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(2)



House of Lords

21st May 1987

Charles Powell Esq
Private Secretary
10 Downing Street
London
SW1A 2AA

Prime Minister

*COO
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Dear Charles:

Dominic Lieven of the London School of Economics has written the attached note about Mr. Gorbachov.

He is, as you probably know, a very bright man and wrote an earlier note, which I think the Prime Minister found of use before she went to Moscow, in conjunction with his colleague Anthony Polonsky.

Yours ever

Hugh

Enc.

The President of Costa Rica was mentioned by his appointment

On 10 March 1985 Mikhail Gorbachëv succeeded Konstantin Chernenko as General Secretary of the Soviet Communist Party. In the next two years a radical shift occurred in the image which the Soviet regime presented to its own people and, still more, to the outside world. Vigour, sophistication and purpose replaced inertia, gerontocracy and the distinct scent of corruption. Changes in personnel were, by the standards of the Brezhnev era, drastic, the Politburo, Council of Ministers, foreign policy leadership, regional (Obkom) first secretaries and top echelons of the world of journalism being filled by large numbers of new (though not usually particularly young) recruits. Shifts in policy were less dramatic, though where foreign policy, culture and the media are concerned they have been marked. There is genuinely far more openness and debate about contemporary Soviet issues and failings in the media, particularly the mass media, than was ever the case in the past. Determined efforts are being made to mobilise the support of loyal but critical people in the best-educated strata of the population. In foreign policy far greater intelligence and flexibility has been shown in pursuit of arms control and better relations with the USA. On the other hand, as one might expect, fundamental structural or institutional changes have been slow to emerge, though minor concessions have been made to individual, family and co-operative enterprise, and significant reforms have been enacted in the field of foreign trade. It needs to be stressed that, thus far, although radical changes have sometimes been discussed in the press, nothing that has actually been done even approaches the transformation achieved by Lenin in creating NEP or by the Chinese leadership's reforms in the economic sphere during the last few years.

Of Gorbachëv's statements, much the most dramatic was the support he expressed at the recent Central Committee plenum for secret ballots and multiple candidacies in the election of party secretaries. One must interpret this as a desire to reinvigorate the party's cadres in order that they can properly fulfil their role of leadership in Soviet society; to mobilise the party's rank and file against inert or corrupt local secretaries; and to restore the CPSU's links with the mass of the population so that the regime's appeals for reforms in economy and society will not fall on deaf ears. No doubt Gorbachëv also hopes to root out political opponents by this means. Greater 'democracy' in party elections, particularly if rank and file members themselves acquired the right to put forward candidates, would however have serious risks. To find parallels with this policy one needs to go back to Khrushchëv's reform of the party rules in 1961 which enforced compulsory turnover of party secretaries. This innovation, through which Khrushchëv hoped to winkle out opponents of his reforms without resort to Stalin's bloody method of purging party cadres, was exceptionally unpopular with party secretaries at every level of the apparatus, proved an important factor in Khrushchëv's overthrow by the party elite in 1964, and was rapidly rescinded by his successors.

Gorbachev's proposals might, however, not only put the jobs of incumbent secretaries at risk but also compromise the centralised, authoritarian structure of the party apparatus. Local party members might well not share Gorbachëv's own wishes as regards either policy or the leading cadres best suited to execute it. In the case of Kazakhtstan, for instance, where Gorbachëv's recent dismissal of the republic's veteran leader, Dinmukhamed Kunaev, caused great resentment among elements of the local party and population, there is every

chance that Kazak party members would have used increased 'democratic' rights to vote their old patron back to office. It is important to remember that the multi-national make-up of the Soviet state is a powerful factor inhibiting any weakening of the central party and state institutions. This is a point to bear in mind even as regards projects for decentralisation or limited marketisation in the economic sphere. Where the decisively important institutions of the ruling party apparatus are concerned its significance is all the greater, for no Soviet leader wishes to see largely autonomous republican parties develop along Yugoslav lines. A further constraint on any dilution of the party's authoritarian nature is the situation in Eastern Europe, where, unlike in the USSR, revolt against Communist power is a very genuine contemporary possibility. Moscow will remember that whereas the CPSU enjoyed sufficient legitimacy and cohesion to stand the strains of Khrushchëv's dramatic repudiation of Stalin, some of the much more fragile East European regimes did not. Care will have to be taken that currents of reform spreading from the USSR do not destroy conservative party leaders in the satellites and excite potentially revolutionary political expectations among the Eastern European peoples, as happened in Hungary in 1956.

Gorbachëv will be aware of these dangers, which will undoubtedly be underlined by other members of the Politburo. In introducing changes in the party rules Gorbachëv will therefore undoubtedly seek to ensure that Moscow maintains a powerful hold over the selection of cadres at lower levels. He will not put the fundamentally authoritarian nature of the party at risk in part because, an authoritarian himself, he wishes to use the CPSU apparatus to energise and transform a conservative and lethargic society. In addition, however, Gorbachëv does not have the power to impose dramatic changes in the party rules on the Politburo and Central Committee

and would certainly be removed if he attempted to do so.

In general of course elites and nations only ask fundamental questions about their values and institutions in the face of great crisis, usually when the survival of the regime itself is at risk. One does, however, need to remember that the country which Brezhnev bequeathed to his successors was very far from being on the point of collapse; indeed it was in many ways a model of political stability. Because there are no clear laws and few conventions as to the ways in which a general secretary is chosen, Western experts have rightly stressed that periods of succession are a difficult and potentially unstable moment in Soviet politics. Between 1982 and 1985, however, three general secretaries died and were replaced without the remotest whiff of gunpowder and with no evidence of weakened party control or mass discontent. For the present Soviet leadership problems and dangers exist much less in the short run than in a rather longer perspective. In a sense, even from the leadership's viewpoint, the de-politicisation of the masses has been all too effective because stability and inertia have affected the whole tenour of Soviet life. Gorbachëv's problem is not to stop the Soviet peoples from revolting, for which at present few (except perhaps in a handful of the non-Russian republics) have the desire and none the remotest possibility, but rather to inspire them to abandon some old habits, to think afresh, to work hard, and to show some enthusiasm, capacity for self-sacrifice, and, above all, faith in their rulers' plans for a more prosperous and efficient society. Of course stirring up Soviet society necessitates the acceptance of some undesirable political side-effects. One cannot encourage Soviet intellectuals to speak their minds without hearing arguments and even truths which are, from the leadership's perspective, unwelcome. In the present context, however, the cries of dissidents are a nuisance but in no conceivable sense a danger, for the regime's repressive

apparatus is confident and formidable while the dissidents' support among Russian workers and peasants is minimal. Gorbachëv seems wise enough to realise that although the cries of dissidents may be infuriating, to allow the continued reign of lethargy and inertia in Soviet society would actually be dangerous. At present the regime still possesses unchallenged authority and relatively plentiful room for manoeuvre but this might well not be the case twenty years hence if today's social and economic problems are not faced up to with realism and tackled with energy.

For the Soviet leadership it is above all the poor performance of the economy in the last decade or more which is the major cause for concern. Even Soviet statistics witness to a quite dramatic decline in growth rates and had the quality or usefulness of the goods produced been taken into account the situation would have appeared in even truer and gloomier light. Up to the 1970s it was possible to argue that the USSR, handicapped by initial backwardness and war-time losses, was catching up the West, albeit not as quickly as its leaders might have desired. Somewhat prone to measure status in crudely military terms, Soviet leaders could celebrate detente as a confirmation of equal membership of the superpower club. Visions of condominiums over the world beckoned and optimists in Moscow could write cheerfully that the correlation of world forces was moving in favour of the USSR and socialism. Subsequent events have quenched this optimism. Afghanistan has illustrated the costs of using military power to extend one's influence in the world. Moreover, economic inferiority to the capitalist countries constrained Soviet foreign policy in many areas of the Third World in the 1970s and 1980s. As a temporary phenomenon this was annoying but not disastrous. The real danger was, however, that the gap between Soviet technology and living standards and those existing in the most efficient capitalist societies was widening.

If allowed to continue this trend has very unpleasant implications. It is just conceivable that SDI represents the beginning of one more of the secular shifts in the history of military technology in which the power of the offensive, at present embodied in unstoppable but relatively cheap ICBMs, might once again be subordinated to currently barely conceivable but undoubtedly hugely expensive defensive systems. Probably more of a realistic danger, economic decline would threaten the USSR's ability to pay the price of empire not merely in Africa but also in Vietnam and Cuba, or even ultimately in Eastern Europe itself, where situations can arise in which political stability requires overt or hidden Soviet subsidies. Above all, ever since Khrushchëv formulated the concept of peaceful coexistence, victory over the capitalists has been supposed to spring from the evident superiority of the Soviet economy. Humiliating evidence to the contrary would undermine Soviet prestige in the world, weaken the legitimacy of the CPSU within its own country, further sap the morale of Soviet society and encourage Soviet non-Russians to question the advantage of rule by Moscow. It would also challenge the self-confidence and self-esteem of the USSR's rulers.

In essence the problems of the Soviet economy are not complicated. An economic system run according to principles developed under Stalin cannot meet the more varied and sophisticated needs of a modern society. This is all the more true since a key element in the Stalinist economic system, namely ruthless terror directed against managers and workers, no longer exists, would be exceptionally hard to re-introduce, and would prove both politically risky and economically counter-productive. The contemporary Soviet leadership must find acceptable ways to generate initiative in managers, productivity in workers, and less wasteful methods of utilising Soviet human and natural resources.

Put in these terms the problem seems simple; in practice, however, it is just the opposite. Changing an economic system which has governed the lives of Soviet citizens for over half a century conflicts with powerful forces of inertia and vested interest. Nor are matters helped by the fact that 'liberalisation' of the economy means to subvert ideological nostrums and to accept certain Western principles at the expense of traditional Russian and Soviet ones. The most important opponent of reform is of course much of party and state officialdom, whose power, status, relative wealth and even in some cases raison d'etre would be challenged to the extent that markets allocated resources and society recovered a certain autonomy from the state. The acquiescence of the Soviet working class in reform is also, however, not to be taken for granted since the longterm benefits of economic innovation would have to be bought at the expense of hard blows to present values, interests and habits. In comparison to the inefficiencies of Soviet enterprises the outdated practices which the 'Thatcherite revolution' was intended to exorcise from the British economy seem wonders of rational modernity, shallowly rooted in British tradition. Moreover, in Britain the cruel winds of capitalism and international competitiveness, the enterprise and search for profit of businessmen, can be brought to bear. In the USSR everything must be activated from above, by the party-state apparatus.

The latter, however, is not only the sole conceivable agent for ordered change in the USSR but also the greatest of all conservative vested interests; it is the agent that must transform society but must, to achieve this, to a considerable extent be transformed itself; yet in the process of transformation the party must not lose its own cohesion or its capacity to integrate the highly fragmented groups which make up Soviet society. Should any real

threat to party discipline or unity emerge, the forces of conservatism will quickly triumph in Moscow, exploiting the undoubted fact that in present circumstances the alternative to party rule in the USSR is not Western-style democracy but anarchy.

Looked at in the perspective of imperial history Gorbachëv's Russia maybe stands where Alexander II stood in 1856, faced with the need to end serfdom, the fundamental institution of Russian economic and social life, and liberate his people's initiative and energy. In liberalising key aspects of Russian social, economic and even to some extent political life Alexander had considerable success, for which his regime paid through violent challenges to its authority which ultimately culminated in the assassination of the monarch himself. There is little reason to envy Mikhail Gorbachëv his task. Probably, however, a certain caution should be exercised as to the radicalism of the reforms he intends or, at least, will succeed in implementing. The prerequisite for the great reforms of Alexander II was after all the shock of defeat in the Crimea. The Soviet regime is yet to suffer a similar trauma.

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