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TRENDS AND IMPLICATIONS OF SOVIET POLICY

Report by the Expert Working Group(1)

I. GENERAL

In 1967, with a stable team firmly in control, the main internal preoccupation of the régime is still with economic questions. The fiftieth anniversary of the October Revolution and its spectacular celebrations will provide the means of covering up domestic wrangles, reviving patriotic ardour and buttressing a policy of which the key note is caution.

2. In foreign affairs, Soviet policy shows the following features:

- relations with China have continued to be strained, at times nearing rupture;
- towards the United States, Soviet criticism regarding Vietnam has recently become even sharper but this has not meant that the door has been closed on co-operation in some fields, particularly space questions and arms limitation;
- towards a number of Western countries, the Russians have shown increased interest in making political, economic and technical contacts, but this has nowhere been accompanied by the slightest political concession to the West;
- lastly, in regard to Eastern European countries, Moscow has opposed any independent action on their part.

After the formation of the new Government of the Federal Republic, there was a short wait before the renewal of Soviet attacks on Bonn. The purpose of these is to counter Bonn's initiatives in Eastern Europe, to prop up the Pankow régime which faced a threat of isolation, and to maintain the status quo in Central Europe. Similarly, Soviet policy steadily seeks to weaken NATO and to separate the United States from Europe.

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3. As evidenced by the spate of journeys and meetings, bilateral and multilateral in recent months, there was felt to be a threat to the harmony of views of Warsaw Pact countries under the baton of Moscow. The absence of Rumania and Yugoslavia from the Karlovy Vary Conference of European Communist Parties showed, moreover, that Moscow still faces a problem of heading back into line those who want to assert greater independence of action.

4. While the member countries of the Alliance should be realistic about the true aims of the Russians when they proclaim their desire to improve relations with the West, and must show prudence in regard to "détente", they can derive benefits which are by no means negligible from increasing contacts with the East. It is most important, however, that they should keep their information up-to-date and consult together regularly on Soviet policy and its manifold aspects, which are often of great complexity.

II. INTERNAL

5. Despite the continuing enhancement of Brezhnev's pre-eminent position, Kosygin's authority remains undisturbed. The principle of collective leadership continues, although some disagreements over policy are detectable and recent police appointments may have a political explanation. The desire not to rock the boat in the 50th anniversary year reinforces the natural tendency of the collective towards avoidance of major innovations in controversial areas.

6. Marshal Grechko succeeded the late Marshal Malinovsky as Defence Minister, with a consequent reshuffle of the high command. No major changes in military doctrine are apparent. Absolute military expenditure, including space, continues to rise, although the percentage share in terms of Soviet GNP seems to remain constant.

7. Economic performance has been good, mainly because of the excellent 1966 harvest, a bonanza which may not, however, be repeated this year. The GNP was up about 7% in 1966 over 1965 and real per capita income increased by about 6%. Industrial growth rates were good but not uniformly high, while there was again a shortfall in investment.

8. Fulfilment of industrial management and planning reforms increased over the last quarter of 1966 but still lags behind schedule. The further implementation of the reforms will emphasise the urgency of finding effective solutions to the pricing and other problems. Any appraisal of the reforms should take into account the fact that the enterprises transferred to the new system were, generally speaking, the most efficient ones. Announced economic goals for 1967 are modest and do not call for significant new policies.

9. In general the régime shows a continuing indecision or inability to reach agreement on major long-term economic issues. The kolkhoz statutes have not been changed and the 1966-1970 five-year plan is still in draft form. This implies that the leadership has difficulty in agreeing on the fundamental problem of allocation of resources for defence, agriculture, industry, etc.

10. Current cultural policy is relatively permissive regarding the debate between "liberals" and dogmatists, but the scales appear weighted in favour of the latter and the régime clearly desires to avoid controversy in this jubilee year. There continue to be outcroppings of the nationality problem, notably in Moldavia and the Ukraine. Apparently well-founded reports of labour unrest continue to reach the West, but hard facts are scanty.

III. SINO-SOVIET RELATIONS: VIETNAM

11. Sino-Soviet relations came nearer to breaking point during the past six months than ever before. The Russians refused to be provoked by an apparent attempt by the Chinese to force a breach of diplomatic relations, probably because they wish to keep a foothold within China and because they hope for an eventual victory of moderate elements. No doubt with this in mind they pursued two tactics: they decided in December 1966 to concentrate the whole of their criticism on Mao and his personal entourage and also once again to press, when they judged it timely, for a new world conference of Communist Parties. They have not received full support for this idea, partly because of a widespread belief that the Russians might use the occasion to reassert control over the movement.

12. While China is a major long-term worry of the Soviet leaders, there is no reason to suppose that they over-estimate the Chinese threat in the immediate future. There is no sign that they are diverting reinforcements from Europe to the Chinese frontier, but they are taking precautions against continuing small frontier incidents. They will continue their efforts to offset Chinese influence in Asia. It is unlikely that fear of China will in the foreseeable future induce the Russians to make any substantial concessions on East/West questions, although the desirability of avoiding trouble on several fronts at once will be a factor they will take into account in their relations with the West.

13. Vietnam remains a key issue in Sino-Soviet relations. Moscow continues its efforts to demonstrate Chinese unwillingness to join in concerted action to support Hanoi. In shaping their Vietnam policy, the Soviet leaders must consider a complex of factors, including their interest in securing to themselves primacy within the world Communist movement, their apprehensions regarding still greater Chinese intervention in the conflict, and their strong desire to avoid a direct Soviet-American military confrontation. They are making serious efforts to enhance their influence in Hanoi and in public have not deviated from a position of complete support for the North Vietnamese and their determination to continue the war. They obviously favour the adoption by Hanoi of at least an appearance of flexibility on negotiation, but they have not, as far as we can tell, exerted any pressure to bring North Vietnam to the conference table. In general, the Russians seem to regard the risks of the Vietnam crisis as manageable and have indicated their intention to step up aid if there is an increase in American aid to the South. There have been signs recently that any intensification of the war may prejudice Soviet-American relations more seriously.

IV. SOVIET POLICIES VIS-A-VIS EASTERN EUROPE

14. Soviet policy in Eastern Europe has been concerned to strengthen the cohesion inside the Warsaw Pact which seemed to be further undermined by the moves of the Federal Republic of Germany to establish diplomatic relations with individual countries in the area.

15. In spite of the strong political and economic attraction for Czechoslovakia, Hungary and Bulgaria of adopting a more independent line on Germany, Moscow seems to have been successful, at least for the present, in restoring a certain identity of views on the basis of opposition to the Federal Republic of Germany. While there are still significant reserves in the attitude of the various partners, the bilateral treaties recently signed and those in course of preparation

have nevertheless resulted in a closing of the ranks in public and in slowing down Bonn's policy for the normalisation of its relations with Eastern European countries. They mark also a new effort to counteract the isolation of the Soviet Zone and to bolster its "statehood". This network of treaties might take the place of the Warsaw Pact should it and NATO be dissolved: whether this is a Soviet calculation is a matter for debate.

V. THE THIRD WORLD

16. Soviet policy towards the developing countries has taken no new turns, remains pragmatic, and continues to reflect a growing appreciation of the more traditional forms of Government relations instead of supporting revolutionary violence in pursuing its goals. This relatively new awareness, coupled with domestic economic considerations, has resulted in their applying stricter criteria in their aid policy. The Soviet leaders have sought to increase their influence in the Middle East, making an especial effort to improve relations with the states on their borders. In Latin America they have worked to expand their diplomatic and economic foothold, provoking in the attempt embarrassing criticism from Castro. They have shown less inclination to get involved in Africa. They have continued their efforts to gain the friendship of Asian countries, in particular the neighbours of China. However, relations with Indonesia do not show prospects of early improvement.

VI. POLICY TOWARD THE WEST

17. European questions have assumed greater importance in Soviet policy considerations during the past six months. Soviet policy is ambivalent, combining rigidity on the main political problems of Europe with a desire to develop, with a number of Western countries, closer relations from which they hope to derive political, economic and technological advantages. The Russians have good reasons to be interested in détente, though this is likely to be limited and selective in its application. They consider, however, that their advantage lies in consolidating the status quo in Central Europe and in strengthening the position of the Soviet Zone régime. They are working consistently for the isolation of the FRG and the weakening of the Alliance.

18. The Russians have continued to seek the support of the European powers for an as yet ill-defined plan for a Pan-European Security Conference. It has become clearer than during the preceding period that the Russians wish to keep the United States out of this meeting. The declaration published after the Karlovy Vary Conference contained a fresh call for a security system which would replace the two present treaties, the Atlantic Alliance and the Warsaw Pact, and would include a treaty on the renunciation of the use of force and of interference in internal affairs. The declaration also announced a major propaganda campaign during 1967 and 1968 against NATO.

19. The USSR loses no opportunity of attempting to isolate the United States in its propaganda and diplomatic manoeuvres. Moscow has continued to castigate the United States over its actions in Vietnam and to proclaim that improvement in relations with Washington is not possible as long as the bombardment of North Vietnam continues. There are recent indications, moreover, that the limited degree of Soviet-American communication on bilateral matters, maintained despite the Vietnam war, may diminish. The treaty on outer space was finally signed on 27th January; but some purely bilateral arrangements seem to be bogged down. Talks on the mutual limitation of offensive and defensive strategic weapons, to which the Russians agreed in principle earlier this year, still are not under way.

20. The Russians have shown willingness to continue discussions on the drafting of a non-proliferation treaty, in which they still seem genuinely interested. Disagreements persist over the question of safeguards in view of Soviet insistence that only International Atomic Energy Agency safeguards should be permitted. The Russians are also trying to maintain a nuclear power veto on amendments to the treaty. The rate of progress in the Eighteen Nation Disarmament Committee could diminish with a deterioration in the general political climate and particularly in the state of Soviet-United States relations.

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