

SECRET

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ACTION SS-00

INFO LOG-00 ADS-00 /000 W
R 031826Z FEB 89
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 4104
INFO MOSCOW POLITICAL COLLECTIVE

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EXDIS

Col. A	Colonel [unclear]
Col. B	Colonel [unclear]
Col. C	Colonel [unclear]
Col. D	Colonel [unclear]
Col. E	Colonel [unclear]
Col. F	Colonel [unclear]
Col. G	Colonel [unclear]
Col. H	Colonel [unclear]
Col. I	Colonel [unclear]
Col. J	Colonel [unclear]
Col. K	Colonel [unclear]
Col. L	Colonel [unclear]
Col. M	Colonel [unclear]
Col. N	Colonel [unclear]
Col. O	Colonel [unclear]
Col. P	Colonel [unclear]
Col. Q	Colonel [unclear]
Col. R	Colonel [unclear]
Col. S	Colonel [unclear]
Col. T	Colonel [unclear]
Col. U	Colonel [unclear]
Col. V	Colonel [unclear]
Col. W	Colonel [unclear]
Col. X	Colonel [unclear]
Col. Y	Colonel [unclear]
Col. Z	Colonel [unclear]

9/8/94

S/S: PLEASE PASS TO NSC FOR GEN. SCOWCROFT

E.O. 12356: DECLASSIFIED
TAGS: P00V, ECON, UR
SUBJECT: THE SOVIET UNION OVER THE NEXT FOUR YEARS

1. SECRET - ENTIRE TEXT.

2. BEGIN SUMMARY. IN MY PERSONAL ASSESSMENT, WE CAN PLAN OUR FOREIGN POLICY WITH A HIGH DEGREE OF CONFIDENCE THAT THE SOVIET LEADERSHIP'S PREOCCUPATION WITH INTERNAL REFORM WILL CONTINUE THROUGHOUT THE FIRST BUSH ADMINISTRATION. IT IS ALMOST AS CERTAIN THAT PERESTROIKA WILL NOT RPT NOT BRING MARKED IMPROVEMENTS TO THE SOVIET ECONOMY IN THIS PERIOD AND THAT INTERNAL RESISTANCE TO MAJOR ASPECTS OF THE REFORM PROGRAMS WILL FORCE THOSE AT THE SOVIET HELM TO TACK AGAINST THE WIND MUCH OF THE TIME. THE POTENTIAL FOR SEVERE OUTBREAKS OF PUBLIC DISORDER WILL GROW. THIS WILL CONTRIBUTE TO A SENSE OF ANXIETY IN THE SUPREME COUNCILS OF THE PARTY AND STATE, THOUGH I BELIEVE THAT THEY IN THE END WILL MAINTAIN ORDER.

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3. MIKHAIL GORBACHEV IS LIKELY TO REMAIN THE TOP

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SOVIET LEADER FOR AT LEAST FIVE (PROBABLY TEN) MORE YEARS, BUT MY CONFIDENCE IN THIS PROSPECT IS LOWER THAN THAT IN THE CONTINUATION OF A SOVIET PREOCCUPATION WITH INTERNAL REFORM. THAT PREOCCUPATION, COMBINED WITH THE MULTITUDINOUS DIFFICULTIES OF FORCING THE SOVIET MASTODON TO ADAPT TO THE MODERN TECHNOLOGICAL WORLD, WILL BRING AN INEXORABLE PRESSURE TO CURTAIL THE AMOUNT OF RESOURCES DEVOTED TO THE MILITARY SECTOR.

4. IN SUM, THE SOVIET UNION HAS, IN EFFECT, DECLARED THE BANKRUPTCY OF ITS SYSTEM, AND JUST AS WITH A CORPORATION WHICH HAS SOUGHT THE PROTECTION OF CHAPTER XI, THERE IS NO TURNING BACK. END SUMMARY.

5. CRYSTAL BALLS ARE NEVER AS CLEAR AS ONE WOULD LIKE, AND THEY TEND TO CLOUD OVER DURING TIMES OF RAPID AND FUNDAMENTAL CHANGE. NEVERTHELESS, IT SEEMS TO ME THAT WE CAN MAKE SOME ASSUMPTIONS ABOUT THE SOVIET DOMESTIC SCENE OVER THE NEXT FOUR YEARS WITH A HIGH LEVEL OF CONFIDENCE. THIS MESSAGE WILL ATTEMPT TO ENCAPSULATE MY PERSONAL ASSESSMENT OF THE MOST SALIENT TRENDS. SUBSEQUENT MESSAGES WILL LOOK AT PROSPECTS FOR SOVIET FOREIGN POLICY AND US-SOVIET RELATIONS.

FOCUS ON INTERNAL AFFAIRS

6. I BELIEVE WE CAN STATE WITH NEAR CERTAINTY THAT THE CURRENT SOVIET PREOCCUPATION WITH INTERNAL REFORM WILL CONTINUE AT LEAST FOR ANOTHER FOUR YEARS -- AND PROBABLY MUCH LONGER. THIS PREOCCUPATION WILL NOT

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PRECLUDE AN ACTIVIST FOREIGN POLICY (AS WILL BE DISCUSSED IN A SEPARATE MESSAGE) BUT WILL MEAN THAT FOREIGN POLICY DECISIONS WILL BE HEAVILY -- AND OFTEN DECISIVELY -- INFLUENCED BY DOMESTIC NEEDS AND IMPERATIVES.

7. WHILE THIS IS NOT THE FIRST TIME SOVIET LEADERS HAVE ATTEMPTED SOME CHANGE IN SOVIET POLITICAL AND ECONOMIC PRACTICE, TODAY'S PERESTROIKA IS POTENTIALLY THE MOST PROFOUND -- AND THEREFORE MOST DESTABILIZING

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PRESUMABLY, AN INITIAL ATTEMPT WOULD BE MADE TO APPLY THE THROTTLE TO THOSE ASPECTS OF THE REFORM PROCESS WHICH ARE CONSIDERED PARTICULARLY PAINFUL OR DESTABILIZING. MORE SEVERE LIMITS MIGHT BE PLACED ON THE EXPRESSION OF OPINION AND ON UNOFFICIAL GROUPS, NATIONALIST TENDENCIES MIGHT BE OPPOSED MORE FORCEFULLY, IMPLEMENTATION OF A MARKET PRICE MECHANISM POSTPONED FURTHER, AND PRIVATE ENTREPRENEURSHIP ACTIVELY DISCOURAGED. SUCH SLOWDOWNS OR REVERSALS OF POLICY COULD OCCUR. AS A MATTER OF FACT, THEY CAN OCCUR EVEN IF GORBACHEV STAYS IN POWER. BUT SUCH SHIFTS WOULD ONLY CAUSE THE ECONOMY TO SINK DEEPER INTO THE QUAGMIRE OF INEFFICIENCY, TECHNICAL BACKWARDNESS AND UNREQUITED HUMAN NEEDS. THE SOVIET LEADERSHIP'S PREOCCUPATION WITH DOMESTIC PROBLEMS WOULD CONTINUE AND EVENTUALLY ANOTHER RADICAL REFORMER WOULD LIKELY EMERGE. THERE IS A LOT OF TRUTH IN GORBACHEV'S FREQUENT ASSERTION THAT PERESTROIKA IS CONDITIONED BY OBJECTIVE

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