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~~Top Secret~~
[Redacted]

6.2(d)

USSR: Baltic Republics Gain Limited Economic Autonomy

Although a law adopted by the Supreme Soviet last week gives the three Baltic republics considerable economic freedom, Moscow retains key levers of economic control. The law does not give those republics the exclusive ownership of their land and natural resources they had demanded, keeps key sectors of the economy and some industrial enterprises under Moscow's control, and continues to bind the three republics to state orders and dependence on centrally allocated resources. It lets them set up independent banks, create financial markets, control prices and wages, and introduce their own currencies for intrarepublic use. [Redacted]

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Comment: The law is a victory for both the Baltic republics and President Gorbachev, who reportedly maneuvered behind the scenes for its passage. Gorbachev believes greater Baltic economic autonomy will dampen secessionist sentiment and provide a favorable testing ground for his reforms. The law also will aid moderate nationalists who believe independence can be won by working for gradual change through existing institutions. While some of its language is ambiguous and contradictory, the Baltic republics will take the law as a green light to press for reintroducing private property and a market economy. [Redacted]

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NR Record

~~Top Secret~~
TCS 2982/89
6 December 1989