof during the first three years, but the annual class is topped up by the immigration of between 15 and 20 students from elsewhere.

In the first four (of five) academic years, a student will have taken 100 annual courses of various kinds, each the equivalent of 64 hours of instruction. By Dikansky's account, students must work hard (and out of teaching hours) to survive. The prize of success is the opportunity to choose, after 4 years, between one of 15 departments related to physics at Novosibirsk, with a monthly salary that may add up to roughly that of a junior employee at an institute — 150 rubles or so.

The fly in the ointment is the static character of the curriculum. Left to themselves, institutes with influence at the university seek to create students in their own image. Novosibirsk has apparently become concerned that there may be more to physics than mere physics. For some years, Dikansky says he has been advocating courses in biophysics to broaden people's interests, even to help them find interesting jobs. He believes he may be near to winning his campaign.

Like all other universities, Novosibirsk is mildly concerned at the decline of interest in science among intending school-leavers. But like others, it is also tempted to believe that the people who matter, those with a sense of dedication to science, have in any case turned up. □

Leningrad

Cosmopolitan Soviet university

THE University of Leningrad hopes to sign a long-term exchange agreement with the University of California before this month is out, but a few weeks ago it was still wondering what to make of a corruption of the word "eukaryotic" in a translated document.

Leningrad's difficulty is that, while second in the Soviet Union (after Moscow) in academic achievement, its cosmopolitan reputation outstrips its capacity to play host, not to mention its budget. The university is also, just now, grappling with requests from 15 universities overseas to accommodate undergraduates on Russian-language courses.

The objective of the proposed agreement with the University of California is to provide for exchanges each year of up to 15 academics and students in mathematics and the natural sciences. California's list of interested partners is a touching roster of its great and good; they also all seem to want to come to Leningrad.

That is not surprising. The Soviet Union's second city is much smarter (and cleaner) than its first. It has three other things going for it: its setting (the Neva is even broader than the Moskva river), its past (as a tsarist capital and the cradle of the revolution) and its reputation as Russia's gateway to the West.

The intended agreement with the University of California is not unique. Leningrad reckons already to have 27 similar agreements with other universities, although most of them are narrower in scope. Many of these arrangements are with universities in Eastern Europe, but the universities of Hamburg, Osaka and Barcelona are on the list. The university reckons to have had 500 academic visitors from outside the Soviet Union last year, most staying for one or two weeks.

Among Soviet universities, Leningrad stands out for the scale of its in-house research. It was the first Soviet university to set up an internal research institute (in 1920), and now has nine of them. By comparison, Moscow has only three. The institutes stand in relation to teaching exactly as do external research institutes; students may be attached to one of them at the end of the third undergraduate year and may be kept on as research students, eventually earning a candidate's degree.

The scale of the research operation is large. The university reckons that its research institutes employ nearly 2,000 people, perhaps 40 per cent of the total staff of the university (of whom 464 are fully qualified professors). There is some dispute about the achievement of the institutes, which are not nearly as well-equipped as are the academy institutes. The university is proud of its institutes, but the full-time researchers at Leningrad's academy institutes are somewhat disdainful. The balance of mutual suspicion is probably exactly similar to that found at academic centres in the West, the University of Cambridge for example.

Leningrad reckons to have 20,000 students, of whom 13,000 are full-time, most of them from the Russian republic, but 1,500 from other republics of the Soviet Union. Most of these external students are people sent to Leningrad as research students by the research institutes of the non-Russian Soviet republics; both Leningrad and Moscow universities are important providers of research training in this way.

The cost of the operation can be defined only with some difficulty. The annual running budget is just over 50 million rubles, of which industrial sources — production ministries and even factories — provide no less than 20 million rubles. The annual grant from the Ministry of Higher Education is 21 million rubles, but the university gets 9 million rubles more from the government to support its research institutes.

Out of this, the administration has to pay the salaries of its staff, house its students from places other than Leningrad (and pay them a stipend now running at 75 rubles a month) and support its regular academic work. The university is fortunate in that its fixed obligations (staff salaries and so on) come to less than 75 per cent of its total spending, leaving a reasonable sum for discretionary expenditure on equipment and the like.

Of the 9 million rubles a year spent on the research institutes, for example, 4 million rubles is available for research expenditure. Interestingly, the university has begun, in the past two years, distributing part of the research allocation to the physics institute to those who are successful in an internal competition for grants.

The university's most serious financial problem is maintaining its buildings (of which there are nearly 400, many of them across the Neva from the Winter Palace where the tsars used to live, whose storming marked the turning point in the October Revolution and which now houses the Hermitage art collection). The Ministry of Higher Education pays separate grants for the university's capital spending, on buildings as well as major items such as computers.

Much of this money has been spent, in the past few years, on the development of a second campus 35 km from the main site, downstream on the left bank of the Neva. People at academy institutes in Leningrad say this development is a serious mistake, in that it will further separate the university's academics and researchers from those elsewhere in the city.

Meanwhile, the university is fighting a half-hearted battle for the preservation of the buildings on the site on the Neva which it first occupied in 1819. Ceilings in some of the most elegant buildings in the Soviet Union show patches of damp from leaking roofs.

One sign of strain is the drift from science. As at other Soviet universities, people have remarked on the decline of applications from intending science students (2 applicants for every place, compared with 7 ten years ago), despite the number of Leningrad high-schools with a reputation for teaching mathematics and science well.

University's view of the Winter Palace.

The university is not complacently persuaded, as are some elsewhere, that all the young people with a sense of dedication to science are still among the applicants, and has mounted a vigorous programme of providing science talks to high-school students in their last two years as well as a scheme for bringing high-school students onto the campus during vacations. The university hopes that the attention it pays to the education of students will count in its favour.

By most of the criteria that would be applicable in the West, Leningrad is as excellent a university as its external reputation suggests. It takes particular pride in its relations with regional industry and government, for whom the university seeks to act as a source of advice. Its most serious problems are the same as elsewhere in the Soviet Union — the immobility of its staff, the personal hardships of everyday life, the bureaucracy and the circumstance that research equipment is generally uncompetitive. It has much to gain from a continuation of the changed political climate. □

Molecular genetics

Another refuge from Lysenko?

THE Institute of Molecular Genetics, not to be confused with the Institute of Molecular Biology or the Shemyakin Institute of Bio-organic Chemistry, all of them in Moscow, is proud to be a direct descendant of an organization set up during the Lysenko period to keep the torch of rationality alight.

What seems to have happened is that Igor Tamm, the theoretical physicist then head of the physics department at the Lebedev Institute, persuaded I.V Kurchatov, then head of the Institute of Atomic Energy, that he should provide a haven for a group of right-thinking biologists within his establishment. A.P. Aleksandrov, until earlier this year the president of the Soviet Academy, but then Kurchatov's deputy, was also involved.

Survivors from this early period recall the embarrassment that could arise when government officials asked members of what was officially known as the Department of Radiation Biology why there was so little going on in the field in which they were ostensibly interested. In the early years, much of their energy was inevitably spent keeping up with happenings in the West, but even in these early and almost clandestine days, it seems that much original work was carried on.

R.B. Khesin-Luyre (Khesin), one of the founders of the laboratory and still much revered, who died two years ago, seems to have been the first off the mark, in the Soviet Union, in the application of biochemical methods to the study of gene expression. Khesin was posthumously awarded a Lenin Prize last year; his colleagues are still politely offended that *Nature* did not know what Khesin had done (see *Nature* **321**, 6; 1987).

Khesin seems to have played a part in the development of Soviet molecular biology a little like that of Max Delbrück in the years leading up to the discovery of the structure of DNA in 1953. The two-week winter schools he organized for members of the institute and others, in the country outside Moscow, had become an annual tradition. They were stopped, after Khesin's death, when the academy refused to sanction their continuation.

The institute now is small by Soviet standards, with some 350 scientists organized into 14 or 15 laboratories — the smallest units which, in a Soviet research institute, are able to make decisions about such matters as who to hire and the execution of a research programme.

Some laboratories have a service function, as those producing radio-labelled compounds for use in this and other institutes. Others, such as the electron microscope laboratory, work on their own problems but provide services for other laboratories at the institute. Still others reckon to keep up with the competition elsewhere, in fields such as structural analysis. The institute appears not to have succeeded in setting up a line for the synthesis of oligonucleotides, with the result that individual members of the institute make arrangements to produce sequences they need with the help of friends elsewhere.

Khesin's mark is plainly to be seen in the present pattern of work; one laboratory works away still on *Escherichia coli* RNA polymersase and another is concerned with the molecular basis of genome instability (the title of Khesin's last monograph) which has become, at the molecular genetics laboratory, a way of referring to the integration of the μu bacteriophage into the bacterial genome.

Equipment is a constant headache but, in a larger sense, not a problem. Standard laboratory equipment is readily available. Institutes differ greatly in their access to hard currency; the molecular genetics institute must make do without equipment bought in the West (but the structural analysis laboratory has acquired an IBM minicomputer for data-handling and processing). The same laboratory has a collaboration with the Daresbury Laboratory of the UK Science and Engineering Council.

Supplies of radioactively labelled compounds and other reagents leave much to be desired. The academy took the initiative some years ago in founding plants for the production of labelled compounds in Tashkent and for restriction enzymes at Vilnus and at Novosibirsk. There are some snags. Radio-phosphorus nucleotides labelled in the gamma position are less active than they might be, while the general interdiction against the purchase overseas of materials that can in principle be bought domestically is more than a mere nuisance when the Tashkent plant breaks down, or is put out of action for routine maintenance.

The general air of shabbiness is more disconcerting. Bench-tops do not always fit neatly against walls. Mock-terrazzo floor coverings (a kind of linoleum) have shifted here and there in the corridors, exposing the boards beneath. Curved joins between vertical walls and floors have been fashioned from unfinished concrete. There is a general lack of illumination (one of the superficial hallmarks of the Soviet Union). One laboratory head was compelled to climb on a chair to extract a document from his filing system (but the general rule seems to be to keep papers in piles on desks and table-tops).

Like others on the academy network, the institute takes in undergraduate students after the first three years of their courses have been completed successfully. Most of its business is with the Moscow Physical and Technical Institute and the Moscow State University, the former with an unusual six-year pattern of degree courses (most are just five years long). The idea is that students should cut their teeth on professional work before they graduate, but the system is also a convenient way of allowing an institute to tell which students it wishes to keep.

The better students are able to pick the departments to which they are assigned, the others take pot luck. For at least the first year, they are formally taught by members of the institute staff. Thereafter, they take on the flavour of people halfway between laboratory assistants and beginning research students.

The laboratory has one distinction that marks it out — it appears to have been the base from which which has sprung a strictly applied laboratory, an institute belonging to the Ministry of Microbiology. People speak of their departed colleague as if he were lost forever, the kind of exile they will never encounter at regular scientific conferences. But the institute, by repute at least, is doing well.

Novosibirsk's special school

Hot-house for young professionals

THE special school at Novosibirsk was last month playing host to a party of students from the Phillips Exeter Academy and Andover, two well-known private schools in the United States. For the school at Novosibirsk, the objective is to broaden students' cultural experience. Later, there will be a return visit to New Hampshire.

Novosibirsk properly regards itself as in the same league as its US partners. The 550 students at the school, itself one of a dozen in the Soviet Union founded on the elitist doctrine that students who are already outstanding at physics and mathematics would benefit from special instruction, have been selected from the whole area of the Soviet Union east of the Urals on the basis of the annual mathematics and physics 'olympiads' organized at school, regional and national level.

Elitism is not as odd a concept in the Soviet Union as might be supposed; on the principle that it is every citizen's duty to serve the state as best he can, does it not make sense that people with special gifts should have special training to make their future service more effective?

Dr Mikhail Lavrentiev, dean of studies at the school and a physicist, acknowledges that there are hazards in selecting

Small, high-tech back in business?

SMALL high-technology business may have a bright future in the Soviet Union. *Perestroika* so far has changed the economic rules to allow for the creation of cooperative businesses, each of which will be owned equally by those who work for it. Some researchers are jumping at the opportunity.

Most attention hithero has been directed at the cooperative businesses springing up in agriculture and horticulture, often the source of goods sold in the free markets. (Family businesses are also now allowed.) But there are at least two technical fields that offer scope for entrepreneurship — the development of computer software and of diagnostic reagents derived by genetic manipulation.

That restrictions on business activity should have been lifted chiefly in respect of cooperatives is easily understood: one of the communists' objections to capitalism is that it enables individuals to exploit the labour of others. Cooperative businesses share the labour and the proceeds, but hitherto have not been encouraged. Even in the changed climate, people must stick with the jobs at which they are supposed to work, while the arrangements for providing cooperatives with working capital are still rudimentary. Nor does Soviet law makes provision for the indemnity from creditors that follows from incorporation in the West.

The origins of the mini-software houses (there are said to be half a dozen in Moscow) are easily imagined. People simply use the computers at their workplaces, but out of working hours, to develop novel or customized software, which they then sell on to customers with whom they have made a deal. Strictly, the institute or other institution should be told of the arrangement, and may in turn require a share of the proceeds.

The molecular diagnostics cooperative being organized in Moscow is more unusual, involving roughly a score of people already. The objective is to identify and then to clone potential biological reagents, bacterial and viral antigens for example. The customers would include those physicians still engaged in private practice.

At least one potential member of this consortium was in two minds, earlier this month, about an invitation to join this consortium. The meeting he had just attended had left him with the impression that the organizers were "simply concerned with making money". He planned to think the offer over. □

such a small proportion of students. The problem-orientated olympiad system ("If you boil a turkey, why does the skin split in only one direction?", for example) requires that students should change intellectual gear. The school has taken to organizing summer schools to help high-school students appreciate its needs.

The school, of necessity residential, is essentially a finishing school, accounting for one or two years at the end of a student's high-school career. There is a girls' quota ("of course, they're weaker in the olympiads"), although Lavrentiev names some of the young women who are doing well at the university.

The school seems less dismayed than it might be at the decision of a small proportion of its students to quit after a month at Novosibirsk, on the spartan grounds that, whether the decision springs from nostalgia (homesickness) or dismay at being a small fish in a large pond, it shows the defectors to be "unfitted for a scientific career".

The curriculum at the special school is no different from that of the past two years at any Soviet high-school, Lavrentiev says. Students will, for example, be taught calculus, but will not be expected to evaluate $\int e^x dx$, for example. The objective is simply to give them a more thorough grounding in their subjects.

The school has been running computer classes since 1972, but has only recently made them generally available. And there remains a great shortage of equipment, with the result that students do not have *ad lib* access to computers. Lavrentiev acknowledges that the school may have to strengthen its teaching of biology.

Links between the school and the rest of Novosibirsk's scientific enterprise are close (although some are mystified that the school appears not to have been sending its students to visit the nuclear physics institute). Some 35 institute researchers have teaching responsibilities at the school, despite the inconvenience caused by their frequent business trips.

Graduates from the school account for 40 per cent of the physics and 25 per cent of the mathematics students at the university on campus. Lavrentiev himself says with pride that his career has taken him through the whole cycle, from school to university to Nuclear Physics Institute and back to the school.

So is the school one to which one would wish to send one's son or daughter? The students themselves, who are as bright as paint, say they enjoy the atmosphere and the competitiveness. One says that she has found it helpful to be given this reminder that she may not be as good a scientist as she had thought. Given that Novosibirsk is a good place at which to practise science (and that Moscow and Leningrad are inaccessible), why not? The arguments in the other direction are merely the spartan life, the loneliness and the isolation, but there is a lot of that in the Soviet Union. □

Publishing

Is opportunity durable?

MIR (which means "world") Publishers, one of the largest operations of its kind anywhere, is adapting to *glasnost* with enthusiasm but uncertainly. Most of the company's business is the translation of 200 technical books from English into Russian and the translation of 300 books a year from Russian into several other languages. Vladimir Kartsev, director of the company, explained earlier this month that *glasnost* has provided opportunities not yet fully grasped.

In the old days, Kartsev says, the company was "told" what books to publish; with the help of 700 employees, it discharged its obligations and earned a surplus of about 2 million rubles a year. Now, the company has to decide for itself what books to publish and can negotiate with the publishers of English-language books on the price it will pay for translation rights. But domestic prices, those at which it may sell its products, are still controlled, so that the company has to find some substitute for what would be called a market in the West.

The solution is a system of "readers' conferences". Potential readers are brought to the park-like headquarters in suburban Moscow to say what kinds of books they would like to read, or would find most useful (reference books and books on computers predominate).

What about the books sold on in the other direction? Mir says that "frankly, we have no direct experience" of the wheeling and dealing that passes for publishing in the international market. But, by now, Kartsev and his colleagues may have learned a little from their first visit to the Frankfurt Book Fair earlier in the month.

Kartsev and his colleagues have a few simple ambitions. They want to be able to price the books they publish more flexibly, usually charging more. They think they could reduce their workforce by a half without loss of production, demanding more from people instead. They would like to make it possible to reduce the time taken for publication (they are in their printers' hands) from three years to something much less. (A Compugraphic desktop publishing system is being played with in a shed in the grounds, perhaps pointing the way to that ambitious goal.

Meanwhile, everybody considers what money Mir might have made had not Pergamon Press secured the rights to publish Landau & Lifshitz in English. But Mir stands to do as well from its decision to publish *Scientific American* in Russian, an operation fronted by Professor Sergei Kapitza and run by Mrs Lidiya Shepeleva.

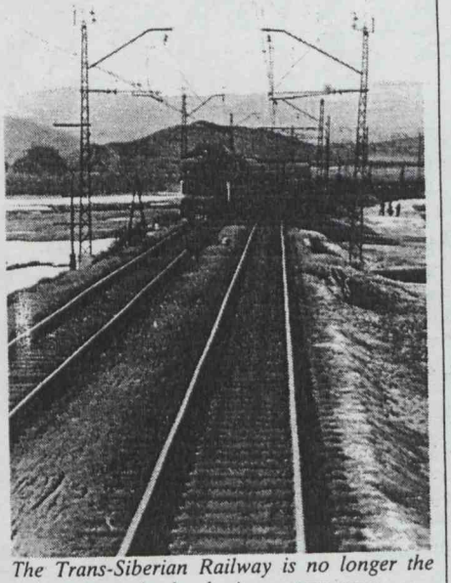
Lenin's Irkutsk

Regional university chases young

LENIN's generosity towards the University of Irkutsk may also be a millstone around its neck: by making the university a depository library, entitled to receive a copy of every book or journal published in the Soviet Union, he may also have condemned it to the fate of being a librarians' university. Asked last month what the university was most proud of, vice-dean Viktor Isayev mentioned (in this order) the library, the computer centre and science education.

The city would be incomplete without a university. Some of the tree-lined streets have rows of old wooden Russian houses, but the centre is dominated by the headquarters of the regional soviet (parliament) and by an unfinished headquarters of unparalleled hideousness for the regional party.

The university has a curious history in the modern Soviet state. At the turn of the century, Irkutsk was a prosperous merchant city that flourished on the trade with China. Soon after the revolution of 1917, V.I. Lenin, no doubt conscious of the city's strategic importance, decreed that it should have a university. But the region turned out to be a hotbed of counter-revolution, not quashed until 1921. The university came into being in the interregnum.



The Trans-Siberian Railway is no longer the only artery to the developing eastern zone.

In reality, the university is best known for its historical studies (counted as a part of science in the Soviet Union), oriental studies and philology in particular. But Isayev is also proud that 25 full and corresponding members of the 'big' academy have graduated from Irkutsk.

To face facts, Irkutsk is a worthy regional university. The best potential students in science and mathematics in eastern Siberia are creamed off by the special school at Novosibirsk and tend to continue at the university there.

Like other universities in the Soviet Union, Irkutsk is finding it more difficult than in the old days to recruit students into science and mathematics. Law, journalism and historical studies are, just now, most popular among school-leavers, with six candidates for every vacant place.

Isayev says that the demand for a place in the natural sciences has fallen, in the past 10–12 years, to only a quarter as much. Rural students, he believes, are not nearly well enough prepared for science (for which reason the university does what it can to bridge the gap with introductory courses in the early years).

Irkutsk follows the general pattern of education in the Soviet Union by providing its full-time students with full-time instruction during their first three years, and then placing them in semi-vocational settings, research institutes or pedagogical institutes as the case may be. Half of the 10,000 students on its books are part-timers, people already working at jobs in industry and administration, which is an unusually large proportion.

The university would like to grow, but financial constraints imposed by the university's paymasters, the ministries responsible for the Russian Republics as well as the Ministry of Higher Education, may blight that prospect. There is also some anxiety about the proposal that employers of graduates from Irkutsk should pay the university 3,000 rubles, or 30 per cent of the cost of a five-year education, for every graduate hired.

Meanwhile, the university echoes many others in higher education in its belief that the decline in the numbers of people applying for science places represents merely a weeding out of the feckless from the dedicated. "The demand is from serious students still." Even so, Irkutsk has followed most other universities in the Soviet Union in sending its teachers out to the high-schools of eastern Siberia as proselytizers of its cause. It seems to be learning empirically about the market for higher education. □

Siberia's academic town

Grow old gracefully in Novosibirsk

How does a town full of researchers age? The *akademgorodok* of Novosibirsk, the Soviet Union's largest special-purpose civil research community, is some 35 km north of the Siberian city of Novosibirsk, itself on the Trans-Siberian Railway at the western edge of the Siberian plain and on the northerly flowing Ob (not now to be diverted south).

The academic town, founded in 1957, is a monument to the early days of Khruschev's policy aimed at the settlement and exploitation of Siberia. The policy is still working away, but more gradually than that impetuous man would have liked.

The town has become a major scientific and technological centre. Apart from more than a score of academy institutes, it provides the headquarters of the academy's Siberian Division. There are also institutes of the academies of agricultural and medical sciences as well as of several of the production ministries. There are 70,000 people working in more than 100 institutes. Despite the academic character of much of the work, the deliberate intention is to assist with the application of research to the special problems of Siberia.

Ten years ago, *akademgorodok* seemed an idyllic place, at least in comparison with industrial Novosibirsk, with its tower blocks and empty shops. That remains the case, but the fabric of the town has aged. The birch trees are taller, but the doors and other external wooden fittings of the older buildings plainly show the marks of ten Siberian winters. Some buildings, the special school for example, have grown to look positively slummy. The community's central restaurant has become shabby, dominated after dark by the noise from the standard over-noisy pop group accompanying groups of exceedingly restrained dancers.

What of the people, getting on for 200,000 altogether? They have mostly stayed in their jobs, with the obvious result that the proportion of young children in the community has fallen. More important, some of the people born in *akademgorodok* have grown up not to be scientists like their parents (the town's excellent schools are strong on music, among other things) and have moved away, but often only to Novosibirsk.

For most of the mid-career people in *akademgorodok*, the life is satisfying and self-sufficient. Institute work for many is relieved by a spell of teaching at the town's university or even at the special school (see p. 797), which creams off Siberian high-school students in the last two years of their courses for special instruction in science and mathematics.

For many now working at the institutes, this *akademgorodok* has been the whole of life. Progression from the special school to the university to a post at one of the institutes seems commonplace. Those questioned about the isolation of their lives nevertheless insist that they have no sense of being cut off from the rest of the world.

Head of the tick vector of the retrovirus responsible for Siberian tick-borne encephalitis. The Institute of Cytology and Genetics says it has developed an RNA probe for telling which tick-bodies recovered from bitten people's skin are likely to have been infective, and that hundreds of cases a month are being diagnosed.

Funds for domestic business trips seem ample; in fields such as high-energy physics, visits to laboratories and conferences overseas are frequent. Visitors from elsewhere, even from overseas, are always dropping by.

Even so, there is a mild sense of senescence about the place. Institute staffs are that much older. Administrators are moderately concerned that the pace of recruitment to the institutes is so much less than 30 years ago, when most establishments began from scratch. Some look to expansion off the site, possibly by the creation elsewhere in the Soviet Union of branches of themselves.

The isolation probably also helps to explain the emergence, towards the end of last year, of a curious organization called 'Memory', made possible by *glasnost*, but with explicitly anti-semitic overtones. The organization, in which mathematicians played an important part, is now said to have sunk again without trace.

Might it not in the circumstances have been been better to build the new community closer to the city? This question provoked from the wife of one senior scientist the plaintive cry "Why didn't they put it nearer Moscow?" People can still think of themselves as exiles after several decades in the east.

Part of the trouble is that at least the senior people at the institutes spend much of their time travelling to the capital for committee meetings, sometimes once a week or so. With a sufficiently early start, it is possible to make the return journey within the day. The women tend to be left behind.

So has this best-known of all *akademgorodoks* succeeded? Much depends on the criteria for deciding what constitutes success. That Novosibirsk has grown to become a substantial intellectual centre, comparable with, say, Kiev or Kharkhov, is not disputed.

At least the mathematics and nuclear physics institutes have international reputations for research, while the Institute of Economics and Industrial Engineering has won for itself and for Academician A.G. Aganbegyan, its director from 1966 until 1985, a reputation for economic modelling and, more recently, a considerable influence on the Soviet Union's five-year plans. Now, from a base in Moscow, Aganbegyan is up to his eyes in the planning of Mr Gorbachev's intended economic reforms.

As an educational centre, this *akademgorodok* also seems to have made its mark. The university and its graduates are respected. There is some wry amusement in the town that the university appears to emerge badly from bureaucratic quality assessments, based as these are on counts of the diplomas and degrees awarded to members of its full-time staff. The joke is that most of the teaching is done by more highly qualified members of the institutes.

The economic impact of this concentration of research on Siberia is much harder to assess. Much of the work at Novosibirsk is biased towards applications, especially in fields such as geophysical prospecting and ore-processing so that, to the extent that these sectors of Soviet industry are doing reasonably well, there is likely to have been a worthwhile connection.

To a visitor from the West, however, the most surprising feature of the town is that it is not, by now, the centre of a huge science park filled with spin-off industries. It is true that many of the ministry institutes are in reality pilot plants, while the nuclear physics institute (see p. 790) has used its experise to build up a business in industrial electron accelerators. But can it be too late to encourage the town to become not just a source of research for distant industries, but a centre for much less formal industrial development making direct use of researchers' enthusiasm for their innovations? That way, this *akademgorodok* would seem a little less like an insect preserved in amber. □

Siberian genetics

Putting Lysenko behind them

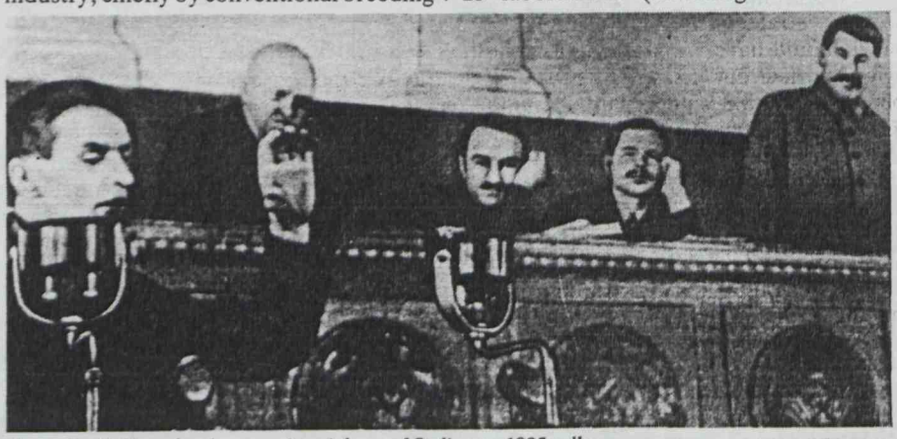
AMONG the many old stratagems for preserving Soviet genetics from Lysenko is the Institute of Cytology and Genetics at Novosibirsk's *akademgorodok*, founded by Academician N.P. Dubinin in 1958. The stratagem did not survive long. Part of the legend of the institute is that Khruschev thought it worthwhile stopping off at Novosibirsk, on a return journey from the United States in 1959, to read the riot act to the dissident geneticists. According to Professor Vladimir K. Shumny, who was there at the time, "we sacrificed Dubinin to preserve the institute itself".

For the succeeding quarter of a century, the director was the late Academician D.K.Belyaev. His successor, Shumny, is a corresponding member of the academy. He is showing off apparently the same coloured mink pelts as were on show exactly a decade ago.

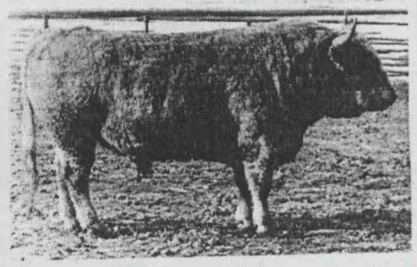
By general agreement, the institute has done invaluable work for the mink industry, chiefly by conventional breeding for arresting colour and other qualities of the fur. It is also proud of its work on the sea buckthorn, cultivated in Siberia for its berries (which are now twice as big as in the old varieties and easier to pick because the bushes have been persuaded to lose their thorns). It collaborates with institutes of the agricultural academy at Novosibirsk on sheep and cereal breeding and, since 1980, has maintained in the Gorno-Altai autonomous region a reserve for 20 aboriginal animal breeds and species, the Yakut horse for example.

As it is now, the institute is a blend of an applied genetics institute and one concerned (for this *akademgorodok*) with being a centre of expertise in molecular biology, which task it shares with the nearby Institute of Bioorganic Chemistry. The work ranges from the maintenance of a nucleotide sequence bank to the transplantation of mammalian oocytes.

Of the total staff of around 700, scientists account for 300, divided among 25 laboratories (including several out-



Lysenko (left) under the proprietorial eye of Stalin at a 1935 rally.



The Novosibirsk geneticists are concentrating on the practical. Like preserving a herd of the ragged Yakut horse (top) and the Yakut cattle, resistant to frost and able to pick up the grass from under a layer of snow.

stations). The institute has latterly been using the techniques of molecular biology in the pursuit of its long-standing interest in gene regulation, wherein lies a more controversial tale.

How to domesticate the silver fox? A successful answer to this problem would have an obvious interest for the fur industry, which would prefer not to have to go hunting for these animals (and people are in any case worried about their survival). This line of thought prompted, 30 years ago, the still-continuing study of the process of domestication, which in turn has provoked the study of the genetics of the inheritance of animal aggressiveness and other behavioural traits.

To vistors from the West, these sound like Lamarckian exercises, but Shumny insists that there is no heresy in his conviction that it is possible to breed for traits such as aggressiveness and its opposites that mark out readiness for domestication. On the contrary, the study founded by Balyaev is said to show that the phenotypic changes accompanying domestication do not imply genomic reconstruction, but changes in the pattern of gene regulation, possibly causing the activation of silent genes or increasing the natural mutation rate. Intracellular influences, such as hormone levels, might serve to switch from one pattern of gene regulation to another.

Why, for an institute that claims to publish a fifth of its research papers in Western journals, has this material made so little impact outside the Soviet Union, or even Novosibirsk? Shumny and his colleagues did not jump at the notion that a review article in *Nature* might do the trick, but one would be welcome, while the refereeing process would be instructive for all concerned. □

New departures

Starting out afresh in Siberia

If being sent to Siberia is a misfortune, electing to go there must be a folly. But there are compensations, which explains why Dr Mikhail Grachev has taken the job as director of the Institute of Limnology at Irkutsk, on the Trans-Siberian Railway at the point at which the Siberian plain joins the mountainous region to the east.

Grachev has persuaded a score of colleagues, some of them at odds with their institute directors, to migrate east with him from Novosibirsk. Last month, he was living with ten of his new colleagues in a communal apartment, but hoping to have been given somewhere more permanent by now. Meanwhile, there are people in Novosibirsk packing their equipment in preparation for slipping into newly emptied beds.

The venture is important both as a test of the flexibility of the administrative structure that seems normally to inhibit the movement of people and as a test of *glasnost* in the narrow sense of interdisciplinary communications.

Irkutsk is not everybody's vision of Siberia, but a typical small Soviet city, with close on a million people, a university and the regulation Intourist hotel. Across the river from the old city is the *akademgorodok* (for "academic town"). This is where Grachev has settled at the institute of limnology. His brief, from the Siberian Division of the academy, is to make Lake Baikal the centrepiece of a cross-disciplinary research programme whose guiding principle is merely that the lake is extremely interesting. One long-term but incidental effect may be to sharpen the tone of Irkutsk's *akademgorodok*. In a city five hours ahead of Moscow and an hour behind Tokyo, it is a little like being asked in eighteenth-century England to go and manage a colony in the New World: remoteness gives you independence, but also great responsibility.

Grachev, a soft-spoken but sharp-tongued man in his early forties, seems undismayed. An ecologist himself, Grachev has already gathered together a hard core of people who know about aquatic microorganisms, and has also formed a group of dedicated instrument-builders whose techniques may be applied to the study of Lake Baikal while providing grist for the mill of the always-nascent Soviet instrumentation industry.

One of his colleagues is Sergei Kuzmin, who has developed a liquid chromatography instrument, with a built-in double-beam spectrophotometer which, he claims, requires less of the expensive purified solvent than similar machines available in the West. (The group is still resentful that the Swedish company LKB decided some years ago not to market the device internationally, noting that more than 1,000 copies of it have so far been manufactured for domestic use.)

Another zealous designer is working with a Leningrad institute on the development of a novel and sensitive molecular mass spectrometer (intended to be used for baseline measurements of the present contamination of Lake Baikal) as well as a group skilled at synthesizing oligonucleotides (see pp. 802 and 792 respectively). Partly because of the second of these developments, Grachev is looking for molecular biologists keen to apply their techniques to the evolutionary history of the species of Lake Baikal.

There are more radical ideas in the air. Grachev takes it as a given that Lake Baikal is too interesting to be exclusively a Soviet preserve. He wants to make it international. Ingeniously following the *glasnost* principle that "what is not forbidden must be allowable", he has concluded that there is nothing in the academy's rules to prevent him employing specialists from abroad (a point confirmed in Moscow by a slightly startled Mr I.A. Timofeev, a member of the academy's Department of Foreign Relations). To begin with, Grachev would like to find a biologist from the West willing to make an "excursion" to Baikal and then perhaps to send a research student prepared to live on "our rubles" and to "share our life".

Part of the hidden agenda is to make a stronger link with science in the West. (Interested readers should write directly to Dr Grachev at the Institute of Limnology, Far Eastern Branch, Siberian Division of the Academy of Sciences of the USSR, Irkutsk, but *Nature* would also like to know of any expressions of interest.

More immediately, Grachev has designs on the University of Irkutsk. "We should be doing more teaching", he says. In due course, no doubt, that will be the case. But it will be an uphill task. So, too, will be that of sustaining the spirits of the new team through the hardships of the winter now beginning.

Grachev's adventure, like those of many other Siberian pioneers, is an intellectual risk. Distance from Moscow may offer opportunity, but also the chance of being forgotten. Grachev believes he has the personal backing of Academician Valentin Koptyug, president of the Siberian Division, but to the extent that his success will turn on people's willingness to break with the traditions of immobility and many other backward conventions of Soviet science, even those who have no inclination to join the venture might send him and his colleagues a greeting at the coming winter solstice. □

Environment

Baikal a symbol of Soviet intent

THE most vivid illustration of the scale of Lake Baikal is the sight of the river Angara at Irkutsk, 60 km away from the point at which it is the only exit from this inland sea. The river is more than a kilometre wide at this point, and fast enough to cause trouble for the ferries that ply between the banks.

The lake itself is almost incomprehensibly huge. Standing on the Western shore on a clear day in late September with good visibility, one could see the peaks of the wall of rock rising from the eastern shore but not the roots, still hidden in the surface mist. At the exit of the Angara, the lake is more than 20 km across. Elsewhere, it is wider. The other two dimensions of Baikal are even more puzzling. The length, as any map will show, is more than 700 km, but the depth reaches to 1,640 m, making the lake the largest single body of fresh water on the surface of the Earth. The local estimate is that Baikal contains between a quarter and a third of the world's fresh water. The average flow of the Angara is merely enough to empty the lake once in 400 years.

The structure is evidently a rift valley. Chains of islands on transects of the lake mark the places where earlier mountain ranges have sunk with the rift floor, helping to divide the water circulation of the lake into three largely separate cells. On the face of things, the rift will break out to the sea on the shore of the Sea of Okhutsk, opposite the Kamchatka peninsula.

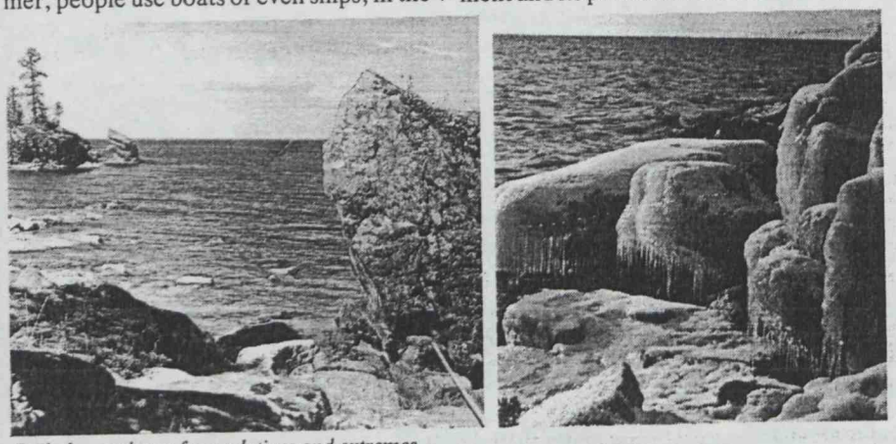
Estimates of Baikal's age, based largely on palaeontological data, are about 20 million years, but so little is known of the underlying tectonic processes that Baikal must be a happy hunting ground for geophysicists for many years to come.

Biologists' interests may be even more pointed, according to the newly appointed director of the Institute of Limnology at Irkutsk, Dr Mikhail Grachev. The baby seal at the University of Irkutsk's research station up the lake poses a problem: how does it come about than an inland lake supports freshwater adaptations of seawater mammals? There are 2,500 indigenous species in the lake, including bottom-living fishes adapted to the pressure of 1,600 m of water and sponges not very different from those best known in tropical seas. How did this diversity arise in a mere 20 million years?

But none of this is evident enough to give the lake its sense of magic. The approach to the place is more evocative. The road from Irkutsk, winding up the right bank of the Angara, first reaches a promontory 100 m above the sill over which the lake is emptied.

A kilometre further on, there is a hamlet of log-built Russian houses, with their curiously projecting dovetail joints at the corners (and some modern equivalents being built of sawn 25-cm timbers with corners that look the same) together with a working Orthodox church half-filled, on a Sunday evening, with local women. The lakeside road ends a further kilometre beyond, at a dock with a handful of research vessels. Beyond that, there is nothing to scar the shoreline, so that the steep cliffs, painted red and yellow as well as green for autumn, fall directly into the lake.

Communications around Lake Baikal are by the surface of the lake. In the summer, people use boats or even ships, in the winter, sledges or skis. A few kilometres north of the dock, there is a solar telescope operated by the Institute of Astrophysics at Irkutsk perched on a peak several hundred metres above the lake. Twenty km north of that is a research station belonging to the biology department of the University of Irkutsk.



Baikal — a place of superlatives and extremes.

In a cove marked by a series of shoreline pinnacles to the north, there is a comfortable wooden house and half a dozen uncomfortable huts, in one of which a research student is huddled over jars of larvae. A juvenile seal flops about in a shallow concrete pool, ostensibly in the cause of a test of visual cognition of which the best to be said is that it is uncontrolled.

Water quality has made Baikal a contemporary legend. You can tell how pure it is by looking at the pebbles 5 m down, at the edges of the lake. Grachev's group plans to use the most sensitive instruments they can find (or build) to establish a baseline with which later measurements can be compared. The purity of the water explains why the Ministry of Paper and Pulp Industries decided, more than a decade ago, to build two paper-pulp plants on the south-western bank, one on a tributary and the other on the lake itself. There has been moderate uproar ever since. At one stage, the late Peter Kapitza intervened in support of those who fear that the output of 200,000 m^3 a day of effluent from each of the two plants will eventually spoil the lake. Two years ago, the ministry agreed that both plants should be closed, but not until the labour-force moved from Western Russia to operate the plants had been retrained for making furniture.

People say that they were first alerted to the polluting potential of the pulp plants by the sophistication of the equipment for the treatment of the effluent. Quite what damage has been done so far is not yet clear, but a visiting Finnish group this summer is said to have evidence that dioxin is formed during the burning of chlorolignin practised at the two plants.

The saga of Baikal marks a turning point in Soviet opinions, especially the intelligensia's opinions, of the environment and its protection. In due course, the movement will no doubt be recognized to have been part of an indirect protest at the intellectual bankruptcy of the Brezhnev era, and which has now made environmental integrity a goal akin to peace (by means of the abolition of nuclear weapons).

People talk of "our global heritage" and "our common problem", inviting all shoulders to help propel the same wheel. The same opinion-makers are oddly indifferent to the way that Brezhnev's (and even Khruschev's) suburban factories continue to pollute the air their people breathe.

But what about the pollution of Baikal's four-century stock of discharge for the Angara? Early on a sunlit September day, only the people with the sharpest vision claimed to spot the discharge from the chimney stacks the other side of the lake. But as the temperature fell, there was a curious phenomenon: one of several valleys on the other side began to fill with mist, a consequence, the knowledgeable said, of diffusive turbulence stimulated by the distant chimney stacks. Then two dark plumes of smoke appeared silhouetted against the mist, illuminated for an endless half-hour by the setting pre-winter sun. The sailing party, atheists to a man, went off to hear the singing at the Orthodox church. □

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OF 090830Z NOVEMBER 87.

YOUR TELNO 1104: PRIME MINISTER'S ORAL MESSAGE TO GORBACHEV

1. I SPOKE AS AUTHORISED WHEN I SHOOK HANDS WITH GORBACHEV AT HIS RECEPTION FOR THE DIPLOMATIC CORPS IN THE KREMLIN ON 6 NOVEMBER. HE ASKED ME, IN RETURN, TO CONVEY HIS BEST WISHES TO THE PRIME MINISTER: HE STILL RECALLED WITH GREAT PLEASURE HER VISIT TO MOSCOW EARLIER THIS YEAR -THAT HAD BEEN A ''MAJOR STEP FORWARD'' IN OUR RELATIONS. ON THE QUESTION OF HIS OWN VISIT TO THE UK, GOBACHEV SAID THAT HE WOULD HAVE TO REFLECT: BUT HE HOPED THAT AGREEMENT ON ITS TIMING WOULD NOT BE TOO LONG DELAYED.

2. I WAS ABLE TO HAVE A FEW WORDS WITH RAISA GORBACHEVA AT THE KREMLIN RECEPTION ON 7 NOVEMBER AND SPOKE IN SIMILAR TERMS TO HER. SHE SAID THAT SHE HOPED THAT IT WOULD INDEED BE POSSIBLE FOR HER AND HER HUSBAND TO VISIT LONDON AGAIN ''SOON''.

3. I HAVE INFORMED SECOND EUROPEAN DEPARTMENT OF THE MFA OF THE TERMS OF THE PRIME MINISTER'S ORAL MESSAGE.

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cc Mr. Ingh

PRIME MINISTER

The attached letter from Charles Wilson asks you to review Mr. Gorbachev's forthcoming book in the Times.

It is an unusual request and I expect that your instinctive reaction will be to say no. But it actually bears a moment's reflection. A review would be an opportunity for quite an important public statement on major East-West issues after the Summit in early December. Moreover since the main purpose of Gorbachev's book is to show himself in the best possible light to Western public opinion it is important to administer a powerful antidote. No one is better placed than you. It could be done without seeming to criticise Mr. Gorbachev personally (or not much).

I realise that this is a bit of a long shot. But you might like to discuss it.

(C. D. POWELL)
9 November 1987

The National Archives

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 November 1987

Dear Tony,

ANGLO-SOVIET LECTURE

The Prime Minister and the Foreign Secretary had some further discussion this evening about possible candidates to deliver the first Anglo-Soviet lecture. The Foreign Secretary was inclined to think that neither Lord Gowrie or Dr Richard Pollock were quite right. The Prime Minister, for her part, did not favour the Foreign Secretary's suggestion of Lord Joseph. It was agreed to reflect further on the possibility that Sir Julian Bullard might be a good candidate. I should be grateful if you could let me know the Foreign Secretary's views in due course.

BF.

yours sincerely,

C D POWELL

A. C. Ga[illegible]thy, Esq., C.M.G.
Foreign and Commonwealth Office

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 November 1987

VISITS OF ACADEMICIAN MARCHUK AND DR. TOLSTYKH

Thank you for your letter of 3 November about the visits of Academician Marchuk and Dr. Tolstykh.

The Prime Minister will now meet the two delegations briefly at drinks before dinner at the Royal Society on Thursday 12 November. This makes it less important for her to see both delegations in full at No.10 the next day. I agree that we should try to keep numbers as small as possible at that meeting and suggest that we limit it to Marchuk and Tolstykh plus one colleague each (the colleague being Vainshtein in Marchuk's case) together with the Soviet Ambassador. If this causes the Soviet side serious difficulty, you have discretion to agree to one more from each delegation. I am sure the Prime Minister will be perfectly happy for Sir George Porter to be present and I should be grateful if you could ensure that he is invited to attend. Mr. Garrett can also be present. I should indeed be grateful if Tony Bishop would interpret. I assume that the Russians may also bring an interpreter on their side.

I am copying this letter to Tim Walker (Department of Trade and Industry) and Stephen Haddrill (Department of Energy).

CHARLES POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

Foreign and Commonwealth Office

London SW1A 2AH

3 November 1987

Dear Charles,

Visits of Academician Marchuk and Dr Tolstykh

Thank you for your letter of 22 October. We shall be sending you a brief in due course.

You discussed with the department whether the meeting on 13 November should be restricted or whether it would be better for the Prime Minister to receive both delegations in full. Although the latter option would get round any difficulty in deciding who should be excluded, you will see from the attached lists of delegation members that even without support staff there would be 18 Soviet participants, plus, presumably, the Soviet Ambassador. This would inevitably lend a set-piece air to the occasion.

The alternative would be to invite Tolstykh and Marchuk each to bring one (or perhaps two) colleagues, leaving the choice to the Russians but making it clear that the Prime Minister would like to see Academician Vainshtein. This would make a total of 5 - 7 including the Soviet Ambassador, and would improve the chances of an open and worthwhile discussion. Direct contact between the Prime Minister and Tolstykh/Marchuk is in any case the principal object of the exercise. Sir Bryan Cartledge has been consulted and agrees.

The Prime Minister may also wish to consider asking Marchuk's host, Sir George Porter from the Royal Society, to be present.

If you agree, Tony Bishop, who will be accompanying Tolstykh for most of his visit, will attend to interpret. Terry Garrett, the Science Counsellor at our Embassy in Moscow, will accompany the Marchuk delegation throughout. I hope you will agree that he should attend also.

I am copying this letter to Tim Walker (DTI) and Stephen Haddrill (Department of Energy).

Yours ever, Clive Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

VISIT OF ACADEMICIAN MARCHUK

List of Delegation Members

1.	Academician G I Marchuk	- President, USSR Academy of Sciences
2.	Mrs Marchuk	
3.	Academician Y A Buslaev	- Director, Institute of Chemical Physics
4.	Academician L D Fadeev	- Director, Institute of Mathematics, Leningrad
5.	Academician Y U Gulyaev	- Deputy Director, Institute of Radio Engineering and Electronics, Moscow
6.	Academician R V Petrov	- Director, Institute of Immunology, Ministry of Health, USSR
7.	Academician B K Vainshtein	- Director, Institute of Crystallogrophy, Moscow
8.	Corresponding member A A Makarov	- Director, Institute of Energy Research, Moscow
9.	Corresponding member A N Tavkhelidze	- President, Georgian Academy of Sciences

Support Staff

10.	Dr L G Nechayev	- Interpreter to the delegation
11.	Mr I A Timofeev	- Senior Consultant, Foreign Relations Directorate, USSR Academy of Sciences

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USSR

1.	Dr B L Tolstykh	- Deputy Chairman of the USSR Council of Ministers and Chairman of the USSR State Committee for Science and Technology. Leader of the delegation.
2.	Prof Y A Izrael	- Chairman of the State Committee for Hydro-Meteorology and Environmental Control.
3.	Mr V A Drovosekov	- Deputy Chairman of the USSR Foreign Trade Bank.
4.	Academician Ye M Primakov	- Director of the Institute of World Economics and International Relations (IMEMO) of the USSR Academy of Sciences.
5.	Academician K S Demirchyan	- Deputy Head of the Department of Physical-Technical Problems of Power Engineering of the USSR Academy of Sciences.
6.	Mr E Ye Obminskii	- Head of the Directorate of International Economic Relations of the USSR Ministry of Foreign Affairs.
7.	Mr V V Shustov	- Head of the Scientific-Coordination Centre of the USSR Ministry of Foreign Affairs. Member of the Collegium.
8.	Dr V V Kostyuk	- Head of the Composite Department of Science and Technology of RSFSR Gosplan and a Member of the Collegium.
9.	Professor Yu A Ryzhov	- Rector of the Moscow Aviation Institute. Corresponding Member of the USSR Academy of Sciences.
10.	H E Mr L M Zamyatin	- Soviet Ambassador in London.

Support Staff

11.	Mr P Ye Obolentsev	- Chief of Staff, USSR State Committee for Science and Technology.
12.	Dr N N Borisov	- Head of Directorate of Scientific and Technical Collaboration with Capitalist and Developing Countries of the USSR State Committee for Science and Technology.
13.	Mr D D Inashvili	- Deputy Head of Department for USA, Canada and the United Kingdom of the USSR State Committee for Science and Technology.
14.	Mr A A Dynkin	- Sector Head of the Institute of World Economics and International Relations (IMEMO) of the USSR Academy of Sciences.
15.	Mr N N Buzaev	- Deputy Head of Directorate of Foreign Relations of the USSR State Committee for Science and Technology.

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Foreign and Commonwealth Office
London SW1A 2AH

CONFIDENTIAL

2 November 1987

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Dear Charles,

In the Foreign Secretary's absence, you may find it useful to have a brief account prepared by the Department of recent developments in the Soviet Union, as background against which to judge the major speech which Mr Gorbachev is to make today as part of the celebrations of the 70th anniversary of the Revolution.

Gorbachev's long disappearance from view in August/September and conservative speeches in his absence by his deputy Ligachev and the KGB head Chebrikov gave rise to speculation that he was under pressure and might be forced to put on the brakes. In the event, characteristically, he has done the opposite. In major speeches shortly after his reappearance at the end of September in Murmansk and then in Leningrad, he made clear that perestroika had to be pushed ahead more quickly than ever. In a vigorous performance in Murmansk, he made clear that the crucial period for economic reform was only just beginning, and that there could be no going back. He was fiercely critical of economic shortcomings, particularly during one of his walkabouts, where he described local food and nursery education provision as scandalous. He also addressed directly the key question of prices, pulling no punches on the unacceptable level of subsidies on basic food items; but at the same time he gave a (vague) assurance that economic problems would not be solved by lowering people's living standards.

Gorbachev was even more outspoken in Leningrad. He attacked complacency and stagnation among party cadres and suggested that such people had had their chance to adapt and must now be got rid of. He defended glasnost and criticism of unsatisfactory aspects of Soviet life. Criticism could of course be taken too far. This was a danger to guard against. But there could be no return to the policy of bans.

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While these speeches are evidence of Gorbachev's determination, they also provide striking, if indirect, confirmation of the extent of resistance, notably within the party, to proposed changes. Further evidence of this came during a session of the Supreme Soviet on 19-20 October devoted to the economy. The official reports about 1987 plan fulfilment were relatively bland and upbeat. But other high-level speeches drew attention in uncompromising terms to deficiencies in key sectors, to the failure of many enterprises even to begin preparing for the economic reforms coming into effect on 1 January, and to the continuing gap between scientific research and industry. The debate gave every appearance of reflecting a struggle between on the one hand the massive economic bureaucracy, sticking grimly to the old administrative methods; and on the other Gorbachev's allies, the supporters of radical reform.

On the information front, meanwhile, the frontiers of glasnost are still being pushed back, particularly in a small number of outspoken publications. Debate in the press about history ranges ever wider as previously taboo subjects are opened up. Rehabilitation, unofficial and official, of Stalin's victims and their ideas has continued. The 1930's collectivisation of agriculture has been openly criticised, as has the stifling of Soviet cultural life and pillorying of major writers and artists over a long period. Criticisms of the workings of the economic system continue to abound. One or two articles have ridiculed the picture of life and events overseas given by traditionally rigid and ideologically slanted press coverage.Soviet psychiatric abuses have come under open attack several times, albeit without reference to political dissidents and the role of the KGB.

At the Central Committee Plenum of 21 October, Aliyev was retired from the Politburo, nominally on health grounds. His retirement means that Gorbachev now has a majority of his own appointees. No public details were given of the Plenum's proceedings, but it is clear that the line Gorbachev proposes to take in his 70th anniversary speech was a major item on the agenda. All the senior members of the leadership addressed the meeting. A member of the Central Committee told Sir Bryan Cartledge on 22 October that Gorbachev's speech would be partly devoted to a reassessment of Soviet history, would focus in particular on Khrushchev and would also mention Bukharin. He hinted that the debate had been lively. The holding of a Central Committee meeting to discuss the contents of a speech is itself a highly unusual step and an indication that it will be important and controversial. In effect, Gorbachev has

the difficult task of justifying 70 years of Soviet achievement when the whole thrust of his approach is that much of what was done in those 70 years was mistaken.

Overall, there is no reason to suppose that Gorbachev is under serious challenge. But there is equally little doubt that his economic reform programme is in danger of getting submerged in the bureaucracy, and that the pace of change is imposing strains on the cohesion of the leadership. (Rumours have now surfaced in Moscow that there was a serious row at the Plenum in which the Moscow Party chief Eltsin threatened to resign because the Party number 2 Ligachev was obstructing his reform policies in Moscow). This explains Gorbachev's urgent appeals directed in part at the people over the heads of the party.

It is also clear that some of his Politburo colleagues are becoming concerned at the effects of glasnost. Again, Gorbachev seems determined to push ahead, albeit ready to acknowledge that there have been "excesses". But he may feel that the pressure on him is increasing. It is possible that the shifts in his approach to a US-Soviet summit meeting are also to be explained by difficulties and delays in agreeing a line with his Politburo colleagues.

Against this background, the extent to which Gorbachev feels able to break new ground in his 70th anniversary speech, either on Soviet history or his own ideas for the future, will be an indication of how strong he feels his own position to be, as well as a pointer to the nature of further changes in Soviet society.

Yours ever, Lyn Parker

(L Parker)
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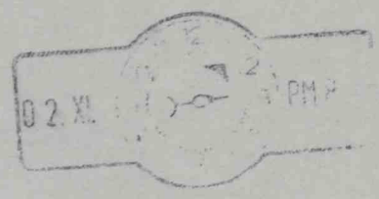

PART 8 ends:-

INTERNAL FCO MINUTE 30.10.47

PART 9 begins:-

FCO TO CDP 2.11.47

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