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FM MOSCOW
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GORBACHEV ADDRESS TO PARTY FIRST SECRETARIES.

SUMMARY

1. IN DEFENSIVE SPEECH, GORBACHEV ARGUES TIME IS RIGHT FOR TRANSITION TO REGULATED MARKET ECONOMY. ATTEMPTS TO JUSTIFY FORTHCOMING LEGISLATION IN TERMS OF ECONOMIC LIBERATION AND MOTIVATION OF THE INDIVIDUAL. DEFINES NEW PARTY ROLE IN EDUCATING POPULATION WHICH CURRENTLY LACKS MARKET PSYCHOLOGY. THE PARTY APPARATUS STILL UNEASY ABOUT MARKET IDEAS. ECONOMIC DEBATE LIKELY TO BE A CENTRAL THEME OF FORTHCOMING CPSU CONGRESS.

DETAIL

2. ON 11 JUNE THERE WAS A MEETING OF REPUBLIC AND REGIONAL PARTY LEADERS IN MOSCOW. THE TEXT OF GORBACHEV'S SPEECH, BUT NONE OF THE OTHER CONTRIBUTIONS, WAS PUBLISHED IN PRAVDA ON 13 JUNE. NEARLY ALL HIS REMARKS WERE DIRECTED TO ECONOMIC REFORM.

3. THE SOVIET LEADER BEGAN BY ADMITTING THAT PREPARATIONS FOR THE MARKET ECONOMY WOULD BE DIFFICULT AND COMPLICATED. ON 13 JUNE THE GOVERNMENT AND PARLIAMENTARY ECONOMIC REFORM COMMISSION WOULD MAKE THEIR FINAL PRESENTATION TO THE SUPREME SOVIET FOLLOWING THE DISCUSSION STAGE OF RYZHKOV'S REFORM PACKAGE (WE WILL BE REPORTING THIS SEPARATELY).

ECONOMIC ARGUMENT

4. GORBACHEV RAISED THE ISSUE OF WHETHER PRIVATISING STATE PROPOERTY CONTRADICTED SOCIALISM. HE EMPHASISED THAT ECONOMIC FREEDOM OF THE INDIVIDUAL MUST ACCOMPANY HIS POLITICAL EMANCIPATION AND CLAIMED THAT LENIN HAD COME TO REALISE THIS, EVEN IF ONLY IN HIS LATER YEARS. A RETURN TO THE COMMAND-ADMINISTRATIVE SYSTEM WAS OUT OF THE QUESTION AS THE LATTER WAS OUT-DATED AND HAD IMPEDED SCIENTIFIC-TECHNOLOGICAL PROGRESS. THE SOVIET ECONOMY LAGGED SO FAR BEHIND ITS US COUNTERPART NOT ON ACCOUNT OF A LACK OF RESOURCES, BUT RATHER DUE TO THE ABSENCE OF INDIVIDUAL ECONOMIC MOTIVATION.

5. THE SOCIAL CHANGE INVOLVED IN THE TRANSITION TO A REGULATED MARKET WAS COMPARABLE WITH THAT WHICH OCCURRED AFTER OCTOBER 1917.

THE REFORMS WOULD HAVE ADVERSE EFFECTS ON THE POPULATION BUT PRICE INCREASES SHOULD LEAD TO MORE, NOT LESS, GOODS ON THE SHELVES. A 7-8 MONTH PREPARATORY PERIOD FOR LEGISLATION WOULD NOW ENSUE, AN IMPORTANT ASPECT OF WHICH WOULD BE TO DECIDE EFFECTIVE MEASURES OF SOCIAL PROTECTION. THOSE WHO ARGUED THE GOVERNMENT SHOULD HAVE INTRODUCED MARKET-ORIENTATED REFORMS EARLIER WERE WRONG AS ENTERPRISES HAD NEEDED TIME TO READJUST TO NEW CONDITIONS.

IDEOLOGY AND FUTURE ROLE OF THE PARTY

6. GORBACHEV ARGUED THAT THE ACTIVE COOPERATION OF PARTY AND STATE ORGANS WAS REQUIRED IF ECONOMIC REFORMS WERE TO ACHIEVE THEIR MAXIMUM POTENTIAL. THE PSYCHOLOGICAL CHANGE REQUIRED WAS EVEN MORE COMPLEX THAN THE ECONOMIC ONE. THE SOVIET PEOPLE 'ABSOLUTELY' LACKED A MARKET PSYCHOLOGY AT PRESENT AND THE CPSU WOULD HAVE TO TASK ITSELF WITH EXPLAINING THE PURPOSE OF FORTHCOMING LEGISLATION AND EDUCATING THE POPULATION GENERALLY.

7. GORBACHEV SAID THAT THE REFORM PLAN WOULD CAUSE 'TEMPORARY DISCOMFORT'. BUT BEFORE CRYING 'GUARD' THE ISSUES SHOULD BE STUDIED CAREFULLY. THIS SHOULD BE DONE BY EVERYONE TOGETHER: IF THERE WAS NOT AGREEMENT, PARTICULARLY AMONG THOSE IN RESPONSIBLE POSITIONS THEN THE REFORM PROCESS WOULD BE CHOKED OFF. THERE WAS NO NEED TO FEAR THAT THE MARKET WOULD MAKE THE ECONOMY UNMANAGEABLE. BUT IT HAD TO BE CLEAR THAT THE PRUPOSE OF REFORM WAS TO IMPROVE LIVING STANDARDS - NOT TO KEEP CERTAIN PEOPLE IN POWER.

COMMENT

8. GORBACHEV'S ATTEMPT TO PLACE THE PROPOSED ECONOMIC REFORMS WITHIN A LENINIST IDEOLOGICAL FRAMEWORK WAS UNCONVINCING. THE CPSU, AS THE VERY EMBODIMENT OF THE COMMAND-ADMINISTRATIVE SYSTEM, APPEARS AN UNLIKELY AND UNQUALIFIED ADVOCATE OF A REGULATED MARKET ECONOMY. BUT IT IS CLEAR FROM THIS SPEECH THAT THERE IS STILL A LOT OF OPPOSITION WITHIN THE PARTY EVEN TO THE CURRENT CAUTIOUS MARKET REFORM PROGRAMME OF THE GOVERNMENT. GORBACHEV IS EVIDENTLY EXPECTING THE DEBATE OVER ECONOMIC CHANGE TO PLAY A CRUCIAL ROLE IN THE OUTCOME OF THE FORTHCOMING PARTY CONGRESS.

BRAITHWAITE

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