

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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ACTION SHEET
C-M(73)52

TRENDS IN THE SOVIET UNION AND EASTERN EUROPE

Action Sheet

At its meeting of 5th June, 1973, the Council took note of the report by the Expert Working Group in document C-M(73)52.

2. See C-R(73)35, Items IV, V and VI, paragraphs 18 to 24.

(Signed) E.G. LUFF
Acting Executive Secretary

- Notes:
- (1) This Action Sheet is part of, and shall be attached to, document C-M(73)52 as the top sheet
 - (2) This Action Sheet may be considered as "Unclassified" when separated from the document to which it refers

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28th May, 1973

DOCUMENT
C-M(73)52

TRENDS IN THE SOVIET UNION AND EASTERN EUROPE

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

At the meeting of the Working Group held on 14th to 18th May, 1973, thirteen 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 11th November, 1972 to 18th May, 1973, and consists of two parts, as follows:

Part I: Policy Implications

Part II: General Assessment

- Soviet Internal Policy
- Soviet External Policy
- Eastern European Countries

(Signed) J. de LATOUR DEJEAN

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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

Report by the Expert Working Group

PART I: POLICY IMPLICATIONS

1. The strengthening of Brezhnev's position and the need for economic co-operation with the West, in view of internal economic stagnation, should guarantee the continuation of the Soviet policy of détente. This does not imply any erosion of Soviet military interests. At the same time ideological vigilance and control of all elements of society is being pursued, in order to ensure domestic discipline and as a counterpoise to Soviet détente policy.

2. Détente policy contains some promising features in the external field and suggests that the Soviet leaders will probably avoid provocative actions in world affairs. The CSCE may give rise to possibilities of a real negotiation on concrete matters. The concessions which the Soviet leaders have made in bilateral relations and at the MPT indicate the importance which they attach to improved relations with Western industrialized countries.

3. On the other hand, the Soviet leaders will have to be induced, at the CSCE, to discuss concrete improvements in East-West relations. So far they have been reluctant to discuss substantive issues in MBFR and have tried to use the exploratory talks to divide the Alliance. Moscow will also continue to seek to loosen ties between the Allies by developing bilateral relations. Continued Soviet military assistance to Middle Eastern countries, although at a lower level than before August 1972, is a potentially dangerous factor in an area where the interests of the West in oil supplies are of growing importance.

4. There is no sign of Soviet willingness to relax her grip on the policies of the other members of the Warsaw Pact. Alliance interests suggest that each East European nation be treated as an independent state rather than as a mere component of the Eastern bloc.

5. It is important to recognize that the existence of an independent, non-aligned Yugoslavia contributes to peace and stability in Europe and is, therefore, in the Allied interest. The Allies should support Yugoslav efforts to protect its unity and to maintain its independent non-aligned course. Increasing contacts between members of the Alliance and Albania could contribute to this. The Allies should be sensitive to Yugoslavia's need to preserve its arrangements with the European Community, which will allow continued

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strengthening of her economic ties with the West. Terrorist activity by Yugoslav emigré groups continues to concern Yugoslav authorities and could have an adverse effect on relations between Yugoslavia and certain member countries of the Alliance. Recent instances of this type of activity call for special attention on the part of the latter.

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PART II: GENERAL ASSESSMENT

A. THE SOVIET UNION

(a) Internal policy

6. If anything, Brezhnev's position has been further strengthened, at least in the foreseeable future by recent changes in the Politburo. Gromyko, Grechko and Andropov are regarded as supporters of present policies, both foreign and domestic. The addition of Gromyko and Grechko formalizes the consultative rôle they have played in Politburo deliberations. In addition, it may constitute an institutionalization in the highest Soviet decision-making body of the administrative positions they hold. The elevation of Andropov not only recognizes his position within the party but seemingly confirms the régime's determination to maintain strict ideological controls. The heads of the Foreign Ministry, the military and the security police now share responsibility for Soviet policy and not just its execution. Polyansky's appointment as Minister of Agriculture appears less disadvantageous to him in the light of these changes. It must be recognized, however, that he occupies a very difficult and sensitive position. While the part played by Brezhnev in the field of foreign policy has become considerably greater, the leadership as a whole ensures that its decisions remain collective; internal divisions in the régime are not apparent.

7. Soviet economic performance in 1972 fell well below expectations in both the industrial and agricultural sectors. Agricultural production was nearly 5% down on 1971. The non-fulfilment of the industrial plans was due partly to inefficient use of production capacity and delays in commissioning new plant. As a result of the serious setback in 1972, the plan for 1973 has been substantially revised and all major industrial growth targets have been reduced. However, the output goal for agriculture has not been trimmed. While the growth rate in heavy industry is only slightly reduced, that for consumer goods has been almost halved. On the whole, the marginal shift in favour of consumer goods originally announced has been eroded, at least temporarily. Investment and general expenditures for military purposes, however, appear unlikely to be affected by the overall output in any significant way, if at all.

8. Recently a reform of the industrial structure has been introduced. It provides for the amalgamation of enterprises into larger production associations and industrial corporations, and for bringing the industrial administration closer to day-to-day production tasks. The reform could have far-reaching effects on the Soviet economy but much will depend on the thoroughness with which it is implemented.

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9. Ideological vigilance is regarded in the Soviet Union as a necessary counterpart of détente. The Soviet régime continues to reaffirm the dogmas and to reassert party control of all national life. By stepping up its repressive measures and adopting more varied tactics the KGB has made significant inroads among dissident groups.

10. Jewish emigration continues at the same rate as in 1972. While imposition of the education tax has been suspended for an indefinite period, under pressure from abroad, a number of prominent Jewish professionals have not been permitted to emigrate.

(b) Soviet external relations

11. Soviet policy of rapprochement with the West continues and was once again confirmed by the April Plenum of the Central Committee of the CPSU, which can be seen as preparatory to the visits of Brezhnev to the FRG and USA. Détente policy has become the main instrument by which the USSR hopes to achieve its fundamental foreign policy objectives and consequently should be viewed as a relatively long-term undertaking. Increasing concern for the economic development of the Soviet Union is a major motive for this strategy.

12. In Europe the MEFT have been taking place at Helsinki since November 1972, in conditions which have apparently not fulfilled initial Soviet hopes in several important respects. They have tried to obtain Western agreement to a short, declaratory and essentially superficial conference but have been largely frustrated in this aim.

13. The USSR has had more success at the exploratory talks on MBFR. It has imposed delays on the discussions (partly to obtain concessions in Helsinki) and modified the proposed participation. Soviet attitudes to MBFR as a whole remain reserved and incompletely formulated.

14. Brezhnev spoke on 21st December, 1972 of the possibility of relations between the European Communities and the COMECON. But, in spite of this apparently forthcoming statement, the Soviet position remains ambiguous.

15. The Vietnam settlement has removed a major irritant to US/Soviet relations. Soviet statements continue to stress the importance of this relationship with particular emphasis on its economic aspects. The suspension of the education tax was a significant concession by the USSR.

16. Brezhnev continues to have personal contacts with Western leaders. He met President Pompidou at Minsk and is about to visit the FRG and the USA. These bilateral contacts are seen by the Soviet leaders as important in themselves as well as complementary to the multilateral meetings of recent months.

17. The question of the representation of West Berlin by the FRG has complicated FRG/Soviet relations. Nevertheless, Brezhnev's imminent visit indicates a continued desire to improve relations. Soviet aims are to loosen the FRG's ties with NATO and the EEC and to develop bilateral economic co-operation.

18. The current negotiations (CSCE and MBFR) have so far illustrated the success of the Soviet Union's efforts to ensure the discipline of its East European allies. There has been no sign that any East European country, Rumania apart, has at the moment any intention or possibility of asserting an independent line either at the talks or elsewhere.

19. In the Middle East, the Soviet Union has taken no initiatives towards a settlement of the Arab/Israel dispute. However, Brezhnev has expressed the hope for a settlement after the agreement on Vietnam. Following the low point reached after the expulsion from Egypt in 1972, the USSR has somewhat improved its relations with Egypt and has sought to strengthen its position in Syria. After consolidating its position in Iraq, motivated by its growing interest in the Persian Gulf area, it is endeavouring to keep its relations with Iraq and Iran in balance. There are hints in the Soviet press that the USSR may encourage the oil-producing Arab countries to exploit Western dependence.

20. Although Sino-Soviet relations have not changed significantly in recent months they have been made more complex by the development of Chinese relations with the West and with Japan. The prospects for Soviet relations with Japan have improved although neither side has surrendered points of substance. In South Asia the USSR continues to try to increase its influence, while preserving stability and a certain balance among the regional powers. They continue to attach prime importance to India although they have achieved some improvement in their relations with Pakistan. In Indo-China the Vietnam settlement brings a risk of reduced Soviet influence in Hanoi which they seek to balance with increased emphasis on Asian collective security.

21. Except in Somalia (where Soviet policy is related primarily to the Indian Ocean) there have been no major developments in Soviet activity in Africa. Propaganda and material support to various "liberation movements" continues. In Latin America the Soviet Union has provided considerable economic support to Chile and has concluded a series of agreements with Cuba tying it economically to the USSR for some 40 years ahead.

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B. EASTERN EUROPEAN COUNTRIES

(a) GDR

22. Since Honecker's appointment as chief of the SED, the Politburo as the collective leadership organ of the GDR - in which Honecker can count on a majority of loyal supporters - seems to have gained in weight. This period has been characterized by a stronger emphasis of the SED's leading rôle and close adherence to the Moscow Line.

23. In the economic field, the GDR has been returning to the principle of central economic control. This has put an end to the attempts made since 1963 to increase the efficiency of the socialist economic system by greater decentralization. For the current year, it is intended to raise further the standard of living of the population. In this context, the GDR is using trade with the West to supplement its production potential.

24. The treaties (Four-Power Agreement on Berlin, the Basic Treaty and the Traffic Treaty) have created expectations among the GDR population which in the opinion of the GDR leadership are not realistic and will have to be modified. The SED has therefore continued to intensify its campaign for "Abgrenzung" from the FRG. This includes administrative measures and psychological pressure by means of which internal German traffic is to be restricted and rendered more difficult. It is to be expected that this policy of delimitation will remain for an extended period of time a determining factor in the relations between the two German states, a factor which might also influence the contacts between the GDR and other Western industrialized states.

25. The establishment of diplomatic relations between the GDR and the Western countries is taking place step by step but not without some difficulties. The long-term implications of more intensive contacts between the GDR and the Western countries cannot yet be foreseen. There is an interest in such contacts to the same degree as in other countries of the Warsaw Pact. But there will hardly be a change concerning the priority of the GDR's relations with the Soviet Union and the other socialist countries. On the other hand, it appears possible that the GDR may, in future, give greater priority to its own specific interests once the fixation on the conflict with the FRG has declined. This might, in the long run, also affect its relations with the Soviet Union.

(b) Poland

26. From the standpoint of Gierek and the new leadership, the past year can be regarded as trouble-free inasmuch as they were able to consolidate and extend their powers. The latter half of this period has been a relatively quiet one in Poland; the controversy between Szydlack and Olszowski which was becoming acrimonious by the end of 1972 now seems to have faded into the background. The first Secretary of the POUP therefore seems to be firmly entrenched. The hopes of change following the switch of emphasis appear to have been somewhat disappointed. While living conditions have improved, there are still serious economic problems to contend with and a distinctly harsher social policy has recently been adopted.

27. As regards foreign policy, relations with the Soviet Union and with the other Socialist countries still come first in Gierek's Poland. In this connection, mention should be made of a definite improvement in relations with Yugoslavia and Rumania. The new Polish leadership seems bent on pursuing a foreign policy which, while offering reassurances to the Kremlin, would permit tentative moves towards a more liberal régime at home. So far they have not amounted to very much.

28. The distinct improvement in the relations between Church and State which followed Gierek's assumption of power has been reversed in recent months, although the Warsaw leaders appear to want to improve their official relations with the Holy See. There are plans for a visit by the Foreign Minister to the Vatican and this could conceivably be combined with the visit he is to pay to Italy in the coming months.

(c) Czechoslovakia

29. President Svoboda's re-election in March left the balance of power in the top leadership undisturbed. As he is old and in poor health the problem of the reshuffle involved in his replacement has, however, merely been postponed. The Czech-Slovak balance may prove difficult to maintain as both Husak and Bilak are Slovaks.

30. Brezhnev's visit for the 25th anniversary celebrations in February was presented as being informal and personal. It is evident, however, that he applied pressure in favour of a more conciliatory Czechoslovak attitude on the question of the Munich Agreement which has been manifested in the negotiations in April and May with the FRG. He probably also cast an eye over the general internal situation where there are signs (e.g. the February amnesty, the agreement with the Vatican in March to appoint four bishops and the subsequent appointment by the Pope of a cardinal) that the authorities are seeking some measure of increased popular support.

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(d) Hungary

31. An extended meeting on the Central Committee in November agreed on a number of economic measures to be implemented between 1973 and 1975. Despite appearances of a certain retreat from the principles of the New Economic Mechanism, the innovations are mainly correctives to existing policies and do not represent a radical change in the economic system.

32. There is no evidence that these measures were directly inspired by the Russians but they were given explicit Soviet endorsement during Mr. Brezhnev's visit to Budapest only a fortnight after the Plenum. This visit was something of a personal success for Kadar himself who has evidently decided, possibly at Soviet persuasion, to continue as Party leader in spite of his own desire for retirement.

(e) Bulgaria

33. In Bulgaria, the governing team still seems to be firmly in the saddle. However, increasing concern caused by a marked decrease in economic growth has resulted in the reprimand and removal of a number of high government officials, in particular leading officials of the State Planning Committee. The need to raise the standard of living of the population prompted the Party, in December 1972, to take a number of major economic and social measures, including wage increases affecting nearly 70% of the working population.

34. The talks in Sofia with Mr. Dolanc, a close aide of Marshall Tito, did not apparently bring the solution to the Macedonian dispute any nearer.

(f) Rumania

35. There is apparently no indication that the position of Ceausescu is in danger, notwithstanding the various government reshuffles which have recently taken place.

36. Although Rumania has given further demonstrations of independence at the Helsinki MPT and at the United Nations, and of nationalism in her recent defence law, her relations with the Soviet Union seem to improve. Rumania continued to express her sovereignty in different matters. Even the recent Grechko visit to Rumania appears to be more a bilateral exchange than a multilateral Warsaw Pact involvement. In the Rumanian view the CSCE continues to be an appropriate opportunity to underline the priority of national interests to the detriment of bloc policy. She anticipates that an eventual "permanent organ" should provide additional protection for her policy of independence.

37. As to her ambitious industrialization plans, Rumania is looking for more Western, but also for more Soviet, trade accommodations.

(g) Yugoslavia

38. Tito and other Yugoslav officials have stressed that there is no question of abandoning the non-aligned policy which has served Yugoslavia so well over the years. Recent moves to strengthen economic ties with the Soviet Union and other COMECON members, and the acceptance by Yugoslavia of Soviet development credits, do not, however, as some have speculated, signal a turn towards Moscow; Yugoslavia is continuing development of its economic ties with the West, and especially with the Common Market countries and the US.

39. Recent Soviet benevolence toward Yugoslavia is no doubt motivated by Moscow's desire to gain future leverage for use in the post-Tito era. The Yugoslavs understand this, but appear to consider the potential risk worth the very real gain of development capital for their underdeveloped areas. In the process of improving relations with East European Socialist countries, the Yugoslavs have reiterated their anti-"Brezhnev-doctrine" stand to make it quite clear that this normalization of relations in no way compromised Yugoslav independence.

40. Yugoslavia's leaders continue to see instability in the Eastern Mediterranean and the Middle East as posing a potential threat to the security of Yugoslavia and its neighbours. In particular, they fear that it might lead to further pressure for Soviet military facilities. They continue to press their contention that the only realistic hope for a peaceful solution lies in the intervention of the US and the USSR to press their respective friends to accept a compromise formula.

41. The new constitution to be promulgated this year, further decentralizes governmental power through the republics and provinces to local authorities and envisions a system of worker participation in government (the "direct delegate" system) designed to ensure that the worker will in fact have the final say on how he is governed. On the other hand, Tito's dissatisfaction with the sluggish implementation of the "action programme" adopted by the Party in January 1972 led him last autumn to take strong measures, in concert with Stane Dolanc, to force the removal of key individuals not willing to submit to central Party dictates and to reinforce a programme to strengthen discipline throughout the Party. Tito's objective appears to be to reform the party so that it can function as the all-Yugoslav institution he believes necessary to ensure effective action and continued unity among the nationalities

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under a decentralized governmental structure when he is gone. It appears that the process has now passed its zenith and that a return to a more normal level of internal political activity (albeit with a more highly disciplined Party) is now in process.

42. The question of the need to have viable institutions to succeed Tito was dramatically illustrated at the fourth LCY Conference on 10th and 11th May, when, explaining Tito's failure to appear, Dolanc said Tito would be giving up certain protocol functions to conserve his strength for more vital matters.

43. The creation of stable economic conditions in Yugoslavia is of decisive importance for the maintenance of the internal cohesion and the international position of the country. The stabilization measures taken up to now have been particularly successful in foreign trade (eliminating the balance of payments deficit); but other crucial problems (e.g. high rate of inflation, the illiquidity of many enterprises) have only partially been solved and may again have a negative effect. The Yugoslav leaders recognize the necessity that these problems be solved and seem willing to take the kinds of difficult and unpopular measures (such as wage and price controls and import restrictions) necessary to stop these trends.

44. Externally, Yugoslavia sees as critical to her future economic and political well-being a continued association both with the European Communities and COMECON which will prevent her from being placed at a disadvantage in her economic development. Ideologically unable at this juncture to join either group, Yugoslavia must have continued access both to resources and markets of both if she is to continue her present non-aligned course.

(h) Albania

45. In spite of the current ideological campaign mainly aimed at "protecting" the youth from influences from abroad, and traditional difficulties in fulfilling the economic plans, Enver Hoxha's position remains stable.

46. There are no signs of a change in relations between Albania and the Warsaw Pact. Recent overtures on the part of the USSR and Bulgaria have been formulated in such a way that they have rather hurt the Albanians' feelings than contributed to a thaw in their relations.

47. Relations with China appear to be unchanged in spite of increasing differences in attitudes to important foreign political questions following the change in Chinese foreign policy, such as the attitude towards the USA, the European Communities and the FRG. These differences seem not to have had any effect on Chinese aid to Albania, which is substantial but nevertheless too small to satisfy Albanian needs of capital under its very ambitious development programme. During the last year Albania has continued to establish co-operation with a number of Western countries, mainly in the economic field.

48. The Albanians realize that in security matters their fate is linked to Yugoslavia's and there are indications that they are interested in some kind of co-operation with the Yugoslav armed forces.