

Cash-strapped Kremlin cuts and runs

The KGB has warned the Kremlin that it may not be able to control the situation if massive, European style popular demonstrations erupt in Moscow and other major Soviet cities.

Sources close to the USSR's most senior leaders tell me this ominous message was delivered to the ruling Politburo within the past two weeks.

Interestingly, the Soviet leadership is not at all afraid that the surging tide of East Europe's anti-communist revolution will sweep into the USSR. The Soviet people don't care at all about East Europe: Their preoccupation is with growing shortages of food and consumer goods.

Within the Soviet leadership, recent events in East Europe are being viewed with detached calm. Mikhail Gorbachev took the decision months ago to "write off" the Soviet allies and pulled the plug on their communist parties as a peace offering for the Malta summit. Why? Because the cash-strapped Soviet Union simply couldn't go on footing the bill for the Warsaw Pact.

The prevailing mood in the Kremlin is relief and good-riddance: "...let the West take over supporting East Europe — particularly those lazy Poles."

Cuba, I am told, will be the next victim of Kremlin cost-cutting. Gorbachev will soon slash most Soviet subsidies and arms aid to Cuba — and tell Castro to go make up with Uncle Sam. Nicaragua's Stalinists will also get the same message.

Massive aid to the Afghan communist regime will continue, however. The Kremlin fears a victory there by the Islamic resistance would ignite a rebellion among Soviet Central Asia's Moslems.

The restive Baltic republics have been quietly reminded of their economic dependence on Moscow by cutoffs of raw materials and luxury goods.



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But the Kremlin's main worry is about the Russian heartland. Eyes are now on Leningrad, where revolutions traditionally begin in Russia. Last month 100,000 people demonstrated in Leningrad, demanding that every Politburo member in Moscow be fired — with the exception of Gorbachev. More overtly anti-communist protests are expected — and this at a time when the entire regional communist party apparatus has just been purged.

Even more worrisome, the Kremlin is watching the onrushing spectre of mass protests over shortages with a sort of paralyzed terror. The problem is simple. Food and basic consumer goods have been subsidized for decades: Their prices are ridiculously low. The key element in saving the wretched Soviet economy before it collapses totally is price reform. This means prices must go way up to realistic levels on items like food, rent and transportation.

Glasnost has told the average Russian that things are awful and he deserves much better. But it has not educated him to the hard fact that making life better means working harder. Russians are now demanding more consumer goods and services — but at the old, absurd prices.

So far, scared-to-death Kremlin leaders have not been

able to bite the bullet and raise prices. This, they fear, would ignite massive national protests that could easily topple the party from power. But while they wait, consumers are growing angrier by the day — and the nation's morale is plummeting. The expectation of disaster has sparked widespread hoarding of goods. There may be no detergent in the stores, but everyone seems to have a six-month supply at home.

Gorbachev is now being pressed by reformers like Andrei Sakharov to resign as communist party leader and remain only as head of state. Or even to start his own communist (Gorbachev) party to oppose the rotten old one. The reasoning behind these ideas is that when the inevitable blow-up comes, popular anger will be directed against the Communist party, not the parallel government or the new parliament. A revolution of sorts, or at least a mass catharsis, may be necessary to uproot the old party. The trick will be not to throw out Gorbachev with the dirty socialist bathwater.

In the midst of all this turmoil and hubbub, there is one very jarring note. As the Berlin Wall crumbled last month, the KGB and East German intelligence sent large numbers of agents through the gaps. Soviet spying activities against the West, say my Moscow sources, are at an all-time high.

The former grand master of East German intelligence has popped up as a leading reformer. In Moscow, the KGB is solidly behind Gorbachev's reforms. Why, when both sides say East-West tensions are at their lowest point ever, this upsurge in spying?

The Russians are brilliant, long-term strategists. Perhaps they are preparing for the day when these current storms blow over, and Mother Russia can go back to being her old self.