

The Soviet Union in Transition

Edited by
Kinya Niiseki



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About the Book and Editor

Because of the recent transition in the Soviet Union's leadership, scholars worldwide have found it necessary to reevaluate Soviet domestic and foreign policy. In this volume, prominent Japanese, U.S., and European experts examine changes within the USSR as well as Soviet reactions to changes in the rest of the world. They assess the immediate implications of change for such areas as technology, energy policy, and economic reform and deliver commentaries on current policy directions and historical backgrounds of Soviet policies.

To commemorate its silver jubilee and to add the valuable perspective of Japanese Soviet-studies scholars to Western analyses, the Japan Institute of International Affairs held the symposium on which this volume is based.

Kinya Niiseki is director of the Japan Institute of International Affairs and the former Japanese ambassador to Austria, India, and the USSR.

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The Japan Institute of International Affairs, a central research institution, was founded in 1959 on the strong initiative of the late Prime Minister Shigeru Yoshida. In 1960 it was formally authorized by the Japanese Ministry of Foreign Affairs as a private, nonprofit, and independent organization. In commemoration of its twenty-fifth anniversary in 1985, the institute created the nation's first Center for Soviet Studies, aiming at enlarging and strengthening the study of the Soviet Union. At present, the institute's sphere of research covers a broad spectrum of issues ranging from international politics to international economics and law, thereby reflecting the enhanced position of Japan in the world community.

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Preface

I would like to express my sincere gratitude to the participants from the United States, Europe, and Japan. Their participation has enabled us to reach our objectives, and I believe that the presentations and opinions of these participants resulted in suggestions that will be extremely useful in analyzing Soviet policies under Gorbachev's leadership.

Finally, on behalf of the Japan Institute of International Affairs, I wish to acknowledge the assistance of the Ministry of Foreign Affairs, the Kajima Institute of International Peace, the Japan Foundation, the Tokyo Club, and the Asia Foundation for meeting part of the obligations for the symposium.

Kinya Niiseki



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Introduction

Owing to geographical proximity and the complexity of Japanese-Soviet relations, the USSR has always been of intense interest to Japanese scholars and the Japanese public. The recent changes in the USSR's leadership following a prolonged period of succession crises have further enhanced Japan's interest in Soviet affairs, and Japanese experts on the Soviet Union have begun to seek closer contacts with U.S. and European researchers. In turn, steady advances in Soviet studies in Japan have motivated scholars in the United States and Europe to seek the fresh insights that the Japanese view offers them.

With this in mind, and in commemoration of its silver jubilee, the Japan Institute of International Affairs brought together several prominent Soviet-affairs experts from the United States, Europe, and Japan at the Tokyo International Symposium on the Soviet Union in Transition. The objectives of the symposium were to evaluate the new Soviet leadership under Gorbachev, to assess the immediate implications of Soviet policy orientation, and to envision the character of Soviet society in the coming decade.

As an open field for debate, the exchange promoted by this symposium broke fertile ground for cultivating, comparing, and synthesizing ideas.

The symposium succeeded in fulfilling its mandate. In particular, its international composition revealed the processes by which geographical and national concerns influence perceptions of the USSR and determine the ways in which scholars from different parts of the world analyze the Soviets.

For instance, the Europeans at the symposium viewed the Soviets as posing a lesser threat than that perceived by the U.S. scholars. In addition, the Europeans suggested that by maintaining diplomatic pressure while promoting constructive dialogue and cultural exchanges, the West could encourage the USSR to make changes it might not be willing to undertake if it felt pressured by outside interests. By contrast, some U.S. experts sensed that the Soviets might resort to foreign expansion to divert the tension among the populace that has resulted from domestic decline. Others expressed the belief that economic problems would constrain Soviet expansionism.

Some of the Japanese participants felt that the economic importance of their country might move the USSR to take Japan more seriously. They also surmised that as the Soviet leadership begins to recognize the Japanese influence, the USSR might actually attempt to undermine Western solidarity by seeking closer ties with Japan and Western Europe.

In the realm of domestic policy, the Japanese, U.S., and European assessments of Gorbachev's goals and limitations were in general agreement: Significant reforms will be very difficult for Gorbachev to accomplish; in fact, the only conceivable reforms will occur within the system, perhaps including some highly visible but essentially token changes.

A consensus was also reached with regard to the Soviet economy: Although Gorbachev will try to improve economic performance by overhauling current organizations and practices, no fundamental economic reform will occur given the underlying immobility of the Soviet system.

Along the way to that conclusion, the exchange of perspectives among participants was particularly fruitful. A Japanese participant who noted the parallels between Chinese economic reform and Eastern European experiences shed new light on recent developments in the USSR. Then, the European perspective disclosed a similarity in the trade relations between Japan and the Soviet Union and those between Eastern and Western Europe: In both relationships, political constraints emerged during the 1970s as trade volumes increased, and trade relations were complicated by the general fear of becoming too dependent on Western countries. Finally, an American interpretation of the economic impact of Soviet energy policies revealed that the USSR has much to learn from Japanese conservation practices if it is to meet its own energy needs.

The participants also generally agreed that the influence of the USSR's military sector will continue to be strong. Because the military is faced with a great need for advanced technology, it is not likely to resist a certain amount of economic reform and even some improvement in relations with the West.

To the Japanese, it appears that the Soviets have three policy options: (1) to ease international tension as a means of obtaining new technology on credit from the West, (2) to restrict military expenditure and avoid increased investment in the military sector, and (3) to embark on reform from above. From the European perspective, on the other hand, the Soviet Union's main problem with high technology is not access or invention, but implementation: The centralized socialist system discourages the introduction of new technology into everyday practice, regardless of whether the technology has been domestically developed or imported from abroad.

The most important overall conclusion reached was that the confrontational stance of the two superpowers is unlikely to change and will continue to influence the course of international politics. The current period of transition in the Soviet Union offers General Secretary Gorbachev an opportunity to improve the world climate by improving relations with the United States through continued arms control negotiations. Quite apart from national or geographical concerns, all of the symposium participants recognized the importance of continued efforts by the two superpowers to reach an understanding and maintain world peace.

The Japan Institute of International Affairs sought to introduce to foreign participants the present level of Soviet studies in Japan. We hope that we succeeded in fulfilling this aim and that the symposium facilitated future cooperative research among Japanese and foreign researchers and institutions.

1

The Soviet Union in a Changing World

Seweryn Bialer

The title of this chapter defines the problem for the Soviets and for us: The world is changing very rapidly and the situation in the 1980s is very different from that in the 1970s, when the Soviet Union was changing very slowly. Until recently, there had been a gap in many respects between what was happening in the Soviet Union and what was happening in the rest of the world. But the traditional Soviet slogan, "to catch up with and surpass the industrial countries of the world" in economic or military power, has now been replaced in practice if not in words by the desire to keep up with the industrial democracies in technology and to some extent in military matters as well.

I have divided this chapter into two parts. The first will deal with the changing world and the second with the Soviet Union. Without an understanding of what has changed in the world, one cannot really understand the major dilemma in which the Soviet Union finds itself today and which, in my opinion, will continue throughout the 1980s and beyond. Of course, the subject matter—a changing world—is enormous; accordingly, I shall provide some very brief comments and then concentrate on one element of the changing world—namely, the correlation of forces, both political and military, in the international arena.

The underlying change in the world over the past ten years was the technological revolution. The third industrial revolution into which many countries, almost all industrial democracies, entered has been a revolution of communications, information, and services, and we only vaguely understand it. The question of how far this revolution will go has not yet been fully analyzed. When Andropov noted in one of his articles that the Soviet people really do not know the society in which they live—that their images are based on the past—I realized that one could

say the same about Western societies with regard to the technological revolution. We are too preoccupied with its immediate development, but we really have not studied deeply what the consequences of this revolution will be for all the countries of the world.

There is a new factor to consider now, an element that we all regarded in the 1950s and 1960s as being in decline in the industrial democracies—namely, the question of nationalism. In my opinion, an upsurge of nationalism has occurred in the industrial democracies. It is largely related to the issue of protectionism.

Another factor we did not expect has been the rise of fundamentalism. Fundamentalism can be understood as pertaining not only to religion but to ideology as well. I am referring here to both Islamic fundamentalism and the upsurge of ideological fundamentalism occurring in the United States.

A third factor is the increased polarization occurring in almost all dimensions of international affairs. There is no doubt that after a period of fifteen years of improvement in U.S.-Soviet relations (or, let's say, at least the absence of a decline), we now see a period in which the polarization between the democratic countries and the Soviet Union has increased, especially with regard to relations between the Soviet Union and the United States. It is not a cold war like the one we remember from the first ten years after World War II, a period without any communication and without any recognition, either by the Soviet Union or by the United States, that a conflict had to be managed. The rules of the game, and some kind of minimal accommodation to prevent confrontation, simply had to be defined. But this is not the case today. I think that even during the most tense moments of U.S.-Soviet relations in the past few years—in the middle of the Reagan administration, for instance—the world was not close to a war; and I do not believe that we have a cold war now. One reason we cannot speak about cold war is that, although détente has been nearly destroyed, the damage has occurred primarily in the relations between the Soviet Union and the United States. But détente is still alive—maybe not so vibrant as in the past, but still very much alive in Europe. Nevertheless, I must stress that the changes occurring in the world have resulted in a greater polarization between the two superpowers—a polarization that, in my opinion, will continue for a very long time regardless of the achievements gained in the summit meeting or in arms negotiations after that.

Another great polarization exists between the north and the south. The illusion that developing countries can industrialize and develop—and especially the illusion that the Soviet model provides a road, a map of how to change, of how to become industrial—has been abandoned not only in Africa, which is faced with a tragic economic situation, but

also in countries in Central and South America. Moreover, the gap between the north and the south in international relations has grown rather than contracted. At the same time, the idea of socialism in those countries has declined enormously (albeit with some exceptions).

A still greater polarization exists within the alliance of free nations: Western Europe, Japan, and the United States. Differences of opinion and policy are inevitable between sovereign bodies, but I think that the level of polarization among these nations today is much greater than it has been in the past.

Let me now point to a potential source of trouble that is difficult to analyze: For the first time in Western Europe there are two parties out of power (one in Germany and one in Great Britain) that have programs of military security and foreign policy that in many respects are at variance with the consensus of the nations of the Atlantic Alliance. Of course, one can always say that parties out of power change when they come to power—and this often is the case. But in my opinion the variance here is so great that even if there is movement closer to the center, some basic military and political differences will remain. Three years ago I wouldn't have thought that the Labour party (because of its movement to the Left) or the German Socialist party would come to power; but it is still possible that within the next five years those parties will come into power. This very possibility is a symbol, in a way, of the differences between the United States and Western Europe, both in their approach to the Soviet Union and in general policy.

Polarization also exists within the Soviet empire—that is, within the "Soviet alliance." Never before have we seen both the population and the communist elites of Eastern European countries fighting for greater independence from the Soviet Union; nor have the differences between the Soviet Union and almost all Eastern European countries been so great. I am speaking, of course, about the whole area, not about specific countries; and the situation is new precisely because, despite the occurrence of rebellions, uprisings, and unionism such as Solidarity in Poland, there has never before been such a combination of public dissatisfaction and dissatisfaction of the elite with relations with the Soviet Union.

We also see a new situation in the arms race, particularly with regard to the use of space. Both the concept of defensive versus offensive weapons and the philosophy of arms deployment are of crucial importance and great complexity. The question of verification may very well be the stumbling block that makes impossible a comprehensive arms agreement. In this age of missiles, nobody can know whether a warhead is nuclear or conventional; hence there must be some verification of the destruction,

production, and deployment of weapons—verification that is impossible in space (that is, by means of satellites).

The arms control talks of the 1960s and 1970s represented gradual steps—very minimal steps in many respects—in the effort to move forward the idea of arms control. The SALT type of arms control agreement has completely lost its constituency, on both the Right and the Left in the United States. The Right was always against it, and the Left has become disillusioned with it because during the time it lasted, the number of warheads in the arsenals of the great powers nearly tripled. So what we are now facing is a struggle, a negotiation for an agreement with the Soviet Union that will become comprehensive, that *must* become comprehensive—an agreement that will have to take into consideration all types of weapons and other countries, not only the Soviet Union and the United States, but, for example, England, France, and China as well. This is a very difficult proposition, and we have clearly entered a period of arms control and arms race quite different from that of the past.

In speaking about the changing world, I would now like to concentrate on one point—namely, on the *correlation of forces*. The term itself originated in the Soviet Union, and its meaning is much broader than that of *military balance*. It includes economic equilibrium, social stability, and even psychological balance. I think it is important to speak in such terms—that is, in terms that go beyond the military question within the correlation of forces—not only because this perspective is valuable in itself but also because it reflects the way in which the Soviet leaders themselves analyze the West. This is the first question they ask themselves when they are deciding on long-term or middle-range strategies: What is the correlation of forces?

The general conclusion, in my opinion, should be that the correlation of forces in the 1980s, in comparison especially to the early 1970s, a ten-year difference, has shifted dramatically against the Soviet Union. Yet no real change has occurred in military balance over the past five or six years. Every step we have taken has also been taken by the Soviet Union—and vice versa. So the military balance, as such, is not different. Nevertheless, the man in the street would say otherwise—and he would be right in a sense, because the military balance has changed dramatically in a psychological way. The image of power, and of who holds that power, *has* changed. But the actual military balance has not.

What has changed in the military realm, however, is the direction in which the military balance is moving. The present trend started in the late 1970s under President Carter and sped up under President Reagan. It is now headed either toward a new arms race that neither

superpower could win or toward a comprehensive arms control agreement that will be equitable, symmetrical, and just for both countries, one that will provide for common security instead of security for individual nations.

With regard to nonmilitary factors, there is no doubt that the Soviet Union currently faces many dilemmas and crises. The crises are not solely economic but have social, political, cultural, ideological, and psychological dimensions as well. Indeed, given the increased difficulties in the Soviet Union along all such dimensions (relative to the past), we would have to describe the crisis as systemic.

The Soviet Union's crisis can also be viewed from a completely different perspective—namely, in comparison to other countries, both democratic and nondemocratic. Until the early 1970s, the gap between the Soviet Union and its adversaries had closed (for instance, its GNP had improved significantly relative to other countries, especially the United States). But this relative improvement has ceased, and there is no sign that the Soviet Union's weakening will be reversed. Evidence of this crisis can be seen clearly in the realm of technology as well as in the military field. In short, the gap, far from being closed, is now actually widening.

A change in Soviet foreign policy is also evident. Over the past six or seven years, the Soviets have lost the initiative in the international arena. They have been reactive in their policy, reacting to what other countries did or wanted to do. They clearly have been and still are in a period of retrenchment in which they cannot expand as they had done in the 1970s. They will have to continue to concentrate on fewer targets of opportunities for gaining influence and power than they had in the 1970s.

In my opinion, the Soviets' foreign policy has no central concept. Those who think that détente with Western Europe is a substitute for détente with the United States are, I believe, in great error. In the Soviet Union the distinction is not whether détente—good relations with the United States—should exist or be restored, and whether one should concentrate on the Western Europeans as the other partner for détente; rather, the issue is how to use Western Europe in reaching détente with the United States. At a time when the relations between the United States and the Soviet Union are poor, Western Europe provides a target of opportunity that the Soviet Union used very clumsily in the last German elections but one probably being employed now in a much more imaginative way: pressure on the United States to make concessions to the Soviet Union in arms control negotiations.

Soviet policy is fraught with many dilemmas that show no sign of being resolved. The dilemma in the Soviets' internal situation is that

they are weaker than before but still have high aspirations, and in their relations with Third World countries the Soviets are unclear in their goals and very dissatisfied with the present situation.

To illustrate the problems in Soviet foreign policy one need only mention the situation in Africa, where more so-called national liberation movements are fighting against the Soviets and Soviet friends than against the United States or Western Europe and their friends. This situation represents a major change.

A major change is also under way in Eastern Europe. At present, this region could best be described, I believe, as the "Greater Eastern European Co-Stagnation Sphere." The economic, political, and military situation there has clearly entered a period of decline.

Of course, the most obvious symbol of this decline is Poland. And it is rightly so considered—not only because of its importance as the larger and most strategically located country (and with the largest army) in the Warsaw Pact, but also because its stability has not been restored. (In other words, the unrest in this Eastern European country did not, after it was quashed, lead to normalization as had happened in Hungary in 1956 and in Czechoslovakia after 1968.) Indeed, the Polish situation has not been resolved. By the same token, one should not mistake the apathy and fatigue of the Polish workers for signs that Poland has stabilized. It has not.

The central dilemma is one between cohesion and viability—between stability and orthodoxy. Let me say a few words on this question of stability and orthodoxy. The Soviet Union has learned from the Polish example. In its hopes to bring about political orthodoxy in Eastern Europe, it is pursuing, I would say, a very hard line in Eastern Europe. But the Soviet Union also wants the Eastern European nations of its empire to be stable. And to be stable those nations must have closer relations with Western Europe. They must not only open up trade relations but also acquire credit. Hence the clash of two different Soviet desires: the desire for political orthodoxy so as not to encourage a situation akin to Solidarity, and the desire for social and political stability, which requires Western help.

There is no way in which this dilemma can be resolved. I think that Gorbachev made a short-run decision for orthodoxy, for a hard policy. But what will happen in the longer run cannot be foreseen. As the Soviet Union itself cannot pay for development in Eastern Europe, its policy will continue along the same lines as before—and the stability of Eastern Europe, which is based on the performance of the regimes involved, not on nationalism or tradition, will be endangered. Moreover, the social instability in Eastern Europe will lead to political instability.

We must now return to our discussion of correlation of forces and military balance. A major element in the change related to the former is the movement of the center of gravity of economic and military matters to Asia. This is an extremely important trend, a trend visible along many dimensions. Inside the Soviet Union, the question pertains to Siberia. The Soviet Union cannot survive as a global economic and military power if the development of Siberia is not achieved, regardless of the cost. From a military point of view, it is clear that the arms race in the Pacific has grown relative to the situation in Europe. Consider, for example, the following questions: "When you speak about global parity with the United States, do you speak about parity only in the global sense (meaning that disparities within areas are not important so long as parity is achieved overall)? Or do you see the necessity of parity within every area itself?" Until three years ago the Soviet military would have answered that global parity is essential and that regional parity would be required only in Europe. Two years ago the military would have specified two areas—the Western Pacific in addition to Europe. In short, Soviet military expenditures in the Pacific are greater now and, in fact, are increasing more rapidly than expenditures relative to the central theater in Europe.

The movement of the aforementioned center of gravity toward Asia can also be seen in the fact that Japan, which until recently had been primarily interested in economic questions and was "only" a great economic power, has decided to become a great political power as well. Indeed, Japan is currently strengthening its political ties with various countries, and its political influence has grown immensely in many areas—especially the Middle East and Brazil. Needless to say, this development is regarded by the Soviet Union as a major blow to its position in Asia.

A related phenomenon is China's modernization. I cannot predict whether the Chinese will achieve all they want to achieve. I must simply say that what is happening in China is potentially the third most important event of the twentieth century following World War I and the development of nuclear weapons. The modernization of 1,300,000,000 Chinese over the next forty or fifty years is a very unlikely scenario. However, it is possible—given a good agricultural base that would provide food for the cities—that some regions near Shanghai, Beijing, and Canton will develop modern industry and, consequently, corporate arrangements with Japan, West Germany, and the United States. Therefore, even if China fulfills only 10 percent of its goals, we will see another Japan on the globe.

Another element in the change of the correlation of forces concerns the movement of continental Europe away from the notion of One

Europe—that is, away from the idea of a unified Western Europe. This can be seen in the relative economic decline of Western Europe, where the whole bureaucratic structure of major industrial organizations—so perfectly suited to the second industrial revolution—has proved quite unsuitable for the third industrial revolution. Hence the gap between the United States and Japan on the one hand and Western Europe on the other will likely increase.

One can see in Western Europe a growing difference in the approach to the Soviet Union displayed by that region and the United States. In some respects, Europeans judge the Soviets by the behavior they display within their region. They therefore view the Soviet Union as a very troublesome neighbor. But the United States, which views the Soviet Union from a global perspective—and in a more ideological way than does Western Europe—views the Soviet Union as an adversary.

Major changes in the Middle East are contributing, as well, to the change in the correlation of forces. The Arab-Israeli conflict there, which has been central to the conflict in the Middle East, has declined in relative importance; at the same time, the conflict within the Arab world—the Muslim world—has increased in importance. It is also there that the Soviet influence has reached a new low—the lowest point ever, in fact.

Finally, we come to the change in the United States. The decade of the late 1960s and 1970s was a terrible one for this country. It was a decade of the Vietnam War, a decade of retreat from its leadership role, a decade of neo-isolationism (or at least a lack of activism) in the international arena. And Watergate, which represented a major crisis—and ultimately a victory—for the democratic institutions of the United States, left a scar of disunity and doubt in the United States that has healed at last only in the past few years. Yet because of its economic performance and its recent surge of technology, the United States is in a better position now than before to use its power as a foreign policy resource.

This combination of factors leads me to conclude that a massive change (rather than a cyclical one) has occurred over the past six or seven years. This change will be considered one of the major political and military developments of the twentieth century. The nations that can adjust to that change will prevail in the 1980s and 1990s; those that do not adjust will defer.

How has the Soviet Union adjusted to the new international situation, to the changing world? In answering this question, we must point to the Soviet paradox. The Soviet Union is a country with enormous military power, but one that is also declining domestically and losing its “empire.” At the same time its aspirations for international dominance,

for equality with the United States, and for greater influence and power in the Third World have not declined. I do not believe that the Soviet Union will become the dominant international power because it simply does not have the resources. (Its military power alone is not a sufficient resource.) The real danger lies in its aspirations to become such a power.

How can such a paradox continue to exist? My answer is very simple: It has survived because of nuclear weapons. The Soviet Union and the United States are *not* equal powers. The latter is far superior in military, economic, and technological potential; without nuclear power the Soviet Union would today be in a militarily worse situation than it was in 1940. Nuclear weapons have equalized unequal powers—namely, the democratic nations and the Soviet Union. And nuclear weapons have proven useful to the Soviet Union in other respects as well. In particular, they have led to a decline in conventional military expenditures for both sides—in the case of the West, to probably one of the lowest levels in the twentieth century. At the same time, the growth of strategic potential in the Soviet Union has been paralleled by the development of conventional weaponry.

In addition, of course, the Soviets can use nuclear weapons to manipulate the legitimate fears of people in other countries. By contrast, such fears cannot be created or manipulated by the West in a country as closed as the Soviet Union.

As I noted earlier, the dimensions of the crisis that forms one side of the Soviet paradox are many. Politically, this crisis has manifested itself in the paralysis of leadership evident throughout the past five years. Socially, it has been expressed in terms of alcoholism, absenteeism, corruption, and thievery—social phenomena that Gorbachev is now trying to fight but that cannot be conquered simply by coercion. Other steps, such as social reforms, are needed. Culturally, the crisis has been reflected (even given the practice of censorship) in books recently published in the Soviet Union. Previously, books were characterized by Hollywood-style happy endings; now the futility and the emptiness of life is often presented. Depicted in one work are the efforts of a factory director to prevent the pollution of a river. He wins his battle and is promoted to a higher post. However, the director who succeeds him pollutes the river himself.

The Soviet Union's crisis has revealed a pessimism that was merely interrupted by Andropov and Gorbachev. The prevailing attitude stands in contrast to the optimism of the past, when people believed that the future belonged to communism, that the Soviet Union was catching up, that there were no fortresses the Bolsheviks could not conquer.

The very basis of the crisis, however, is economic in nature. The Soviet Union's current difficulties in this area have reached crisis pro-

portions primarily because they cannot be neutralized or even partly overcome by the methods used previously. In the past the Soviets threw capital and human resources toward development, but without paying sufficient attention to other elements such as technology.

The problems of the past were partly neutralized by a high level of growth that provided for investments and the ability to employ almost 3 million new people every year in the labor force. But this is no longer possible. The increase in the labor force has declined to less than 300,000 people a year, and the investment resources are therefore small.

The issue of investments is, indeed, an important one. The concern is not guns versus butter but guns versus investments and butter versus investments. Moreover, the factor of infrastructure plays an enormous role. The Soviet Union can be likened to a giant with huge muscles and a minuscule circulation system, given that the quantity and quality of its railroads, storage places, and so on, are insufficient relative to the enormous economy of the country. The amount of waste involved is thus incredible (e.g., about 20 percent of harvested crops are wasted).

Finally, I must mention from this economic point of view the idea of the fitness of the system to particular tasks. The Soviet system has certainly succeeded in some economic tasks. It was successful in building its steel industry and in mobilizing its vast resources for the development of smokestack industries. It was very successful in military development and mildly successful in the mass production of consumer goods. But it has been quite unsuccessful with regard to agriculture.

We turn once again to the third industrial revolution, a revolution of information and communications. The fit of the Soviet system to this type of technological development has been even worse than that for agriculture. This is the case not because the Soviet Union's computers are outdated (in fact, they *are* a generation or two behind), but primarily because its social and political systems simply do not provide the adaptability, exchange of information, and equipment sufficient to maximize productivity. Therefore, in my opinion, even if the Soviet Union increased its computer production by ten times, it will remain unable to use those machines productively (as they are used in the West) unless it changes some basic rules of planning.

The crisis I have described thus far is a crisis of effectiveness, then—not a crisis of survival. Those who expect the Soviet Union to disintegrate because of its nationality problems, who believe that the Soviet Union is politically unstable, who think that there is a new arms race and that we can push and push until it explodes—such people are, in my opinion, very much in error. This crisis of effectiveness has no precedent in the history of the Soviet Union. If it is not overcome, if the trend is not

reversed, the Soviet Union, in the words of Gorbachev, will not enter the twenty-first century as a respected great power.

How can the new Soviet general secretary make his way out of this crisis? Those who think in terms of a Hungarian reform or a Chinese revolution are simply mistaken. The Soviet Union's primary goal was best described by Shevardnadze before he became foreign minister (i.e., while he was still the boss of Georgia): "to improve the economic mechanism based on the existing economic mechanism." In other words, the economic mechanism must be improved without fundamental (i.e., structural) reform.

Gorbachev wants to increase social and managerial discipline, to bring science and technology closer to industry, to fight and finally abolish all the accumulated irrationalities that resulted from the idiosyncrasies of the leadership over the past five years. By doing so, Gorbachev would change the trend and slightly improve the Soviet performance. (For instance, between a quarter and a half of a point could be added to the country's GNP, which has recently grown at the rate of 2 percent a year.) Whether he will succeed in this partial improvement I cannot say for certain, of course. But my opinion is that he will succeed in some respects; if nothing else, his personnel policy will yield some positive effects.

I have no doubt at all, however, that the improvements brought about by Gorbachev's policy—a policy that does not include structural reform—will be small. Moreover, they will be exhausted by the end of this decade.

Soviet policy can be broken down into four key objectives. The first is to improve the Soviet image in the international arena—that is, to regain the fear and respect commanded by the Soviet Union in the 1970s. In my opinion, the USSR's image can be improved primarily by means of a hard-line stance. (Such a stance is apparently being taken in Afghanistan, given the intensification of fighting, the greater pressure being placed on Pakistan, and the increased intrusion into Pakistani airspace. We also see evidence of this stance in the Soviet Union's relations with Eastern Europe, where the countries of the region are being pressed to contribute more to the Soviet Union's buildup and at the same time to be politically orthodox.) The main instrument of the Soviet Union's improved image may well be Gorbachev himself. But I do not know how long this image will last.

A second goal of Soviet foreign policy is to tarnish the United States' image of invincibility—specifically, by revealing and exploiting its vulnerabilities. I think it was Adam Ulam who developed the idea that one can divide Soviet policy within every period into two types: as either the policy of a speculator or the policy of a rentier. For the

speculator, the risk is high but the return is large. The rentier, on the other hand, has a slow return but perfect security. I think that, at present, the Soviet Union's policy with regard to the United States is that of a rentier.

The Soviet Union does not have to make trouble for the United States; it can simply exploit the troubles that already exist. I am speaking here primarily about such regional danger spots as the Philippines, Pakistan, the Korean peninsula, and, of course, Central America. The Soviet investment has increased, but not to the point where a confrontation with the United States is imminent; yet the level of investment is sufficient to ensure that the United States' anti-Sandinista policy will not go beyond the arming of the Contra army and that the Sandinista government will survive.

A third goal of Soviet policy pertains to Western Europe and, in my opinion, will be directed toward Japan. It involves an attempt to start a peace offensive. (The summit meeting is one such beginning, I believe.)

The fourth and final goal is arms control. I believe that the Soviet Union now really wants such control. Whether it will agree to the steps that would make possible a comprehensive arms control agreement in the negotiations between the United States and the Soviet Union, nobody knows. But given the international and domestic position of the Soviet Union, one can clearly see why it would choose to avoid an arms race that could prove very costly. Such an arms race could actually provide the United States with a first-strike capability against the Soviet Union that would not be reciprocated—particularly in the event that the United States develops a form of space defense that would defend existing U.S. ballistic missiles. At any rate, I think there is a chance that the Soviet Union is sufficiently interested in arms control to agree to a program that would be acceptable to both sides.

In conclusion, I see neither a peaceful period in front of us nor an apocalypse. I think that in order to anticipate what will happen, one has to learn the lessons implicit in what has already happened. Here are four of the most important lessons.

First, regardless of atmospherics, regardless of various hopes, the political differences between the United States and the Soviet Union are so large and go so deeply into history, into the mindsets and objective interests of the leaders, that conflict—not cooperation—will for the foreseeable future be the dominant element in U.S.-Soviet relations.

Second, I see a lesson in the fact that nuclear deterrence as the key concept of the atomic era really did work throughout the past forty years. Even after the Soviet Union achieved parity, deterrence worked quite well. We should try not to move away from the idea of deterrence. Indeed, we must rely on that idea. Of course, we would prefer a