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MIPT: GORBACHEV'S SPEECH TO THE MILITARY, 17 AUGUST: INTERNAL ASPECTS

## SUMMARY

1. DEFENCE OF 'SOCIALIST PERESTROIKA' AGAINST ATTACKS FROM BOTH TRADITIONALISTS AND ANTI-SOCIALISTS. MAIN FOCUS OF EFFORT CURRENTLY ON TRANSFER OF ECONOMY TO A REGULATED MARKET. OWNERSHIP A KEY ISSUE. COMMITMENT TO POLITICAL FREEDOMS. NEW UNION TREATY TO BE CONCLUDED BY END OF 1990: UNDEMOCRATIC CALLS FOR SECESSION WERE HAMPERING THE PROCESS. ISOLATIONISM RAN AGAINST GLOBAL TENDENCIES AND ANY RATIONAL ASSESSMENT OF THE INTERESTS OF THE SOVIET PEOPLE.

## DETAIL

GORBACHEV SAID THE COUNTRY WAS ON THE THRESHOLD OF FUNDAMENTAL ECONOMIC CHANGES. THE PREPARATORY PHASE OF PERESTROIKA WAS NOW OVER, AND A NEW PHASE OF DECISIVE CHANGES WAS BEGINNING. CONSERVATIVE FORCES HAD ATTEMPTED TO FRIGHTEN THE PEOPLE BY SUGGESTING THAT THE TRANSFER TO A REGULATED MARKET WOULD MEAN A MOVE AWAY FROM SOCIALISM AND A LOWERING OF LIVING STANDARDS. BUT THEIR MOTIVES WERE TRANSPARENT: THEY WERE MAKING A LAST ATTEMPT TO PROLONG THE COMMAND-ADMINISTRATIVE SYSTEM SO AS TO PRESERVE THEIR OWN POSITIONS.

3. NO LESS DANGEROUS WERE ATTACKS ON PERESTROIKA FROM THOSE WHO SAID THAT THE NATURE OF THE ECONOMY WAS IRRELEVANT, AS LONG AS PEOPLE LIVED WELL. THIS WAS A SIMPLISTIC ATTEMPT TO DISCREDIT AND BURY SOCIALISM, AND TO CHANGE THE COURSE OF PERESTROIKA BY TAKING ADVANTAGE OF CURRENT DIFFICULTIES.

## SOCIALISM

4. ATTACKS FROM BOTH SIDES WOULD INCREASE AS THE TRANSFORMATIONS BEGAN TO BE REALIZED. BUT FOR THE MAJORITY OF PEOPLE, PERESTROIKA MEANT THE REALIZATION OF THE SOCIALIST IDEA, THE RENEWAL OF SOCIALISM THROUGH FAR-REACHING ECONOMIC AND POLITICAL REFORM. THE AIM WAS TO

PROVIDE CONDITIONS FOR PEOPLE TO FULFIL THEIR HUMAN POTENTIAL. THE SOCIALIST IDEA ITSELF WAS NOT DEFEATED, ONLY THAT UTOPIAN LEFT-RADICAL WAR COMMUNISM, ULTIMATELY REJECTED BY LENIN, WHICH HAD FALSELY GIVEN ITSELF THE NAME OF SOCIALISM. ON THE BASIS OF SOVIET AND WORLD EXPERIENCE, SOCIALISM WAS NOW UNDERSTOOD TO BE A GREAT HUMANISTIC CONCEPT. IT WAS NOT A CLOSED, FIXED SYSTEM, BUT A MOVING PROCESS, THE BASIS OF WHICH LAY IN THE STRUGGLE FOR PEOPLES' RIGHTS AND ECONOMIC AND POLITICAL DEMOCRACY.

#### ECONOMY

5. THE CENTRE OF GRAVITY OF CURRENT WORK FOR THE REALIZATION OF SOCIALISM WAS THE ECONOMY. THE STATE MONOPOLY OF PROPERTY HAD BEEN THE MAIN REASON FOR THE CURRENT CRISIS AND THE DIFFICULTY OF FINDING A WAY OUT, IT WAS NOW CLEAR THAT ALL ATTEMPT TO CREATE A NORMAL MARKET ECONOMY, WHILE THE STATE PRESERVED ITS MONOPOLY ON OWNERSHIP, WERE DOOMED. PRIVATISATION AND THE LIQUIDATION OF THE MONOPOLY WERE PRIORITY TASKS. WORKER BUY-OUTS AND OTHER FORMS OF TRANSFERRING PROPERTY TO WORKERS-COOPERATIVES, LEASING ARRANGEMENTS, SOCIETIES OF SHAREHOLDERS - WOULD CREATE A SYSTEM WHERE ECONOMIC INTEREST AND INITIATIVE WERE PARAMOUNT, WHILST THOSE WHO WERE IN NEED WERE PROTECTED. SMALL AND MEDIUM-SIZED ENTERPRISES WOULD HAVE A SPECIAL PLACE. THESE CHANGES WOULD LEAD TO A 'BROAD ECONOMIC EXPANSE, A FULL-BLOODED MARKET, REGULATED BY A DEMOCRATIC STATE '. THEY HAD TO BE ACCOMPANIED BY IMMEDIATE TRANSFORMATIONS IN THE ECONOMIC INFRASTRUCTURE, ESPECIALLY BANKING, FINANCE AND TAX REFORMS.

6. THE MARKET WAS NOT SIMPLY A QUESTION OF LEGISLATION - IT DEMANDED HARD WORK, HIGH QUALIFICATIONS AND A CHANGE IN POPULAR CONCIUSNESS. SOVIET ENGINEERS AND MANAGERS LAGGED FAR BEHIND COUNTERPARTS IN DEVELOPED COUNTRIES. THE MARKET MEANT INITIATIVE, INVENTIVENESS - AND RISK. THE SOCIALIST CHOICE COULD ONLY BE REALIZED ON THE BASIS OF LABOUR, BY UNITING SOCIALISM WITH PEOPLES' SELF-INTEREST, AND OPENING OUT THE LABOUR POTENTIAL OF EACH PERSON.

7. THE COMING MONTHS WOULD SEE A MASSIVE AMOUNT OF WORK TO PREPARE FOR THE MARKET. SERIOUS MEASURES WOULD BE TAKEN TO STABILIZE THE CONSUMER MARKET.

#### POLITICAL

8. THE ENVISAGED SOCIALIST VARIANT MEANT 'SOCIALISM WITH FREEDOM'. THE DEMOCRATISATION OF POLITICAL AND SOCIAL STRUCTURES WOULD CREATE EQUAL OPPORTUNITIES FOR CITIZENS TO PARTICIPATE IN STATE AFFAIRS AT

ALL LEVELS. THE SOCIALIST NATURE OF POLICY, AND CONTROL OF THE ECONOMY, WOULD BE GUARANTEED BY FREE ELECTIONS TO ALL ORGANS OF POWER. THE BIRTH OF THE WORKERS' AND PEASANTS' MOVEMENTS WAS A FEATURE OF THE SOCIALIST, DEMOCRATIC CHARACTER OF PERESTROIKA. THESE PROCESSES WERE IN THEIR INFANCY, BUT WERE OF CRUCIAL IMPORTANCE.

#### THE UNION TREATY

9. THE FATE OF THE UNION WAS NO LESS A PREOCCUPATION. THE SOVIET UNION COULD NOT GO ON AS IT HAD EXISTED UNTIL NOW. BUT THAT WAS NO REASON FOR ITS DOWNFALL, OR FOR SEPARATISM: RATHER, IT SHOULD BE A STIMULUS FOR THE RECONSTRUCTION OF THE UNION ON NEW PRINCIPLES, IN THE PREPARATION OF THE NEW UNION TREATY, ALL OPINIONS AND INTERESTS WERE BEING TAKEN INTO ACCOUNT. BUT PROCESSES OF NATIONAL REBIRTH WERE NOT GOING AHEAD IN A CONSTRUCTIVE SPIRIT. NATIONAL TENSIONS WERE STILL RISING, AND THE SITUATION WAS BEING EXPLOITED. IT WAS WRONG TO SAY, AS SOME WERE DOING, THAT THERE WAS NO NEED TO HURRY FORWARD WORK ON THE NEW UNION TREATY. CENTRIFUGAL FORCES WERE CREATING A DEEP CRISIS. NATURALLY THE NEW UNION TREATY WOULD NOT IN ITSELF BE A SINGLE SOLUTION, BUT IT WOULD HAVE A CRUCIAL ROLE TO PLAY IN WHAT WOULD BE A LONG AND DIFFICULT PROCESS, IN THE CONTEXT OF DEMANDS FOR A NEW CONSTITUTION. ALL EFFORTS SHOULD THEREFORE BE MADE TO HAVE THE TREATY CONCLUDED BY THE END OF 1990. A MASSIVE AMOUNT OF WORK WAS BEING DONE TO DRAW UP A DRAFT WHICH WOULD BE FAIR, AND ACCEPTABLE TO ALL. THE COUNTRY'S POSITIVE HISTORICAL EXPERIENCE AS A MULTI-NATIONAL STATE WOULD PLAY A ROLE. ARTIFICIAL ATTEMPTS FORCIBLY TO CHANGE THE COUNTRY'S COMPLEX DEMOGRAPHIC STRUCTURE WOULD END IN A SEA OF TEARS AND BLOOD. IN THOSE REPUBLICS WHICH HAD DECLARED AN INTENTION TO SECEDE THERE HAD BEEN NO REFERENDUM. NO POLITICAL OR LEGAL GAMES WOULD BRING ABOUT THOSE PEOPLES' NATURAL SOVEREIGN RIGHTS.

10. IN THE DEVELOPMENT OF THE COUNTRY'S SINGLE ECONOMIC COMPLEX, THERE HAD NATURALLY BEEN MISTAKES AND DEFORMATIONS. BUT THE COUNTRY'S CONSTITUENT UNITS WERE CLOSELY INTERTWINED, AND ECONOMIC ISOLATIONISM WAS NO WAY OUT: IT WOULD RUN AGAINST CURRENT WORLD ECONOMIC TRENDS, ESPECIALLY THOSE IN EUROPE, AND WAS PROFOUNDLY MISCONCEIVED. FOREIGNERS COULD HARDLY UNDERSTAND WHY SOME OF THE REPUBLICS WERE TRYING TO WEAKEN AND BRING ABOUT THE DISINTEGRATION OF SUCH A GREAT WORLD POWER AS THE SOVIET UNION, NOR WHY THE COUNTRY APPEARED TO BE SHUNNING THE CREATION OF AN INTEGRATED COMMON MARKET.

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