

U.S. takes a discerning look at Gorbachov's 'perestroika'

The reappearance in public of Soviet General Secretary Mikhail Gorbachov, though it ended speculation about his physical existence, has dramatically increased speculation about his political existence. Three very important developments followed Gorbachov's reappearance.

First, Soviet arms control negotiators in Geneva, on Oct. 8, began backing away from the "agreement-in-principle" which had been reached between Shultz and Shevardnadze concerning the Intermediate Nuclear Forces (INF) arms reductions in Europe, during Gorbachov's absence from the public domain, Sept. 17. Second, in his first personal statement concerning the Gulf situation, also on Oct. 8, Gorbachov appeared to significantly distance himself from the earlier Soviet posture of appearing to be interested in cooperation with the U.S.A. on this matter. Third, in a speech on domestic matters in Murmansk, he warned the Soviet public that, as a result of his reforms, they must now expect a general increase in the prices of consumer goods. Clearly, Gorbachov's *perestroika* is encountering heavy domestic opposition, in a way which directly impacts on U.S.-Soviet relations. Though it is still too early to assess the extent and potency of this opposition, the U.S. government has been attempting to keep an eye on these developments.

Beginning Sept. 10, the Joint Economic Committee of Congress Subcommittee on National Security Economics has been holding hearings on the subject of Gorbachov's *perestroika*. Most administration spokesmen, from the CIA, State Department, Defense Department, and Defense Intelligence Agency, seemed to agree on three conclusions; First, that the original motivation for launching *perestroika*, was to transform and augment the military power base of the Soviet Union—an analysis with which *EIR* has been associated

since 1983; second, that Gorbachov's reforms, if they succeed, will not produce any pay-offs until after 1991; third, that the remainder of this decade, the only tangible result of Gorbachov's *perestroika* will be domestic political tensions, and a growing opposition to Gorbachov—an analysis presented to our readers at an earlier point by Lyndon H. LaRouche, Jr.—*The Editor-in-Chief*.

Pentagon

Excerpts from the Testimony of Deputy Assistant Secretary of Defense David G. Wigg, Sept 10:

. . . Soviet leaders may have realized that they were not likely to improve upon the military and geopolitical gains of the 1970s. . . . The share of industrial output devoted to the military ministries rose steadily from 10% to 13% in 1980, and then to 16% in 1985. Soviet defense spending as a share of GNP continued to climb, reaching 14-16% of GNP in 1980 and 15-17% by 1985. . . . Gorbachov took charge, clearly determined to head off a clash between the competing Soviet needs of economic development on the one hand, and force modernization and global engagement on the other. . . . Within the machine building industries, for example, special emphasis is to be given to new investments in the machine tool, computer, instrument making, electrical equipment, and electronics industries; which have been identified by military leaders as being keys to modernization of the defense industrial sector. Investment in these industries is slated to grow about one and one-half times as fast as machine building as a whole. The military ministries overall are expected to increase their consumption of industrial output from 16% to 18% by 1990, which is consistent with the rate of increase from 1970 on. . . .

DIA

Excerpts from the Defense Intelligence Agency statement, Sept. 14, 1987.

"When Gorbachov came to power, he was obviously intent on . . . bringing the Soviet Union to the forefront of technological development. He recognized that only in so doing will the Soviet system be able to keep abreast of Western military technology and maintain its power and prestige. Thus, the major challenge of the Communist Party is to revitalize the faltering economy to assure future expansion of its military capabilities. . . . The Soviet political and economic system continues to foster the growth of military power. . . . Force capabilities improved, concomitant with some selective expansion in force structures. Key Soviet war-fighting programs, such as Command and Control, and deep underground facilities programs for war survivability and sustainability, continued to expand. . . . Under Gorbachov: . . . the military continues to get what it needs. With regard to military programs, the past few years have also seen a continuation of past trends: force structures are selectively expanding; equipment levels in some units are increasing; overall, military capabilities are increasing; sustainability is improving; and, military research and development programs are continuing at the same growth rates and with roughly the same numbers of programs as in earlier decades.

CIA

Excerpts from the CIA statement, Sept. 14:

The fortunes of Gorbachov's program and his own political position will be determined primarily at home, but external developments impinge on all of the decisions Gorbachov might make. In defining the problems as so major and the changes required so revolutionary, it will be difficult for Gorbachov to be content with "muddling through" as his predecessors did. There are major dangers threatening the success of his program. First, reform/modernization could cause serious economic disarray. Even if the combination of human factors, redirection of investment, and economic reform eventually succeed in reviving Soviet productivity, a period of economic disruption is likely over the next few years. We estimate that this could depress economic growth during the rest of the 1980s to an average annual rate of less than 2% Industrial growth during the first half of this year, in fact, was only 1-1/2% in large part the result of the introduction of *Gospriyemka* [state acceptances] and the extension of self-financing. Such a disruption could severely complicate the delicate balancing of competing interests of institutions, classes, and nationalities. Gorbachov realizes, for example, that the populace will judge his policies by the 'practical improvements in the working and living conditions of the millions.' Slow growth would delay such improvements, thereby weakening the ability of the regime to reward those who worked harder. Secondly, there might be little pay-off evident from his program to boost technological develop-

ment. Systemic and structural improvements in the economy, if at least partially successful, will stimulate an acceleration in economic growth only in the next decade, and even then, prospects for narrowing the technology gap with the West are slim. Pressures to see some pay-off will mount as the next five-year plan (1991-95) drafting period approaches, particularly from those impatient with the slower growth in military spending. This might generate a new battle between those who would press for increased imports from the West to compensate for domestic shortfall and others who argue that such imports stifle domestic science and technology and encourage dependence on foreign sources of technology. An equally contentious decision might be to scale back some output targets to encourage innovation. The traditional Soviet approach has been to maintain pressure on workers, managers, and bureaucrats; Gorbachov vigorously defended this policy at the June plenum. In another scenario, his program could be damaged if little progress resulted from arms control and the West sharply boosted defense spending. The strength of military support for industrial modernization coupled with constraints in the growth of defense programs could erode substantially if the external threat assessment becomes darker. Pressures will mount to redirect resources toward defense. It would be impossible to substantially raise defense procurements and fulfill the requirements of industrial modernization at the same time. A sharp rise in the rates of growth of military purchases from the machine building sector probably would bring the scale of modernization down to the levels of the late Brezhnev years. A more tense international climate probably would also disrupt Moscow's programs for joint ventures. . . .

Setbacks in foreign or domestic policy could cause powerful interest groups to unite against [Gorbachov]—the fate that befell Khrushchov, the last party leader who tried to shake up the system. . . . Gorbachov is particularly vulnerable on the security issue. Some senior members of the leadership appear to view Gorbachov as too optimistic about his ability to control U.S. military programs through arms control and may prefer increasing near-term military spending to compete. . . . Many bureaucrats are increasingly concerned that the changes Gorbachov has proposed will undermine their traditional privileges and status and will work hard at frustrating implementation. . . . Because the whole reform package is not scheduled to be in place before the early 1990s, and there is likely to be some slippage in this early schedule, it will take some time to know if the reforms are a success or failure; both Gorbachov and his critics probably will be willing to wait for results before proposing alternatives or major amendments. Exceptional events, however, could change this scenario. . . . International tensions and a breakdown of arms control or serious domestic unrest could lead to a general repudiation of Gorbachov's policies by conservatives who were always uncomfortable with decentralizing reforms. . . .