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# WITHDRAWAL SHEET

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| 10540 | MEMO     | USSR: MORE ON BREZHNEV'S SPEECH<br><b>PAR 9/25/2012 F2006-114/9</b> | 1           | 2/25/1981 | B3           |
| 10546 | CABLE    | 251555Z FEB 81<br><b>R 3/24/2011 F2006-114/9</b>                    | 5           | 2/25/1981 | B1           |
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| 10543 | MEMO     | SAME TEXT AS DOC #10542<br><b>R 3/24/2011 F2006-114/9</b>           | 1           | 2/26/1981 | B1           |
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| 10552 | PAPER    | ANALYSIS UNITED KINGDOM; CDE<br><b>R 11/17/2009 F06-114/9</b>                             | 2           | 2/26/1981 | B1           |
| 10553 | PAPER    | EL SALVADOR; SOMALIA<br><b>R 11/17/2009 F06-114/9</b>                                     | 2           | ND        | B1           |
| 10554 | PAPER    | 26TH CPSU CONGRESS: BREZHNEV'S<br>FOREIGN POLICY REVIEW<br><b>R 3/24/2011 F2006-114/9</b> | 7           | 2/27/1981 | B1           |
| 10556 | CABLE    | 271714Z FEB 81<br><b>R 3/24/2011 F2006-114/9</b>                                          | 16          | 2/27/1982 | B1           |

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26<sup>th</sup> Congress

(FYI - Kania's Speech)

10545

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E.O. 12065: GDS 2/24/97 (MATLOCK, JACK F., JR.) OR-M

TAGS: PEPR, PL, UR

SUBJECT: KANIA'S SPEECH TO THE XXVI PARTY CONGRESS

REF: MOSCOW 2575

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NLRRF06-114/9 #10545

BY LCML NARA DATE 4/7/2011

1. (C) MOSCOW RADIO HAS BROADCAST EXCERPTS FROM KANIA'S

\*\*\*\*\*WHSR COMMENT\*\*\*\*\*

POS NOTE

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2

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FEBRUARY 24 SPEECH TO THE XXVI CPSU CONGRESS. KANIA THANKS THE CPSU FOR ITS "FRATERNAL AID AND SUPPORT, ITS UNDERSTANDING OF OUR SITUATION, AND ITS FAITH THAT OUR PARTY WILL BE ABLE TO RESOLVE ITS PROBLEMS INDEPENDENTLY (SAMOSTOYATEL'NO)." BREZHNEV, IN FACT, EXPLICITLY FAILED TO REAFFIRM THE CPSU'S FAITH IN THE POLES' ABILITY TO SOLVE THEIR PROBLEMS INDEPENDENTLY (REFTEL), EMPHASIZING INSTEAD THE READINESS OF THE USSR AND THE OTHER WARSAW PACT COUNTRIES TO DEFEND POLAND'S "SOCIALIST GAINS" BY WHATEVER MEANS NECESSARY.

.

2. (U) KANIA ALSO STRESSES THAT THE POLISH-SOVIET ALLIANCE IS THE FOUNDATION OF POLAND'S FOREIGN POLICY, THAT POLAND WAS, IS AND WILL REMAIN A SOCIALIST STATE, AN UNBREAKABLE LINK IN THE SOCIALIST COMMUNITY AND AN ACTIVE PARTICIPANT IN THE WARSAW PACT. HE VOICES AGREEMENT WITH BREZHNEV THAT THE POLISH EVENTS HAVE SHOWN THE NEED FOR COMMUNIST PARTIES TO STRENGTHEN THEIR TIES TO THE WORKING CLASS, TO COMBAT BUREAUCRATISM AND VOLUNTARISM, AND TO CONDUCT A REALISTIC FOREIGN ECONOMIC POLICY.

3. (U) WE WILL REPORT ANY OTHER SIGNIFICANT ASPECTS OF KANIA'S SPEECH WHEN THE FULL TEXT BECOMES AVAILABLE.  
MATLOCK  
BT

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FOIA(b)(3)

~~Top Secret~~

## USSR: More on Brezhnev's Speech

*Initial analysis of the domestic portion of President Brezhnev's address to the party congress on Monday suggests he chose not to risk his personal prestige by using his unchallenged power to push favorite programs.* [redacted]

The report has all the earmarks of a committee product designed to offend no one. It contains a high level of generalization, a standard recitation of problems and constraints, and few proposed solutions. In contrast with Brezhnev's recent speeches, the report has no criticisms of economic ministers and planners. Their foot-dragging on his special food program elicited from him the rather lame comment that the program has "only just begun." [redacted]

Although Brezhnev revealed little of his own thought, he did back a "more marked" increase in investment in industries related to food processing and supply. He also appears personally concerned that housing and other amenities be provided for workers when new industrial projects are developed. Premier Tikhonov's report of the 1981-85 plan later this week may provide more substance on economic issues. [redacted]

Brezhnev equivocated in raising the issue of revising the Party Program of 1961, which set goals that were to bring the USSR to or near full communism in 20 years. He stated that the Central Committee was posing the issue and would be entrusted with preparing a "new edition" of the program "if" the delegates to the congress supported the idea. The revamping of the program would be an admission of the regime's failure to solve its problems. [redacted]

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BY KML NARA DATE 9/25/12

~~Top Secret~~

25 February 1981

MID



26<sup>th</sup> Congress  
(Castro's Speech)

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AMEMBASSY CAIRO 2580  
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\*\*\*\*\*WHRS COMMENT\*\*\*\*\*

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SUBJECT: XXVI PARTY CONGRESS: FIDEL CASTRO'S SPEECH

1. (~~Q~~-ENTIRE TEXT)

2. SUMMARY: IN HIS SPEECH TO THE XXVI CPSU CONGRESS, CASTRO SHARPLY CRITICIZED THE UNITED STATES AND DREW CUBA FURTHER UNDER THE SOVIET PROTECTIVE UMBRELLA. REFLECTING ANXIETIES WHICH SEEM TO HAVE INCREASED SINCE HIS DECEMBER SPEECH TO THE CUBAN CONGRESS, CASTRO DESCRIBED THE UNITED STATES AS RETURNING TO "COLD WAR" AND THREATENING "TO DO AWAY WITH SOCIALIST CUBA." HE SUPPORTED MOSCOW ON MAJOR INTERNATIONAL ISSUES, -- INCLUDING POLAND -- BUT MADE ONLY PASSING REFERENCE TO EL SALVADOR WHICH TOGETHER WITH GUATEMALA, HE SAID, IS "SUFFERING FROM US AGGRESSIVE DESIGNS." END SUMMARY.

3. CASTRO'S FREQUENTLY APPLAUDED SPEECH BEFORE THE XXVI CPSU CONGRESS FOLLOWED THE PATTERN HE SET AT THE SECOND CUBAN PARTY CONGRESS: DRAWING CUBA CLOSER UNDER THE SOVIET PROTECTIVE UMBRELLA AND CASTING CUBA'S LOT CLEARLY WITH THE SOVIET UNION. THE CUBAN LEADER SUPPORTED SOVIET POSITIONS DOWN THE LINE IN HIS SPEECH AND SPECIFICALLY NOTED "IMPERIALIST EFFORTS TO DESTABILIZE POLAND." HE TOOK A NOTABLY SHARPER LINE TOWARD THE US THAN HAD BREZHNEV. CASTRO GAVE THE IMPRESSION THAT MOSCOW AND HAVANA HAVE PATCHED UP PAST DIFFERENCES, AND ENDED WITH THE COMMENT THAT "CUBA WILL NOT ALLOW FEELINGS OF INGRATITUDE, OPPORTUNISM, AND BETRAYAL TO SNEAK INTO ITS HEART."

4. IN HIS APPROACH TOWARDS THE UNITED STATES, HIS MENTION OF POSSIBLE NORMALIZATION WAS OUTWEIGHED BY THE OVERALL CONTEXT OF THE SPEECH. CASTRO BETRAYED HIS GROWING ANXIETY OVER AMERICAN INTENTIONS TOWARDS CUBA AND PRESENTED A BLEAK WORLD PICTURE OF A THREATENING AMERICA HELD AT BAY BY THE SOVIET UNION. THE STANDARD FORMULATION THAT "CUBA WOULD NOT REJECT THE OLIVE BRANCH IF EXTENDED" WAS NOT ELABORATED ON AND WAS FOLLOWED IN THE SAME SENTENCE BY THE CAVEAT THAT CUBA IS PREPARED TO DEFEND ITSELF.

5. IT IS INTERESTING TO NOTE THAT WHILE IT WAS INCLUDED IN THE SOVIET NATIONAL PRESS ENGLISH TASS DID NOT CARRY SECTIONS OF HIS SPEECH WHICH SPECIFICALLY REFERRED TO THE ALLEGED US THREAT TO BLOCKADE OR DO AWAY WITH SOCIALIST CUBA: "NINETY MILES FROM OUR HOMELAND WORDS SPREAD OF

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THE NECESSITY TO DO AWAY WITH US. THEY OPENLY  
THREATEN US WITH THE ESTABLISHMENT OF A MILITARY  
BLOCKADE. THEY FORESEE SHARPER MEASURES IN AN  
ATTEMPT TO THROW OUT THE EXAMPLE OF SOCIALIST CUBA,  
TO PUNISH THE CUBAN PEOPLE FOR ITS FRIENDSHIP WITH  
THE USSR, ITS SOLIDARITY WITH THE PEOPLE OF AFRICA,  
WITH WORLD REVOLUTION, AND WITH THE PROGRESSIVE  
MOVEMENT."

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AMEMBASSY CAIRO 2581  
AMEMBASSY GUATEMALA 52  
USINT HAVANA IMMEDIATE 0612  
AMCONSUL LENINGRAD 1989  
AMEMBASSY LONDON 2576  
AMEMBASSY MADRID 0874  
AMEMBASSY MEXICO 005  
AMCONSUL MUNICH 5311  
AMEMBASSY NEW DELHI 1883  
AMEMBASSY PARIS 9512  
AMEMBASSY PRAGUE 6526  
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6. CASTRO MADE ONLY A PASSING REFERENCE TO THE NEW

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DELHI CONFERENCE, THEREBY INDICATING CUBA'S REDUCED LEADERSHIP ROLE IN THAT MOVEMENT. CONCERNING CENTRAL AMERICA, HE MENTIONED EL SALVADOR AS AN EXAMPLE, ALONG WITH GUATEMALA, OF A NATION SUFFERING FROM AMERICAN IMPERIALISTIC DESIGNS. WHILE ATTACKING THE US POSITION DIRECTLY, HE MADE NO SPECIFIC DENIAL OF CUBAN INVOLVEMENT IN EL SALVADOR BEYOND A PROPAGANDISTIC COMMENT THAT "THE US IS UNLEASHING A CAMPAIGN OF VICIOUS LIES TRYING TO PROVE THAT THE EVENTS IN CENTRAL AMERICA ARE A RESULT OF INTERNATIONAL PLOTS." MATLOCK  
BT

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PAGE 02

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10541  
26<sup>th</sup> Party  
Congress ✓

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FBIS

FOREIGN BROADCAST  
INFORMATION SERVICE

... FBIS 40TH YEAR 1941-81 ...

## Trends in Communist Media

This issue is devoted to Soviet policy positions  
enunciated by Brezhnev at the 26th CPSU Congress

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BY KML NARA DATE 9/25/12

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25 FEBRUARY 1981  
FB TM 81-008



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The analyses in this report are based exclusively on foreign media output and behavior and are issued without coordination with other U.S. Government components. While the analyses are based on press, press agency, and radio output, statistics presented in the Appendix are compiled only from Moscow and Beijing broadcast commentary output.

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10

FOREIGN BROADCAST INFORMATION SERVICE

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Washington, D. C. 20013

25 February 1981

NOTE FROM THE DIRECTOR, FBIS:

Forty years ago, the U.S. Government inaugurated a new service to monitor foreign public broadcasts. A few years later a similar group was established to exploit the foreign press. From the merger of these organizations evolved the present-day FBIS. Our constant goal throughout has been to provide our readers with rapid, accurate, and comprehensive reporting from the public media worldwide.

On behalf of all of us in FBIS I wish to express appreciation to our readers who have guided our efforts throughout the years.



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FBIS TRENDS  
25 FEBRUARY 1981

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*The articles below address key elements of Brezhnev's  
report to the opening session of the 26th CPSU Congress*

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## INTRODUCTION

General Secretary Brezhnev's report to the 26th Soviet party congress was conciliatory in tone though it revealed few changes in policy substance on issues of concern to the United States. Speaking on 23 February, Brezhnev called for negotiations on disputed issues, emphasized arms control more than defense preparedness, and chose not to respond to Reagan Administration charges about the Soviet role in Central America.

In his fourth appearance before a CPSU congress as the party's top leader, Brezhnev spoke candidly about the realities that face the USSR at home and abroad. But the policies he outlined in his four-hour report reflected familiar priorities and a continued disinclination to attempt radical innovation. He spoke with a sense of urgency about limiting the arms race, called for a range of regional and international negotiations, and made incremental adjustments in several current Soviet positions.

On the domestic front, Brezhnev pressed a series of measures designed to address specific economic and social problems, but he offered no grand design for halting the continuing economic slowdown and announced no significant shifts in the allocation of Soviet resources.



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## EAST-WEST RELATIONS

## PRIORITY FOR ARMS NEGOTIATIONS, FEW POLICY INNOVATIONS

Brezhnev's report offered a prescription for relations with the Western powers that is essentially indistinguishable from the "peace program" he first presented at the 24th congress in 1971 and updated at the last congress in 1976. He drew a picture of an international environment that has sharply deteriorated in the last five years, but he renewed calls for East-West dialogue and maintained that an easing of international tension is essential for the solution of Soviet domestic problems.

**STATUS OF DETENTE** Brezhnev constructed his grim assessment of the current international situation upon a pessimistic interpretation of current political trends in the West. He opened his report to the congress by conceding that the period under review had been a "complex, tempestuous" time in the international arena. He complained specifically of a sharp increase in the "aggressiveness of imperialism," singling out the United States. Examining the shifting political alignments in the West, Brezhnev concluded that the rising influence of the opponents of detente had been assisted by the current "aggravation" of capitalism's economic problems.

**ARMS CONTROL** Brezhnev posited arms control as a "pivotal" aspect of Soviet foreign policy and addressed the issue repeatedly throughout the international section of his report. He characterized the arms race as the "main threat" to international security. But he argued adamantly that negotiations must proceed on the basis of what he portrayed as an existing military balance, and the proposals he offered contained no radical departures.

The Soviet leader offered a mixture of new and revamped arms proposals that build on the goals he established at the last congress:

+ Extension of the zone covered by the Helsinki CSCE agreement's "confidence-building measures" to include the "entire European part of the USSR," provided the West makes a corresponding move. This offer seems aimed at West German and French interest in such measures and brings Moscow closer to acceptance of the French plan for a European conference on military detente, currently under discussion in Madrid at the Helsinki review conference.

+ A moratorium on the deployment of new Soviet and Western "medium-range nuclear missile" facilities in Europe. Brezhnev said both sides should curtail preparations for "additional means," including the U.S. Pershing II and ground-launched cruise missiles. The moratorium offer follows Brezhnev's original proposal in October



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1979 to reduce Soviet medium-range systems in Europe provided NATO decided to forego its own theater nuclear force modernization program.

+ A ban on deployment of neutron weapons. Brezhnev reiterated his December 1977 pledge not to build these weapons unless they appeared in the West.

+ A special session of the UN Security Council, with the "top leaders" of the Council states participating, to seek "the key" to improving the international atmosphere and preventing war. Thorough preparation and the participation of other world leaders would help ensure "positive" results, Brezhnev said.

#### CONTINUED EMPHASIS ON DIALOGUE WITH U.S. ADMINISTRATION

Brezhnev's Central Committee report combined a reaffirmation of the importance the Soviet Union attributes to the U.S.-Soviet relationship with acknowledgment of the current strains in bilateral ties. In underscoring the significance of bilateral relations, the Soviet leader placed particular stress on strategic arms control. He sharply criticized trends in U.S. policy since the 25th CPSU Congress but indicated that Moscow still hopes for a working relationship with the Reagan Administration.

Moscow's hopes for the Reagan Administration were apparent in Brezhnev's pointed reference to the utility of summit meetings as well as in his tentative assessment of the Administration's policy goals. Avoiding the harsher invective of recent Soviet media commentary, Brezhnev rebuked the Administration for making statements that "seem to be specially intended to poison" bilateral relations. But he indicated that Moscow still anticipates that "those who now determine U.S. policy will ultimately be able to look at things more realistically." Since the international situation depends to a large degree on our two countries, Brezhnev concluded, there is no reasonable alternative to normal relations.

**FLEXIBILITY ON SALT** Brezhnev's remarks on the strategic arms dialogue sustained the flexible posture he adopted after the November election. He insisted on the retention of "everything positive" from past negotiations and vowed that the USSR would negotiate only on the basis of equality. But he avoided explicit mention of SALT II in affirming Moscow's readiness to continue talks with the new Administration "without delay." He singled out ballistic missile submarines as an area in need of further limitations but offered no illumination of Soviet intentions regarding observance of the already negotiated provisions of SALT II.



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## COMMUNIST AFFAIRS

## FLEXIBILITY TOWARD POLAND, OTHER EAST EUROPEAN COUNTRIES

POLAND Brezhnev's remarks on Poland, the first extensive comment by a Soviet leader since the start of the labor unrest last summer, seemed intended to underscore Moscow's determination to ensure a successful resolution of the crisis while avoiding disclosure of any particular actions it may be contemplating. Brezhnev strongly reaffirmed the Soviet Union's "fraternal" ties to its neighbor and warned gravely against Western efforts to tamper with this relationship. But he also spoke expansively of national differences among socialist countries, seeming to hint at Soviet willingness to accept far-reaching changes in the Polish internal system.

Brezhnev's comments on the Polish domestic situation balanced expressions of concern over destabilizing tendencies with signs of support for the regime's normalization efforts. He reiterated Soviet charges that "enemies of socialism," aided by the West, are trying to promote "anarchy" and "counterrevolution" in Poland and pose a "threat to the foundations of the socialist state." But he portrayed favorably the party's efforts to overcome the crisis--citing its efforts to strengthen its ranks and ties to the workers and to resolve the country's economic problems--and accepted Kania's assessment that the current problems are caused by policies associated with the Gierek regime. Brezhnev also seemed to pave the way toward accepting some unorthodox new features in the Polish system in his heavy stress on the "wealth of ways and methods" in developing socialism--a theme to which he returned repeatedly in his remarks on Poland and elsewhere. Thus he welcomed the efforts of various East European countries to come up with original solutions to their problems. He also maintained that the development of unity among communist countries "does not blot out our national specificity and historical peculiarities."

Along with these signs of toleration, Brezhnev made it clear that Moscow would not countenance a threat to Poland's status as a member of the Soviet bloc. These remarks seemed intended to appeal to hardline elements in the Soviet leadership and East Europe without committing Moscow to any particular action. Brezhnev thus paraphrased some of the double-edged language of the 5 December Warsaw Pact statement when he said that the Soviet bloc countries "will stand up for Poland" and "not leave her in the lurch." In his most forceful statement, Brezhnev underscored Moscow's intention to leave open its options, declaring, "let no one have any doubt about our common determination to secure our interests and defend the peoples' socialist gains."

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**BLOC RELATIONS** Brezhnev's remarks on Poland came in the context of a generally routine review of Moscow's relations with other communist countries. As "socialist community" countries he named Bulgaria, Hungary, Vietnam, the GDR, Cuba, Laos, Mongolia, Poland, Romania, and Czechoslovakia. The list differed from his enumeration at the last CPSU congress by the addition this time of Laos and the omission of North Korea and Yugoslavia--countries with which Moscow's relations have cooled since 1976.

The only negative note in Brezhnev's remarks concerned economic relations within the bloc, which have suffered from the strain of worldwide inflation as well as from the disruptive effects of the Polish crisis. He observed that "the recent years have not been the best for the national economies of a number of socialist states" and pointed out bluntly that the USSR's exports to the CEMA countries have exceeded its imports from those countries during the past five years, indicating that the "reduced" price of Soviet oil shipments to East Europe is an important factor in that deficit. Brezhnev said the CEMA countries' "many large problems" should be discussed by their leaders--an apparent proposal for another of the ad hoc sessions of CEMA party leaders that have been held on rare occasions in the past.

#### AFFIRMATION OF CHINA POLICY; RECOGNITION OF CHANGE IN PRC

Brezhnev signaled no expectation of any imminent change in Sino-Soviet relations but confirmed that Moscow is now taking seriously the internal ferment that has developed in China following Mao Zedong's death. He reaffirmed the longstanding Soviet position that China bears responsibility for the bilateral impasse. At the same time, he credited Beijing with positive internal changes whose ultimate implications it was too early to judge.

Brezhnev offered an assessment of the post-Mao leadership's foreign policy that was as negative as the one he had offered in 1976 on the eve of Mao's death. He told the congress that there had been no change for the better in Chinese foreign policy and no movement in Sino-Soviet relations. Just as he had at the last congress, Brezhnev accused Beijing of trying to aggravate the international situation and of aligning itself with the imperialist powers. Soviet proposals for normalizing Sino-Soviet relations, he said, nevertheless remain open.



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Brezhnev's favorable comments on Beijing's current domestic policy course gave further official sanction to a position he first endorsed in a speech in Kazakhstan last August. Brezhnev reported to the congress that "changes are now taking place in China's domestic policies." He found cause for satisfaction in the fact that the policies of the Cultural Revolution period have come under sharp attack in China, although he added that only the future would reveal the ultimate impact of internal policy changes. Brezhnev seemed to underscore the potential for the USSR of internal developments in China even as he hedged on their current impact, remarking that there are "no grounds yet" for speaking of changes for the better in Chinese foreign policy.

Brezhnev's remarks on China amount to an endorsement of the views of a minority of Soviet China-watchers who since shortly after Mao's death have been crediting Beijing with significant alterations in Mao's legacy. At the same time, they seem to contradict what has remained until now the dominant Soviet public view--that the changes instituted by Beijing are a mere facelifting of Maoism that only threatens to make it more effective.

#### CONCILIATORY APPROACH TO EUROCOMMUNISM, INTERPARTY DISPUTES

Judged against the background of Moscow's problems with the West European communists since the 25th congress, Brezhnev's assessment of the state of the international communist movement was restrained and conciliatory. He chose to sidestep rather than confront the issues that are currently controversial within the movement. He made the traditional claim of continuing gains for the nonruling parties in the last few years, but seemed more intent on reaffirming Moscow's tolerance--within limits--of the differences that continue to mark interparty relations.

Brezhnev echoed his congress report five years ago in setting out Moscow's perception of the permissible limits of diversity among communists. "Differing assessments" and "debates" over strategy and tactics, he said, are a natural consequence of the increasingly complex tasks facing communist parties. He affirmed the right of parties to impart a "specific national character" to their views and dismissed the notion that the CPSU seeks to impose a pattern binding on all parties. The Soviet party's response to criticism of its policies or internal affairs, he said, is to listen carefully to "comradely and constructive" comments but to reject any remarks that "distort socialist reality" or violate communist "principles."



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Brezhnev was careful not to exacerbate further the CPSU's differences with the two major Eurocommunist parties, the Italian and the Spanish, whose top leaders chose to boycott the congress. He implicitly acknowledged the strains that currently mark Moscow's ties with those two parties by omitting them from a list of West European parties with which the CPSU maintains "good relations." But he eschewed the blunt warnings against "opportunism" and "revisionism"--codewords for independent-minded Eurocommunists--that were prevalent in his as well as in other speeches at the 25th congress, and he avoided discussion of the contentious subject of "proletarian internationalism." Instead of seeking support for Moscow's controversial Afghanistan policies, Brezhnev made a pitch for unity in the movement by invoking the noncontroversial theme of world peace. The "struggle for peace," Brezhnev said, is the "grand unifying principle" of the world communist movement.

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## THE THIRD WORLD

## MODERATE TONE ON SOVIET ROLE IN DEVELOPING COUNTRIES

Brezhnev's report reflected Moscow's increasing recognition of the diversity in political and economic development that characterizes the Third World. He devoted most of his attention to state-to-state relations with established governments rather than to the remaining national liberation movements.

Brezhnev chose not to engage the Reagan Administration at length on the question of the Soviet role in the developing world. He made no mention of Central America, ignoring U.S. complaints about Soviet and Cuban assistance to the insurgents in El Salvador. He briefly dismissed efforts to lump national liberation movements together with terrorist organizations as a fruitless attempt to stem progressive change. Brezhnev offered no specific pledges of support to liberation movements, but he reasserted Moscow's right to respond to requests from established regimes for help in strengthening their defenses.

Discussing Moscow's relations with regimes of "socialist orientation" in the Third World, Brezhnev used the more flexible definition of this concept that has evolved in the USSR over the past decade. Noting that the paths of economic and social development chosen by such countries are "of course" not identical, he listed such common features as the "gradual" liquidation of Western monopolies and large capitalist concerns, state control of the key economic sectors, and restriction of the activities of foreign capital. At the 24th congress in 1971, Brezhnev presented a rigid ideological picture of development in such nations, featuring the "struggle against exploitative relations" and the expansion of the state sector as the main themes and detailing the radical economic nationalization programs then under way in several countries.

## IMPLICATIONS OF IRANIAN REVOLUTION, ISLAMIC UPSURGE

Addressing the question of religious revival and political unrest in the Muslim world, Brezhnev lent his authority to the proposition that political movements acting in the name of Islam can be progressive as well as reactionary. Applying this reasoning to Iran, the Soviet leader concluded that the Iranian Revolution, while filled with "complications and contradictions," is "fundamentally" anti-imperialist.



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Brezhnev argued that the "liberation struggle" can unfold under the "banner of Islam" but that "reaction" can sometimes use "Islamic slogans" to cover "counterrevolutionary" objectives. Historically, Soviet writing on Islamic movements has characterized them as largely negative. But Brezhnev's language here recalls that of Soviet Middle East expert Yevgeniy Primakov in an innovative article on the "Islamic Upsurge" in the August 1980 issue of VOPROSY FILOSOFII (PROBLEMS OF PHILOSOPHY).<sup>\*</sup> Reflecting Primakov's arguments, Brezhnev declared that the main criterion in evaluating Islamic movements is "the aims pursued by the forces declaiming particular slogans."

Brezhnev's remarks on Iran sounded a tentative note. He again wished the Iranian people success on their path to freedom and prosperity. But for a second time he warned that good relations with Iran could develop only on the basis of "reciprocity." He had voiced much the same complaint, in a speech in Alma-Ata last August, about Iran's failure to accord its neighbors reciprocal respect. The appeal for reciprocity would not seem unreasonable in Soviet eyes, given the numerous recent Iranian denunciations of Moscow's presence in Afghanistan and its neutral stance on the Iranian-Iraqi conflict.

#### SUPPORT FOR CONFERENCES AS MEANS OF ADDRESSING REGIONAL ISSUES

By calling for discussion of Middle East and Asian problems in a variety of forums, Brezhnev set the policy outlines for Soviet approaches to regional disputes. Through the proposals for conferences, Moscow is seeking to reactivate a Soviet role in the Arab-Israeli dispute, legitimize its interests in the Persian Gulf, and contain criticism of its presence in Afghanistan. Brezhnev's call for a broad international conference on the Arab-Israeli problem seems calculated to upstage the new U.S. Administration with an initiative ostensibly designed to break the current stalemate. For the first time, Brezhnev explicitly stated the Soviet Union's willingness to combine discussion on Afghanistan and on the Persian Gulf, although Soviet treatment of the two issues had long indicated that Moscow favored such a connection. Brezhnev also expressed an unprecedented willingness to reduce tension in the Far East by strengthening trust in the military sphere there.

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<sup>\*</sup> For a discussion of the Primakov article, see the TRENDS of 16 October 1980, pages 8-10.



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NEW MIDDLE EAST  
CONFERENCE PROPOSAL

For the first time in some two years Moscow has advocated a conference to seek a comprehensive settlement of the Arab-Israeli dispute. Giving the appearance of promoting a fresh start on a solution, Brezhnev did not revive the dormant Geneva conference format that Moscow, as Geneva cochairman, was still urging at least as late as January 1978. Brezhnev vaguely proposed a "specially convened international conference" on the problem, but he was careful to stake out a claim to Soviet interest in association with any initiatives of other parties, such as the Europeans. He also pledged readiness for a "joint search" with the United States, even while recalling "certain experience in this respect" several years ago--an allusion to the October 1977 joint U.S.-Soviet statement on the Middle East, which some Soviet spokesmen later complained had been "unilaterally renounced" by Washington. While he did not suggest that the proposed conference be convened under UN auspices, he did say that the United Nations could "continue to play a useful role" in resolving the question.

The elements of a settlement as envisioned by Moscow remain unchanged. Brezhnev in fact could have been quoting from his September 1978 speech in Baku or his December 1977 PRAVDA interview when he called for full Israeli withdrawal from all Arab territories seized in 1967, Palestine Liberation Organization participation in any peace talks, recognition of the Palestinian people's right to their own state, and guarantees of the security and sovereignty of all states in the region, including Israel. Just as he had done in Baku, Brezhnev in his congress speech routinely assailed the "Camp David policy" as "anti-Arab collusion" aimed at splitting the Arabs and reiterated Moscow's unwavering insistence on a "comprehensive" settlement.

JOINT CONSIDERATION OF AFGHAN,  
PERSIAN GULF PROBLEMS

Brezhnev for the first time explicitly raised the possibility of discussion of the "international aspects" of the Afghan problem and questions of Persian Gulf security in tandem. He said the USSR was ready to consider both issues independently but had no objection to discussing them together. This suggests that Moscow is trying to persuade the West to look seriously at Brezhnev's December 1980 proposals on the Gulf by allowing the problem of Afghanistan to be tabled at the same time.

Moscow has been trying to gain Western recognition of the USSR's own "southern border security" concerns while acknowledging Western interests in access to Gulf oil. As early as last February, Brezhnev in effect denied that the Soviet intervention in Afghanistan had as its ultimate aim a move into the Gulf, and



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at the same time conceded that U.S. concern over the safety of oil supply routes was "in a way understandable." The Soviets are also clearly trying to establish a role for themselves in the Gulf and do not want to foreclose the option of Soviet purchase of oil from the region. Comment has consistently maintained that the USSR's oil supplies are adequate and that it has no need for Gulf resources, but there has been an occasional hint of Soviet interest. The TASS commentary by Portugalov a year ago, which suggested an "all-European" conference to discuss Gulf oil questions, offered the first, albeit indirect, acknowledgment: Portugalov cited West German Chancellor Schmidt as observing that the Soviet Union, as a potential purchaser of Near East oil, had a legitimate right of access to its sources.

The Portugalov article received virtually no followup attention, but it presaged Brezhnev's own "peace doctrine" on the Gulf set forth during his visit to India last December. At that time Brezhnev had outlined "mutual obligations" which might be undertaken by the industrial states; in his congress speech he raised this to the level of an "international agreement" but was no more specific about how such an accord could be reached.

Since Brezhnev's December proposal, Moscow has offered a further hint of potential Soviet interest in Middle East oil resources. In the regular "Taking Up a Point" column in the 16 January issue of the weekly NOVOYE VREMA (NEW TIMES), staff writer Andrei Stepanov explained Soviet security and economic interests in the Middle East in response to a letter from a U.S. reader. "Although we have enough oil of our own," he said, "it is not excluded that we may find it economically justified to buy Middle East oil. Why not? Others are doing it, are they not?"

PROPOSALS FOR FAR EAST,  
SOUTHEAST ASIA

Brezhnev expressed concern for Japan's closer military cooperation with Washington and Beijing, a perception that may have been behind his unprecedented offer to hold talks with interested countries on the question of extending military confidence-building measures to the Far East. Moscow's offer to establish such measures as prior warning of military exercises and notification of major troop movements may be aimed at reducing Japanese fears of a Soviet threat to the area--concerns which Beijing regularly exploits. Moscow previously had included the Far East in its general calls for spreading detente throughout the world, but Brezhnev's proposal to extend to the Far East the types of measures now in force in parts of Europe was apparently a new one. Brezhnev failed to detail the call, noting only that agreement between the Soviet Union, China, and Japan on such measures would go far in reducing regional tensions.



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On Southeast Asian issues, Brezhnev failed to mention specifically the regional peace plan recently aired by the Indochinese foreign ministers, voicing only routine support for the creation of a zone of peace in Southeast Asia. But a major campaign appears under way in support of the proposals put forth by the foreign ministers of Vietnam, Laos, and Kampuchea at their meeting in Ho Chi Minh City last month. TASS on the 22d revealed that a coordinated diplomatic effort has been launched to inform the ASEAN countries--Thailand, Malaysia, Singapore, the Philippines, and Indonesia--of Moscow's readiness to take part in an international conference aimed at guaranteeing any future treaty between Indochina and ASEAN. Moscow's previous comment on this proposal had stopped short of outlining any explicit role in guaranteeing a regional peace treaty.



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## DOMESTIC POLICY

## FOCUS ON ECONOMIC PROBLEMS WITH PROMISE OF LIMITED CHANGE

In addressing the domestic situation, Brezhnev concentrated on the new five-year plan and the economic problems facing the country in the coming years. His most noteworthy statements centered on food shortages, ineffective administration of the economy, unfavorable demographic trends, and overdependence on trade with the West. His announced remedies included approaches that were significant and controversial, if not necessarily innovative or radical.

Regarding the overall direction of the economy, there were no surprises. Brezhnev reiterated the longterm goal set by other recent congresses of improving the people's welfare, stressed the need for more consumer goods and services, and discussed needs in the fields of agriculture, machine building, energy, transportation, and new technology. Brezhnev did not urge any specific shift in the priority of investments but did praise the new plan's higher priority for consumer goods and increased investment for transport. He also reiterated the need to continue heavy investment in agriculture.

**AGRICULTURAL PROBLEMS** Brezhnev's extensive discussion of agricultural problems and ways of increasing output reflected recent trends toward less orthodox approaches. Citing current difficulties in supplying meat and other items, he reiterated his longstanding support for continued heavy investment in agriculture, but he also stressed the need to turn more to private farming and decentralization of planning. He praised a November decree on agricultural planning, which he said limited administrative interference in farm work and established more incentives. He also cited a January decree on private plots ordering more aid to private livestock raising. The practices established by the two decrees seem modeled after systems developed abroad--in Bulgaria and Hungary respectively. Although Brezhnev did not specify the apparent foreign origins of these decrees, he did elsewhere praise Bulgarian and Hungarian agricultural innovations, a recognition rare in such Soviet public statements.

**MINISTERIAL REORGANIZATION** Brezhnev revealed that steps have already been taken to help eliminate poor coordination among the numerous industrial ministries and departments, one of the causes of economic ineffectiveness and mismanagement. Recalling his own proposals at the last congress



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to create new organs to supervise groups of related ministries, Brezhnev announced that some such units have now been created in Gosplan. He also announced the recent creation of a Council of Ministers commission to handle development of West Siberian oil and gas and a similar interdepartmental commission in Gosplan that will be located in Tyumen.

The need to create such new organs has been sharply debated in recent years, but Brezhnev's statements are the first indication that some of them have in fact been created. The creation of some of these units may have been facilitated by Premier Kosygin's retirement last October, for the Council of Ministers had appeared to resist such changes despite Brezhnev's repeated urgings. The creation of the West Siberian commission indicates a victory for West Siberian oil lobbyists like Academician A.G. Aganbegyan, who in 1978 specifically called for such a high-level commission under the Central Committee and Council of Ministers to force better coordination among ministries involved in West Siberian development. The fact that other supra-ministerial units mentioned by Brezhnev are only at the Gosplan level indicates that advocates of such units for other spheres had to settle for less powerful organs than those achieved by the West Siberians.

**MANPOWER PROBLEMS** In an unusually frank discussion of resource problems affecting the economy, Brezhnev highlighted manpower as one of the critical issues confronting the Soviet economy in the 1980's. According to Brezhnev, this is a multifaceted problem which includes labor shortages in some areas and surpluses in others, unfavorable migration trends, and shortages of requisite skills. Reporting that these problems have recently become "more acute" Brezhnev recognized that more radical solutions than regional pay differentials are necessary to overcome the manpower imbalances that now exist in the country. In an apparent effort to stem the declining birthrate in the European parts of the country, Brezhnev endorsed several measures similar to those proposed in the draft of the new five-year plan which would provide additional economic and social incentives in certain areas to encourage larger families. To provide badly needed manpower for energy-rich Western Siberia and other remote areas targeted for development, Brezhnev hinted that measures should be adopted to stimulate migration from the fast-growing regions of the Caucasus and Central Asia. The latter proposal is a measure of the regime's concern regarding the manpower disproportions, since it flies in the face of evidence that the indigenous populations in those regions are strongly resistant to leaving their native lands.



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TECHNOLOGY TRANSFER      Apparently influenced by the impact of the U.S. embargo on high technology, Brezhnev called on Soviet industry to achieve a greater degree of economic independence by reducing costly imports of foreign technology. Such a retrenchment would be consistent with Brezhnev's promotion of Soviet technology but clashes somewhat with his longstanding support of foreign trade. During the early 1970's, Brezhnev promoted East-West trade as an integral element of detente. Brezhnev's stress on technological independence appears to reflect not only disappointment with the results of detente in this regard but a resurgent "autarkist" sentiment in the Soviet Union itself, particularly among some segments of the scientific community. In April 1980, for example, Academy of Sciences President Aleksandrov took the occasion of a formal observance of science day to call for making the Soviet Union "completely independent" of foreign sources for advanced technology. Brezhnev appeared to endorse the sentiment as a means for spurring Soviet science and encouraging the application of advanced technology to industry. But he made it clear elsewhere in his speech that he wishes to maintain economic ties with the West, and he acknowledged that the Soviet Union was continuing to supplement domestic food supplies through foreign trade.

SOCIAL POLICY      In what could turn out to be one of the most significant remarks of his speech, Brezhnev invited his listeners--that is, the leaders of the Soviet Union and the Soviet bloc states--to draw a lesson from the Polish events and, in particular, to "lend a sensitive ear to the voice of the masses." Brezhnev's message, it seems clear, was that communist leaders can best avert the problems that have overtaken Poland by being sure that their policies are responsive to the legitimate needs and wishes of the people. That Soviet leaders have been drawing such a practical conclusion from the Polish events was indicated most recently by the election last month of ordinary "workers" to the bureaus of republic party organizations in five republics. Even before the Polish events lent urgency to the issue, various party leaders and experts in the Soviet Union had been advocating reforms aimed at eliciting greater public participation in local administration, trade union, and economic matters. Brezhnev reflected some of the recent public commentary on this subject when he called upon the unions to be less cautious in exercising their legal rights and to take a greater role in economic planning and management. His concern for greater contact with the masses was also evident in his encouragement of party leaders to pay greater attention to workers' letters and in the special praise he bestowed upon the Central Committee's letters department.



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## CONTINUITY IN DEFENSE POLICY, CONCERN OVER ARMS BURDEN

While Brezhnev devoted relatively little attention to military policy, his remarks on defense-related issues appeared to add up to a firm but nonprovocative position on the arms competition with the United States. While eschewing any intention to seek military superiority, Brezhnev firmly warned that the Soviet Union "would not permit such a superiority to be established over us." His argument for arms control was based on the familiar proposition that the superpowers are confronted with the inescapable dilemma that they must either control the arms race or be destroyed by it. It would be "dangerous madness," he said, either to "attempt to defeat each other in the arms race" or "to count on a victory in a nuclear war." Brezhnev did not refer directly to the material costs of the arms competition, but he did imply that such costs constituted another of the factors arguing for arms control. The decline of detente and the resumption of the arms race, he complained, have placed "no small burden on us." Brezhnev did not return to the theme of the defense industry's contribution to the civilian economy--a subject he had aired at considerable length in his speech to the October 1980 plenum.



APPENDIX

MOSCOW, BEIJING BROADCAST STATISTICS 16-22 FEBRUARY 1981

These statistics are based on the number of commentary items monitored by FBIS from Moscow and Beijing domestic and international radio services. For counting purposes, a commentary item is defined as an official statement or leader's speech, a radio talk, or a press comment. Percentage figures in parentheses refer to the previous week's broadcasts.

Moscow (3,099 items)

|                                                             |          |
|-------------------------------------------------------------|----------|
| CPSU 26th Congress                                          | 13% (--) |
| Soviet Armed Forces Day                                     | 3% (--)  |
| U.S. Charges of USSR Involvement in International Terrorism | 3% (3%)  |

Beijing (606 items)

|                                                       |          |
|-------------------------------------------------------|----------|
| Nonaligned Conference, New Delhi                      | 7% (--)  |
| Sihanouk Proposal To Form Anti-SRV Front in Kampuchea | 3% (--)  |
| French Socialist Party Leader Mitterand in PRC        | 3% (15%) |
| Soviet 26th CPSU Congress                             | 3% (--)  |



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MO. 12065:GDS 2/24/87 (THE SECRETARY)

TAGS: PEPR, US, UR

SUBJECT: FIRST IMPRESSIONS OF BREZHNEV'S SPEECH

1. (p - ENTIRE TEXT.)

2. YOU SHOULD REQUEST A MEETING OF THE COUNCIL AS SOON AS APPROPRIATE TO EXCHANGE PRELIMINARY VIEWS ON BREZHNEV'S FEBRUARY 23 CPSU CONGRESS SPEECH. WE BELIEVE IT IS IMPORTANT TO ESTABLISH TO THE EXTENT POSSIBLE AN ALLIANCE CONSENSUS ON WHAT WE SEE AS A CLEAR EFFORT TO DIVIDE NATO ON KEY EAST-WEST ISSUES. YOU MAY DRAW ON PRELIMINARY ANALYSIS BELOW IN YOUR DISCUSSION WITH PERMREPS.

3. OVERALL IMPRESSIONS: BREZHNEV'S PARTY CONGRESS ADDRESS IS DESIGNED TO PORTRAY THE USSR AS FIRMLY ASTRIDE THE HIGH-ROAD OF INTERNATIONAL BEHAVIOR AT A TIME WHEN ITS WORLD IMAGE REMAINS TARNISHED BY AFGHANISTAN AND THE SITUATION IN POLAND AND WHEN ITS CONTINUING ARMS BUILD-UP IS ELICITING A GROWING WESTERN RESPONSE. WHILE IT CONTAINS FEW MAJOR DEPARTURES, IT INCLUDES SOME ADJUSTMENTS IN THE FORM -- IF NOT IN THE SUBSTANCE -- OF SOVIET POSITIONS. THESE ARE TAILORED TO STRIKE RESPONSIVE CHORDS IN EUROPE AND ELSEWHERE AND IN MANY CASES WHAT IS MISSING FROM THE SPEECH IS AS SIGNIFICANT AS WHAT IS INCLUDED.

4. US-SOVIET RELATIONS: AS EXPECTED, BREZHNEV PLACES

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ALL BLAME FOR THE DETERIORATION OF US-SOVIET RELATIONS ON THE US. HIS IDENTIFICATION OF THE US WITH THE "LINE OF DISRUPTING DETENTE, ESCALATING THE ARMS RACE, OF THREATS AND INTERFERENCE IN OTHER COUNTRIES' AFFAIRS" BUILDS ON THEMES FAVORED BY MOSCOW SINCE AFGHANISTAN. HIS EMPHASIS ON THE NEED FOR A DIALOGUE AND HIS REFERENCE TO THE IMPORTANCE OF SUMMITRY ARE CALCULATED TO FOSTER A PERCEPTION -- ESPECIALLY IN EUROPE -- THAT THE US HAS BROKEN OFF COMMUNICATION WITH MOSCOW. THE SOVIET LINE CONTRASTS WITH THEIR POSITION THROUGHOUT MOST OF THE CARTER ADMINISTRATION THAT SUMMITS SHOULD BE USED TO ENDORSE SUCCESSFUL NEGOTIATIONS, NOT TO CARRY THEM OUT. OUR VIEW IS THAT TO BE WORTHWHILE A SUMMIT WOULD HAVE TO HAVE A CLEAR PURPOSE, BE WELL PREPARED AND HOLD PROMISE OF A SUCCESSFUL OUTCOME.

5. MILITARY BALANCE: A PRIMARY SOVIET CONCERN AS REFLECTED IN THE SPEECH IS TO UNDERCUT US AND ALLIED EFFORTS TO REDRESS THE MILITARY BALANCE. BREZHNEV CLAIMED REPEATEDLY THAT THERE IS NOW A SITUATION OF GENERAL MILITARY AND STRATEGIC PARITY BETWEEN EAST AND WEST AND THAT THE CONCEPT OF A "SOVIET THREAT" IS INVALID. HE REITERATED PAST SOVIET EXPRESSIONS OF DETERMINATION NOT TO PERMIT THE US TO GAIN MILITARY SUPERIORITY. BUT THE ATTENTION DIRECTED TO THE SUBJECT APPEARS TO REFLECT GENUINE CONCERN IN MOSCOW THAT THE GROWING WESTERN EMPHASIS ON AN ADEQUATE DEFENSE WOULD PREVENT THE SOVIETS FROM MAINTAINING THEIR LEAD.

6. ARMS CONTROL:

A. SALT: BREZHNEV'S SPEECH CLEARLY DE-EMPHASIZED SALT II. WHILE ENDORSING THE SALT PROCESS, HE INFREQUENTLY REFERRED DIRECTLY TO THE TREATY. THERE WAS NO CALL FOR RATIFICATION AND CRITICISM WAS LIMITED TO ONE REMARK THAT THE "FORMER ADMINISTRATION" IN THE US HAD "DEFERRED THE TREATY." HIS STATEMENT THAT THE USSR IS "READY TO CONTINUE WITHOUT DELAY APPROPRIATE TALKS WITH THE US WHILE PRESERVING EVERYTHING POSITIVE THAT HAS BEEN ACHIEVED" IS SLIGHTLY MORE NUANCED THAN EARLIER SOVIET ASSERTIONS (CF. GROMYKO'S RECENT KOMMUNIST ARTICLE) THAT THE USSR WOULD NOT PARTICIPATE IN TALKS TO "RENDER NULL AND VOID" SALT II.

ON SUBSTANCE, HOWEVER, THERE WAS NO EVIDENCE OF CHANGE. BREZHNEV REITERATED THAT THE SOVIETS WILL ACCEPT NO

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CHANGES TO THE TREATY THAT GIVE "UNILATERAL ADVANTAGE" TO THE US. ALTHOUGH HIS REMARKS OSTENSIBLY REPRESENT A MORE OPEN APPROACH TO THE QUESTION OF TALKS ON STRATEGIC ARMS LIMITATIONS, IT REMAINS TO BE SEEN WHETHER THEY REFLECT ANY REAL SOVIET FLEXIBILITY ON THE ISSUES. (HIS PROPOSAL FOR LIMITATIONS ON NEW SSBN'S AND SLBM'S REFLECTS SOVIET EFFORTS TO LIMIT DEPLOYMENTS OF THE TRIDENT II MISSILE SYSTEM AND TRIDENT SSBN, AND IS A VARIANT OF OLD SOVIET PROPOSALS WHICH THE SOVIETS RECOGNIZE ARE IMBALANCED AND HENCE UNACCEPTABLE.)

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CALLED FOR THE EXTENSION OF CONFIDENCE BUILDING MEASURES TO AREAS WHERE USSR, CHINA, AND JAPAN BORDER ON EACH OTHER, ALTHOUGH THE ABSENCE OF ANY DISCUSSION OF A MECHANISM FOR IMPLEMENTATION OF ASIAN CBMS REFLECTS THE PROPAGANDISTIC NATURE OF PROPOSAL.

8. ~~NEED FOR CLOSE CONSULTATIONS:~~ AS NOTED, WE VIEW BREZHNEV'S ADDRESS AS PRIMARILY AN ATTEMPT TO OPEN UP DIVISIONS WITHIN THE ALLIANCE. WE THUS ATTACH GREAT IMPORTANCE TO A FULL AND DETAILED DISCUSSION OF ITS IMPLICATIONS -- AND POTENTIAL PITFALLS. WE BELIEVE IT PARTICULARLY IMPORTANT THAT OUR PUBLIC COMMENT ON THE SPEECH REFLECT CONSENSUS. THUS, FOR EXAMPLE, WE HAVE MADE CLEAR OUR INTENTION TO CONSULT WITH THE ALLIES BEFORE MAKING ANY DEFINITIVE DECISION ON A POSSIBLE SUMMIT. WE BELIEVE IT WILL BE EQUALLY IMPORTANT TO SHARE IMPRESSIONS ON THE RANGE OF OTHER ISSUES RAISED BY BREZHNEV AND WOULD BE MOST INTERESTED IN ALLIED ASSESSMENTS OF HIS SPEECH. HAIG  
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NATIONAL SECURITY COUNCIL

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February 26, 1981

INFORMATION

MEMORANDUM FOR: RICHARD V. ALLEN  
FROM: RICHARD PIPES *RP*  
SUBJECT: 26th Congress

*2/24/81*

The highlight of the proceedings in the opening days of the 26th Party Congress was the address by Brezhnev. Contrary to "rumors and leaks" which had preceded it, Brezhnev's speech was rather conciliatory in tone, offsetting the very belligerent address delivered two days previously by the Defense Minister, Marshal Ustinov. Indeed, Brezhnev was in some respects surprisingly defensive: he no longer spoke of "world revolution" as an objective but emphasized the mounting foreign and domestic problems facing his country. (C)

The foreign policy section of the speech seemed to have been drafted very much with America's European allies in mind, being designed to increase allied pressure on the United States to adopt a "realistic" (read: "appeasement-like") policy toward the Communist Bloc. Noteworthy was the fact that Brezhnev did not discuss America's policies in Central America and did not pledge to defend Cuba from the "imperialists." (C)

In the parts of his speech devoted to domestic issues, a plaintive note was struck. Especially interesting was the passage in which Brezhnev spoke of the need for the CPSU to "lend a sensitive ear to the voice of the masses" -- a clear reference to development in Poland which Moscow is desperately trying to prevent from recurring on its own territory. (C)

The conventional and coldly received speech by the Polish CP leader, Kania, was full of promises to solve the country's problems and to remain faithful to the Communist camp. (C)

Striking was the absence at the Congress of the leaders of Europe's two most powerful Communist Parties: France's Marchais, and Italy's Berlinguer. The leader of the Spanish CP, Carillo, also absented himself. These absences emphasized the continuing rift between Moscow and the West European Communist Party. (C)

The 26th Congress so far has produced no major surprises: it is as dull as had been expected. (C)

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Review February 26, 1987.

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BY KML NARA DATE 4/7/2011



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(Assessment of Brezhnev's Speech)

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E.O. 12065:GDS 2/24/87 (THE SECRETARY)

TAGS: PEPR, US, UR

SUBJECT: FIRST IMPRESSIONS OF BREZHNEV'S SPEECH

1. (1 - ENTIRE TEXT.)

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2. YOU SHOULD REQUEST A MEETING OF THE COUNCIL AS SOON AS APPROPRIATE TO EXCHANGE PRELIMINARY VIEWS ON BREZHNEV'S FEBRUARY 23 CPSU CONGRESS SPEECH. WE BELIEVE IT IS IMPORTANT TO ESTABLISH TO THE EXTENT POSSIBLE AN ALLIANCE CONSENSUS ON WHAT WE SEE AS A CLEAR EFFORT TO DIVIDE NATO ON KEY EAST-WEST ISSUES. YOU MAY DRAW ON PRELIMINARY ANALYSIS BELOW IN YOUR DISCUSSION WITH PERMREPS.

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3. OVERALL IMPRESSIONS: BREZHNEV'S PARTY CONGRESS ADDRESS IS DESIGNED TO PORTRAY THE USSR AS FIRMLY ASTRIDE THE HIGH-ROAD OF INTERNATIONAL BEHAVIOR AT A TIME WHEN ITS WORLD IMAGE REMAINS TARNISHED BY AFGHANISTAN AND THE SITUATION IN POLAND AND WHEN ITS CONTINUING ARMS BUILD-UP IS ELICITING A GROWING WESTERN RESPONSE. WHILE IT CONTAINS FEW MAJOR DEPARTURES, IT INCLUDES SOME ADJUSTMENTS IN THE FORM -- IF NOT IN THE SUBSTANCE -- OF SOVIET POSITIONS. THESE ARE TAILORED TO STRIKE RESPONSIVE CHORDS IN EUROPE AND ELSEWHERE AND TO DRIVE WEDGES INTO THE WESTERN ALLIANCE. IN MANY CASES WHAT IS MISSING FROM THE SPEECH IS AS SIGNIFICANT AS WHAT IS INCLUDED.

4. US-SOVIET RELATIONS: AS EXPECTED, BREZHNEV PLACES

\*\*\*\*\*WHSR COMMENT\*\*\*\*\*

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ALL BLAME FOR THE DETERIORATION OF US-SOVIET RELATIONS ON THE US. HIS IDENTIFICATION OF THE US WITH THE "LINE OF DISRUPTING DETENTE, ESCALATING THE ARMS RACE, OF THREATS AND INTERFERENCE IN OTHER COUNTRIES' AFFAIRS" BUILDS ON THEMES FAVORED BY MOSCOW SINCE AFGHANISTAN. HIS EMPHASIS ON THE NEED FOR A DIALOGUE AND HIS REFERENCE TO THE IMPORTANCE OF SUMMITRY ARE CALCULATED TO FOSTER A PERCEPTION -- ESPECIALLY IN EUROPE -- THAT THE US HAS BROKEN OFF COMMUNICATION WITH MOSCOW. THE SOVIET LINE CONTRASTS WITH THEIR POSITION THROUGHOUT MOST OF THE CARTER ADMINISTRATION THAT SUMMITS SHOULD BE USED TO ENDORSE SUCCESSFUL NEGOTIATIONS, NOT TO CARRY THEM OUT. OUR VIEW IS THAT TO BE WORTHWHILE A SUMMIT WOULD HAVE TO HAVE A CLEAR PURPOSE, BE WELL PREPARED AND HOLD PROMISE OF A SUCCESSFUL OUTCOME.

5. MILITARY BALANCE: A PRIMARY SOVIET CONCERN AS REFLECTED IN THE SPEECH IS TO UNDERCUT US AND ALLIED EFFORTS TO REDRESS THE MILITARY BALANCE. BREZHNEV CLAIMED REPEATEDLY THAT THERE IS NOW A SITUATION OF GENERAL MILITARY AND STRATEGIC PARITY BETWEEN EAST AND WEST AND THAT THE CONCEPT OF A "SOVIET THREAT" IS INVALID. HE REITERATED PAST SOVIET EXPRESSIONS OF DETERMINATION NOT TO PERMIT THE US TO GAIN MILITARY SUPERIORITY. BUT THE ATTENTION DIRECTED TO THE SUBJECT APPEARS TO REFLECT GENUINE CONCERN IN MOSCOW THAT THE GROWING WESTERN EMPHASIS ON AN ADEQUATE DEFENSE WOULD PREVENT THE SOVIETS FROM MAINTAINING THEIR LEAD.

6. ARMS CONTROL:

A. SALT: BREZHNEV'S SPEECH CLEARLY DE-EMPHASIZED SALT II. WHILE ENDORSING THE SALT PROCESS, HE INFREQUENTLY REFERRED DIRECTLY TO THE TREATY. THERE WAS NO CALL FOR RATIFICATION AND CRITICISM WAS LIMITED TO ONE REMARK THAT THE "FORMER ADMINISTRATION" IN THE US HAD "DEFERRED THE TREATY." HIS STATEMENT THAT THE USSR IS "READY TO CONTINUE WITHOUT DELAY APPROPRIATE TALKS WITH THE US WHILE PRESERVING EVERYTHING POSITIVE THAT HAS BEEN ACHIEVED" IS SLIGHTLY MORE NUANCED THAN EARLIER SOVIET ASSERTIONS (CF. GROMYKO'S RECENT KOMMUNIST ARTICLE) THAT THE USSR WOULD NOT PARTICIPATE IN TALKS TO "RENDER NULL AND VOID" SALT II.

ON SUBSTANCE, HOWEVER, THERE WAS NO EVIDENCE OF CHANGE. BREZHNEV REITERATED THAT THE SOVIETS WILL ACCEPT NO

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F. MIDDLE EAST: BREZHNEV REITERATED THE STANDARD SOVIET LINE THAT USSR HAS NO INTENTION OF "IMPINGING" ON MIDDLE EAST OIL RESOURCES OR TRANSPORTATION ROUTES. HE ALLEGED THAT THE US MILITARY BUILD-UP THREATENS TO TURN THE REGION INTO A "POWDER KEG" AND ADVOCATED INTERNATIONAL AGREEMENT ON REDUCTION OF THE OUTSIDE MILITARY PRESENCE IN AREA. WITH REGARD TO THE ARAB-ISRAELI DISPUTE, BREZHNEV PREDICTABLY REPEATED THE SOVIET CALL FOR AN INTERNATIONAL CONFERENCE TO NEGOTIATE A "COMPREHENSIVE, JUST, AND REALISTIC SETTLEMENT." BREZHNEV LEFT OPEN THE POSSIBILITY OF US-SOVIET COOPERATION IN ORGANIZING SUCH A SETTLEMENT BY ALLUDING INDIRECTLY TO THE "EXPERIENCE" OF THE OCTOBER 1977 US-SOVIET JOINT STATEMENT ON MIDDLE EAST. IN AN APPARENT NOD TO THE EC MIDDLE EAST INITIATIVE, BREZHNEV ALSO MENTIONED THE POSSIBILITY OF SOVIET-EUROPEAN COOPERATION IN PROMOTING A SETTLEMENT. BREZHNEV COUPLED THESE OFFERS OF SOVIET "COOPERATION" WITH A FAMILIAR CONDEMNATION OF A "SEPARATE DEAL BETWEEN ISRAEL AND EGYPT," THUS REFLECTING SOVIET EXPECTATIONS THAT ANY FAILURE OF THE CAMP DAVID PROCESS WOULD LEAD TO NEW OPPORTUNITIES FOR THE USSR IN MIDDLE EAST.

G. EAST ASIA: WHILE REPEATING THE STANDARD SOVIET CALL FOR "GOOD NEIGHBORLY RELATIONS" WITH THE PRC, BREZHNEV ACKNOWLEDGED THAT SINO-SOVIET RELATIONS ARE PRESENTLY "FROZEN". BREZHNEV REITERATED THE STANDARD SOVIET WARNING THAT MILITARY AND POLITICAL COOPERATION BY US, JAPAN, AND OTHERS WITH CHINA IS A "DANGEROUS GAME". HE CALLED FOR THE EXTENSION OF CONFIDENCE BUILDING MEASURES

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TO AREAS WHERE USSR, CHINA, AND JAPAN BORDER ON EACH OTHER, ALTHOUGH THE ABSENCE OF ANY DISCUSSION OF A MECHANISM FOR IMPLEMENTATION OF ASIAN CBMS REFLECTS THE PROPAGANDISTIC NATURE OF PROPOSAL.

8. NEED FOR CLOSE CONSULTATIONS: AS NOTED, WE VIEW BREZHNEV'S ADDRESS AS PRIMARILY AN ATTEMPT TO OPEN UP DIVISIONS WITHIN THE ALLIANCE. WE THUS ATTACH GREAT IMPORTANCE TO A FULL AND DETAILED DISCUSSION OF ITS IMPLICATIONS -- AND POTENTIAL PITFALLS. WE BELIEVE IT PARTICULARLY IMPORTANT THAT OUR PUBLIC COMMENT ON THE SPEECH REFLECT CONSENSUS. THUS, FOR EXAMPLE, WE HAVE MADE CLEAR OUR INTENTION TO CONSULT WITH THE ALLIES BEFORE MAKING ANY DEFINITIVE DECISION ON A POSSIBLE SUMMIT. WE BELIEVE IT WILL BE EQUALLY IMPORTANT TO SHARE IMPRESSIONS ON THE RANGE OF OTHER ISSUES RAISED BY BREZHNEV AND WOULD BE MOST INTERESTED IN ALLIED ASSESSMENTS OF HIS SPEECH. HAIG  
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(Castro's Speech)

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E.O. 12065: GDS 2/26/87 (SMITH, W.S.) OR-M

TAGS: PEPR, CU, UR, ES

SUBJECT: CASTRO'S SPEECH AT CPSU CONGRESS

REF: MOSCOW 2750

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NLRRF06-114/9 #10549

BY KML NARA DATE 4/7/2011

1. /-ENTIRE TEXT.

2. WHILE VARIOUS MEMBERS WESTERN PRESS HAVE TERMED CASTRO SPEECH AT CPSU CONGRESS "FIERY" AND "DEFIANT", IT STRIKES US, COMPARED WITH SOME OF CASTRO'S VERBAL PYROTECHNICS OF THE PAST, AS SURPRISINGLY RESTRAINED -- INDEED, FOR CASTRO, ALMOST ANODYNE. IN THE WAKE OF US CHARGES OF CUBAN INTERVENTION IN EL SALVADOR, PUBLICATION OF WHITE PAPER, ETC., HE MIGHT HAVE BEEN EXPECTED TO DELIVER WILDLY DEFIANT DIATRIBE. RATHER THAN THAT, SPEECH IS DECIDELY DEFENSIVE IN TONE. WE FULLY AGREE WITH AMEMBASSY MOSCOW'S OBSERVATION (REFTEL) THAT IT REFLECTS, MORE THAN ANYTHING ELSE, CASTRO'S ANXIETIES. HE CONCENTRATES ALMOST EXCLUSIVELY ON US THREAT, TO CUBA, TO OTHER LATIN AMERICAN COUNTRIES, AND TO WORLD PEACE. HE OF COURSE SWEARS CUBA WILL NEVER BE INTIMIDATED, WILL FIGHT TO LAST MAN IF NECESSARY, AND SAY IT KNOWS IT CAN COUNT ON SUPPORT OF SOVIET UNION (ONE CAN AT THAT POINT ALMOST HERE ANXIOUS VOICE IN CASTRO'S MIND WHISPERING, "CAN'T WE?").

3. STRIKINGLY, HOWEVER, CASTRO DOES NOT OPENLY

\*\*\*\*\*WHSR COMMENT\*\*\*\*\*

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DEFY US IN CENTRAL AMERICAN CONTEXT. HE DOES NOT VOW TO CONTINUE SUPPORT TO GUERRILLAS, OR EVEN REPEAT EARLIER FORMULATIONS OF CUBAN DETERMINATION TO DO ITS INTERNATIONALIST DUTY IN AREA NO MATTER WHAT -- AN ELLIPTICAL WAY OF SAYING THE SAME THING. HE INSISTS CUBAN PRINCIPLES ARE NOT NEGOTIABLE, BUT UNLESS PRINCIPLES ARE SPELLED OUT, AS THEY ARE NOT, SUCH PHRASES ARE MATTER OF CANT.

4. CASTRO WAS PROBABLY ON GOOD BEHAVIOR BECAUSE SOVIETS SUGGESTED TO HIM HE SHOULD BE. WHETHER THIS WAS SIMPLY FOR PURPOSES OF THE CPSU CONGRESS OR HAS BROADER IMPLICATIONS REMAINS TO BE SEEN, BUT WE WOULD SUSPECT THE LATTER. FACT THAT PREZHNEV SUGGESTED SUMMIT MEETING WITH PRESIDENT, AND ONLY MENTIONED LATIN AMERICA IN PASSING, WHILE DWELLING ON PROBLEMS MORE VITAL TO SOVIET SECURITY (E.G. AFGHANISTAN AND POLAND), MIGHT SUGGEST SOVIETS HAVE TOO MANY MORE PRESSING PROBLEMS ON PLATE JUST NOW WITHOUT TAKING ON US OVER EL SALVADOR, WHICH, IN ANY EVENT, IS MORE A CUBAN THAN A SOVIET INTEREST AND INITIATIVE. TONE OF CASTRO SPEECH MAY INDICATE SOVIETS HAVE TOLD HIM TO PULL IN HIS HORNS IN CENTRAL AMERICA, OR AT LEAST TO TAKE VERY CAREFUL LINE. WILL BE INTERESTING TO SEE WHAT CASTRO HAS TO SAY WHEN HE GETS HOME. SO FAR, THERE IS NOTABLE RETICENCE ON PART OF CUBAN MEDIA. THEY ARE GIVING ONLY BRIEF MENTION TO US CHARGES AND ARE GIVING NO INDICATION AS TO CUBAN RESPONSE.

5. WE ARE ALSO STRUCK BY FACT CASTRO WAS FIRST FOREIGN SPEAKER. WE ASSUME THIS WAS SPECIAL HONOR, BUT WOULD SEEM TO HAVE BEEN A MATTER OF TELLING HIM, "YOU CAN GO FIRST, BUT BE CAREFUL WHAT YOU SAY."

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YUGOSLAVIA 30  
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E.O. 12065: RDS-1 2/26/91 (DUNLOP, T.P.H.) OR-P  
TAGS: YO, UR  
SUBJECT: DRAGOSAVAC ADDRESS TO 26TH CPSU CONGRESS

REF: BELGRADE 1413

1. (C) SUMMARY AND COMMENT: THE SPEECH GIVEN ON  
25 FEBRUARY BY DUSAN DRAGOSAVAC, CC LCY PRESIDENCY  
SECRETARY AND HEAD OF THE MODEST LCY DELEGATION TO  
THE 26TH CPSU CONGRESS, APPEARS TO BE A ROUTINE  
RESTATEMENT OF YUGOSLAV PRINCIPLES REGARDING THE  
MAJOR ISSUES IN INTER-PARTY, INTERNATIONAL, AND  
BILATERAL RELATIONS. THE SPEECH -- CERTAINLY A  
PRODUCT OF THE COLLECTIVE LCY LEADERSHIP -- DOES NOT  
SPECIFICALLY MENTION DIVISIVE ISSUES LIKE POLAND,  
AFGHANISTAN, OR KAMPUCHEA; TO HAVE DONE SO IN ANY  
OTHER THAN WITH SLAVISHLY PRO-SOVIET FORMULATIONS  
WOULD HAVE BEEN INSULTING TO THE CPSU. BUT  
DRAGOSAVAC DOES FIRMLY REASSERT YUGOSLAVIA'S  
DEDICATION TO THE PRINCIPLES OF INDEPENDENCE,  
NON-INTERFERENCE AND "SEPARATE ROADS TO SOCIALISM,"  
ISSUES ON WHICH IT DIFFERS -- PROFOUNDLY -- WITH  
THE USSR. END SUMMARY AND COMMENT.

2. (U) SPEAKING ABOUT INTERNATIONAL RELATIONS,  
DRAGOSAVAC SAID THAT YUGOSLAVIA'S COMMITMENT TO  
NON-ALIGNMENT, "A NON-BLOC FACTOR IN INTERNATIONAL  
AFFAIRS," INDUCES IT, ALONG WITH OTHER NON-ALIGNED  
COUNTRIES, TO SEEK A "STRENGTHENING OF THE UNITY  
AND ACTION CAPABILITY OF THE NAM ON THE BASIS OF ITS  
ORIGINAL PRINCIPLES AND GOALS." HE ALSO CALLED FOR  
RESPECT FOR THE UN CHARTER'S GUARANTEES OF "SOVEREIGNTY,  
INDEPENDENCE AND TERRITORIAL INTEGRITY OF ALL  
COUNTRIES" AS THE WAY TO STOP THE CURRENT TREND TOWARD  
A WORSENING OF THE INTERNATIONAL SITUATION. HE  
SIMILARLY CALLED FOR EXPANSION OF DETENTE TO ALL  
REGIONS OF THE WORLD.

3. (U) ON INTER-PARTY RELATIONS, DRAGOSAVAC NOTED  
THE INFLUENCE ON THE YUGOSLAV REVOLUTION OF THE  
OCTOBER REVOLUTION BUT HE ALSO STRESSED THAT YUGOSLAVIA'S

EXPERIENCE IS BASED ON THE PRINCIPLE OF THE "FULL  
INDEPENDENCE AND EQUALITY" OF ALL FORCES FOR PEACE  
AND SOCIAL PROGRESS IN THE WORLD. HE NOTED THAT  
THESE FORCES "CONSTANTLY STRESS THE IMPORTANCE OF  
THE PRINCIPLES OF INDEPENDENCE, EQUALITY, NON-  
INTERFERENCE AND INDEPENDENT ACTIONS OF ALL PARTIES  
AND MOVEMENTS AND THEIR RESPONSIBILITIES TO THEIR  
OWN WORKING CLASS AND PEOPLE." "WITHOUT THIS,"  
ARGUED DRAGOSAVAC, "IT IS IMPOSSIBLE TO IMAGINE  
VOLUNTARY COOPERATION AND SOLIDARITY."

4. (U) IN DISCUSSING YUGOSLAV-SOVIET RELATIONS,  
DRAGOSAVAC POINTED TO CONSISTENT RESPECT FOR  
"DIFFERENT ROADS" TO SOCIALISM AND ACCEPTANCE OF  
"DIFFERENCES IN INTERNATIONAL POSITIONS OF THE TWO  
COUNTRIES" AS THE BASIS FOR "STABLE AND ALL-SIDED  
DEVELOPMENT OF YUGOSLAV-SOVIET RELATIONS." HE ALSO  
REPEATED THE FUNDAMENTAL YUGOSLAV CONTENTION THAT  
THE BELGRADE DECLARATION OF 1955 AND THE MOSCOW  
DECLARATION OF 1956 -- IN WHICH THE USSR AND THE  
CPSU FOR THE FIRST TIME APPROVED YUGOSLAVIA'S STAND  
ON SEPARATE ROADS TO SOCIALISM AND THE EQUALITY OF  
COMMUNIST PARTIES -- REMAINS THE BASIS OF THE  
RELATIONSHIP. IN THIS VEIN, DRAGOSAVAC ALSO  
MENTIONED THE POSITIVE INFLUENCE OF PAST SUMMITS  
BETWEEN BREZHNEV AND TITO. HE SAID THAT BREZHNEV'S  
ATTENDANCE AT TITO'S FUNERAL LAST MAY DEMONSTRATED  
"RESPECT FOR PRESIDENT TITO AND DETERMINATION TO  
FURTHER DEVELOP ALL-SIDED, EQUAL, AND MUTUALLY  
BENEFICIAL RELATIONS." DRAGOSAVAC NOTED THAT THE  
"YUGOSLAV CENTRAL COMMITTEE DEVOTED GREAT ATTENTION"  
TO THIS ACTION BY BREZHNEV.

5. (C) WE HAVE AS YET NOTED NO OFFICIAL YUGOSLAV  
COMMENT ON THE SOVIET CONGRESS. THE FOREIGN  
MINISTRY'S U.S. DESK OFFICER ZARIC, HOWEVER, DID  
MENTION IN A PRIVATE COMMENT TO HE CHARGE' ON  
25 FEBRUARY THAT THE YUGOSLAV DELEGATION TO THE  
CPSU CONGRESS (REFTEL) WAS "WEAK" IN COMPARISON WITH PAST  
DELEGATIONS (REFTEL).  
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NLRREF06-114/9 #10550

~~CONFIDENTIAL~~ BY KML NARA DATE 4/7/2011



MORNING SUMMARY

February 26, 1981

Current Reports

1. Spain: King Believes Generals Implicated in Coup Attempt
2. Poland: Former Party Officials Arrested
3. Mexican President Continues To Criticize US on El Salvador
4. ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~
5. Pakistan: Opposition Figures Jailed

FOIA(b)(1)

FOIA(b)(3)

Analysis

1. United Kingdom: Economic Program Floundering
2. CDE: Likely Soviet Tactics
3. El Salvador: Political In-Fighting in the Military
4. Somalia: Growing Opposition to Siad's Policies

Classified by: L. Paul Bremer III and  
Ronald Spiers

Review for Declassification on: 2/26/11

Extended by: L. Paul Bremer III and  
Ronald Spiers

Reason for extension: RDS-2-3

~~TOP SECRET/EXDIS/CODEWORD~~

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LATE ITEM

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(See Item 4, Current Reports, for related information.)



BUREAU OF INTELLIGENCE AND RESEARCH - ANALYSIS: February 26, 1981

1. UNITED KINGDOM: ECONOMIC PROGRAM FLOUNDERING

After nearly two years, Margaret Thatcher's program to revitalize the private sector and slow inflation has yielded further stagflation. Discontent is increasing. But her Conservative Party still has a 43-seat majority in Parliament and the opposition Labor Party is in disarray. On the economic front "the game is still to play."

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Mrs. Thatcher entered office determined to shrink the public sector, encourage the private sector, increase employment, raise productivity, and slow inflation. Her chosen tools included reducing: a) public spending, b) the income tax (partly offset by an increase in the value-added tax), c) budget deficits, d) growth of the money supply, and e) government regulations.

Results have been poor. Unemployment has risen from 4 percent in 1979 to 10 percent today. Real GNP declined 2.7 percent last year, and industrial production has fallen to the 1967 level. Productivity has slipped. The inflation rate jumped from 11 percent when Mrs. Thatcher assumed office to a high of 22 percent in mid-1980; last month prices were 13 percent higher than a year earlier.

Initial efforts to trim government spending led to a rise in unemployment and a decline in production. The slump reduced tax collections and provoked increased Treasury outlays to help the unemployed and to keep nationalized industries afloat. Moreover, the government boosted public sector wages 26 percent in a bid to achieve pay comparability. The public-sector deficit will exceed by more than \$7 billion the \$20 billion target set for the fiscal year ending March 31.

Deficit spending has kept the money supply growing rapidly. Over the course of 1980, "sterling M3", a rather broad monetary aggregate to which Mrs. Thatcher assigns key importance, increased about 20 percent versus a target range of 7-11 percent. Deficit financing and monetary growth also have fed inflation and kept interest rates high, inhibiting private investment needed to create jobs and raise productivity. At the same time, high interest rates--in combination with North Sea oil and gas--have kept the pound strong, slowing exports.

Economic performance will continue weak this year, but Mrs. Thatcher seems determined to pursue her original strategy, hoping it will pay off before 1984, when a general election will have to be called. She could be right; an economic pickup could start in 1982. Inflation and interest rates already are trending downward. The Treasury and Bank of England are refining methods for controlling monetary growth. Last year's public sector wage hikes will not be repeated, and private sector wage increases are moderating.

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2. CDE: LIKELY SOVIET TACTICS

The Soviets probably do not expect Brezhnev's February 23 statement to lead to an early agreement on the area to be covered by confidence building measures in Europe. The Soviets, however, may hope that a haggle over inclusion of American territory will eventually set the stage for a compromise which would set in motion a new disarmament conference without first having resolved the question of area.

\* \* \*

Now that Brezhnev has stated that the USSR could include all of its European territory provided that the area were appropriately expanded on the Western side, the Soviets may take the line that it is now up to the US and its allies to make an offer to include American territory on the Western side.

--The Soviets may hope that Brezhnev's move will produce some friction between the US and those in Europe who are anxious to have the Madrid meeting charter a new arms control forum.

--Recalling the arguments of the late fifties over aerial inspection zones, we think it likely that the Soviets will demand parity in the amount of Soviet and American territory to be covered (the Soviet arms-control bureaucracy has a phenomenal institutional memory).

The Soviets probably see little chance for resolution of the area issue at Madrid, but they may believe that as frustration sets in there may be a growing sentiment among the neutrals and in some NATO countries to charter a new arms control forum and leave the details of area to be negotiated later on.

Yugoslavia tabled a proposal in December to have different areas for different CBMs rather than to negotiate one area for all possible measures. The concept was one which the Poles had mentioned even earlier; it probably represented Moscow's idea of a fallback which would allow the Soviets to signal a willingness to go beyond the 250 km band of Soviet territory defined in the 1975 CBMs without undertaking any specific commitments. Moscow may believe that a Soviet offer to accept the Yugoslav proposal as a compromise would be substantially more attractive now that Brezhnev has indicated that the USSR has no objection in principle to coverage of all of European Russia.



- 3 -

3. EL SALVADOR: POLITICAL IN-FIGHTING IN THE MILITARY

An apparent temporary relaxation of tension between "Progressives" and Rightist military officers has been interrupted by the recent capture of ex-Junta-member Colonel Majano. Despite extremist calls for a sweeping purge of "Progressive" officers, the High Command decided to defuse the problem quietly. A major test for the High Command will be its ability to impose its preferred resolution of the affair.

\* \* \*

Minister of Defense García's unwillingness to act openly against the "Progressive" officers implicated in January's Santa Ana mutiny has led to intense criticism from rightist officers in the military establishment. Instead Garcia, with the concurrence of Commander-in-Chief Colonel Gutierrez, Sub-secretary of Defense Castillo, and Chief of the Armed Forces General Staff Colonel Flores, has preferred to quietly transfer activist "Progressives" to non-critical, administrative posts where their actions can be closely monitored.

Meanwhile, in an effort to bolster cohesion within the officer corps, Colonel Flores recently visited three commands and made a strong pitch for unity. His speeches were well-received. He reiterated the necessity for the military to become "apolitical" by guaranteeing that the 1982 elections will take place without coercion. Traditionally, the military establishment has acted on behalf of candidates selected by their commanders, both by voting for them at the polls and by overturning any unacceptable results.

In an effort to achieve free elections, Flores is advocating that armed forces personnel not vote. Flores' remarks have raised the ire of the extreme right in the military. The Rightists fear that by abstaining they would virtually guarantee the election of the Christian Democrats.

The February 13 capture of Colonel Majano has again emphasized the existing divisions within the military. While Majano's following has become fragmented and widely dispersed, renewed policy sympathy for him could be threatening if the affair is not handled discreetly. A final decision has not been made on how to do this. While some officers advocate a trial others would prefer to allow Majano to quietly leave the country.

Political infighting within the military usually flares up during lulls in the insurgency. While these quarrels have returned to the forefront, it seems the military hierarchy acknowledges that their survival is at stake and that divisiveness must be kept under control.

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4. SOMALIA: GROWING OPPOSITION TO SIAD'S POLICIES

President Siad faces open and growing political dissent--the most serious of the 11 years that he has been in power. His challengers, who include high ranking ministers and some army officers, want political and economic liberalization at home and a reduction of tensions in the Ogaden. But Siad does not appear in danger of being overthrown.

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In a recent conversation between Ambassador Petterson and Mohamed Siad Samantar, Minister of the President's Office, Siad's chief challenger set forth his objectives:

- the dismantling of Somali socialism and a move toward a free market economy;
- the replacement of the present authoritarian military rule with a civilian government, with Siad remaining as president, but with a prime minister and a parliament that would have effective powers; and
- a reduction of tensions with Ethiopia over the Ogaden in order to free resources to deal with the dire economic situation.

Siad resists these proposals, largely because he sees them as eroding his political base and eventually threatening his overthrow. He was the architect of Somali socialism, and the state-run economic enterprises are staffed with his supporters.

Moreover, he has only grudgingly shared power in the past few years, initially with a rubber stamp party and parliament, and--since November--with his military junta. Further, he is chary of alienating the army, the ultimate arbiter of Somali politics, by moving too fast to cool the Ogaden fighting.

Nevertheless, Siad recognizes the gravity of Somalia's economic problems. Socialism has not worked. The state-run enterprises are inefficient and corrupt. The GDP is stagnant or declining. The inflation rate is running at 40-50 percent.

A country of 4 million people now has an Ogaden refugee burden of over 1.5 million people. The international community is feeding the refugees, but countrywide there is a shortage of food, stemming from a drop in agricultural production, drought, and the shortage of foreign exchange. But Siad will probably resist reform until he sees how much and what sort of external support is forthcoming, particularly from the US.





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BY KML NARA DATE 4/7/2011

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THE 26TH CPSU CONGRESS: BREZHNEV'S  
FOREIGN POLICY REVIEW

Summary

Brezhnev's foreign policy address at the 26th CPSU Congress was structured to highlight his role as world statesman committed to peace. To this end he avoided stressing international trouble spots and instead launched several new diplomatic initiatives intended to erase the stigma of Afghanistan and restore the USSR's international image. His emphasis on an active dialogue with the US, including an indirect suggestion for a summit and a call for resumption of the SALT dialogue, was intended to stimulate interest in the US. His statements on a European disarmament conference and theater nuclear forces were crafted to appeal to West European audiences. Brezhnev made clear, however, that on key issues of vital interest to the USSR--e.g., Poland--there would be no concessions that would threaten Soviet influence and security.

\* \* \* \* \*

Brezhnev's keynote speech to the 26th Congress--termed by Pravda "a passionate call to uphold peace"--set forth a number of proposals designed to help refurbish Moscow's still-tarnished international reputation. In his effort to project an image of peaceableness, Brezhnev appealed to several different audiences.

Summitry: A Hint and a Call

Although deploring the new US administration's "bellicose" statements, Brezhnev professed interest in "normal relations" with the US and advocated

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RDS-3 2/27/87 (Stoddard, P.)

Report 80-CA  
February 27, 1981



dialogue at all levels to that end. He thus signaled a willingness to meet President Reagan when he alluded to summit meetings as the "crucial link" in developing an active bilateral dialogue but stopped short of issuing a public invitation and exposing himself to rebuff. (Soviet media commentators were quick to imply that the President's and Secretary Haig's initial reactions indicated that the administration "was very interested.")

In addition, Brezhnev called for a summit of UN Security Council members to discuss ways of improving the international situation and preventing war--an apparent adumbration of the ambiguous May 1980 Warsaw Pact proposal for a world summit on peace. Although the Soviets would hardly expect such a meeting to take place soon--if ever--Brezhnev presumably sees its sponsorship as adding to the USSR's peace-loving image. His suggestion for the creation of a "competent international committee" of eminent scientists to demonstrate the need for preventing a nuclear catastrophe was a similar public relations overture.

#### SALT--Ready To Talk

Brezhnev declared that he was ready to "continue" strategic arms talks "without delay." Paraphrasing Foreign Minister Gromyko's January article in Kommunist, he called for "preserving all the positive elements" achieved so far in the SALT process but did not rule out the possibility of renegotiation of the SALT II treaty. And, perhaps in a response to the President's statement, Brezhnev also expressed interest in "reduction" and not just "limitation" of strategic arms. His call for limitations on new-type submarines and a ban on new submarine-launched missiles presumably signaled a likely Soviet counterproposal during any SALT negotiations.

#### TNF--A New Freeze Proposal

In October 1979, Brezhnev offered to limit the total number of Soviet systems targetted against Europe if the West agreed to forgo new deployments--a proposal which would have allowed the USSR to continue to deploy the SS-20 and Backfire as it phased out older weapons. In November 1980, the USSR proposed a freeze on aggregates (although it listed the systems to be counted).

Now Brezhnev has offered a "quantitative and qualitative" freeze on theater nuclear forces, including American forward-based systems (FBS). The inclusion of the term "qualitative" is an apparent modification of previous Soviet proposals, presumably intended to make it more attractive to those in Western Europe who are uneasy about new NATO deployments.



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- 3 -

The new proposal offers the possibility of a cut-off of SS-20 and Backfire deployments, but it would require the West to accept the medium-range imbalance that now exists. Moreover, it would limit American FBS without limiting shorter range systems on the Soviet side. (Soviet definitions of FBS vary, but some include a wide array of tactical systems.)

As was to be expected, Brezhnev prefaced his proposals with the charge that TNF deployment would upset the military balance in Europe, a development the USSR would never tolerate. He also warned, by name, the FRG, Italy, the UK, the Netherlands, and Belgium that deployment of the new missiles on their territory would not only impair their security but damage their relations with the USSR as well.

#### CDE--All of European Russia

In another appeal to West European interest in detente, Brezhnev announced that the USSR would accept the application of confidence-building measures (CBMs) to all of the European part of the USSR. But he added a counterdemand that the application to the area of the Western nations also be expanded proportionately--presumably to include American territory. It was a counterproposal clearly designed to play off the US against those in Europe who would place heavy weight on Moscow's seeming willingness to compromise.

#### Assessment on Western Europe

Brezhnev depicted Soviet relations with Western Europe as having developed favorably on the whole since the 25th Congress, with France and the FRG receiving the major attention. His evaluation of Soviet-FRG relations was mixed, however. Brezhnev also implicitly criticized Bonn for having sought at times to circumvent the quadripartite agreement on Berlin and for disregarding the GDR's sovereignty on a number of questions. But only with respect to Britain did he drop his otherwise upbeat tone; there he spoke of the "stagnation" of Soviet-UK relations.

In a direct slap to the French, Spanish, and Italian Communist Parties' outspoken support of the Polish workers' movement, Brezhnev voiced his objection to criticism within the socialist movement which "distorts socialist reality" and thereby renders a service to imperialist propaganda. He also failed to list the Italian and Spanish parties among the European parties with which the Soviet party has good relations.

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Poland

Brezhnev's denunciation of Western subversion and his assertion that Poland must remain socialist were clear. But the rest of his passage on Poland was ambiguous:

- On the one hand, he seemed to accept the legitimacy of reform in Poland when he referred to past mistakes by the regime and mentioned the variety of forms of socialist development.
- On the other hand, he did not give Kania a personal endorsement (Babrak Karmal got one), and his remarks about "help" for Poland in its struggle with counterrevolution were open to interpretations ranging from economic assistance to Soviet tanks. Nor did he express confidence that Poland would resolve its problems as the Warsaw Pact summit in December had done. But he followed his treatment of Poland with a warning to all parties of the dangers inherent in a bureaucratic approach to popular discontent, suggesting that the Soviet leadership was itself concerned about the possibility of similar problems developing in the USSR.

Middle East and South Asia

Renewing his appeal for negotiations on the security of the Persian Gulf area, Brezhnev called on the US and other NATO countries to examine "calmly and without prejudice" the proposal he had advanced during his trip to India in December 1980. According to Brezhnev, it was the West and not the USSR that needed Gulf oil; all talk of a Soviet threat to the region was "specious" and a cover for US military expansion there.

While on the topic, Brezhnev indicated that the USSR would not oppose discussion of Afghanistan "in conjunction with" Gulf security matters. In linking the two, he was apparently trying to create at least an illusion of Soviet flexibility and willingness to talk, if for no other reason than to avoid the onus of outright rejection of negotiations. In tacitly accepting a link between Afghanistan and the Gulf, Brezhnev was also making a case for acceptance of the Soviet position on Afghanistan in the sense that a political solution to the Afghan problem was practically a precondition for progress toward ensuring Gulf security.

But he made it clear that any discussion of Afghanistan could focus only on the external situation; discussion of its internal affairs allegedly would be a breach of Afghan sovereignty. And although he did not mention the May 14 Afghan



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peace plan by name, he reiterated the plan's major points when he outlined the prerequisites for an acceptable Afghan settlement.

Labeling the Khomeini revolution as essentially "anti-imperialist" despite its "complex and contradictory" nature, Brezhnev again raised the possibility of closer Soviet-Iranian ties. Soviet frustration with Tehran was, however, reflected in his observation that any relationship had to be based on "equality and, of course, reciprocity."

Brezhnev made no special mention of Iraq when he spoke of the Iran-Iraq war, terming it part of an "imperialist" effort to "divide and rule." Evidently, the Soviets are still more concerned about relations with Tehran at the moment than with Baghdad. In any event, he noted that some forces "at home and abroad" still posed threats to the Iranian revolution.

Brezhnev's main message on the Middle East, nevertheless, was that the USSR stands ready to help find a "legitimate" solution to the Arab-Israeli problem. In a flat rejection of Camp David, Brezhnev declared that the time had come to "go back to an honest collective search for an all-embracing, just and realistic settlement," which would include all interested parties, including the Arabs, Israel, and the PLO. Reminding the world that it was the US and not the USSR that had upset earlier "collective" efforts, Brezhnev noted, in an obvious reference to the 1977 joint Soviet-US communique, that the Soviet Union had "some experience" in working with the US on these matters.

His added comment that the USSR would be willing to work with the Europeans on Middle East issues was clearly a play to audiences in Western Europe. Over the last year, the Soviets have given decidedly favorable media treatment to West European initiatives and talk of new approaches to the Arab-Israeli problem, seeing in them prospects for opening up the process and ensuring the USSR a role.

#### Far East

In expanding on the CBM theme to suggest negotiations on the subject for Asia as well, Brezhnev's immediate purpose seems to have been to upstage Beijing. Moscow certainly holds no more hope now for early negotiations than it did when it first called for collective security in Asia. The proposal does, however, afford a new vehicle for Soviet criticism of an American military presence in the Far East.

As for China itself, Brezhnev confined himself to a routine repetition of his message of the past two Congresses--that the

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Soviet Union remained ready to normalize relations with Beijing if Beijing would drop its hostility toward the USSR. As usual, he also denounced China's collaboration with the "imperialist powers" and warned the West it was playing "a hazardous game" in encouraging Chinese enmity toward the USSR.

Japan was treated much more critically than was the case in former years, in line with the increasingly harsh Soviet assessment of current Japanese international activity. Brezhnev claimed that "negative elements" were gaining prominence in Japan's foreign policy, that Tokyo was "playing up to the dangerous policies of Washington and Beijing." He expressed the hope, however, that Japan would soon change its policies and reverse the "trend toward militarization."

Curiously missing from the Brezhnev speech was any allusion to the proposal by the Indochinese states for a conference of Southeast Asian states to discuss regional problems, which Moscow warmly supported. The omission was made even more striking by the fact that on the eve of the Congress, all Soviet ambassadors in the Southeast Asian area formally proposed such a conference to their respective host governments.

#### Third World Areas and Issues

In his discussion of Soviet relations with the "newly free" Third World states, Brezhnev maintained the overall thrust of his speech by stressing cooperation. He made it clear that support for national liberation struggles remains a basic tenet of Soviet policy but placed only relatively minor emphasis on the theme. (Indeed, he even observed that the "liquidation of colonial empires was completed.") He placed somewhat greater emphasis, however, on the need to improve the "defense capabilities" of the "liberated" states (Ethiopia and Angola specifically). And while defending Soviet military aid to Afghanistan, Ethiopia, and Angola, Brezhnev again insisted that although the USSR opposed the idea of exporting revolution, it equally opposed the idea of exporting counterrevolution.

Africa received only minimal attention--merely a passing reference to the mounting intensity of the liberation struggle in Namibia and "now also" in South Africa. Nor was Brezhnev's treatment of Latin America more than cursory; it was primarily a call for improved and expanded ties with South American states. He made no mention of El Salvador and only a brief allusion to Cuba in a listing of socialist nations (in contrast to the notable pro-Soviet gestures Castro had made in his Party Congress address in December). Given his generally conciliatory tone vis-a-vis the US, Brezhnev presumably did not want to call attention to the contentious issue of communist aid to Central



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American insurgencies, a subject other speakers, such as Castro, could be relied upon to cover.

Prepared by SEE analysts  
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Approved by M. Mautner  
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26th Congress 52  
(Tikhonov's  
Speech)

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E.O. 12065: N/A  
TAGS: ECON, PINT, UR  
SUBJECT: PREMIER TIKHONOV'S SPEECH ON SOVIET ECONOMY.

1. TIKHONOV ADDRESSED MORNING SESSION OF XXVI PARTY CONGRESS FEBRUARY 27 ON BASIC DIRECTIONS OF THE SOVIET ECONOMY DURING THE ELEVENTH FIVE-YEAR PLAN. SPEECH WAS NOT CARRIED LIVE OVER SOVIET RADIO OR TELEVISION. AN EARLY, BRIEF "TASS" ANNOUNCEMENT STATED THAT TIKHONOV HAD "DELIVERED" HIS REPORT.

2. TIKHONOV'S REMARKS, ACCORDING TO A LATER "TASS" SUMMARY, STRESSED ROLE OF CONSUMER GOODS AND INCREASED AGRICULTURAL OUTPUT IN RAISING PUBLIC WELLBEING; THE PREMIER TERMED RISING LIVING STANDARDS "THE PARTY'S CARDINAL AIM FOR THE NEXT FIVE YEARS". HOWEVER, TIKHONOV NOTED THAT THE CONSUMER GOODS AND "FOOD" PROGRAMS, WHICH ARE BEING COUNTED UPON TO DELIVER THE GOODS TO SOVIET CONSUMERS, ARE ONLY NOW "BEING DRAWN UP". TIKHONOV ALSO UNDERLINED, AS HAD EARLIER SPEAKERS AT THE CONGRESS, THE "DECISIVE ROLE" TO BE PLAYED BY "BASIC" (I.E., HEAVY) INDUSTRY. THE PREMIER ALSO NOTED THE U.S.S.R.'S DESIRE FOR "STABLE, MUTUALLY BENEFICIAL TIES WITH CAPITALIST COUNTRIES".

3. A MORE DETAILED EMBASSY ANALYSIS OF TIKHONOV'S REMARKS WILL BE PREPARED AS COMPLETE SPEECH TEXTS BECOME AVAILABLE. MATLOCK  
BT

\* \* \* \* \* W H S R C O M M E N T \* \* \* \* \*

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E.O. 12065: GDS 2/27/81 (MCCALL, SHERROD) OR-M

TAGS: ECON, EFIN, EAGR, EFWT, UR, ENRG, EPET

SUBJECT: XXVI PARTY CONGRESS: BASIC GUIDELINES

- ANNOUNCED IN SPEECH BY TIKHONOV

REF: A. MOSCOW 2624, B. 80 MOSCOW 19072

1.(C) SUMMARY. THE SPEECH OF PRIME MINISTER TIKHONOV

\*\*\*\*\*WHSR COMMENT\*\*\*\*\*

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BY KML NARA DATE 4/7/2011



DELIVERED TO THE XXVI PARTY CONGRESS ON FEB 27  
BROKE NO NEW GROUND. ALL FIGURES MENTIONED  
 CORRESPOND TO THOSE PROVIDED IN THE BASIC DIREC-  
 TIONS RELEASED IN EARLY DECEMBER. AFTER STRESSING  
 THE ACCOMPLISHMENTS OF THE 10TH FIVE-YEAR PLAN,  
 TIKHONOV LAYS THE CUSTOMARY EMPHASIS ON RAISING  
 LABOR PRODUCTIVITY AS THE KEY TO THE "INTENSIFI-  
 CATION" I.E. GREATER EFFICIENCY THAT THE NEXT  
 FIVE YEAR PLAN IS TO SEE IN THE SOVIET ECONOMY.  
 IN CONTRAST TO OTHER CONGRESS SPEAKERS EXCEPT  
BREZHNEV, TIKHONOV EMPHASIZES THE IMPORTANCE  
OF INCREASED CONSUMER WELFARE AS THE PRINCIPAL  
GOAL OF THE PARTY'S ECONOMIC PLANNING. IN  
 DISCUSSING FOREIGN TRADE, TIKHONOV SINGLES OUT  
 THE U.S. SAYING "IT IS NOT OUR FAULT, FOR  
 EXAMPLE THAT TRADE WITH THE USA IS DECLINING  
 OR STAGNATING. THAT IS A RESULT OF U.S. POLICY,  
 WHICH IS DESIGNED TO USE TRADE FOR UNSEEMLY  
 POLITICAL ENDS FOREIGN TO THE INTERESTS OF EQUITABLE  
 INTERNATIONAL COOPERATION. AS FAR AS THE SOVIET  
 UNION IS CONCERNED, WE ARE PREPARED TO DEVELOP  
 ECONOMIC RELATIONS WITH THE UNITED STATES ON  
 THE BASIS OF EQUALITY AND MUTUAL BENEFIT." WITH  
 RESPECT TO AGRICULTURAL GOALS (BEING REPORTED  
 SEPTEL), TIKHONOV ADMITS THAT THE TARGETS FOR  
 INCREASING PRODUCTION ARE "VERY FORMIDABLE.",  
 THE CLEAREST STATEMENT WE HAVE SEEN THUS FAR  
 ABOUT THE AMBITIOUS NATURE OF THE PLANNED  
 AVERAGE ANNUAL OUTPUT OVER THE NEXT FIVE YEARS.  
 IN ENERGY, STRESS IS LAID ON GAS, CONSERVATION,  
 AND THE USE OF COAL AND NUCLEAR ENERGY. END SUMMARY.  
 2.(LOU) AFTER REPORTING IN EFFUSIVE MANNER THE  
 RESULTS OF THE 10TH FIVE-YEAR PLAN WHICH SAW "ALL  
 AREAS AND ASPECTS OF THE LIFE OF SOVIET SOCIETY  
 DEVELOP DYNAMICALLY", TIKHONOV PROVIDES THE  
 FOLLOWING KEY TARGETS FOR THE 11TH FIVE-YEAR  
 PLAN:

|                          |              |                  |
|--------------------------|--------------|------------------|
| -                        | INCREMENT IN | INCREMENT FOR    |
| -                        | 1976-1980    | 1981-1985        |
| -                        | (IN PERCENT) | PLANNED IN THE   |
| -                        |              | DRAFT GUIDELINES |
| -                        |              | (IN PERCENT)     |
| INDUSTRIAL OUTPUT        | 24           | 26-28            |
| OF WHICH                 |              |                  |
| GROUP A                  | 26           | 26-28            |
| GROUP B                  | 21           | 27-29            |
| AGRICULTURAL OUTPUT      |              |                  |
| - (ANNUAL) (SEE X BELOW) | 9            | 12-14            |
| BT                       |              |                  |



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 AMEMBASSY MADRID 0891  
 AMCONSUL MUNICH 5329  
 AMEMBASSY PARIS 9544  
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|                                                          |    |       |
|----------------------------------------------------------|----|-------|
| FREIGHT CARRIED BY RAIL                                  | 6  | 14-15 |
| CAPITAL INVESTMENTS (SEE X)                              | 29 | 12-15 |
| STATE AND COOPERATIVE                                    |    |       |
| RETAIL TRADE                                             | 24 | 22-25 |
| (X) INCREMENT OVER THE PRECEDING FIVE-YEAR PERIOD (AVG.) |    |       |



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-- MORE RAPID INDUSTRIAL GROWTH IS PLANNED FOR THE 11TH FIVE YEAR PLAN THAN IN THE LAST FIVE YEARS, AT A RATE OF NEARLY FIVE PERCENT BY COMPARISON WITH THE FOUR-AND-A-HALF PERCENT ACHIEVED IN 1976-1980 (WHEN THE PLAN CALLED FOR 6-1/2 PERCENT).

-- THE SLIGHTLY HIGHER PREPONDERANCE GROWTH RATE FOR GROUP "B" (CONSUMER GOODS) REMAINS.

-- A NEW "FOOD PROGRAM" AND A "PROGRAM FOR THE DEVELOPMENT OF CONSUMER GOODS" TO INCREASE THE SUPPLY OF MEAT, MILK AND FRUIT ARE ANNOUNCED AS WELL AS FABRICS, CLOTHING AND MOST OTHER CONSUMPTION ITEMS. "...THE POLICY OF ENSURING STABILITY OF STATE RETAIL PRICES...IS TO BE PURSUED CONSISTENTLY." (COMMENT: THIS OBSERVATION CONTAINED IN THE BASIC DIRECTIONS WAS ABSENT FROM BREZHNEV'S SPEECH TO OUR SURPRISE. END COMMENT)

3. (LOU) TIKHONOV REPEATS SEGMENTS OF BREZHNEV'S SPEECH IN INDICATING A RISE OF 13-16 PERCENT IN AVERAGE WAGES, WITH THE MINIMUM WAGE TO REACH 80 RUBLES BY 1985. NEW HARDSHIP ALLOWANCES ARE TO BE ESTABLISHED FOR INDUSTRIAL WORKERS IN CERTAIN PARTS OF THE COUNTRY. MATERNAL ALLOWANCES AND PAID LEAVES FOR MOTHERS ARE TO BE INCREASED. THE INCOME OF COLLECTIVE FARMERS IS TO RISE 20-22 PERCENT. PENSIONS ARE TO BE RAISED AS WELL. ATTAINMENT OF THE PLANNED LEVEL OF MECHANIZATION IN TRANSPORT, LOADING, UNLOADING AND STORAGE, PRESUMABLY PART OF THE CAMPAIGN TO REDUCE MANUAL AND UNSKILLED LABOR IS TO SAVE THE LABOR OF 1,500,000-2,000,000 PEOPLE BY 1985.

4. (LOU) PRODUCTIVITY: TIKHONOV STATES THAT ALL OTHER GOALS OF THE FIVE YEAR PLAN (SCIENTIFIC PROGRESS, STRUCTURAL CHANGES IN INDUSTRY, MANAGEMENT REFORM), "MUST BE SUBORDINATED TO THE AIM OF ACHIEVING HIGHER PRODUCTION OUTPUTS WITH SMALLER INPUTS AND LESS RESOURCES." REQUIRED INCREASES IN PRODUCTIVITY ARE ILLUSTRATED BY A CHART CALLING FOR OVERAGE ANNUAL PRODUCTIVITY INCREASES IN FOUR MAJOR BRANCHES OF THE ECONOMY, BY COMPARISON WITH THE PAST FIVE-YEAR PLAN PERIOD (AVERAGE ANNUAL RATES):

|             | 1976-80 | 1981-85 |
|-------------|---------|---------|
| INDUSTRY    | 3.2     | 4.4     |
| AGRICULTURE | 2.8     | 4.2     |
| BT          |         |         |

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AMEMBASSY LONDON 2607

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AMCONSUL MUNICH 5330

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AMEMBASSY PRAGUE 6549

AMEMBASSY ROME 4947

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AMEMBASSY TEL AVIV 3291

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~~C O N F I D E N T I A L~~ SECTION 03 OF 06 MOSCOW 02887

CONSTRUCTION

2.1

3.0

RAILROAD

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2.1

IN DISCUSSING HOW THE CONDITIONS FOR GREATER  
PRODUCTIVITY ARE TO BE ATTAINED, TIKHONOV NOTES  
IN PASSING THE NEED TO "ENHANCE THE INCENTIVE  
ROLE OF EARNINGS." WE ASSUME THIS IS A DELPHIC

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METHOD OF CONVEYING THE POINT THAT ADDITIONAL WAGES PROVIDE LITTLE INCENTIVE WITHOUT ADDITIONAL GOODS TO BE PURCHASED WITH THEM, A POINT MADE OCCASIONALLY BY SOVIET ECONOMISTS.

5. (LOU) CONSERVATION OF RESOURCES: TIKHONOV DEVOTES SPECIAL ATTENTION TO REDUCING THE CONSUMPTION OF RAW MATERIALS, NOTING THAT MAINTAINING, LET ALONE INCREASING, THE PRODUCTION OF THESE MATERIALS IS COSTING MORE AND MORE. THERE ARE TO BE TIGHT RESTRICTIONS OF THE USE OF ALL RESOURCES. THE NEXT FIVE YEARS ARE TO SEE A SAVING OF 160-170 MILLION TONS OF FUEL AND ENERGY (IN CONVENTIONAL UNITS). SIMILAR REDUCTIONS ARE CALLED FOR IN THE USE OF ROLLED FERROUS METALS, STEEL PIPE AND ROLLED NON-FERROUS METALS. MORE USE IS TO BE MADE OF SCRAP METAL.

6. CAPITAL INVESTMENT AND RETURN ON INVESTMENT: TIKHONOV ADMITS THAT THE PRESENT RETURN ON THE GROWING STOCK OF FIXED PRODUCTION ASSETS IS INSUFFICIENT. HE MENTIONS THAT OFTEN NEWLY INTRODUCED EQUIPMENT, WHILE MUCH MORE EXPENSIVE, DIFFERS LITTLE FROM THE OLD EQUIPMENT. HE CALLS FOR THE MORE RAPID RETOOLING OF MACHINE-BUILDING AND FOR THE FIXING OF TIME LIMITS FOR THE MANUFACTURE OF NEW MACHINERY. THE RATE OF MACHINERY RENEWAL (REPLACEMENT) IS TO BE INCREASED BY ABOUT 50 PERCENT.

7. (LOU) SECTOR TARGETS: TIKHONOV PROVIDES TARGETS FOR THE INCREASED PRODUCTION OF AGRICULTURAL AND CONSUMER GOODS AND SAYS "IT IS A MATTER OF PRIDE OF ALL THOSE WHO PRODUCE GOODS FOR THE POPULATION TO MANUFACTURE GOOD QUALITY AND ATTRACTIVE PRODUCTS, WHICH BRING PLEASURE TO PEOPLE'S HOMES AND RAISE THEIR SPIRITS". HE MAKES NO MENTION OF ANY ROLE FOR HEAVY OR DEFENSE INDUSTRY IN THIS RAISING OF THE PEOPLE'S MORALE. HIS INDUSTRIAL SECTOR TARGETS ARE THOSE OF THE BASIC DIRECTIONS REPORTED IN REFTEL B.

8. (LOU) ENERGY: TIKHONOV PRESENTS THE SKELETON OF A REVISED SOVIET ENERGY STRATEGY. THE PROGRAM, "WHICH IS BEING WORKED OUT AT COMRADE BREZHNEV'S INITIATIVE", STRESSES THE "RAPID DEVELOPMENT OF THE GAS INDUSTRY, ABOVE ALL IN WESTERN SIBERIA". THE MAIN TRUST IS TO REDUCE THE CONSUMPTION OF OIL IN THREE WAYS OVER DIFFERENT PERIODS OF TIME: FIRST, NUCLEAR AND HYDROELECTRIC POWER STATIONS WILL ACCOUNT FOR 70 PERCENT OF THE INCREASE IN THE SOVIET UNION'S PRODUCTION OF ELECTRICAL POWER DURING THE ELEVENTH FIVE-YEAR PLAN. IN THE



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EUROPEAN PART OF THE COUNTRY, THESE TWO MEANS OF PRODUCTION "WILL ACCOUNT FOR ALMOST THE ENTIRE PRODUCTION INCREASE". IN THE EASTERN PART OF THE COUNTRY "BIG THERMAL POWER PROJECTS ARE TO BE BASED BT

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ON THE CHEAP COAL MINED BY OPEN-CAST TECHNIQUES IN  
THE KANSK-ACHINSK AND EKIBASTUZ COALFIELDS."  
THE SECOND PART OF THE PROGRAM WILL BE INTRODUCED  
"IN THE COMING YEARS" AND WOULD ENTAIL BUILDING  
SEVERAL BIG NUCLEAR HEAT-PROVISION STATIONS,  
EACH OF WHICH WILL BE ABLE TO ASSURE DEPENDABLE

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HEAT SUPPLIES TO A CITY OF MANY THOUSANDS OF INHABITANTS WITHOUT POLLUTING THE ENVIRONMENT. IN THE LONG TERM, A THIRD PRONG OF THE PROGRAM WILL BE BREZHNEV'S PROPOSAL TO USE COAL FROM KANSK-ACHINSK TO PRODUCE "LIQUID FUEL."

9. (U) OTHER ENERGY OBSERVATIONS:

-- TIKHONOV CLAIMS THAT THE INTEGRATED POWER GRID OF THE U.S.S.R. "NOW COVERS A TERRITORY WITH A POPULATION OF OVER 220 MILLION", OVER 90 PERCENT OF THE SOVIET UNION'S POPULATION.

-- THE INTEGRATED GAS SUPPLY SYSTEM HAS DOUBLED THE LENGTH OF ITS TRUNK PIPELINES TO 64,000 KILOMETERS DURING THE LAST TEN YEARS.

-- "NEARLY 12,000 KILOMETERS" OF OIL PIPELINES ARE TO BE CONSTRUCTED DURING THE ELEVENTH PLAN, FIVE TIMES MORE THAN WAS "COMMISSIONED UNDER THE TENTH FIVE-YEAR PLAN." TIKHONOV OFFERS NO CORRESPONDING FIGURE FOR GAS PIPELINES.

-- THE OUTPUT OF "SIBERIAN" OIL "MORE THAN DOUBLED" AND THE OUTPUT OF GAS INCREASED BY 330 PERCENT "IN THE PERIOD BETWEEN THE XXV AND XXVI CONGRESSES".

-- ACCORDING TO TIKHONOV, "ALL-SEASON NAVIGATION IS TO BE INTRODUCED IN THE WESTERN PART OF THE ARCTIC OCEAN AS FAR AS VILKITSKY STRAIT". (COMMENT: IN SOVIET UNION HAS EXPERIENCED ITS SECOND YEAR OF WINTER NAVIGATION BETWEEN MURMANSK AND THE BERING STRAITS. END COMMENT)

-- RIVER TRANSPORT, AN IMPORTANT MEANS OF TRANSPORTATION IN WESTERN SIBERIA, IS TO BE IMPROVED THROUGH UPGRADED PORT FACILITIES.

-- TERRITORIAL-INDUSTRIAL COMPLEXES, "SUCH AS THE WEST SIBERIAN, SAYANY, ANGARA-YENISEI, TIMANO-PECHORA, SOUTH YAKUTIAN, PAVLODAR-EKIBASTUZ AND SOUTH TADJIKISTAN", WILL ENTER A NEW STATE OF THEIR DEVELOPMENT.

10. (LOU) AGRICULTURE: TIKHONOV CALLS THE PLAN TARGETS IN AGRICULTURE "FORMIDABLE" AND CITES MACHINERY AND ADDITIONAL CHEMICAL INPUTS AS THE PRINCIPAL MEANS OF ACHIEVING THEM. "SUBSIDIARY AGRICULTURE" (I.E., PRIVATE PLOTS) RECEIVES FAVORABLE MENTION ALONG THE SAME LINES AS IN THE BREZHNEV SPEECH OF FEBRUARY 23. THE EMBASSY'S AGRICULTURAL SECTION IS PREPARING A SEPARATE MESSAGE ON THIS PART OF THE SPEECH.

11. (LOU) TRANSPORT: TRANSPORT RECEIVES SPECIAL



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MENTION AS AN ECONOMIC BOTTLENECK. TIKHONOV STATES  
THAT RAILWAY TRANSPORT LAGS BEHIND THE REQUIREMENTS  
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AMEMBASSY BEIJING 2957  
AMEMBASSY BELGRADE 6339  
AMEMBASSY BERLIN 2416  
AMEMBASSY BONN 0249  
AMEMBASSY BUCHAREST 6757  
AMEMBASSY BUDAPEST 5914  
AMEMBASSY CAIRO 2603  
USINT HAVANA 0635  
AMEMBASSY HELSINKI 2424  
AMCONSUL LENINGRAD 2035  
AMEMBASSY LISBON 0914  
AMEMBASSY LONDON 2609  
AMEMBASSY MADRID 0894  
AMCONSUL MUNICH 5332  
AMEMBASSY PARIS 9547  
AMEMBASSY PRAGUE 6551  
AMEMBASSY ROME 4949  
AMEMBASSY SOFIA 5921  
AMEMBASSY TEL AVIV 3293  
AMEMBASSY TOKYO 4274  
USMISSION USUN NEW YORK 9252  
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OF THE NATIONAL ECONOMY AND REPORTS THAT CAPITAL  
INVESTMENT FOR THE PURPOSE OF REINFORCING THE MATERIAL  
AND TECHNICAL BASIS OF THE RAILWAYS ARE TO BE INCREASED  
BY 30 PERCENT. THE SHARE OF RIVER AND ROAD TRANSPORT  
IN CARGO AND PASSENGER TRAFFIC IS TO INCREASE (THUS  
RELIEVING SOME LOAD ON RAILROADS).

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12. (LOU) CAPITAL CONSTRUCTION: TIKHONOV'S REMARKS ON THIS SUBJECT ARE BASICALLY DIRECTED AGAINST THE MUCH CRITICIZED SOVIET PRACTICE OF CONSTANTLY ADDING TO THE NUMBER OF UNFINISHED PLANTS IN THE COUNTRY. AFTER SAYING THAT IN 1980 THE SOVIET UNION HAD "MANAGED TO HOLD DOWN GROWTH IN THE NUMBER OF UNCOMPLETED BUILDING PROJECTS." TIKHONOV SAYS AN END MUST BE PUT TO THE PRACTICE OF ALLOCATING FUNDS AND RESOURCES TO ANY REGION SOLELY BECAUSE THERE ARE ESTABLISHED BUILDING UNITS IN THOSE REGIONS. WE NOTE THAT THE GROWTH IN THE CAPITAL INVESTMENT BUDGET FOR 1981-1985 WILL BE ABOUT HALF THAT OF 1976-1980, A REFLECTION OF THE PROBLEM OF UNFINISHED CONSTRUCTION AS WELL AS LACK OF INVESTMENT FUNDS.

13. (LOU) REGIONAL DEVELOPMENT PROJECTS: OF INTEREST HERE IS TIKHONOV'S TIME SCHEDULE FOR THE BAIKAL AMUR RAILWAY WHICH IS TO BE OPEN TO TRAFFIC ALL ALONG ITS PATH IN 1984 AND FULLY-COMPLETED IN 1986 (WE UNDERSTAND THE MORE DIFFICULT TUNNELS WILL BE THE LAST PROJECTS TO BE COMPLETED). HOWEVER, IT WILL TAKE "MANY A YEAR", TIKHONOV ADDS, BEFORE THE RESOURCES OF THE BAM AREA CAN BE INCORPORATED INTO THE SOVIET ECONOMY. HE CALLS UPON THE APPROPRIATE ORGANIZATIONS - GOSPLAN, ALL-UNION MINISTRIES THE RSFSR COUNCIL OF MINISTERS - TO BEGIN DRAWING UP NOW A COMPREHENSIVE PROGRAM FOR THE DEVELOPMENT OF THE AREA'S WEALTH INCLUDING THE ORDER IN WHICH THE DIFFERENT MINERALS AND METALS WILL BE EXPLOITED.

14. (LOU) FOREIGN ECONOMIC RELATIONS: TIKHONOV REPEATS, IN ALMOST RITUALISTIC FASHION, THE STANDARD EMPHASIS ON INTRA-CEMA TRADE, COOPERATION AND INTEGRATION. WHILE HE NOTED THAT MOSCOW WILL TRADE WITH "FIRST OF ALL" THOSE WESTERN COUNTRIES THAT MAINTAIN A "CONSTRUCTIVE APPROACH", TIKHONOV LEFT THE DOOR AJAR FOR EXPANDED TRADE WITH THE UNITED STATES "ON A BASIS OF EQUALITY AND MUTUAL BENEFITS". OTHER POINTS WERE:

-- ECONOMIC TIES AMONG THE SOCIALIST NATIONS ARE "PROFOUND AND ALL EMBRACING" AND "SHIELD THE SOCIALIST ECONOMIES FROM HARMFUL TENDENCIES".

-- THE DECLINE OF SOVIET-AMERICAN ECONOMIC RELATIONS IS DUE TO THE "UNSEEMLY POLITICAL USE OF TRADE BY THE UNITED STATES."

-- "DUE CREDIT" IS GIVEN THOSE CAPITALISTIC COUNTRIES AND BUSINESSMEN WHO STRICTLY OBSERVE "MUTUAL COMMITMENTS".



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-- TRADE RELATIONS WITH THE WEST MUST BE DIRECTED  
AT MEETING INTERNAL SOVIET NEEDS FOR "EQUIPMENT,"  
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AMEMBASSY BEIJING 2958  
AMEMBASSY BELGRADE 6340  
AMEMBASSY BERLIN 2417  
AMEMBASSY BONN 0250  
AMEMBASSY BUCHAREST 6758  
AMEMBASSY BUDAPEST 5915  
AMEMBASSY CAIRO 2604  
USINT HAVANA 0636  
AMEMBASSY HELSINKI 2425  
AMCONSUL LENINGRAD 2036  
AMEMBASSY LISBON 0915  
AMEMBASSY LONDON 2610  
AMEMBASSY MADRID 0895  
AMCONSUL MUNICH 5333  
AMEMBASSY PARIS 9548  
AMEMBASSY PRAGUE 6552  
AMEMBASSY ROME 4950  
AMEMBASSY SOFIA 5922  
AMEMBASSY TEL AVIV 3294  
AMEMBASSY TOKYO 4275  
USMISSION USUN NEW YORK 9253  
USCINCEUR VAHINGEN GE  
AMEMBASSY VIENNA 8119  
USMISSION USNATO 9286  
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TECHNOLOGY, RAW AND OTHER MATERIALS, AND THE DEMAND FOR CONSUMER GOODS". (COMMENT: MOSCOW CAN BE EXPECTED TO RELY ON WESTERN EQUIPMENT AND TECHNOLOGY IN EXPLOITING AND DEVELOPING, IN PARTICULAR, ITS OIL AND GAS RESOURCES. END COMMENT)

15. (LOU) MANAGEMENT OF THE ECONOMY: THE HORTATORY



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LANGUAGE CALLING UPON SOVIET MANAGERS TO IMPROVE THEIR PERFORMANCE CONTAINED FEW SPECIFICS. TIKHONOV MADE THE CUSTOMARY CALL FOR ENHANCING THE ROLE OF THE CENTRAL PLANNING BODY WHICH HE FAILS TO BALANCE WITH ANY PLAN TO PROVIDE ADDITIONAL RESPONSIBILITIES FOR LOCAL MANAGERS. HE CRITICIZES THE FACT THAT MANY ENTERPRISES HOARD STOCKS OF EQUIPMENT, "ESPECIALLY METAL" IN EXCESS OF THEIR QUOTA WHILE OTHER ENTERPRISES ARE SHORT OF THE SAME MATERIALS. THE STATE COMMITTEE FOR MATERIAL AND TECHNICAL SUPPLY OF THE U.S.S.R. (GOSSNAB) IS CALLED UPON TO IMPROVE ITS ACTIVITIES, AND NOT TO TREAT THEIR WAREHOUSES AS SIMPLE STORAGE DEPOTS. RATHER THEY ARE TO SORT OUT MATERIALS AND SUPPLY THEM PROMPTLY TO CUSTOMERS. TIKHONOV NOTES THAT THE U.S.S.R. WILL GO OVER TO NEW WHOLESALE PRICES "IN DUE COURSE", PHRASEOLOGY WHICH SUGGESTS TO US THAT THE ANTICIPATED JANUARY 1, 1982 DATE IS NO LONGER FIRM.

16.(C) COMMENT: TIKHONOV'S SPEECH IS A REHASH OF THE BASIC DIRECTIONS AND THE CENTRAL COMMITTEE (BREZHNEV'S) REPORT TO THE PARTY CONGRESS. IT CONTAINS NO NEW ELEMENTS, ALTHOUGH THE NUANCES REPORTED ABOVE ARE OF SOME INTEREST. WITH BOTH THE BREZHNEV AND TIKHONOV SPEECHES NOW BEHIND, IT IS APPARENT THAT THE USSR INTENDS TO TAKE NO NEW DEPARTURES IN ITS ECONOMIC POLICIES DURING THIS CONGRESS. INDEED, THE CONSTANT EFFUSION OF SATISFACTION OVER THE LESS THAN IMPRESSIVE RESULTS OF THE LAST FIVE YEAR PLAN SUGGEST THAT "NO EXPERIMENTS" IS AND WILL REMAIN THE ECONOMIC WATCHWORD OF THE CURRENT SOVIET LEADERSHIP, NO MATTER HOW MUCH EXPERIMENTATION MAY BE GOING ON IN OTHER SOCIALIST ECONOMIES. THE END GAMBLE, SEEN AGAIN IN THE TIKHONOV SPEECH, IS WHETHER LABOR PRODUCTIVITY CAN BE SUBSTANTIALLY IMPROVED IN THE FIVE YEARS TO COME BY THE MEANS PROPOSED BY THE SOVIET LEADERSHIP WHICH CAN NO LONGER THROW NEWLY CULTIVATED LAND MILLIONS OF NEW FARM WORKERS AND RAPIDLY INCREASING INVESTMENTS AT ECONOMIC DEVELOPMENT. BOTH BREZHNEV AND TIKHONOV CRITICIZED THE "HABITS" THAT REMAIN FROM THE DAYS WHEN QUANTITY WAS THE ONLY GOAL AND BOTH ADMITTED THAT THE NEW STAGE IN USSR "DEVELOPED SOCIALISM" BRINGS WITH IT COMPLEXITIES OF A SCALE NEVER BEFORE ENCOUNTERED. THIS EMBASSY'S CRYSTAL BALL SUGGESTS THAT THE BAD "HABITS" OF THE PAST WILL PROVE DIFFICULT TO CHANGE, THAT THE COMPLEXITIES WILL PROVE VERY COMPLEX IN PRACTICE AS WELL AS IN THEORY AND THAT LACKLUSTRE RESULTS AWAIT THE 11TH FIVE YEAR PLAN, WHOSE TARGETS WILL BE SCALED

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DOWN IN THE SAME MANNER AS HAPPENED IN THE 10TH  
PLAN. END COMMENT. MATLOCK  
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