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SOVIET ECONOMY: INTERVIEW WITH GORBACHEV'S ECONOMIC ADVISER

SUMMARY

1. PETRAKOV LAUNCHES ATTACK ON THE GOVERNMENT'S RECORD OF IMPLEMENTING ECONOMIC REFORM. HE HINTS AT CRASH PROGRAMME TO IMPROVE CONSUMER GOODS SUPPLY BY RAISING HARD CURRENCY IMPORTS, AND IN RESPONSE TO A QUESTION, REFUSES TO RULE OUT THE POSSIBILITY OF SOME SORT OF MARSHALL PLAN TYPE AID.

DETAIL

2. FOLLOWING GORBACHEV'S OUTLINE OF VARIOUS RADICAL ECONOMIC REFORM MEASURES CONTAINED IN THE PRESIDENTIAL ADDRESS, (OUR TELNO 444) THE SEMI OFFICIAL NEWSAGENCY INTERFAX HAS NOW PUBLISHED AN INTERVIEW WITH NIKOLAI PETRAKOV, GORBACHEV'S PERSONAL ADVISER ON THE ECONOMY. PETRAKOV (WHO WOULD HAVE WRITTEN THE MAIN PART OF GORBACHEV'S SPEECH) GIVES A FEW MORE DETAILS OF WHAT WE CAN EXPECT TO SEE IN THE WAY OF A PACKAGE OF EMERGENCY ECONOMIC MEASURES, AND ATTACKS THE GOVERNMENT FOR FAILURE TO TAKE ANY ACTION SO FAR. FOLLOWING IS A SUMMARY OF THE MAIN POINTS: FULL TEXT OF INTERVIEW FOLLOWS BY BAG TO SOVIET DEPARTMENT.

- A 'PRESIDENTIAL PLAN' WILL PROVIDE AN ACCELERATED TRANSITION TOWARDS CREATING A 'FULL-BLOODED' MARKET. WILL CONTAIN NOT ONLY DECISIVE MEASURES, BUT ALSO SET DEADLINES AND ESTABLISH INDIVIDUAL RESPONSIBILITIES.
- MUST TAKE A STRONG LINE TOWARDS REVITALISING THE MONETARY SYSTEM. BUT THIS DOES NOT MEAN SOME SORT OF CURRENCY REFORM, AS THE TRADE UNIONS ARE SUGGESTING TO SOLVE THE PROBLEM OF THE SHADOW ECONOMY. WILL PROMOTE FORMS OF INVESTMENT, SUCH AS SALE OF HOUSES, GARDEN PLOTS AND SHARES IN ENTERPRISES WHICH CAN BE OWNED BY OTHER ENTERPRISES AND BANKS (INCLUDING FOREIGN BANKS) AS WELL AS BY ITS OWN WORKERS.
- AN AUSTERITY REGIME WILL CUT DOWN ON GOVERNMENT SPENDING. HAVE TO TAILOR OUR CONSTRUCTION PROGRAMME TO PRESENT CAPABILITIES.
- BUT NECESSARY TO RETAIN CONFIDENCE OF POPULATION BY IMPROVING THE CONSUMER GOODS SITUATION 'AT ANY COST.' NEED TO CONVINCE PEOPLE THAT THEIR LIVES ARE BIT BY BIT GETTING BETTER. AND IT WOULD BE GOOD



IF THIS COULD BE DONE BY TAKING UP FOREIGN CREDITS OFFERED ON EASY TERMS.

- (IN RESPONSE TO QUESTION OF USSR RECEIVING MARSHALL PLAN TYPE AID) POSSIBILITY NOT RULED OUT. BUT THIS WOULD NOT ONLY DEPEND ON THE USSR. FOREIGN AID WOULD OF COURSE BE IN THE INTERESTS NOT JUST OF USSR, BUT OF ENTIRE WORLD COMMUNITY INCLUDING THE WEST - BUT THEY DO NOT YET SEEM TO BE FULLY AWARE OF THAT.

- (IN RESPONSE TO QUESTION OF GOVERNMENT'S RESPONSIBILITY FOR CURRENT SITUATION) THEY HAVE BEEN WORKING VERY UNDECISIVELY. WE JUMPED TO CLEAR AN ABYSS - BUT SOMEHOW GOT OURSELVES SUSPENDED OVER IT. LOOK AT THE GOVERNMENT'S CLIMBDOWN IN THE FACE OF OPPOSITION FROM THE TRADE UNION COUNCIL OVER RAISED PRICES FOR FUEL AND TRANSPORT, AND OVER THE SALE OF LUXURY GOODS AT HIGHER PRICES IN SPECIAL SHOPS. THEY HAVE LOST CONTROL OVER THE POPULATION'S INCOMES. THEY ARE OPERATING AN 'INSANE' INVESTMENT POLICY. FOR JANUARY-FEBRUARY, INCOMES ROSE BY 14% OR 15% WHILE GNP WAS 0% TO -2%. EITHER THEY BELIEVE IN WHAT THEY ARE DOING OR ELSE THEY DONT.

- (IN RESPONSE TO POSSIBLE RESIGNATION OF THE GOVERNMENT) FIRST THE SUPREME SOVIET WOULD HEAR A REPORT FROM THE PRIME MINISTER: ONLY THEN CAN SOME DECISION BE MADE.

3. AS FOR WHEN THESE MEASURES MIGHT BE INTRODUCED, PETRAKOV TALKS OF A PRESIDENTIAL PLAN OF ACTION BEING PUBLISHED 'IN THE NEXT FEW WEEKS' RATHER THAN THE 'FEW DAYS' MENTIONED IN OUR TUR. BUT JUDGING FROM OTHER REMARKS MADE BY BOTH HIM AND ABALKIN IN THE MARGINS OF THE CONGRESS, THIS WILL BE IN ADDITION TO A REPORT ON PROGRESS SO FAR TO BE PRESENTED BY RYZHKOV TO THE SUPREME SOVIET SOME TIME IN EARLY APRIL

#### COMMENT

4. ALTHOUGH PETRAKOV DOES NOT MENTION SEVERAL OF THE MAIN ECONOMIC POINTS MADE BY GORBACHEV IN HIS SPEECH ON BEING APPOINTED PRESIDENT (EG PRICE REFORM, FREE TRADE IN SURPLUS AGRICULTURAL PRODUCE), HE DOES TOUCH ON MORE CONTROVERSIAL STUFF - NAMELY THE USE OF FOREIGN CREDITS FOR A CRASH IMPORT PROGRAMME OF CONSUMER GOODS AND THE POSSIBILITY OF A MARSHALL PLAN FOR THE COUNTRY. WHETHER THESE IDEAS COME TO ANYTHING OR NOT, HE LEAVES NO DOUBT THAT THE PACKAGE WILL BE FAR REACHING AND RADICALLY ALTER PRESENT REFORM POLICY.

5. BUT IT IS NOT AT ALL CLEAR TO WHAT EXTENT RYZHKOV (OR EVEN ABALIN) HAS BEEN INVOLVED IN DRAWING UP THE PACKAGE OF EMERGENCY MEASURES. SO FAR, THIS INDICAITONS ARE THAT IT WILL BE A PRESIDENTIAL RATHER THAN GOVERNMENTAL INITIATIVE - AND THAT IT CONTAINS MEASURES TOO RADICAL TO WIN SUPPORT FROM THE MORE CAUTIOUSLY REFORMIST RYZHKOV. IT MAY BE THAT WE ARE SEEING THE START OF A SPLIT BETWEEN GORBACHEV AND HIS PRIME MINISTER. AND ABOUT THE LACK OF WILL SHOWN



SO FAR IN IMPLEMENTING REFORMS FOLLOW HARD ON THE HEELS OF SOBCHAK'S ACCUSATIONS DURING THE CONGRESS OF GOVERNMENT INVOLVEMENT IN THE ANT TRADING SCANDAL, IN WHICH HE NAMED RYZHKOV AS ONE OF THOSE INVOLVED IN SETTING UP THE COOPERATIVE. RYZHKOV ANGRILY REFUTED THE SUGGESTION, BUT NOTABLY RECEIVED NO SUPPORT FROM GORBACHEV. THE APPEARANCE OF THIS INTERVIEW, PLUS THE WIDESPREAD SPECULATION OVER RYZHKOV'S POSITION WILL HAVE DONE NOTHING TO ALLAY SUSPICIONS HERE THAT HE WILL BE HELD RESPONSIBLE FOR THE FAILURE OF THE REFORM PROGRAMME

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