



cc PC

Foreign and Commonwealth Office
CONFIDENTIAL

London SW1A 2AH

2 November 1987

CDP
2/X1

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.

/While

CONFIDENTIAL

U92AAB



CONFIDENTIAL

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

CONFIDENTIAL

/the

U92AAB



CONFIDENTIAL

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.

Long as, L. Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

U92AAB



C. Powell
Old paper
with minor corrections - for your file?
VC

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.

- - - - -

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 may 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 apparatus, might grasp the nettle; or their successors.

- - - - -

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.

- - - - -

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 politically 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 current 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.

- - - - -

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.

- - - - -

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.

HOUSING IN THE SOVIET UNION

Pl. pr m
file
CPR.

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.