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ACTION EUR-00

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LEAST TEMPORARILY - TO MAINTAIN THE UNION, OR RISK HIS OWN POLITICAL POSITION. HE HAS, HOWEVER, ALREADY BEGUN TO PREPARE THE PUBLIC FOR THE PARTIAL DISSOLUTION OF THE UNION THROUGH THE LAW ON SECESSION AND THE WILLINGNESS TO CONSIDER CONFEDERAL RELATIONS BETWEEN MOSCOW AND THE UNION REPUBLICS. HE COULD EVENTUALLY PUT TOGETHER A COALITION FOR CONTINUING WITH REFORM EVEN AT THE EXPENSE OF ACCEPTING A TRUNCATED UNION.

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MOSCOW POLITICAL COLLECTIVE

CONFIDENTIAL MOSCOW 15714

E.O. 12356: DECL: OADR
TAGS: PGOV, PINR, US
SUBJECT: GORBACHEV CONFRONTS CRISIS OF POWER

1. CONFIDENTIAL - ENTIRE TEXT.

SUMMARY

2. THE U.S.-SOVIET MINISTERIAL WILL FIND THE SOVIET UNION IN A CRISIS OF POLITICAL POWER AND FACING FUNDAMENTAL CHOICES -- OF GORBACHEV'S MAKING IF NOT OF HIS DESIGN. HIS OWN POPULARITY IS IN SHARP DECLINE (THOUGH HE REMAINS THE MOST POPULAR SOVIET POLITICAL LEADER), AND HE HIMSELF APPEARS ON THE DEFENSIVE. HIS POSITION IS IMPERILED NOT BY CONSERVATIVE APPARATCHIKI OR MEN ON WHITE HORSES, BUT RATHER BY THE POWERFUL SOCIAL FORCES HIS REFORMS HAVE UNLEASHED. THE RECENT HESITANCY ON PARTY AND ECONOMIC REFORM AND TOUGHNESS OVER LITHUANIA ARE MORE LIKELY THE RESULT OF GORBACHEV'S OWN DESIRE TO KEEP SOCIETY FROM UNRAVELING AND REFORM ON TRACK THAN CONCESSIONS FORCED BY CONSERVATIVES.

3. GORBACHEV HAS YET TO FASHION A COHERENT SYSTEM OF LEGITIMATE POWER AROUND NEW STATE INSTITUTIONS TO REPLACE THE OLD PARTY-DOMINATED, STALINIST ONE HE HAS EXTENSIVELY DISMANTLED. IN THE ABSENCE OF A STRONG CENTER OF POWER, SOVIET SOCIETY HAS FRAGMENTED ALONG ETHNIC LINES AND POLARIZED ON THE POLITICAL SPECTRUM. THE PARTY ITSELF, AS YET STILL THE DOMINANT POLITICAL INSTITUTION, IS BESET BY FACTIONAL STRUGGLE AND PROBABLY DOOMED TO SPLIT AT THE 28TH PARTY CONGRESS THIS JULY OR SHORTLY THEREAFTER.

4. THE SUCCESS OF GORBACHEV'S EFFORT TO MODERNIZE SOVIET SOCIETY AND AT THE SAME TIME KEEP THE FEDERATION TOGETHER APPEARS INCREASINGLY PROBLEMATIC. DEMOCRATIZATION AND MARKET REFORMS ARE HERE EXACERBATING REGIONAL, ETHNIC, AND CLASS TENSIONS AND THUS COMPLICATING THE FORGING OF THE NATIONAL CONSENSUS NEEDED FOR FURTHER REFORM. TRUE TO HIS PAST, GORBACHEV IS PROBABLY INCLINED TO MOVE BOLDLY TO RESOLVE THE CURRENT CRISIS. HE HAS SAID THAT THE NEXT YEAR OR YEAR AND A HALF WILL MAKE OR BREAK THE REFORM PROCESS. NEVERTHELESS, HE MAY FIND THERE IS NO BOLD DEPARTURE THAT WILL ALLOW HIM TO KEEP BOTH REFORM ON TRACK AND THE FEDERATION TOGETHER.

5. IF GORBACHEV IS FORCED TO ACT IN THE SHORT RUN, HE MAY HAVE TO SACRIFICE PUSHING AHEAD WITH REFORM AT

6. DESPITE THE PROBLEMS, GORBACHEV HAS A REASONABLE CHANCE OF REMAINING AT THE HELM FOR SOME TIME TO COME. HIS POSITION IS UNDER PRESSURE, NOT LOST. BOLD, EFFECTIVE USE OF HIS POWERS AS PRESIDENT COULD REVERSE THE CURRENT DECLINE IN HIS POPULARITY AND AUTHORITY. NO MATTER WHAT GORBACHEV'S FATE, CHANGE WILL CONTINUE IN THE SOVIET UNION FOR OBJECTIVE REASONS, THOUGH ITS COURSE WILL BE UNEVEN, AT BEST, AND COULD EVEN BE INTERRUPTED BY AN AUTHORITARIAN INTERREGNUM. END SUMMARY.
CRISIS OF POLITICAL POWER

7. THE MID-MAY U.S.-SOVIET MINISTERIAL WILL FIND THE SOVIET UNION AND GORBACHEV IN THE MIDST OF A DEEP CRISIS OF POLITICAL POWER. STANDING AT THE CENTER OF A CRUMBLING POLITICAL ORDER, GORBACHEV LOOKS LESS A MAN IN CONTROL AND MORE AN EMBATTLED LEADER. POLLS SUGGEST THAT HIS POPULARITY HAS DROPPED SHARPLY OVER THE PAST SEVERAL MONTHS, EVEN IF HE REMAINS THE COUNTRY'S MOST POPULAR POLITICAL FIGURE. CRITICISM OF HIM AND HIS POLICIES HAS GROWN SHARPER AND MORE OPEN, WITNESS THE JEERING MARCHERS ON RED SQUARE THIS MAY DAY AND PUBLIC ALLEGATIONS OF CORRUPTION. GORBACHEV'S OWN REPEATED PROTESTATIONS TO THE CONTRARY, MANY SOVIETS, INCLUDING EMBASSY CONTACTS ACROSS THE POLITICAL SPECTRUM, WONDER WHETHER HE HAS A CLEAR SENSE OF WHERE HE WANTS TO TAKE THE COUNTRY AND HOW TO GET THERE. MANY ALREADY REGARD HIM AS A SPENT POLITICAL FORCE.

8. THE SIGNS OF CRISIS ARE LEGION: SHARPLY RISING CRIME RATES, PROLIFERATING ANTI-REGIME DEMONSTRATIONS, BURGEONING SEPARATIST MOVEMENTS, DETERIORATING ECONOMIC PERFORMANCE AND STALLED ECONOMIC REFORM, CONFUSING SIGNALS ON PARTY REFORM, AND A SLOW, UNCERTAIN TRANSFER OF POWER FROM PARTY TO STATE AND FROM THE CENTER TO THE PERIPHERY. THESE DOMESTIC SHOCKS TO THE SYSTEM ARE COMPOUNDED BY THE PELL-MELL UNRAVELING OF THE SOVIET SECURITY SYSTEM IN EASTERN EUROPE, ALSO UNACCOMPANIED AS YET BY THE ESTABLISHMENT OF ANY CREDIBLE ALTERNATE EUROPEAN-WIDE INSTITUTIONS.

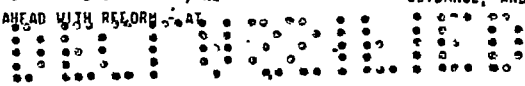
9. IT IS A CRISIS OF GORBACHEV'S MAKING, IF NOT OF HIS DESIGN. FIVE YEARS OF GORBACHEV'S PERESTROYKA HAVE UNDERMINED THE KEY INSTITUTION OF POLITICAL POWER IN THE SOVIET UNION, THE COMMUNIST PARTY. GORBACHEV HAS:

--COMPROMISED THE PARTY'S RIGHT TO RULE BY GIVING MARXISM-LENINISM, LEGALIZING A MULTIPARTY SYSTEM, AND PERMITTING REVELATIONS OF THE PARTY'S PAST CRIMES, PRESENT CORRUPTION, AND HISTORICALLY INEPT ECONOMIC MANAGEMENT;

--UNDERCUT THE PARTY'S ABILITY TO RULE BY REMOVING IT FROM THE DAY-TO-DAY MANAGEMENT OF THE ECONOMY AND INSISTING ON THE SEPARATION OF PARTY AND STATE; AND
--SERIOUSLY STRAINED THE PARTY'S WILL TO RULE BY ABANDONING REGIONAL PARTY LEADERS FACED BY MOUNTING PUBLIC DISCONTENT, REFUSING TO PROVIDE DETAILED POLICY GUIDANCE, AND TRIMMING THE PRIVILEGES OF POWER

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MOREOVER, GORBACHEV HAS FURTHER UNDERCUT THE AUTHORITY AND POWER OF THE PARTY BY PERSONAL EXAMPLE, BY PREFERING THE ROLE OF PRESIDENT TO THAT OF GENERAL SECRETARY. AT THE SAME TIME, THE FLIGHT FROM COMMUNISM IN EASTERN EUROPE OVER THE PAST SEVERAL MONTHS HAS ONLY FURTHER SHAKEN THE SOVIET COMMUNIST PARTY, MAKING COMMUNISM APPEAR THE SWAMP OF THE PAST INSTEAD OF THE WAVE OF THE FUTURE.

NEW SYSTEM HAS NOT COALESCED
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10. AS GORBACHEV HIMSELF HAS ADMITTED, HE HAS YET TO CREATE A NEW SYSTEM TO REPLACE THE OLD PARTY-DOMINATED, STALINIST ONE HE HAS THOROUGHLY DISCREDITED AND EXTENSIVELY DISMANTLED. TO BE SURE, THE ELEMENTS OF A NEW SYSTEM ARE PRESENT: THE NEW EXECUTIVE PRESIDENCY; THE REFORMED, MORE DEMOCRATIC SYSTEM OF SOVIETS; GREATER RESPECT FOR THE RULE OF LAW. THEY HAVE NOT YET MATURED INTO A COHERENT WHOLE, HOWEVER.

--THE PRESIDENCY WITH ITS TWO ADVISORY BODIES, THE PRESIDENTIAL COUNCIL AND THE COUNCIL OF THE FEDERATION, IS STILL IN THE FORMATIVE STAGES. THESE BODIES ARE NOT PLAYING THE KEY DECISIONMAKING ROLE THE POLITBURO ONCE DID;

--THE USSR SUPREME SOVIET REMAINS TOO UNDERSTAFFED, UNDERINFORMED, AND INEXPERIENCED TO BE AN EFFECTIVE LEGISLATURE. THE EMERGENCE OF MANY REPUBLIC AND LOWER-LEVEL SOVIETS WITH A GREATER CLAIM TO LEGITIMACY COULD MARGINALIZE THE ALL-UNION SUPREME SOVIET, WHILE GIVING PRIORITY TO REGIONAL INTERESTS OVER ALL-UNION CONCERNS. MOREOVER, NONE OF THE SOVIETS HAVE ADEQUATE CONTROL OVER BUDGETS OR RESOURCES, WHICH IS NECESSARY FOR TRUE POLITICAL CLOUT.

--THE BUILDING OF AN INDEPENDENT JUDICIARY, THE KEY INSTITUTIONAL GUARANTEE OF THE RULE OF LAW, REMAINS LARGELY A PROMISE.

11. MORE IMPORTANT, THE NEW SYSTEM ITSELF LACKS FULL LEGITIMACY, THOUGH IN THIS REGARD IT IS AT LEAST BETTER OFF THAN THE PARTY. RHETORICALLY, GORBACHEV AND HIS ALLIES HAVE SOUGHT LEGITIMACY IN DEMOCRATIC PRINCIPLES. PRACTICALLY, HOWEVER, GORBACHEV SACRIFICED HIS LEGITIMACY AS PRESIDENT BY INSISTING THAT HE BE ELECTED, NOT BY POPULAR VOTE, BUT BY THE CONGRESS OF PEOPLE'S DEPUTIES. THE CONGRESS ITSELF IS FAR FROM A DEMOCRATICALLY ELECTED BODY.

SOCIETY FRAGMENTED AND POLARIZED
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12. IN THE ABSENCE OF ORDER IMPOSED FROM THE CENTER, AN INCREASINGLY POLITICIZED SOVIET SOCIETY HAS CONTINUED TO FRAGMENT ALONG NATIONAL LINES AND POLARIZE ON THE POLITICAL SPECTRUM.

--IN THE PAST TWO MONTHS, THE THREE BALTIC STATES HAVE DECLARED THEIR INDEPENDENCE AND UKRAINIAN SEPARATISTS WON BIG IN SOVIET ELECTIONS IN WESTERN UKRAINE. MOSCOW'S GRIP OVER EVENTS IN TRANSCAUCASIA IS TENUOUS. SENTIMENT FOR INDEPENDENCE IN MOLDAVIA IS GROWING EMERGING ISLAMIC FUNDAMENTALISM HAS GIVEN A NEW EDGE TO ANTI-RUSSIAN AND ANTI-SOVIET ATTITUDES IN CENTRAL ASIA.

--ACROSS THE COUNTRY, GORBACHEV AND HIS REFORM PROGRAM ARE COMING UNDER INCREASING PRESSURE AS LEFT AND RIGHT-WING POPULISM GAINS STRENGTH, ORGANIZES, AND

ATTACKS GORBACHEV AND HIS BRAND OF REFORM. WORKERS ARE ORGANIZING - LARGELY BY INDUSTRY AND REGION - TO SECURE THEIR SHARE OF A DIMINISHING ECONOMIC PIE, WITH LITTLE REGARD FOR THE GREATER INTERESTS OF THE COUNTRY AS A WHOLE.

PARTY SPLITTING
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13. AT THE SAME TIME, A BITTER STRUGGLE IS UNDERWAY IN THE PARTY, WHICH DESPITE GORBACHEV'S REFORMS REMAINS THE DOMINANT POLITICAL INSTITUTION, NOT SO MUCH FOR ITS SOUL AS FOR ITS PROPERTY AND RESOURCES. DEEP SPLITS IN THE LEADERSHIP ARE NOW PUBLIC KNOWLEDGE, AS GORBACHEV CHALLENGES "RYZHKOVS" ECONOMIC REFORM PROGRAM AND SHEVARDNADZE AND LIGACHEV TRADE CHARGES OVER THE TBILISI TRAGEDY OF APRIL 1989.

14. PARTY FACTIONS NOW EXIST IN ALL BUT NAME. THE LEFTWING, CENTERED ON THE "DEMOCRATIC PLATFORM," IS WAGING AN INSURGENCY - APPARENTLY WITH SOME SUCCESS - FOR CONTROL OF PARTY ORGANIZATIONS. THE RIGHTWING HAS APPARENTLY FOCUSED ITS HOPES ON THE CREATION OF A RUSSIAN COMMUNIST PARTY AS A COUNTERWEIGHT TO WHAT IT SEES AS A TOO LIBERAL ALL-UNION PARTY. BOWING TO THE INEVITABLE, THE PARTY LEADERSHIP HAS JUST ENDORSED SUCH A PARTY AND MOVED TO COOPT IT AFTER HAVING RAILED AGAINST IT FOR THE PAST YEAR. NON-RUSSIAN REPUBLIC PARTIES, WHERE THEY HAVE NOT ALREADY COLLAPSED BEFORE NATIONAL MOVEMENTS (AS IN THE BALTICS AND TRANSCAUCASIA), ARE INCREASINGLY INFECTED BY NATIONALISM AND ARE PUSHING FOR A FEDERAL PARTY STRUCTURE. FOR THE TIME BEING AT LEAST, THE CENTER, LED BY GORBACHEV, IS TRYING TO KEEP THE DISPARATE FACTIONS UNITED IN A SINGLE PARTY. MOST OBSERVERS, HOWEVER, EXPECT THE PARTY TO SPLIT AT THE 28TH PARTY CONGRESS THIS JULY OR SHORTLY THEREAFTER.

GORBACHEV ON THE DEFENSIVE
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15. GORBACHEV'S POLITICAL POSITION IS INDEED IMPERILED, BUT NOT BY CONSERVATIVE APPARATCHIKS OR MEN ON WHITE HORSES. THE NEW POLITICAL SYSTEM, HOWEVER TENTATIVE ITS BEGINNINGS, HAS PROVIDED HIM DEFENSES AGAINST A PALACE COUP LIKE THE ONE THAT DEPOSED KHRUSHCHEV EVEN IF THE OTHER PARTY LEADERS WERE UNITED ENOUGH TO ATTEMPT ONE (WHICH THEY ARE NOT). THE THREAT OF A MILITARY COUP IS LIMITED NOT ONLY BY THE MILITARY'S TRADITION OF PROFESSIONALISM, BUT ALSO BY THE FISSURES IN THE MILITARY ITSELF, ESPECIALLY BETWEEN SENIOR AND JUNIOR OFFICERS. MOREOVER, PUBLIC SENSITIVITY TO THE POSSIBILITY OF A MILITARY COUP HAS COMPLICATED THE TASK OF ANY PLOTTERS WHO MIGHT BE TEMPTED BY THE BREAKDOWN OF THE COUNTRY'S OTHER POWERFUL INSTITUTIONS AND ORGANIZATIONS.

16. RATHER, GORBACHEV IS THREATENED BY THE POWERFUL SOCIAL FORCES HIS REFORMS HAVE UNLEASHED. RECENT MOVES BY GORBACHEV - THE CENTRAL COMMITTEE "OPEN LETTER" BLASTING PARTY RADICALS, THE TOUGH STAND ON LITHUANIA, AND THE HESITANCY ON ECONOMIC REFORM - ARE MORE LIKELY THE RESULT OF GORBACHEV'S OWN DESIRE TO KEEP SOCIETY FROM UNRAVELING AND REFORM ON TRACK THAN CONCESSIONS FORCED BY CONSERVATIVES.

17. AGAINST THE BACKGROUND OF GROWING SOCIAL UNREST, PERESTROYKA, AN EFFORT TO MODERNIZE SOVIET SOCIETY ECONOMICALLY AND POLITICALLY WHILE HOLDING THE FEDERATION TOGETHER, LOOKS INCREASINGLY PROBLEMATICAL. THE EFFORT IS BECOMING MORE DEEPLY Mired IN INTERNAL CONTRACTIONS.

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--GORBACHEV HAS NOT BEEN ABLE TO FORGE A NEW NATIONAL CONSENSUS AROUND DEMOCRATIZATION TO REPLACE THE OLD ONE BASED ON MARXIST-LENINIST IDEOLOGY, BUTTRESSED BY THE LIBERAL USE OF COERCION, THAT WAS INCAPABLE OF FOSTERING THE MODERN, HIGH-TECH SOCIETY GORBACHEV WANTS. INDEED, DEMOCRATIZATION AND GLASNOST HAVE ONLY EXACERBATED REGIONAL, ETHNIC, AND CLASS DIFFERENCES AND UNDERMINED EFFORTS AT CONSENSUS BUILDING.

--THE LACK OF A NATIONAL CONSENSUS IMPEDES RAPID MOVEMENT ON ECONOMIC REFORM. "SHOCK THERAPY" ALONG POLISH LINES STRAINS THE FABRIC OF EVEN A UNITED SOCIETY; IT WOULD LIKELY TEAR THE SOVIET UNION APART. PIECEMEAL REFORM, HOWEVER, LEAVES REFORM AT THE MERCY OF CONSERVATIVE OPPONENTS STILL ENTRENCHED IN THE ECONOMIC MINISTRIES.

IN SHORT, THE TWO GOALS OF PERESTROYKA - MODERNIZATION AND A STRENGTHENED SOVIET FEDERATION - INCREASINGLY APPEAR TO BE MUTUALLY EXCLUSIVE.

ANOTHER BOLD DEPARTURE?

18. FOR FIVE YEARS, GORBACHEV HAS CONFOUNDED THE DOOMSAYERS. WHEN FACED BY GRAVE CHALLENGES, HE HAS MOVED BOLDLY AND OUTHWEATHERED HIS OPPONENTS WHILE RADICALIZING AND ACCELERATING REFORM ACROSS THE BOARD. HE IS PROBABLY INCLINED TO DO THE SAME AT THIS CRITICAL JUNCTURE. HE HAS NOTED SEVERAL TIMES THAT THE NEXT YEAR OR YEAR AND A HALF WILL MAKE OR BREAK THE REFORM PROCESS, SO HE REALIZES HE CANNOT DELAY BOLD DEPARTURES INDEFINITELY. BUT THERE ARE LIMITS TO THE BOLD DEPARTURES SOVIET SOCIETY WILL TOLERATE, ESPECIALLY IF THEY DO NOT PRODUCE THE PROMISED ECONOMIC WELL-BEING. EVENTS ARE PUSHING GORBACHEV TOWARD A CHOICE HE HAS TRIED HARD TO AVOID, SINCE THERE DOES NOT APPEAR TO BE ANOTHER BOLD DEPARTURE CAPABLE OF KEEPING BOTH REFORM ON TRACK AND THE FEDERATION TOGETHER.

PREPARING TO SACRIFICE THE UNION?

19. IF GORBACHEV IS FORCED TO ACT IN THE SHORT RUN, HE MAY HAVE TO SACRIFICE PUSHING AHEAD WITH REFORM - AT LEAST TEMPORARILY - TO MAINTAIN THE UNION, OR RISK HIS OWN POLITICAL POSITION. A POLICY THAT WOULD PERMIT THE DISSOLUTION OF THE UNION STILL FACES SUBSTANTIAL RESISTANCE WITHIN THE POLITICAL ELITE, WHERE THE MILITARY IN PARTICULAR WOULD SACRIFICE REFORM FOR THE TERRITORIAL INTEGRITY OF THE SOVIET MOTHERLAND. BUT HE HAS ALSO ALREADY BEGUN TO PREPARE THE PUBLIC FOR AT LEAST PARTIAL DISSOLUTION. THE LAW ON SECESSION SETS HIGH HURDLES, BUT THEY ARE NOT TOO HIGH FOR SOME OF THE REPUBLICS - PARTICULARLY LITHUANIA. MOREOVER, AS AN ALTERNATIVE TO SECESSION, HE HAS RECENTLY ABANDONED HIS FIRM OPPOSITION TO BOTH CONFEDERAL RELATIONS BETWEEN MOSCOW AND THE UNION REPUBLICS AND THE CREATION OF A RUSSIAN COMMUNIST PARTY. THE LATTER SHOULD PUSH THE PARTY FURTHER TOWARD AN ETHNIC-BASED FEDERAL STRUCTURE. A CONFEDERAL STATE STRUCTURE AND A FEDERAL PARTY ONE WOULD SPELL THE END OF THE SOVIET UNION AS A UNITARY STATE AND MIGHT MAKE IT A UNIFIED ONE IN NAME ONLY. THUS, DOWN THE ROAD A BIT, GORBACHEV MAY BE ABLE TO PULL TOGETHER SUPPORT FOR STICKING WITH THE REFORM PROCESS, EVEN IF DOING SO REQUIRES ACCEPTING A TRUNCATED UNION.

WILL GORBACHEV HANG ON?

21. DESPITE CRACKING PROBLEMS, GORBACHEV HAS A REASONABLE CHANCE OF REMAINING AT THE SOVIET HELM FOR SOME TIME TO COME. HIS POSITION IS UNDER PRESSURE, NOT LOST. SHOULD HE DEMONSTRATE AN ABILITY TO USE HIS NEW POWER AS PRESIDENT BOLDLY AND EFFECTIVELY ON THE NATIONALITY AND ECONOMIC CRISES HE FACES, HE COULD REVERSE THE CURRENT DECLINE IN HIS POPULARITY AND AUTHORITY. IF HE VACILLATES, THE PROBABILITY OF HIS REMOVAL WILL INCREASE.

CHANGE WILL CONTINUE, BUT SETBACKS ARE ALSO POSSIBLE
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22. NO MATTER WHAT HAPPENS TO GORBACHEV PERSONALLY, THE PRESSURE FOR CHANGE FROM AN INCREASINGLY RESTIVE AND WELL-INFORMED POPULACE WILL CONTINUE OVER THE LONGER TERM. THE COURSE OF CHANGE WILL AT BEST BE UNEVEN IN COMING YEARS, HOWEVER, AND WE DO NOT EXCLUDE THE POSSIBILITY THAT AN AUTHORITARIAN INTERREGNUM MIGHT INTERRUPT IT. AN AUTHORITARIAN SUCCESSOR REGIME, HOWEVER, IF ONE SHOULD OCCUR, WOULD BE INCAPABLE OVER ANY EXTENDED PERIOD OF DEALING WITH THE UNDERLYING PROBLEMS OF SOVIET SOCIETY. IT, OR ITS SUCCESSOR, WOULD BE PUSHED FOR OBJECTIVE REASONS TO CHOICES SIMILAR TO THOSE GORBACHEV NOW FACES.

23. LENINGRAD MINIMIZE CONSIDERED. MATLOCK

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