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TRENDS IN THE SOVIET UNION AND EASTERN EUROPE
AND THEIR POLICY IMPLICATIONS

Note by the Chairman, Working Group of Experts on the
Soviet Union and Eastern Europe

At the meeting of the Working Group held 6th-10th November, 1972, eleven member countries were represented. National reports were submitted by five countries (France, Germany, Italy, United Kingdom and United States).

2. The attached report prepared by the Working Group covers the period from 5th May-10th November, 1972 and consists of eight parts, as follows:

- Part I: General Outlook
- Part II: Soviet Internal Policy
- Part III: Soviet External Policy
- Part IV: CSCE and MBFR
- Part V: Soviet Allies except the German Democratic Republic
- Part VI: The German Democratic Republic
- Part VII: Albania
- Part VIII: Yugoslavia

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N A T O C O N F I D E N T I A L

TRENDS IN THE SOVIET UNION AND EASTERN EUROPE
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Report by the Expert Working Group

PART I: GENERAL OUTLOOK

1. During the last six months the Soviet Union has encountered serious difficulties both in foreign and domestic policy. The stability of its leadership seems less assured than before, Brezhnev's pre-eminence, however, appears not to be affected. The removal of several prominent leaders seems to be attributable mainly to internal factors.

2. Soviet détente policy towards the West, which is partly aimed at freeing energies and resources for other uses (domestic as well as international) became institutionalized to some extent. At the same time the China problem remains a major factor in Soviet foreign policy formulation. Despite the imminence of the multilateral preparatory talks for the CSCE a distinct preference for bilateralism in the economic as well as the foreign policy fields has become even more evident. The claim to be a global power which has to be consulted on all major international issues has been pursued by means of a dynamic policy including the negotiation of treaties and the development of special relationships with different countries.

3. The major development in relations between the Soviet Union and the West was President Nixon's visit to Moscow in May. The positive outcome of this "summit" meeting showed that the Soviet leaders want to continue their policy of rapprochement and co-operation with the United States in certain areas of common interest.

4. On the other hand, the Soviet attitude to the European Communities remains reserved. Moscow and its Allies look on the EEC as a "hard fact" which has to be taken into account and whose economic potential can contribute to their own development. However, the Soviet leaders also regard the Common Market as a political grouping which may limit their influence in Europe. The forthcoming Conference on Security and Co-operation in Europe, preceded by the multilateral preparatory talks in Helsinki, will no doubt prompt the Soviet Union to give a clearer idea of its intentions in this connection.

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5. The Soviet Union is continuing its general policy of penetrating the Third World, although it has encountered some difficulties because of Chinese policy. This is especially noticeable in Asia, where Sino-Soviet hostility has led Moscow to rethink its plans for a collective security system and given a new dimension to the Soviet-Japanese rapprochement - a process which is also complicated by Japan's territorial claims. Furthermore, the Soviet Union is being viewed with greater suspicion by the Third World countries, which increasingly see it as a great power motivated by self-interest.

6. The Soviet drive for ideological unity and homogeneity in the economic and foreign policies of the Warsaw Pact countries, as exemplified by the Crimean meeting of Communist Party leaders, is being pursued with increased vigour in view of the forthcoming CSCE and MBFR.

7. Uncertainties in Yugoslavia suggest the utility of continuing consultations within the Alliance regarding Yugoslav developments and their implications.

PART II: SOVIET INTERNAL POLICY

8. Despite a number of recent difficulties for the Soviet leadership there have been no profound changes on the internal political scene. The setback in the Middle East and the harvest failure may have made Brezhnev more vulnerable to criticism and therefore more cautious but there is no evidence of serious division in the leadership. In general his policies enjoy Party approval and his personal skill, especially in his dealings with the collective leadership suggests that his position will not be affected unless there are further reverses which could be directly attributed to him. At the same time there are doubts about Brezhnev's health.

9. The near crop failure, caused by unusually severe weather throughout the year as well as poor management, has forced the leadership to commit itself to unprecedentedly large imports of food and feed grains from the West at a cost of nearly \$2,000 million. Part of the cost will be met by a US credit of \$500 million but the rest will have to be financed by the increased sales of gold and/or a cutback in imports from the West in other sectors. The setback in agriculture will have an impact on branches of industry dependent upon agricultural raw materials as well as upon the consumer programme and this may jeopardize the achievement of some major Five-Year Plan goals. The commitment of the régime to satisfy the expectations of the Soviet people in the consumer field is likely to give rise to serious problems in the allocation of resources.

10. There has been no relaxation in the efforts of the Soviet Authorities to impose strict internal discipline. Repressive measures against dissidents have been stepped up. Official propaganda about the Soviet nationalities policy in connection with the forthcoming 50th anniversary of the formation of the USSR has failed to conceal increasing signs of nationalist unrest. Nationalist tensions also exist at the Party level and may have played some part in the demotion of the Ukrainian Party leader Shelest and the retirement of the Georgian Party leader Mzhavanadze. The Jewish population continues to be harrassed by the Soviet Authorities but at the same time emigration at a fairly high level is still being permitted. An education tax has been imposed on emigrants to non-socialist countries but following adverse international reaction, the authorities are not applying the tax consistently and their future policy on this question is not clear.

11. The various manifestations of dissent do not in the short-term present any threat to the stability of the régime but added to present economic difficulties, confront the leadership with a wide range of domestic problems.

PART III: SOVIET EXTERNAL POLICY

12. The agreements concluded during President Nixon's visit to Moscow and with the Western powers on the German/Berlin issues, as well as progress toward convocation of a CSCE, have demonstrated the increased Soviet commitment to détente policies in the West. The desire for accommodation with Europe and the United States is based on Moscow's desire to consolidate its sphere of influence, its increasing involvement in other parts of the world and its need to gain access to Western trade and technology; these two latter factors are likely to serve as constraints on Soviet efforts to exploit differences in the West. In particular, economic ventures already concluded and planned tend to put a solid foundation under Moscow's inclination toward a more stable relationship with the West.

13. While the Soviets remain opposed to West European economic integration and its political aims, they have continued to demonstrate their recognition that it is a reality that they will have to live with. Their more moderate attitude was reflected in apparent acquiescence in prospects for Austrian and Finnish association with the EEC. The Soviets would prefer to maintain bilateral economic relationships with the EEC member countries, but may find themselves forced to adopt a more flexible approach. In any case, they will endeavour to co-ordinate closely the relationship of the East European countries with the Common Market.

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14. Moscow seems to have gained some success in its efforts to foster unity and to achieve more cohesion in foreign policy within the socialist camp. The presence of Ceausescu at the July meeting of Warsaw Pact members in Crimea, Rumanian co-operation in sending observers to large-scale Warsaw Pact manoeuvre "Shield 72" in Czechoslovakia and acceptance of Soviet and Bulgarian participation in a small-scale Warsaw Pact exercise in Rumania in October, might be taken as some indication both of a more conciliatory Soviet approach and of a more responsive attitude on the part of the Rumanians.

15. The welcome accorded to Tito in Moscow during his visit in June seems to indicate that increased co-operation and exchange and stronger links between Belgrade and Moscow are possible, despite ideological differences.

16. With regard to Czechoslovakia, the Soviet news media's zeal, albeit belated, in defending the Prague Trials against Western criticism was a further demonstration of support for the present leadership which continues to be very responsive to Soviet requirements.

17. Soviet-Hungarian economic differences have not been fully resolved, despite numerous negotiations since Premier Fock's visit to Moscow.

18. A new and unexpected situation confronted Soviet Middle East policy with Sadat's expulsion of Soviet military advisers in July. But Moscow was quick to offset what seemed at first a heavy setback for the Soviet position in the area by intensifying its efforts in other countries of the region and most notably in Syria and Iraq. At the same time the Soviets reacted cautiously to Egypt's move in order to avoid a further deterioration in their relations. Lately there has been some improvement although the recent visit of Sidqi to Moscow does not seem to have achieved the basis for a new kind of working relationship between the two sides. The Russians probably expect that Egypt's continuing military weakness will lead to a renewed dependence on the USSR. As for the Arab-Israeli conflict, there is no indication of any change in the Soviet attitude. Although the setback in Egypt had some negative effect on the Soviet strategic situation in the area, the Soviet naval presence in the Mediterranean has not been reduced.

19. Coming only a few months after Mr. Nixon's trip to Peking and after China's admission to the United Nations, the visit to Peking by the new Japanese Prime Minister, Mr. Tanaka, has strengthened China's position on the Asian scene and opened up the long-term prospect of an "Asia for the Asians" alignment which would tend to prevent Moscow from exercising a strong influence in the area. The visit gave rise to renewed Soviet

concern over Chinese intentions, and also to displeasure at the Japanese attitude, as was made clear during the Gromyko-Ohira talks in October. At these talks, the Soviets showed no sign of being more accommodating over the territorial question. In this connection, the Russians have since the beginning of the year, been concentrating to a greater extent on their collective security scheme for Asia. However, these plans have met with a setback in the Sino-Japanese rapprochement and, as a result, the Soviets now seem inclined to be more flexible about the system they propose to establish.

PART IV: CSCE AND MBFR

20. At present, the Soviet Union apparently hopes that the CSCE will result in the consolidation of the territorial - and political - status quo in Europe, the recognition of Moscow's right to keep watch on European affairs as a whole and the erosion of Western unity. As the Russians see it, the ratification of the division of Europe should enable them to devote more energy to their economic development, security and diplomatic activities.

21. With this in view, Moscow is thinking in terms of short preparatory talks - the main purpose of which would be to decide on the Agenda for the CSCE proper to be followed by an initial, formal Conference, which would be fairly brief and would be confined to the preparation of a binding document setting out certain basic principles to govern relations between states. The Soviets seem less inclined to make a thorough study of other Agenda items, although they are still pressing the proposal they launched some time ago for the establishment of a permanent body to pave the way for subsequent conferences and ensure the implementation of CSCE decisions.

22. While generally supporting the Soviet views on aims and means, Moscow's Allies sometimes show signs of hoping that the Conference will enable them to assert their national identities more strongly and to obtain concrete advantages in terms of economic and scientific co-operation.

23. The USSR has accepted some parallelism between CSCE and MBFR but continues to argue that the one should not be dependent upon the other. The sequence of events now foresees initial MBFR exploratory talks in January and negotiations on force reductions in autumn 1973, to be held at a place other than Helsinki. As far as substance is concerned the Soviets to date have opposed the Western concept of "balanced" reductions.

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PART V: SOVIET ALLIES EXCEPT THE GERMAN
DEMOCRATIC REPUBLIC

Poland

24. Gierek has consolidated his position within the Party and in the country. He has maintained a conciliatory attitude towards the workers and has not taken the inevitably unpopular measures which the economic situation demands. The price freeze imposed after the crisis of December 1970 has recently been extended. Economic and social reforms announced at the same time have yet to be implemented.

25. Following the stabilization of the internal situation in 1971, Poland has, in recent months, intensified its activities in the foreign policy field towards its allies, the West and the non-aligned countries. In its relations with other Warsaw Pact members the consequences of the opening of its frontiers with the GDR have been of special importance. A feature of Polish policy towards the West has been an emphasis on economic co-operation. France, which Gierek visited in October, and the Scandinavian countries have received particular attention.

Czechoslovakia

26. Husak continues to enjoy Soviet confidence and persists in his efforts to overcome political apathy amongst the Czechoslovak public. Measures of consolidation have continued, such as the creation of new organizations for journalists, writers and artists under the strict control of the régime. The series of trials in the course of the summer was designed more as a deterrent and a warning than as a settlement of accounts with the reformers.

27. Domestic preoccupations inhibit Prague from taking any initiatives in the foreign policy field. Although the régime has emphasized its willingness to come to an agreement with the Federal Republic of Germany, it has not, as yet, shown any flexibility in its attitude to the Munich Agreement.

Hungary

28. The Hungarian leadership has continued to demonstrate a flexible and progressive approach to economic and monetary policy. Various economic restraints applied earlier this year in order to resolve problems created by an imbalance in foreign trade and the setbacks in the investment programme, appear to have been relatively successful.

29. Hungary has continued to develop contacts with the West and there has been a marked improvement in relations with the United States. Nevertheless, in her foreign policy, Hungary continues to avoid initiatives which might cause friction with other Warsaw Pact members.

30. In her relations with the Soviet Union, Hungary attaches special importance to achieving an agreement on long-term raw material supplies. Such an agreement does not yet, however, appear to have been reached.

Rumania

31. Following Ceausescu's successful performance at the National Party Conference in July, the Party and Government reshuffle in October appeared to be designed to strengthen further his control.

32. Ceausescu's participation in the Crimea Conference in July, together with increased Rumanian involvement in the activities of CEMA and the Warsaw Pact, suggest some improvement in Rumanian relations with the Soviet Union. At the same time, Rumania has not abandoned the principles of its independent foreign policy. Neither does the intensification of co-operation within CEMA amount to any reduction in Rumanian economic relations with the West. Rumania has been the first Warsaw Pact country to recognize the European Community and has applied for inclusion in the EEC generalized preference scheme. Rumania has also applied for, and is expected to obtain, membership in the International Monetary Fund and the International Bank for Reconstruction and Development.

Bulgaria

33. Zhivkov continues unchallenged in his personal position as Party leader and Head of State. Relations with Yugoslavia have become more relaxed. Bulgaria has shown signs, in recent months, of wishing to expand its contacts with the West.

PART VI: THE GERMAN DEMOCRATIC REPUBLIC

34. In the GDR, Party Chief Honecker has been able to strengthen his position. There are no signs of changes in the leadership. On the domestic scene, the régime has taken a number of measures which have been favourably received by the population and may thus make the state more attractive.

35. In intra-bloc relations - characterised by unconditional loyalty towards the policy of the Soviet Union - the main features have been ever-closer co-operation with the Soviet Union itself and efforts towards socialist integration, especially with Poland and Czechoslovakia, with which technological co-operation is most easily possible thanks to their comparable level of development. Efforts are being made to suppress memories of the 1968 invasion.

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36. Developments in the GDR show that the Federal Government's Eastern policy and the intra-German arrangements have caused problems for the SED leadership. The travel facilities created for West Berliners and the inhabitants of the Federal Republic by the Four-Power Agreement on Berlin and the German agreements have provided possibilities for contacts and awakened more ambitious hopes among the GDR population which apparently has to be kept under control by an intensified ideological campaign, strict party instructions concerning behaviour during visits, effective frontier protection measures and the propaganda urging visits to socialist countries instead of Western countries. The conclusion of a general relations treaty as a result of the Bahr/Kohl negotiations will have noticeable effects in this field as well.

PART VII: ALBANIA

37. Albania is cautiously broadening the range of its bilateral contacts with the West. With the exception of Rumania, relations with the Warsaw Pact countries remain strained. There seems to have been no further improvement in relations with Yugoslavia. There have still been no indications of the way China's new rôle in world affairs may affect Albanian foreign policy. Neither is there any evidence to suggest as yet that Albania has revised its negative attitude to a CSCE.

PART VIII: YUGOSLAVIA

38. The current situation in Yugoslavia is characterized by a contradiction between the present de-centralized governmental and economic system and the centralized Party control which Tito is endeavouring to re-assert. An apparent stabilization of the internal situation after last year's purges in the Party leadership in Croatia was followed this October by major changes in the leadership of the Serbian Communist Party. The resignations, forced by Tito, of Nikezic, the Serbian Party President as well as of its Secretary, Latinka Perovic, led to other resignations in solidarity, notably by Foreign Minister Tepavac and by Koca Popovic, a Praesidium member and former Foreign Minister. Changes have also taken place in the leadership of the Slovenian and Macedonian Party Organizations.

39. The purpose of these changes seems to be to lead the Communist Parties of the various Republics back into subordination under the Central Party leadership. Tito's current aim is to correct what he considers to be an imbalance brought about by the radical de-centralization after the constitutional and economic reforms and by the resurgence of nationalism. In his thesis, Tito clearly sees the need for

Yugoslavia to have a strong and unified Party to keep it together. He has stressed the need to re-vitalize Communist ideas and to fight "liberalism". It is difficult to foresee what the consequences of the present crisis in the Party and the resulting uncertainties in the country as a whole might be for the future, especially in the post-Tito era.

40. The economic reform has had partial success especially in foreign trade with a reduction in the trade deficit and a surplus in the balance of payments. However, negative factors include a dangerously high rate of inflation and a lack of liquid funds in many enterprises.

41. The improvement in Yugoslavia/Soviet relations marked by Brezhnev's visit to Belgrade last year, continued with Tito's visit to Moscow this June. An agreement was subsequently concluded in November on future economic and technical co-operation, providing for a Soviet credit of the equivalent in soft currency of US \$540 million at a 2% rate of interest.

42. At the same time, Yugoslavia continues to intensify its relations with the West and to counter-balance increased co-operation with the CEMA by broadening its relations with the European Communities. The re-negotiation of Yugoslavia's agreement with the EEC which expires in April 1973 will be of special importance.

43. Yugoslavia persists in its efforts to strengthen its position within the non-aligned world and has taken a special interest in the idea of a conference of non-aligned Mediterranean countries.