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MY TELNO 532: PRESIDENTIAL COUNCIL: GORBACHEV SPEECH

SUMMARY

1. PERESTROIKA - THE WORLD'S FIRST LARGE-SCALE PEACEFUL REVOLUTION. URGENT NEED TO SPEED UP THE TRANSITION TO A FULL BLOODED MARKET ECONOMY WITH REAL COMPETITION, PRICE AND FINANCIAL REFORM. LOCAL SOVIETS MUST TAKE OVER THEIR NEW POWERS QUICKLY AND EFFICIENTLY. IMPORTANCE OF LAW AND ORDER: RISING CRIME IS NOT THE UNAVOIDABLE PRICE OF PERESTROIKA.

DETAIL

2. FOLLOWING ARE THE MAIN POINTS FROM THE SPEECH:
THE PRESIDENCY AND PERESTROIKA

3. THE FIRST SESSION OF THE PRESIDENTIAL COUNCIL IS A NEW STEP IN THE HISTORY OF OUR COUNTRY. WE NEED TO DEFINE OUR PRIORITY TASKS. THE PRESIDENCY DOES NOT REPRESENT THE REGENERATION OF PERSONAL POWER IN A NEW FORM. IT IS, RATHER, AN IMPORTANT INSTRUMENT FOR DEFENDING DEMOCRACY. ONE OF THE PRESIDENT'S MAIN TASKS IS TO RAISE SOCIAL RESPONSIBILITY AT A TIME WHEN SOCIETY IS CROSSING AN HISTORIC BOUNDARY. THE RECENT PAST HAS SHOWN US THAT WE NEED A RADICALISATION OF PERESTROIKA. WE ALSO NOW HAVE THE EXPERIENCE OF HOW TO IMPLEMENT IT AND UNDERSTANDING AMONG WORKERS OF THE SERIOUSNESS OF THE SITUATION AND THE NEED FOR ACCELERATION.

4. SOME PEOPLE, LOOKING AT THE CRISIS, WANT TO GO BACK NOSTALGICALLY TO THE ERA OF STAGNATION, AND EVEN FURTHER BACK THAN THAT. THESE ARE DANGEROUS PROPOSALS BUT THE INERT CONSERVATIVE FORCES ARE NOT GIVING WAY WITHOUT FIERCE RESISTANCE. ON THE OTHER HAND, WE ENCOUNTER THE IMPATIENCE OF THOSE WHO WANT TO CREATE A NEW WORLD TODAY - BUT WE CANNOT BUILD A REALISTIC POLICY ON THAT BASIS EITHER. THAT WOULD BE TO SUBMIT TO EXTREMISM AND DESTRUCTIVENESS.

5. PERESTROIKA IS A REVOLUTION - THE WORLD'S FIRST LARGE-SCALE PEACEFUL REVOLUTION - AND IT CAN OPEN A NEW ERA OF NON VIOLENT SOCIAL

TRANSFORMATIONS WITHOUT BLOODSHED. BUT THERE IS A GREAT DISTANCE BETWEEN THE CONCEPT AND ITS REALISATION. THE MAIN DIFFICULTIES LIE AHEAD. PRESIDENTIAL POWER IS NOT A PANACEA WHICH WILL GIVE SUPERNATURAL RESULTS.

THE ECONOMY

6. THE VERY FIRST OF OUR TASKS IS TO WORK OUT MEASURES TO SPEED UP ECONOMIC REFORM. WE BEGAN WELL: LONG DISCUSSIONS AND CONSULTATIONS, TAKING PRACTICAL STEPS SUCH AS THE TRANSFER OF THE NATIONAL ECONOMY ONTO A COST ACCOUNTING BASIS, DEVELOPMENT OF THE COOPERATIVE MOVEMENT. BUT WE FAILED TO CARRY THROUGH ALL THE MEASURES.

7. DELEGATING MORE INDEPENDENCE TO ENTERPRISES IN THE ABSENCE OF ANY GOVERNMENTAL CONTROL MECHANISMS, WITH EXTENSIVE MONOPOLY PRODUCTION HAS LED TO SERIOUS DISRUPTIONS IN POLICY ON INCOMES, INVESTMENT, PRICES AND TO A DISORGANISED MARKET. THERE ARE NO MECHANISMS FOR HEALTHY COMPETITION. TRADE IS USUALLY ON A BARTER-BASIS. IN SHORT, WE DO NOT HAVE A MARKET IN THE NORMAL SENSE OF THE WORD AND THIS IS SLOWING REFORM. THE SHADOW ECONOMY FLOURISHES. PRODUCTIVITY REMAINS THE SAME WHILE WAGES GROW. MANY ENTERPRISES WORK AT LESS THAN FULL STRENGTH, AND ECONOMIC MISMANAGEMENT IS GETTING WORSE. PRICES GO UP BECAUSE ENTERPRISES (WHO ARE MONOPOLY PRODUCERS) HAVE ACCESS TO CHEAP CREDIT. AND RISING INFLATION IS THREATENING TO PUSH THE ECONOMY OUT OF CONTROL. WE CANNOT GO ON LIKE THIS. LET ME SAY IT OPENLY: THE EXISTING ECONOMIC REFORM MECHANISM NEEDS MAJOR CHANGES.

8. WE NEED TO CREATE A NORMAL, FULL-BLOODED MARKET, DEVELOP HEALTHY COMPETITION AND AN EFFICIENT AND PRODUCTIVE LABOUR SECTOR. DO NOT THINK WE CAN DO THIS BY COMPULSION: WE MUST INSTEAD INTRODUCE MAJOR CHANGES IN MANAGEMENT PRACTICES, INTRODUCE ANTIMONOPOLY LEGISLATION AND PROMOTE THE FORMATION OF JOINT STOCK COMPANIES. THE LAW ON LAND (WHICH REPRESENTS A MAJOR CHANGE OF DIRECTION IN AGRARIAN POLICY) OPENS UP HUGE NEW POSSIBILITIES. IN ESSENCE, WHAT WE NEED IS A CONTROLLED TRANSITION TO MARKET RELATIONS. AND THAT REQUIRES A TRANSFORMATION OF THE FINANCIAL SYSTEM, A FASTER ELIMINATION OF THE STATE BUDGET DEFICIT AND A REORGANISATION OF THE PRICING SYSTEM. STATE OWNERSHIP WILL STILL PREDOMINATE, BUT IT WILL EMBRACE A VARIETY OF OWNERSHIP FORMS INCLUDING THE DEVELOPMENT OF SMALL COOPERATIVE OWNED ENTERPRISES, FAMILY BUSINESSES AND COLLABORATION WITH FOREIGN FIRMS AND BANKS. CHANGING OVER TO MARKET RELATIONS WILL RULE OUT SUCH COMMAND-ADMINISTRATIVE METHODS AS THE DISTRIBUTION OF FUNDS AND RESOURCES BY CENTRALISED ALLOCATION. BARTER TRADING AND RATIONING MUST BE REPLACED BY A TRUE FINANCIAL CENTRALISM WHERE THE STATE CONTROLS THE MACROECONOMY WHILE ALLOWING INDEPENDENCE TO ENTERPRISES

AND CITIZENS TO SHOW INITIATIVE.

10. ALL THESE MEASURES WILL OF COURSE BE ACCOMPANIED BY MOVES TO PROTECT THE INTERESTS OF THE LOWER PAID IN SOCIETY. BUT THIS WILL NOT BE ALLOWED TO ENCOURAGE IRRESPONSIBILITY - SOCIAL JUSTICE MEANS PAYMENT ACCORDING TO LABOUR.

11. TO SUMMARISE, THIS IS A MAJOR TURN-AROUND IN POLICY, REQUIRING CAREFULLY CONSIDERED DECISIONS. THE NEXT PRESIDENTIAL COUNCIL MEETING WILL BE DEVOTED TO THIS AND ORDERS HAVE ALREADY BEEN GIVEN SO THAT IN 10, MAXIMUM 15, DAYS TIME WE WILL BE ABLE TO DISCUSS A DRAFT PLAN.

REFORM OF LOCAL GOVERNMENT

12. ECONOMIC MEASURES CANNOT BE TAKEN WITHOUT POLITICAL REFORM, AND VICE VERSA. THE RECENT ELECTIONS INVOLVE A MASSIVE SHIFT OF POWER TO THE SOVIETS, BUT NOT ONE THAT HAS BEEN FULLY ABSORBED: LOCAL SOVIETS WILL NOW HAVE RESPONSIBILITY FOR ABSOLUTELY ALL PROBLEMS WHICH DIRECTLY CONCERN THE POPULATION. THE LAW ON REGIONAL SELF GOVERNMENT AND THE CREATING OF A COMPETENT APPARATUS WILL BE CRUCIAL STEPS IN THE PROCESS. THE NEW SOVIETS NEED THE ACTIVE SUPPORT OF THE SUPREME SOVIET AND THE PRESIDENTIAL COUNCIL. THE SOVIETS WILL HAVE BROAD RESPONSIBILITY FOR THE DEVELOPMENT AND IMPROVEMENT OF THE COOPERATIVE MOVEMENT, FOR THE IMPLEMENTATION OF LAND REFORM, WHICH FACES GREAT OPPOSITION AND DIFFICULTIES, AND FOR THE SOCIAL AND ECONOMIC TRANSFORMATION OF RURAL AREAS.

NATIONALITIES

13. THE FEDERATION ALSO NEEDS RECONSTRUCTION: EVENTS IN TRANSCAUCASIA, THE BALTICS, AND ESPECIALLY IN LITHUANIA DICTATE THE NEED FOR IMMEDIATE REVIEW AND RESOLUTION OF RELEVANT QUESTIONS. WITH THIS AIM THE COUNCIL OF THE FEDERATION WILL MEET THIS WEEK (ON FRIDAY 30 MARCH)

LAW AND ORDER

14. THE CENTRE OF THE PRESIDENT'S ACTIVITY IS TO SUPPORT AND INCREASE OBSERVANCE OF THE LAW. WE CANNOT REFORM IN A SITUATION OF LEGAL NIHILISM. TO CARRY OUT THIS KEY TASK WE NEED TO RAISE THE RESPONSIBILITIES OF THE FORCES OF LAW AND ORDER. TO COORDINATE LAW AND ORDER ACTIVITIES A SPECIAL GROUP ATTACHED TO THE PRESIDENTIAL COUNCIL IS TO BE FORMED, HEADED BY YAKOVLEV, AND INCLUDING KRYUCHKOV (HEAD KGB), BAKATIN (MINISTER OF INTERNAL AFFAIRS) AND YARIN (WORKER MEMBER OF THE COUNCIL) AND THE LEADERSHIPS OF THE RELEVANT ORGANS. MEASURES FOR COMBATING CRIME MUST BE INTRODUCED WITHOUT DELAY, WITH

NO REFERENCE TO THE TASKS INVOLVED AS BEING TOO DIFFICULT OR TO CRIME AS BEING THE UNAVOIDABLE PRICE TO PAY FOR PERESTROIKA. EACH CITIZEN SHOULD BE ABLE TO RELY ON THE SECURITY AND DEFENCE OF HIS RIGHTS.

FOREIGN POLICY

15. IN THE INTERNATIONAL SPHERE WE MUST NOT THINK THAT TO DEMONSTRATE 'NEW THINKING' IS ENOUGH, AND THAT WE CAN NOW SIT BACK.

A WHOLE RANGE OF SERIOUS PROBLEMS HAS EMERGED: DISARMAMENT, THE EUROPEAN PROCESS, OUR RELATIONS WITH THE EASTERN EUROPEAN COUNTRIES, AND NEW TASKS IN FOREIGN TRADE. IN THE LATTER FOR EXAMPLE, THE QUESTION OF THE CONVERTIBILITY OF THE ROUBLE IS IMPORTANT ENOUGH TO MERIT THE ANALYSIS AND CONTROL OF THE PRESIDENTIAL COUNCIL.

16. IN CONCLUSION, I SEE THE FUNCTION OF PRESIDENTIAL POWER AS BEING TO INCREASE THE EFFECTIVENESS NOT ONLY OF THE UPPER ECHELON OF POWER BUT OF THE WHOLE SYSTEM OF STATE POWER AND MANAGEMENT. EACH LINK IN THE CHAIN WILL ASSUME GREATER RESPONSIBILITY, WITHOUT WHICH WE WILL NOT ACHIEVE THE AIMS WE ENVISAGED WHEN INTRODUCING THE INSTITUTION OF THE PRESIDENCY

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