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From the Private Secretary

1 March 1987

Dear Tony,

SEMINAR ON THE SOVIET UNION

I enclose a note about the Seminar on the Soviet Union which the Prime Minister held at Chequers on 27 February. Everyone retains his own overall impression of a discussion of this length and complexity. Mine may err slightly on the side of conveying too negative a view of what is happening in the Soviet Union. It was also rather inconsiderate of Mr. Gorbachev to make a major proposal on arms control on the day after the Seminar. The final section, dealing with the Prime Minister's visit to Washington, has a number of points which need to be followed up.

I am copying this letter and enclosure to John Howe (Ministry of Defence) and to Trevor Woolley (Cabinet Office); and on a personal basis to David Ratford (Foreign and Commonwealth Office), Martin Nicholson (Cabinet Office) and Sir Bryan Cartledge in Moscow.

Yours sincerely,
Charles Powell

(CHARLES POWELL)

A. C. Galsworthy, Esq., C.M.G.,
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SEMINAR ON THE SOVIET UNION

The tasks set for the seminar were:

- to assess the changes taking place within the Soviet Union and where they might lead;
- to consider their likely effect on Soviet external policies and in particular their policies on arms control;
- to suggest what the British and wider Western attitude towards the changes should be and how we could affect them.

Change in the Soviet Union

Discussion of the prospects for change within the Soviet Union revealed a difference between those, principally the experts on the Soviet Union, who were impressed by the scope and energy of Gorbachev's reforms; and those, principally non-specialists, who were not convinced that real change would be either possible or allowed and were sceptical of Gorbachev's motives. To simplify: between enthusiasts and sceptics.

The enthusiasts portrayed Gorbachev as shocked by the poor performance of the Soviet economy and fearing that, without dramatic measures to improve it, the Soviet Union would enter the twenty-first century as a second-rate power. Although it would be exaggerating to talk of a crisis of survival affecting the very existence of the regime, there was undoubtedly a crisis of effectiveness. The Brezhnev era was treated with revulsion. There was a strong sense of urgency and a desire to make up for lost time. With little in the way of worked-out proposals for economic reform, Gorbachev had opted to make a start with political and social reform. (A comment of Tito's was recalled: in Communist systems there is no such thing as economic reform, only political reform with economic consequences). He was taking his campaign for

greater open-ness and democratization direct to the people, hoping to change attitudes and to outflank the inertia of the bureaucracy. His was a moral crusade, concentrating on such problems as alcoholism, inefficiency and the poor quality of products. There was no doubting the sense of urgency or the seriousness with which Gorbachev was pursuing his goals. Indeed he was taking considerable risks, particularly by proposing democratization of the Party and thus threatening the job security of millions of bureaucrats.

It was not clear how solid support for Gorbachev's reforms was among the party leadership. Shevardnadze was the only one who seemed one hundred per cent behind him. His approach was evidently not particularly popular with the Soviet people as a whole. Inertia was waiting to reassert itself. The prospects for Gorbachev's success remained uncertain. These were all reasons for caution. Nonetheless, many of those who visited the Soviet Union regularly and had hitherto been sceptical that there would ever be real change, now felt that there was something genuinely new and different in the air, and that changes were in prospect going far beyond those undertaken or contemplated by Kruschev. What we were seeing now was only the beginning of a process which might take ten, fifteen or twenty years to show results. We should keep an open mind about the prospects.

A point of particular interest, as a guide to the extent of likely reform, was the role of ideology. A distinction had to be drawn between ideology and doctrine. Doctrine as an operational tool to deal with the current problems of the Soviet Union was dead as a door-nail. On the other hand ideology as a broader concept, embracing the Soviet Union's whole historical experience and expressed in terms of automatic responses to particular problems and situations, would remain a factor. Even so there were signs of greater pragmatism. Human rights were a case in point. Release of dissidents did not signal a conversion to western values. It was a hard-nosed recognition of the public relations' cost of

political prisoners particularly in terms of the Soviet Union's image abroad.

The sceptics, on the other hand, had seen it all before. The precedents were discouraging. They recalled Alexander II and Stolypin. Even if Gorbachev genuinely wanted reform, it was unlikely that he was strong enough to achieve it. The recent Central Committee plenum could be interpreted as a setback for Gorbachev. Speeches were all very well, but in terms of power he had been unable to get his way. Moreover analysis of some of Gorbachev's speeches, for instance those in Riga and Tashket, revealed orthodox and conservative views. A leader seeking to consolidate his power naturally sought new policies: but we should not assume that he would go on pursuing the policies once his power was successfully consolidated. The younger generation to whom Gorbachev appealed were as likely to be careerists out to displace their seniors as genuine reformers. There was a risk that the West would give too much weight to what was said by the communicators and the intelligentsia. Gorbachev was using them as tools. We should beware of facile use of words such as open-ness and democratization, which in fact had a very different meaning in the Soviet context.

The built-in obstacles to successful reform were substantial. The opposition to change was not just bureaucratic. Quite sound and persuasive arguments - in Communist terms - were being advanced against it. In any event, Gorbachev would not be ready to contemplate decentralization to the point where central Party control was threatened. The human material for successful reform was just not there. The Russian people were not used to thinking for themselves or to taking responsibility. There was no reason to think that they would welcome a more challenging existence; or that economic incentives, even if introduced, would actually work. Talk of change in the Soviet Union would worry the Eastern European Communist parties, and posed a risk to stability there. Although some participants detected a curiously laissez-faire attitude on the Soviet Union's part to

this risk, no-one doubted that fresh outbreaks on the lines of Czechoslovakia in 1968 and Poland more recently would be put down very firmly. This would in turn have consequences for the successful prosecution of reform in the Soviet Union.

The sceptics tended to the conclusion, therefore, that Gorbachev would prove a transient figure. Even if he survived, his efforts towards reform would be stymied by the contradictions and obstacles. The degree of reform which he could contemplate would anyway not be enough to solve the problems.

The argument - somewhat dramatised for the purposes of this note - was not resolved. But a number of conclusions seemed to command broad assent. There were no grounds for euphoria, no prospect that a pluralist society was just round the corner, no sign of adoption of market principles in the Soviet economy, no likelihood that Soviet ideology would change fundamentally. Indeed fundamental change was not on the agenda: only limited change which fully preserved the powers and guiding role of the Party. Gorbachev might want to enjoy the fruits of the incentive system. But he could not take the risk of adopting it. Reform would be conducted firmly within the bounds of the socialist system. This could produce limited improvements in efficiency, which might indeed be just enough for his purposes. But there would be nothing dramatic or far-reaching. The Soviet system might at best evolve in 20 years time into something resembling Yugoslavia today.

The effect on Soviet external policies

The possible effect of change within the Soviet Union on Soviet external policies was recognised to be the most important aspect for the West. Expectations were modest.

Some evidence was detected of new thinking in Soviet foreign policy: a tendency to give priority to universal

concerns such as peaceful coexistence and interdependence over class struggle and confrontation with imperialism. This had been reflected in Gorbachev's recent address to the peace forum.

A weightier argument was that the Soviet Union needed a stable and tranquil external environment to concentrate on internal reform. There was evidence of disillusion with Soviet achievements in the third world. They had revealed the limits of military power in securing political influence. There was discontent about Afghanistan, although no grounds to think that this had reached the point where the Soviet leadership would be ready to withdraw and leave a regime which was not dominated by the Communists. Foreign adventures probably no longer played a significant role in legitimising the power of the Soviet leaders.

But while there might be a short-term interest in a respite on the foreign policy front, the fact was that the main motivation of those who wanted reform was dissatisfaction with the past. Their global ambitions were higher than those of their predecessors. They wanted to end the decline and reassert Soviet power and influence in the world. There was no evidence that successful reform at home would make the Soviet Union behave less aggressively abroad. Rather, a Soviet Union which was enabled to deploy its military power, propaganda and economic aid more effectively, would be a more dangerous opponent. The ideological drive of Soviet foreign policy in terms of class struggle and anti-imperialism would continue unabated.

In short, one could not judge their likely behaviour on the basis of thinking, but only on their policies. There was no reason to expect that domestic reform would lead to significant change in the general thrust of Soviet foreign policy. At best we might benefit from a temporary respite, the purpose of which would be to regroup for fresh advances.

Arms Control

The prospects for arms control were seen as an important part of the the Soviet leaders' calculations on reform. Arms control affected the military balance; held the key to increasing the resources going to the civilian economy; and would determine whether the technological gap with the West would continue to widen.

Taking the military balance first, there was some evidence that the Soviet preoccupation with total security was in decline. The main consideration for them was to prevent the United States achieving a first-strike capability. Here SDI played a key role. They saw it not only as threatening their nuclear parity with the United States, but also as widening the technological gap, and as opening the way for the West to develop conventional weapons based on different physical principles, leaving the Soviet Union in some years time with the world's largest fleets of redundant ships, tanks and aircraft. They would therefore give absolute priority to limiting and restricting SDI.

That apart, the Soviet aim in arms control would be to continue where Reykjavik left off. The emphasis would be on getting rid of nuclear weapons altogether, given the huge advantage that would leave the Soviet Union. Elimination of INF in Europe would be in the foreground, because this too would offer the Soviet Union one-sided advantages. They could not lose with zero INF: the likelihood that a conflict in Europe would lead to strategic nuclear exchange would become more remote, and the imbalance of conventional forces in their favour would assume still greater importance. It was significant that the Soviet military were already changing their concepts to provide for a longer period of conventional warfare in Europe, without escalation to nuclear exchanges.

There was little doubt that Gorbachev would like to be able to reduce military spending and divert resources to the civilian economy. He would present this internally as the

best means of increasing the Soviet Union's military capacity in the long term. Cutting down on redundant weapons and strengthening the economy as a whole now would make it possible to provide better equipment in fifteen to twenty years time. Put another way, the choice for the military was to have fewer guns now in order to have better death rays in the year 2000. Limited arms control agreements would make it easier for Gorbachev to sell this to the military.

The implications for the West

Drawing together these strands left three main questions to be answered:

- would reform and the building up of the Soviet Union's economic strength change the pattern of its internal and external behaviour? Or would nothing ever really change?
- would it be to the West's advantage if Gorbachev were to succeed in his proposed reforms?
- what if anything could we in the West do about it?

The answer to the first question was that internal change was likely to be limited enough, and change in Soviet external policies less still. The Soviet Union would continue to pose a major long-term threat to the West, even if temporary accommodations could be reached. We should prepare ourselves for a long haul. Our public attitude should be to watch internal developments with interest and to give credit where it was due. More skilful Soviet presentation carried the risk of creating euphoria in the West about the changes which were taking place. This could undermine support for strong defence and for nuclear weapons and must be forcefully countered.

The answer to the second question was by no means self-evident. There was some feeling that Gorbachev was probably better for the West to deal with than any likely alternative. But simple rationalisation and strengthening of the existing Soviet system would be of no benefit to us.

Internal reform and liberalisation would not necessarily make the Soviet Union any less aggressive externally. A more efficient but no less aggressive Soviet Union would present at least as many problems for the West as now and probably more.

A great deal therefore turned on the third point, the question of the West's capacity to influence events. Our ability to affect what happened within the Soviet Union was quite limited. Public comments by western governments on the reform process were unlikely to be of much consequence one way or the other. The notion that the West should deliberately pursue policies designed to subject the Soviet economy to unbearable strain was not very practicable, and probably not desirable either. To start with the motives were unclear. Would the purpose of such action be to sabotage reform for instance by imposing additional burdens in terms of military expenditure, which could only be met by tighter central control, thus reversing the trend to decentralisation? Or would it be to encourage a breakdown of the Soviet economy, leading to far more radical change? The results of such efforts would be uncertain, but probably destabilising and dangerous. We should pursue policies based on what we thought best for us rather than on hypothetical calculations of how they might affect internal developments in the Soviet Union. We should certainly not make concessions from a misguided desire to help reform.

But we did have a major interest in less aggressive Soviet Union behaviour internationally and could have some influence over this in a number of ways:

- by maintaining Western unity and strength
- by displaying firmness in negotiations and always seeking a quid pro quo. In the arms control field this meant making clear that we would not allow the Soviets to gain through arms control agreements the degree of clear military superiority which they had failed to achieve through the arms race
- by encouraging and strengthening rules of prudence

governing the behaviour of both sides. There was scope for codifying such rules.

- by constantly pressing the Soviet Union on Helsinki Basket III issues and treating domestic changes primarily as an exercise in implementing Helsinki commitments. We should stress that performance here was crucial to determining the Soviet Union's "acceptability"
- by focussing international discussion on problems where the Soviet Union was clearly vulnerable or was obviously reappraising its policies. Afghanistan was an obvious case in point. Soviet policies in Africa might be another.

Implications for the Prime Minister's Visit to the Soviet Union

This aspect was dealt with mostly in a more restricted session among Ministers and officials.

It was agreed that it would be important to discourage exaggerated expectations from the Prime Minister's visit. The purpose should be presented as being to renew earlier contacts and discussions with Mr. Gorbachev, to improve our understanding of his policies and objectives at a particularly interesting moment. At the same time, the visit would be an opportunity to pursue arms control, regional and human rights' issues on the basis of established western positions.

Particular care would be needed in commenting publicly during the visit on internal developments. The general line should be that we were watching with interest what was going on and would give credit where it was due. While it was primarily an internal matter for the Soviet Union, the Helsinki agreements gave us legitimate grounds to comment on some aspects of what was going on. One purpose would be to draw out the links between the kind of society into which the Soviet Union might develop and the prospects for improving the

international climate. It would be important to avoid any impression of impeding or obstructing change and reform.

Arms control would inevitably be one of the main issues for discussion. Given that the prospects for progress were very limited, we should discourage speculation about a possible breakthrough during the visit. Our declared aim would be to promote a search for agreement on the basis of the priorities identified by the Prime Minister and President Reagan at Camp David. It was likely that Gorbachev would focus particularly on the need for constraints on SDI and the case for a non-nuclear world. The Prime Minister would want to make clear that the reality in Washington was that the research and testing of the SDI could not be stopped and that it would be fruitless to maintain the linkage between this and progress on other aspects of arms control. The key was to preserve the position that deployment was a matter for negotiation. The extent of Soviet interest in predictability and the 'milestones' for SDI research and testing which we had proposed in the recent talks with Nitze could be explored. INF would be the other main area for discussion. One possibility would be to revert to the concept of an interim agreement leaving both sides with a fixed number of weapons. (This was of course before Gorbachev's statement of 28 February). There was a possibility that the Soviet side would move further towards acceptance of our proposals on challenge inspection for chemical weapons. This would require very careful handling, given American objections.

Regional issues would be another main topic for discussion. The Prime Minister would want to concentrate on Afghanistan, the Middle East and Southern Africa.

The Prime Minister would want to raise human rights.

There would probably be a number of bilateral agreements ready for signature during the visit (but not by the Prime Minister herself).

CONFIDENTIAL

- 11 -

Particular attention was needed to the drafting of the Prime Minister's speech in Moscow and the briefing for what she might say on television. She would want plenty of time to consider drafts. She would also at the appropriate moment want to send President Reagan a message explaining her intentions.

C.D.P.

C. D. POWELL

1 March 1987

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