

UNCLASSIFIED
FM MOSCOW
TO IMMEDIATE FCO
TELNO 722
OF 280627Z APRIL 89
INFO PRIORITY EASTU EUROPEAN POSTS, UKDEL NATO, PARIS, BONN
INFO PRIORITY WASHINGTON

MY TELNO 716: GORBACHEV'S CLOSING SPEECH TO THE PLENUM

SUMMARY

1. GORBACHEV ASSESSES THE IMPLICATIONS OF THE ELECTIONS FOR THE PARTY. THERE WAS NOW A REVOLUTION FROM BELOW AS WELL AS FROM ABOVE. THIS DID NOT, AS SOME WERE CLAIMING, POSE A THREAT TO THE PARTY OR TO SOCIALISM. THE PARTY MUST LEAD THE PROCESS: NOT TRY TO REVERSE IT. THERE WAS STILL SERIOUS ECONOMIC FINANCIAL MISMANAGEMENT.

DETAIL

2. THE FOLLOWING ARE SOME OF THE KEY POINTS FROM GORBACHEV'S CLOSING ADDRESS TO THE PLENUM ON 25 APRIL.

LESSONS OF THE ELECTIONS

3. GORBACHEV CHARACTERISED DISCUSSION AT THE PLENUM AS A MAJOR CONTRIBUTION TO THE WORK OF THE PARTY AT A CRUCIAL STAGE IN PERESTROIKA. IN STUDYING THE LESSONS OF THE ELECTIONS THERE WAS NO PLACE FOR EMOTION. THEY HAD TAKEN PLACE UNDER EXTREMELY DIFFICULT CONDITIONS. CONSUMER SHORTAGES WERE GETTING WORSE: THE FINANCIAL POSITION WAS GRAVE: EXTREMIST AND ANTI-SOVIET ELEMENTS WERE EXPLOITING NATIONAL FEELINGS. BUT PREDICTIONS THAT PEOPLE WOULD NOT GO TO THE POLLS, OR THAT THOSE THAT DID WOULD VOTE AGAINST THE PARTY, HAD BEEN PROVED MISTAKEN. THE PEOPLE HAD UNAMBIGUOUSLY BACKED THE PARTY'S POLICY OF MODERNISING SOCIETY. THE LESSONS OF THE ELECTIONS HAD NOT YET BEEN FULLY ANALYSED. THERE WOULD BE A FURTHER OPPORTUNITY FOR DISCUSSION AT THE NEXT PLENUM ON THE EVE OF THE CONGRESS OF PEOPLES DEPUTIES WHEN THERE WOULD ALSO BE DISCUSSION OF ARRANGEMENTS FOR THE CONGRESS AND THE FORMATION OF OTHER STATE BODIES.

4. GORBACHEV AGREED WITH THOSE AT THE PLENUM WHO HAD ATTRIBUTED MANY OF THE PROBLEMS OF PERESTROIKA TO THE FAILINGS OF CENTRAL BODIES. BUT PEOPLE WERE ALSO UNHAPPY WITH REGIONAL AND LOCAL AUTHORITIES, WITH THEIR WORK IN THE SPHERE OF TRADE, SERVICES, TRANSPORT: WITH ECONOMIC AND ECOLOGICAL MIS-MANAGEMENT AND VIOLATIONS OF THE RULE OF LAW. VOTERS AT THE ELECTIONS HAD MADE A RIGOROUS ANALYSIS NOT JUST OF OVERALL PARTY POLICY, BUT OF HOW IT WAS BEING IMPLEMENTED IN

SPECIFIC CITIES AND REGIONS. IN SOME REGIONS PROGRESS WAS BEING MADE. BUT NOT IN OTHERS. MANY OF THE OUTSTANDING PROBLEMS WOULD BE SOLVED BY LOCAL INITIATIVE. PEOPLE WERE OPEN TO REASONABLE ARGUMENTS: BUT WHEN THEY WERE NOT TREATED WITH RESPECT THIS CAUSED RESENTMENT.

5. GORBACHEV NOTED THAT SOME PEOPLE WERE ALREADY SAYING THAT DEMOCRACY AND OPENNESS WERE LEADING TO DISASTER. THEY SAW THE FACT THAT PEOPLE HAD NOW BEGUN TO PARTICIPATE IN THE POLITICAL PROCESS AS TAKING PERESTROIKA TOO FAR. ON THE CONTRARY. THIS WAS A SUCCESS FOR RESTRUCTURING. GORBACHEV STRESSED THAT THIS WAS ALSO THE VIEW OF THE POLITBURO.

THE ECONOMY

6. GORBACHEV NOTED SOME POSITIVE SIGNS. FIGURES SUGGESTED THAT THE TREND TOWARDS A SLOWING DOWN OF GROWTH RATES HAD BEEN CHECKED. PEOPLE'S PSYCHOLOGY WAS CHANGING. RESTRUCTURING WAS TAKING PLACE AT THE LEVEL OF THE ENTERPRISES.

7. NEVERTHELESS, PEOPLE WERE JUSTIFIABLY DISSATISFIED WITH WHAT HAD BEEN DONE SO FAR. PEOPLE WERE RESPONDING BADLY TO SHORTAGES AND QUEUES. THEY FELT HUMILIATED. BUT THERE COULD BE NO YIELDING TO PRESSURE TO STEP BACK FROM THE AGREED COURSE OF REFORM.

8. WHAT HAD GONE WRONG? CENTRAL ECONOMIC BODIES AND THE CENTRAL COMMITTEE MEMBERS WHO HEADED THEM HAD BEEN VEY SLOW IN UNDERSTANDING THE IMPLICATIONS OF HTE COUNTRY'S FINANCIAL PROBLEMS. MANY DECISIONS HAD BEEN TAKEN WITHOUT DUE ACCOUNT OF THE REAL STATE OF FINANCIAL AND ECONOMIC RESOURCES. THERE HAD BEEN A FAILURE TO DEVELOP PROPER LEVERS FOR REGULATING INCOMES: THERE WAS NO WELL-THOUGHT-OUT TAXATION POLICY. AS A RESULT WAGES WERE OUTSTRIPPING PRODUCTIVITY. THIS WAS UNDERMINING THE PROCESS OF REFORM. THESE ISSUES NEEDED TO BE EXPLAINED TO WORKING PEOPLE. IT HAD BEEN AGREED THAT THE CENTRAL COMMITTEE WOULD DRAFT A LETTER TO THE PEOPLE ON THIS. IF THE NEW AGRARIAN POLICY WAS CONSISTENTLY IMPLEMENTED AND PEOPLE WEE GIVEN THE RIGHT TO MANAGE THEIR LAND, THERE COULD BE A BREAKTHROUGH IN FOOD SUPPLIES BEFORE TOO LONG. BUT IN MANY AREAS LOCAL PARTY AND GOVERNMENT MANAGEMENT WAS DOING LITTLE TO PROMOTE THIS.

9. GORBACHEV WENT ON TO ENUMERATE IN FAIRLY STANDARD TERMS THE MEASURES UNDERTAKEN TO INCREASE THE OUTPUT OF CONSUMER GOODS, AND AGAIN STRESSED THAT MUCH OF THE RESPONSIBILITY LAY WITH BODIES AT THE REPUBLIC AND LOCAL LEVEL. IT WAS TIME ONCE AND FOR ALL TO ABIDE BY PAST DECISIONS. EACH REPUBLIC AND REGION SHOULD ANSWER BEFORE ITS POPULATION FOR THE LIVING STANDARDS IT OFFERED THEM. BUT THE LEADERS OF CERTIAN REPUBLICS STILL PREFERRED CONSTANTLY TO ASK MOSCOW FOR MORE RESOUCES. THERE WAS ALSO THE SEROIOUS PROBLEM OF ECONOMIC MIS-MANAGEMENT, OF GROSS MIS-CALCULATIONS IN INVESTMENT POLICY AT THE CENTRE AND LOCALLY. FUNDS TIED UP IN UNCOMPLETED CONSTRUCTION

PROJECTS HAD INCREASED BY 30 BILLION ROUBLES OVER THE PAST THREE YEARS. IN 1988 THERE HAD BEEN A 41% INCREASE IN NEW CONSTRUCTION PROJECTS. GORBACHEV WENT ON TO CRITICISE A NUMBER OF MINISTERS IN VERY SHARP TERMS FOR INEFFICIENCY AND IRRESPONSIBLE BEHAVIOUR. THERE WAS ALSO CORRUPTION. PEOPLE WERE DEMANDING STRICT PUNISHMENT FOR THOSE GUILTY OF MIS-MANAGEMENT. THE POLITBURO HAD AGREED THAT CASES OF MIS-MANAGEMENT AT BOTH CENTRAL AND REGIONAL LEVEL SHOULD BE CONSIDERED IN PUBLIC SO THAT PEOPLE WOULD KNOW ABOUT THE MEASURES BEING TAKEN.

THE ROLE OF THE PARTY

10. GORBACHEV SAID THAT HE DID NOT AGREE WITH SOME OF THE EXTREME JUDGEMENTS WHICH SUGGESTED THAT THE PARTY WAS LOSING ITS POSITION IN THE COUNTRY, OR THAT IT WAS TURNING INTO A DISCUSSION CLUB. SOME WERE HINTING AT WEAKNESS AND INDECISION IN THE CENTRE. BUT THIS WAS A SIGN THAT PARTY OFFICIALS WERE LOSING CONFIDENCE. THIS WOULD NOT DO. THE MAIN POINT IN RECENT DEVELOPMENTS WAS THE RAPID GROWTH IN PEOPLE'S SELF-AWARENESS. THE INITIAL STAGES OF PERESTROIKA HAD BEEN IMPLEMENTED FROM ABOVE. NOW THERE WAS ALSO A POWERFUL MOVEMENT FROM BELOW. NUMEROUS PUBLIC GROUPS WERE BEING FORMED. THE PARTY HAD TO LEARN TO WORK IN THESE NEW CONDITIONS. THE ELECTIONS HAD SHOWN THAT SOME WERE NOT READY FOR THIS. THERE WAS A GROWING PARADOX. THE PARTY HAD INITIATED DEMOCRATISATION. BUT WHEN SOME SAW THE RESULTS OF THIS THEY TRIED TO HOLD THE PROCESS BACK. SOME EVEN PANICKED AND SAW A THREAT TO SOCIALISM. INSTEAD, THE TASK OF THE PARTY WAS TO LEAD THIS PROCESS. ONLY IN THIS WAY WOULD THE PARTY INCREASE ITS SUPPORT AMONG THE WORKING PEOPLE. IF THE PARTY LOST THE INITIATIVE, IRREPARABLE DAMAGE WOULD BE DONE TO THE CAUSE OF PERESTROIKA. THE PARTY MUST LEARN TO BE MORE IN TOUCH WITH THE PEOPLE IN ORDER TO EARN THEIR CONFIDENCE.

11. THIS WAS ALSO THE LESSON TO BE DRAWN FROM THE DRAMATIC EVENTS OF 9 APRIL IN TBILISI. THE POLITBURO HAD GIVEN INSTRUCTIONS FOR EVERYTHING THAT HAD HAPPENED THERE TO BE CAREFULLY ANALYSED. BUT IT WAS ALREADY CLEAR THAT EVERYTHING MUST BE DONE USING POLITICAL METHODS AND THE FORCE OF LAW TO PREVENT A REPETITION.

12. PERESTROIKA REQUIRED A MECHANISM FOR THE DEFENCE OF DEMOCRACY. POPULAR ACTIVITY COULD NOT BE ALLOWED TO DEVELOP INTO SOMETHING WHICH INFRINGED THE RIGHTS AND FREEDOMS OF OTHERS. THE RECENTLY PUBLISHED DECREE OF THE SUPREME SOVIET (IE THAT INTRODUCING NEW LEGISLATION FOR ARTICLES 70 AND 190 OF THE CRIMINAL CODE WAS INTENDED TO DO THIS. ON THE WHOLE IT HAD BEEN RECEIVED WITH UNDERSTANDING. BUT, GORBACHEV SAID, HE AGREED WITH SOME COMRADES WHO SAID THAT THE PRESS HAD DEVELOPED A HABIT OF AUTOMATICALLY CRITICISING EVERY NEW DOCUMENT AS SOON AS IT WAS PUBLISHED WITHOUT PROPER ANALYSIS. URGENT ACTION WAS ALSO NEEDED TO TACKLE THE GROWING CRIME RATE WHICH IN SOME REGIONS

HAD BECOME ALARMING.

13. IN HIS CONCLUDING PASSAGES GORBACHEV EMPHASISED THAT EACH MEMBER OF THE GOVERNING BODIES OF THE PARTY AND THE GOVERNMENT HAD TO BEAR THEIR OWN SHARE OF PERSONAL RESPONSIBILITY FOR THEIR OWN WORK. PARTY CADRES HAD TO CHANGE THEIR STYLE OF WORK. PERSONNEL CHANGES SHOULD BE MADE WHERE THEY WERE NECESSARY. THE USSR WAS A COMPLEX MULTI-NATIONAL COUNTRY. THE PARTY WAS STILL THE NATURAL POLITICAL LEADER AND THE ONLY POLITICAL ORGANISATION CAPABLE OF ENSURING SOCIAL STABILITY AND RESTRICTING DANGEROUS MANIFESTATIONS OF NATIONALISM AND CHAUVINISM.

BRAITHWAITE

YYYY

DISTRIBUTION 138

MAIN 136

LIMITED
SOVIET
EED
NAD
NEWS
WED
ECDE
ECDI
UND
LEGAL ADVISERS
INFO
ERD
CSCE UNIT
PUSD

RESEARCH
PLANNERS
SEC POL D
SECURITY
PS
PS/MRS CHALKER
PS/MR WALDEGRAVE
PS/PUS
PS/SIR J FRETWELL
MR GILLMORE
MR RATFORD
MR BAYNE
MR KERR

ADDITIONAL 2

ASSESSMENT STAFF CAB OFF
PS/NO 10 DOWNING ST

NNNN