

113
RONALD W. REAGAN
LIBRARY

F-SNG



Special Analysis

USSR: Gorbachev Encourages Reform Debate

Mikhail Gorbachev has significantly expanded the boundaries of legitimate debate over economic reform in the USSR by inviting discussion of controversial ideas and placing reformers in key positions. A broader debate will give the General Secretary greater room for maneuver in addressing the economy's problems, but it involves risks as well. Gorbachev will have to overcome resistance from entrenched party conservatives who are convinced that the reformers' proposals violate Soviet traditions and from government bureaucrats who are concerned that a move away from management-by-decree will undermine their traditional privileges and status. [REDACTED]

The measures adopted by the Gorbachev regime have not changed the basic features of the economy, but the party chief's moves to broaden the debate may ultimately lead to more far-reaching steps. By restaffing major newspapers and journals, fostering openness (*glasnost*) in the media, and publicly berating officials whose ideological rigidity blocks change, Gorbachev has enabled reformers to air their views more widely and to discuss issues that were out of bounds under previous regimes. [REDACTED]

These steps have moved the reform debate from obscure specialized journals to leading party publications. The change at the authoritative party journal *Kommunist* has been particularly striking. Since Gorbachev named veteran reformer Ivan Frolov last March to replace conservative Richard Kosolapov as chief editor, the journal has been transformed into a leading forum for reform. It has published articles by economists such as Tatyana Zaslavskaya, whose views as recently as 1983 were judged too controversial for public discussion. [REDACTED]

Gorbachev's Goal

Although he may not welcome every proposal the reformers offer, Gorbachev stands to profit in several ways from a broader debate. His public statements indicate he believes discussion and debate will assist him in changing the psychological climate in the country and, therefore, in winning the battle against inertia and conservatism. The debate will allow Gorbachev to test both public and official reaction to potentially controversial proposals. It will also provide him with new ideas for his economic strategy, which he publicly admits he has not yet worked out in detail. [REDACTED]

continued





What the Reformers Propose

Reformers already have set forth several ideas that would constitute major departures from traditional Soviet practices:

- **Expanding opportunities for self-employment** . . . By expanding cooperatives— independent, self-governed associations of large and small groups of workers—it is possible to resolve the problems in personal services, retail trade, and auto repair. The chief objection is the view that this is a step backward as compared with state stores, dining rooms, and shops. But who has proved that? How can one speak of a “step backward” if workers are better provided with food, clothing, and services?

— *Fedor Burlatskiy, political commentator, Literaturnaya Gazeta, 16 April 1986*

- **Raising the specter of unemployment** . . . The principles of socialism are not the principles of charity, which automatically guarantee a job for everyone, regardless of ability. A person must strive every day to keep a job suitable for him.

— *Stanislav Shatalin, Deputy Director, Systems Research Institute, Kommunist, September 1986*

- **Introducing Chapter 11, Soviet style** . . . Quite a few enterprises have exhausted their circulating capital. Some are chronic debtors. Why not shut down enterprises that have become insolvent until order is restored there?

— *Ruslan Lynev, Economics Department Editor, Izvestiya, 23 August 1986*

- **Lowering the social safety net** . . . Some goods are sold for money, while others (housing, educational and health services, and so on) are distributed free of charge or at very subsidized prices. This practice has very serious shortcomings. It artificially limits the range of goods that the population can acquire with earned money and consequently reduces the interest in intense and effective work.

— *Tatyana Zaslavskaya, economist, Kommunist, September 1986*



21 November 1986



If Gorbachev wants bold ideas, the debate is providing them. Although no one is likely to propose abandoning central planning and state ownership, reformers are suggesting changes in economic management they believe will introduce a strong dose of Western-style economic competition into the Soviet system. Reformers advocate lowering the safety net that has traditionally protected poor workers, incompetent managers, and unprofitable enterprises; they would introduce harsher penalties—unemployment and bankruptcy—for poor performance. They also favor measures that would drastically change management practices, forcing central authorities to use economic levers—such as finance and credit policy—in place of administrative orders to influence the direction of the economy. [REDACTED]

Some reformers have proposed a larger role for individual and family businesses, especially in the troubled consumer sector. New legislation on "individual labor activity" passed this week by the Supreme Soviet makes it clear the regime is already moving in this direction. More flexible prices and a decentralized supply system—which many Soviet and Western economists argue are essential to successful economic reform—also are reportedly under discussion behind the scenes, although they have just begun to emerge in the public debate. [REDACTED]

Looking Ahead

Whether the reforms get a serious trial will depend on economic as well as political developments in Moscow. Pressures to adopt the proposals might increase if, as is likely, the sharp turnaround in economic performance that the leadership is seeking does not occur. Even so, reform proposals would continue to face resistance from bureaucrats who want to protect traditional perquisites and who would be unqualified in a more competitive environment. Some party leaders—even if they share the reformers' disdain for the bureaucratic apparatus—may see the proposals as a retreat from Communist principles and a threat to central control. [REDACTED]

Broadening criticism of the existing system may create pressure for change greater than the regime is prepared to accept. Gorbachev may ultimately be forced to choose between clamping a lid on the debate—as did Khrushchev and Brezhnev before him—or taking a more aggressive stance on reform. Choosing the latter would increase the chances that his more cautious colleagues would move to place greater restraints on his power. [REDACTED]

