CONSEIL DE L'ATLANTIQUE NORD NORTH ATLANTIC COUNCIL



EXEMPLAIRE Nº 311

NATO CONFIDENTIAL

ORIGINAL: ENGLISH/FRENCH 8th April 1981 DOCUMENT C-M(81)12

THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

Note by the Secretary General

The attached report on "The Situation in the Soviet Union and Eastern Europe" has been forwarded to me by the Chairman of the Expert Working Group, which met at NATO Headquarters from 3rd to 5th March 1981.

2. This report will be placed on the Council Agenda on the 29th April 1981.

(Signed) Joseph M.A.H. LUNS

NATO, 1110 Brussels.

This document includes: 1 Annex

1.8

-2-

C-M(81)12

THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

Note by the Chairman of the Expert Working Group

- 1. Experts from Belgium, Canada, Denmark, France, Germany, Greece, Italy, the Netherlands, Norway, Portugal, Turkey, the United Kingdom and the United States met at NATO Headquarters from 3rd to 5th March 1981 to prepare the attached report.
- 2. This report covers the period from 25th October 1980 to 5th March 1981.

(Signed) M. LEVEQUE

-3-

C-M(81)12

THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

SUMMARY

		Paragraph Nos.
PART I:	SOVIET INTERNAL SITUATION	2 - 16
	(a) Political questions:	2 - 10
	- Leadership	2 - 6
	- Dissidence	7
	 Nationalities and religious issues 	8
	- Emigration	9
	- Repercussions of the Polish crisis	10
	(b) Economic questions:	11 - 16
PART II:	SOVIET FOREIGN POLICY	17 - 45
	(a) Internal section ofMr. Brezhnev's report to the26th CPSU Congress	17 - 26
	(b) Other developments:	27 - 45
	- Soviet Policy vis-à-vis Western Europe	27 – 28
	- Poland	29 - 31
	- Afghanistan	32 - 35
	 Brezhnev's proposals on the Gulf 	36 – 41
	- Iran-Iraq conflict	42
	- Latin America	43
	- East Asia	44
	- Africa	45
PART III:	THE POLISH CRISIS	46 - 53

C-M(81)12

4

		Paragraph Nos.
PART IV:	IMPACT OF THE POLISH CRISIS	54 – 60
IQU	- Warsaw Pact countries	54
1 B L	- GDR	55 - 56
E PI	- Czechoslovakia	57
UR	- Romania	58 - 59
ECT	- Bulgaria and Hungary	60
- MIS EN LECTURE PUBLIQUE - ALL TARA - ALL T	ECONOMIC SLOWDOWN IN WARSAW PACT COUNTRIES	61 – 65
PART VI:	YUGOSLAVIA AND ALBANIA	66 – 69
IFIÉ	- Yugoslavia	66 – 67
ASS	- Albania	68 - 69
Annex:	Sequence of events (from 24th Octobe 5th March 1981)	er 1980 to
DECLASSIFIED - PUBLICLY DISCLOSED - PDN(2014)0006 - DÉCLASSIFIÉ B C C C C C C C C C C C C		

-5-

C-M(81)12

THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

Report by the Expert Working Group

1. East-West relations continued to be subjected to considerable strain in the period under review. Events in the USSR and in Eastern Europe at the beginning of 1981 have come to a head in the context of the 26th CPSU Congress and the Polish crisis, with repercussions for the countries concerned, the Communist camp as a whole and East-West relations.

PART I: SOVIET INTERNAL SITUATION

(a) Political questions

Leadership

- 2. Lack of change has been the principal characteristic of the period under review. It was denoted by the virtual absence of significant alterations in the leadership. Mr. Kosygin resigned from the Politburo shortly before his death, and there were consequential adjustments in the government machine, but these did not involve any major change in the ruling group. Mr. Tikhonov's appointment as successor to Mr. Kosygin confirmed the habit of the Soviet leaders of preferring to co-opt tried and tested senior members of the party to choosing younger figures. There was little movement among regional Party Secretaries at the Republic Congresses which preceded the Congress of the CPSU itself from 23rd February to 3rd March.
- 3. The Congress provided a striking picture of immobility in the top leadership in that the entire previous Politburo was re-elected. All the full and candidate members of the Politburo, as well as the Secretaries of the Central Committee have been kept on, including Mr. Pelshe, who is now 82. No new members have been appointed, despite the gap left by Mr. Kosygin's death. It had been generally expected that at least Mr. Arkhipov would be promoted to full membership, which his predecessors as First Deputy Prime Minister have all been granted. Changes in the Central Committee were not unusual: although it was increased in size by 10% about 83% of those members of the previous Committee still alive were re-elected.
- 4. It may be that there will be personnel adjustments at the Central Committee Plenum which will follow the Congress in the Spring. Meanwhile, Mr. Brezhnev's position at the head

C-M(81)12

-6-

of the Party has been once again confirmed, but the immobility of the top leadership has also again shown how reluctant that leadership remains to face the problem of an eventual orderly succession to him.

- 5. It may be worth noting that changes at a somewhat lower level have affected two particularly sensitive sectors: the food-agriculture and advanced technology industries, controlled respectively by Mr. Gorbachev, a full Politburo member, and Mr. Dolgikh, a member of the CPSU Secretariat.
- 6. The other Soviet domestic policy indicators have not changed in relation to the preceding period.

Dissidence

7. Repressive measures against the dissidents have continued unabated with the leading figures in the dissident groups having been systematically removed from the scene. There is no sign of any let-up in this policy of repression.

Nationalities and religious issues

8. The nationalities and religious issues remain unchanged. They do not seem to be basically affected by the Soviet intervention in Afghanistan, the situation in Iran or the Polish crisis, although no conclusions can be reached about the possible longer-term significance of these events.

Emigration

9. Jewish emigration fell sharply in 1980 (20,000), as compared with 1979 (50,000). Departures increased slightly during the first weeks of 1981, although no conclusions can be drawn for the months ahead. The fairly high rate of Armenian emigration, which is primarily to the United States, remained unchanged. The German emigration proceeds on a much lower scale than in previous years and has in 1980 attained a total of 6,954.

Repercussions of the Polish crisis

10. Some of the factors in the Polish crisis might have been expected to have repercussions in the Soviet Union, especially on the Trade Unions, and Mr. Brezhnev duly commented on their rôle at the Congress. He urged them to make fuller use of the rights they already enjoyed without also emphasizing, as in 1976, that the task of the Trade Unions in protecting

-7-

C-M(81)12

workers' rights was predicated on the need to boost production and to improve labour discipline and productivity. In taking this line, however, it is doubtful whether Mr. Brezhnev intended any real development of the rôle of Trade Unions. The Head of the All-Union Council of Trade Unions said on 27th February that the Communist Party's leading rôle was "the most important principle of Trade Union organization in the conditions of Socialist Society".

(b) Economic questions

- 11. The economic guidelines laid down by the 26th Congress for the five-year period 1981-1985 are more modest. The main emphasis is laid on scientific and technological progress, food and agriculture matters, consumer goods and housing. No radical changes are to be anticipated for the economy and the Soviet consumer as a result of this plan. Investment targets are relatively modest. The growth targets for category A (heavy industries) and category B (consumer industries) show a very slight increase in the category B index. However, this is unlikely to be achieved, particularly since the disparities in the two groups' potential are extensive and operate to the heavy industries' advantage.
- 12. Soviet economic performance in 1980 was poor in both the agricultural and the industrial sectors. GNP went up by about 1.5% and industrial production by about 3.6%. Grain output was 6% higher than in 1979. However, this result is unsatisfactory in view of the poor harvest in that year.
- 13. Oil output increased by 3% but was 3 mmt short of the revised target of 606 mmt (the original target was 620-640 mmt). Coal output, at 716 mmt, failed to meet the plan as it did each year during the past five years, and fell absolutely for the second consecutive year. Natural gas output, however, met the plan target of 435 billion cubic meters. Among other key industrial materials failing to meet planned targets in 1980 were various steel products, chemicals (including mineral fertilizer and agricultural chemicals), cement, timber and paper products. Output of light and food industry, and of everyday household items, also fell below plan, leaving consumer demands for many basics largely unmet.
- 14. While the USSR is still able to meet its own energy needs and those of its Warsaw Pact allies, nevertheless coal production continues to be gloomy and oil production difficult which remains a cause of growing concern to the USSR.

C-M(81)12

-8-

- 15. The part of Mr. Brezhnev's report dealing with COMECON may indicate a Soviet desire to try out, over the next five-year period, a more integration-oriented approach, the aims of which are probably as political as they are economic. Confirmation of this trend will have to await one of the next COMECON summits.
- 16. In criticizing political obstacles to East-West trade, Mr. Brezhnev and Mr. Tikhonov indicated continuing interest in increasing trade with the Western countries but uncertainty as to the prospects.

PART II: SOVIET FOREIGN POLICY

(a) <u>International section of Mr. Brezhnev's report</u> to the 26th CPSU Congress

- 17. In its foreign policy section Mr. Brezhnev's report to the Central Committee of the Communist Party of the Soviet Union takes a relatively sober and moderate position on Soviet world policy as far as this is possible for the leadership. It appears to orientate itself on existing political realities.
- 18. Security policy dominates in the speech indicating the precedence accorded to the Soviet-American relationship. In comparison, Europe recedes to the background in the account. Those global themes being given special significance by other nations (i.e. North-South relations and energy questions) do not play a role in the account.
- 19. While at previous Party Congresses long-term foreign policy programmes had been drawn up, the concluding part of this year's report concentrates on the most topical international questions. Eight proposals are to be found in the foreground of the operational part of the report. Four of them deal with security questions: strategic arms, nuclear medium-range arms in Europe, CBMs in Europe, CBMs in the Far East. There are three proposals for conferences to discuss political solutions of existing crises (Middle East, Gulf/Afghanistan) and a special session of the UN Security Council. Finally, Mr. Brezhnev proposed an International Committee of Scientists for information about the consequences of atomic warfare.
- 20. With respect to international politics, Mr. Brezhnev's report bears the hallmark of continuity and constitutes a reaffirmation of the Soviet leader's policy. It is designed

-9-

C-M(81)12

to show the USSR and its helmsmen as responsible, peace-loving and willing to sit down and talk though there is no sign of concessions on the substance of Soviet policy.

- In its relations with the United States, the USSR guardedly hopes for some progress in resuming the SALT process and removal of the post-Afghanistan countermeasures, especially the grain embargo and constraints on technology transfer and These objectives - as well as a desire scientific exchanges. to contribute to European concerns over the dangers in the present state of relations - probably provided the rationale for Brezhnev's call at the CPSU Congress for a dialogue with the United States, including at the Summit level. Arms control appeared, moreover, to be the only area which the Soviets regarded as possible and useful as the subject for a dialogue. There had been no indication of any disposition to modify policies on, or even to discuss, issues such as Afghanistan or Soviet conduct elsewhere in the Third World which have contributed significantly to the worsening of East-West relations.
- 22. In the case of arms control and disarmament, the most striking move is the agreement to an extension of the confidence-building measures to the whole of the European area of the USSR. However, it is conditional on some form of reciprocity, the vagueness of which rules out any definitive assessment of its significance.
- 23. Mr. Brezhnev made no reference to two other essential criteria of the CDE confidence-building measures, namely, verifiability and their binding character. Regardless of how it develops, this initiative may have the advantage, for the Soviets, of keeping the talks going in Madrid on the problems of military aspects of security in Europe.
- 24. The manner in which Mr. Brezhnev referred to the SALT issues shows that the Soviet leadership is anxious to pursue the negotiating process without necessarily insisting on the ratification of SALT II as a precondition. They have made it clear in any case that they will wish to save what they regard as all the essential features of that Treaty. Their obvious desire to pick up the threads of the SALT negotiations may be prompted at least in part by the economic considerations. It may also be an attempt to exploit differences in the perception of SALT priorities on the two sides of the Atlantic.

C-M(81)12

-10-

- 25. Mr. Brezhnev's proposals for a moratorium, both mualitative and quantitative, on new Soviet and NATO medium-Frange missiles, including the United States forward-based eapons in Europe, are designed, like earlier Soviet proposals mon the same subject, to thwart implementation of the December 1979 decision to modernize NATO's LRTNF and to preserve the present imbalance in favour of the USSR.
- There is likewise nothing new to be gleaned from Ir. Brezhnev's comments on the Middle East, the Persian Gulf, Africa, Asia or Latin America. In mentioning only those Latin American countries with which the Soviet Union enjoys improved state-to-state relations, Brezhnev appeared to be attempting to deflect attention from Communist support for insurgency in the Western hemisphere.

(b) Other developments

Soviet Policy vis-á-vis Western Europe

- Judged by its political, military and economic potential Western Europe has continued to be the second most important Sialogue partner of the Soviet Union. Despite some differences An the course of Western consultations after Afghanistan, the Soviet Union has taken into account that its relations with Western Europe are as much affected by the Afghanistan inter-Zention as are those with the United States. The Soviet Union has responded to this situation by urging a policy of "business" as usual". While certain success in the economic field can be anoted, the Soviet Union has made little progress in its con-Itinuing attempts to drive wedges between the two halves of the In fact, Moscow has not instrumentalized Atlantic 為ifferences, apparently judging correctly that this would be counter-productive.
- The USSR at the present time does not seem to be Interested in creating special problems with regard to Berlin. Mhile the Soviets have filed a number of routine protests, They did not make an issue of the election of the former Federal Minister of Justice, Mr. Vogel, to the post of Governing Mayor of Berlin.

Poland

CLASSIFI The Polish crisis continued to preoccupy the Soviet eadership, particularly as reflected in the December 1980 Warsaw Pact Political Consultative Committee meeting and in the separate high-level Soviet-Polish talks immediately following the CPSU Congress on 4th March 1981.

CONFIDENTIAL

-11-

C-M(81)12

- 30. The Pact summit communique expressed confidence in Poland's ability to overcome its difficulties, but it did not rule out military intervention. The communique on the post-Congress discussions between Brezhnev and Kania, while reiterating Soviet confidence in the "possibilities and strength" of the Polish communists, attached a greater sense of urgency to efforts by the Polish Party for resolving the crisis. At the same time, it underscored the joint responsibility of the socialist countries for preserving socialism in Poland, thereby leaving open the possibility for intervention.
- 31. However, severe warnings by Western leaders of the consequences of a Soviet military intervention in Poland addressed to Moscow might well have had the desired effect on the Soviet leadership.

Afghanistan

- 32. With regard to Afghanistan, the Soviet attitude has remained the same during the last six months. The irreversibility of the Afghan revolution and the alleged normalization in Afghanistan have been underlined time and again.
- 33. In connection with a political solution the proposals made by the Afghans in May have been maintained in substance, although, for a short while, there had been the impression that the Soviet Union would compromise in the direction of the United Nations proposal for a solution. The putative compromise for the promotion of talks between the Pakistanis and the Afghans quickly proved to be of a purely procedural kind and was then moreover corrected.
- 34. The rejection of any ideas other than those of Soviet origin was reflected in Soviet press reports on the Islamic Conference in Taif. The resolution adopted by the participating States calling for Soviet withdrawal from Afghanistan did not appear in the media and was referred to only in the English-speaking TASS service as being a topic forced by reactionaries.
- 35. There is nothing in Mr. Brezhnev's report which modifies the Soviet position on a political settlement of the Afghan problem which continues to be based on the proposals put forward by Mr. Babrak Karmal on 14th May 1980, even though these are not specifically mentioned.

C-M(81)12

-12-

Brezhnev's proposals on the Gulf

- 36. The five-point Brezhnev proposals for the Persian Gulf (put forward in an address to the Indian Parliament on 10th December) are not in themselves new and recall his earlier proposals for Asian security. They have a strong propaganda flavour and seem designed to further two principal Soviet objectives: to blur the focus of world and particularly Islamic opinion on the Soviet occupation of Afghanistan and to secure the withdrawal or reduction of American and other Western forces in the region.
- 37. These proposals leave vague the geographical area to be covered, but Soviet commentaries have confirmed that "adjacent islands" in the first point (ban on foreign military bases in the region) covers US facilities on Diego Garcia. Soviet forces in Afghanistan and the Northern borders of Iran (potentially far more destabilizing for the Gulf than any Western facilities), as well as Soviet military facilities in Ethiopia and PDRY, would evidently be left out of account.
- 38. The proposal to ban the deployment of nuclear weapons in the area would similarly leave the Soviets free to deploy them in the Southern regions of the USSR adjacent to the Gulf area.
- 39. Agreement on the proposals would serve to legitimise Soviet interests in the Gulf region and give the Russians a droit de regard over arrangements by the Gulf states for their mutual defence, including aid agreements with the West.
- 40. The proposal concerning the use of sea lanes to the Gulf is the only one of the five that seems to contain more for the Western powers in security terms than it does for the Soviet Union.
- 41. In his report to the CPSU Congress, Brezhnev sought to counter one of the objections which regional states had voiced, by offering to discuss the Persian Gulf proposal jointly with the "international aspects" of the Afghanistan problem. This also seems to hold little promise for movement on the Afghan situation, however, and therefore is unlikely to make the Persian Gulf proposal any more attractive.

Iran-Iraq conflict

42. The Soviet Union has tried to demonstrate strict neutrality in the Iran-Iraq conflict in combination with reproaches to the effect that only the "imperialists" would benefit from that war. It has not supplied arms directly to either side despite its Treaty links with Iraq. Soviet Middle East policy obviously

-13-

C-M(81)12

finds itself in a dilemma as a result of the conflict. Agreements exist with both parties to the conflict; moreover, Iran is the Soviet Union's neighbour to whom the USSR seems to incline slightly.

Latin America

43. The Soviet support of primarily Cuban orchestrated arm deliveries to El Salvador insurgents has led to new restrictions on East-West relations. Brezhnev ignored this problem completely in his report. Since the start of 1981, the Soviet press has substantially stepped up its coverage in El Salvador.

East Asia

44. The Soviet Union's relations with its East Asian neighbours were stagnant during the period under review. The most spectacular event in Soviet-Asian relations was Brezhnev's state visit to India (8th-11th December 1980).

Africa

45. Important events with regard to Soviet policy on Africa have been the state visits to the Soviet Union by Mengistu (27th October to 10th November 1980) and Machel (17th to 22nd November 1980).

PART III: THE POLISH CRISIS

- 46. Eight months after the start of the workers' protest movement in Gdansk, no genuine settlement yet seems to have been reached in Poland, either economically or on the political and social front.
- 47. However, the legal status accorded to "Solidarity" in November and the registration of the independent students' union in February, as well as also in February the compromise solution achieved with the farmers have made it possible to avert a breakdown.
- 48. The appointment as Prime Minister of the Defence Minister, General Jaruzelski, a close associate of Mr. Kania, suggests that the Polish leaders have managed to persuade Moscow to allow them time to find a peaceful internal solution to the country's problems.

C=M(81)12

14

- 49. It remains to be seen whether the three-month moratorium on strikes requested by the authorities will be long enough for the leadership to prepare the necessary reforms and take the Party and State in hand once again.
- 50. In recent months, the Polish Communist Party has been thrown into confusion at all levels. The need to consolidate it before the 9th Congress, for which no date has yet been set, poses a major problem for its leaders.
- 51. The economic situation remains critical: in 1980, national income was down 4% on 1979, agricultural output 9.6% and industrial production 1.3%. Consumer goods became even scarcer. The cost of living rose by 10% and the trade deficit by 37%. Even if both the USSR and the West agree to the rescheduling of the country's debts, far-reaching reforms and austerity measures are needed to achieve economic recovery. Work on economic reforms and a three-year stabilization programme are under way.
- 52. Although efforts to resolve the Polish crisis are still confined to the domestic level the threat of Soviet intervention remains ever present should the Party and State leadership lose control of the situation. Soviet military dispositions are such as to allow intervention at short notice and, whether or not this takes place, there is a psychological effect on domestic developments.
- 53. The Soviet media continue to publish critical comments on Solidarity and the anti-social forces which allegedly control it, especially the KOR members around Jacek Kuron. The press attacks have fluctuated in intensity over the last few months but the Czechoslovak and East German press are consistently more strident.

PART IV: IMPACT OF THE POLISH CRISIS

Warsaw Pact countries

54. Most other regimes have become increasingly concerned about the possible repercussions of the Polish crisis on their own policies and populations, particularly if Polish workers wrest lasting political and economic concessions from the Kania leadership. Some East European officials appear to have developed deep misgivings over being forced by Moscow to render economic assistance to Warsaw. Not only would such assistance tax their already hard-pressed economies, but it would increase resentment among disgruntled populations concerned with declining living standards.

-15-

C-M(81)12

GDR

- 55. During the period under review the foreign and domestic policies of the GDR as a neighbouring state and close trading partner and a fellow socialist country were strongly influenced by events in Poland. The GDR leadership clearly criticises the Polish leadership's conduct and urges an orthodox solution of the problem. At the same time, however, the GDR has stated its willingness to provide economic aid for Poland.
- 56. As a result of developments in Poland, the GDR as from 13th October 1980 imposed a drastic increase in the minimum exchange of currency for visitors to the GDR. This has resulted in a noticeable reduction of West-East travel and has produced possibly the greatest strain on intra-German relations since the inception of the Treaty policy vis-à-vis the GDR.

Czechoslovakia

57. Czechoslovakia also carried out travel restrictions vis-à-vis Poland. Long-standing factionalism within the Prague leadership may have been exacerbated by the Polish crisis. These divisions may have prompted the sudden appearance in Prague of CPSU leader Kirilenko in late October. Some dogmatists were said to have opposed the January 1981 introduction of a cautious reform of the economy, arguing that, because of the mounting uncertainties in Poland, no experiments should be undertaken in Czechoslovakia (the reforms were introduced on schedule).

Romania

- 58. Although further away, Romania, too, felt the impact of the events in Poland. However, whereas Hungary is studying a proposal aimed at giving its trade unions a greater rôle to play, Romania's reaction has rather been to try to improve supplies for the population.
- 59. Notwithstanding their dedication to the principle of non-interference, the Romanians would not be displeased with a settlement of the Polish problem resulting in the restoration of strong PUWP authority; this would avert two dangers: that of a Pact intervention, from which Bucharest would feel obliged to distance itself sharply; and that of "contagion" through the possible spread of liberal ideas from Warsaw.

C=M(81)12

-16-

Bulgaria and Hungary

Neither Bulgaria nor Hungary feels as threatened by $\stackrel{\square}{\vdash}$ events in Poland but both are monitoring the situation closely. In contrast to concern of hardline regimes that Poland may result in pressures for internal relaxation of domestic political and economic policies, the moderate Kadar leadership may well be concerned that its relatively innovative policies, above all its economic reform programme, will be jeopardized particularly if there is Soviet intervention and a consequent tightening of internal controls throughout the area, and attendant constraints on Hungary's ability to interact with

PART V: ECONOMIC SLOWDOWN IN WARSAW PACT COUNTRIES

- Economic growth in Warsaw Pact countries slowed to about one half per cent in 1980, the lowest annual growth rate in the post-war period: GNP growth rates ranged from a 4 per cent growth in Romania to a 4 per cent decline in Poland. Much of the slowdown in Bulgaria, Hungary and Romania was attributable to slower growth in industrial production. Poland's disastrous year - the GNP decreased by 4 per cent g following a lesser decline in 1979 - was due to labour unrest. S a drop in agricultural output, and a breakdown in economic tleadership. East Germany and Czechoslovakia, the most advance CEMA economies, showed increased, if lacklustre, growth rates, leadership. East Germany and Czechoslovakia, the most advanced Z due in part to higher farm output.
- The deterioration in the Polish economy continued to have repercussions throughout CEMA. Soviet assistance to Poland, through additional deliveries of industrial raw material consumer items, and foodstuffs, and perhaps energy supplies, came in part at the expense of the Soviet Union's other CEMA customers.

 63. Poland's failure to maintain coal exports has had a substantial effect on supplies available for export to CEMA countries. Warsaw publicly acknowledged that shipments to the Soviet Union were stopped in November and deliveries to at least some of the CEMA countries had been cut book. The deterioration in the Polish economy continued Poland, through additional deliveries of industrial raw materials,
 - Soviet Union were stopped in November and deliveries to at least some of the CEMA countries had been cut back. Such shortfalls were certainly considered at the January CEMA meetings in Moscow and have contributed to delays in concluding Poland's 1981-1985 trade protocols.
- The lessons of the Poles' economic catastrophe have not been lost on other East Europeans. The problem of hard currency indebtedness has led the East Europeans to place

-17-

C-M(81)12

increasing emphasis on measures to boost their exports to the West, to avoid unnecessary imports and, in some cases, to increase the percentage of counter trade. Hungary has made its balance of payments policy a top priority and has achieved some success. Hungary's 1980 current account deficit was just \$0.2 billion, the lowest in the region. Romania, on the other hand, had a record current account deficit of \$2.3 billion in 1980 and the Romanian hard currency debt increased by \$2.6 billion, largely through a build-up of short term debt.

65. The Hungarian case aside, true reform in Eastern Europe - decentralization and far-reaching price reform through market mechanisms - remains politically unacceptable. Some quarters, however, are beginning to see a need for some change, given declines in the growth of output and productivity.

PART VI: YUGOSLAVIA AND ALBANIA

Yugoslavia

- 66. Without Tito's dominating personality, the collective leadership has had to work hard to maintain a visible Yugoslav presence in foreign affairs by a series of inward and outward visits. In November, Vrhovec paid the first visit in six years of a Yugoslav Foreign Secretary to Bulgaria, and the "Macedonian problem" has been allowed to remain generally quiet. Mijatovic went to Italy and paid a courtesy call on the Pope who has been invited to Yugoslavia. Visits have also been exchanged with other neighbouring countries and although ideological differences remain with Albania, both sides have improved relations in the field of trade and scientific-cultural exchanges.
- 67. The Yugoslav government has made clear its opposition to a possible Soviet intervention and believes the Poles should settle their own problems by themselves. Non-alignment has remained a main plank of Yugoslav foreign policy, but it has had only limited success in bringing influence to bear on Afghanistan and even less on the war between two members of the Movement, Iraq and Iran.

Albania

68. During the period under review no important change is noted as regards the Albanian internal situation which continues to be dominated by the tandem Hoxha-Shehu. The main characteristics of Albanian foreign policy remain self-isolation

C-M(81)12

-18-

and hostility to USSR, the United States and China. It seems highly unlikely that any change in this policy will take place as long'as the present régime remains in power.

69. Albania remains opposed to Balkan co-operation. Nevertheless, an improvement of relations between Albania with Yugoslavia, Greece and certain European as well as Third World countries is noted.

-1-

ANNEX to C-M(81)12

EXPERT WORKING GROUP ON THE SOVIET UNION AND EASTERN EUROPE

SEQUENCE OF EVENTS

(24th October 1980 to 5th March 1981)

<u>October 1980</u>

17th Oct/17th Nov:

Soviet US TNF talks held in

Geneva.

20th/24th Oct:

Conference on "the struggle against

imperialism and for social progress" in East Berlin.

22nd/26th Oct:

Visit to Czechoslovakia by CPSU

Politburo member Kirilenko.

23rd Oct:

Mr. Tikhonov succeeds Mr. Kosygin

as Soviet Prime Minister.

27th Oct:

Arkhipov appointed First Soviet

Deputy Premier.

27th Oct/10th Nov:

Visit to Moscow by Mr. Mengistu.

28th Oct

Action by the East German

Government to restrict movement

between the GDR and Poland.

30th Oct:

Visit to Moscow by Mr. Kania and Mr. Pinkowski on the eve of

negotiations between Solidarity

and the Prime Minister.

November 1980

3rd Nov:

Return to politics of General Moczar

with a televised speech to the Union of Fighters for Freedom and

Democracy.

8th Nov:

Polish radio and television broadcast

on Polish-Soviet military manoeuvres

in Poland.

10th Nov:

Registration of Solidarity by the

Polish Supreme Court.

24th Nov:

NATO CONFIDENTIAL

	
ANNEX to C-M(81)12	-2-
10th/11th Nov:	Visit to Sofia by Mr. Strougal, Head of the Czechoslovak Government.
10th/12th Nov:	Visit to Moscow by the Italian Foreign Minister.
10th/13th Nov:	Visit to Austria by Mr. Honecker - his first visit to the West.
12th Nov:	Kadar-Husak meeting in Bratislava.
12th/14th Nov:	Visit by the French Premier to Yugoslavia
12th/17th Nov:	Visit to Moscow by Mr. Kekkonen.
13th Nov:	Poland asks the United States for economic aid.
14th Nov:	Kania-Walesa talks,
14th Nov:	Rise in prices for State purchases of farm products.
17th Nov:	Pravda quotes from an article from the Polish daily "Trybuna Ludu" rejecting trade unions independent from the Party.
17th/23rd Nov:	Visit to Moscow by the Mozambique President, Mr. Samora Machel.
18th Nov:	During a visit to Czechoslovakia, the Soviet Minister of Culture warns that forces of reaction are using "free trade unions" and "human rights" issues to undermine the unity of Socialist States.
20th Nov:	Czechoslovakia and Poland impose mutual travel restrictions.
20th Nov:	Signature in Berlin of GDR-Polish treaty on temporary employment of Poles in the German Democratic Republic.
21st Nov:	Visit to Paris by Mr. Jagielski, Polish Deputy Prime Minister,

NATO CONFIDENTIAL

Tass warning to Poland, published in Pravda and Izvestia.

-3-

ANNEX to C-M(81)12

26th/30th Nov:

Talks in Moscow between Senator Percy

and the Soviet leaders.

27th/29th Nov:

Visit to Poland by the Czech Foreign

Minister, Mr. Chnoupek,

29th Nov:

Frontier regions between the GDR and

Poland closed to Western military

observers,

December 1980

1st Dec: Talks in Washington between the Soviet

Ambassador, Mr. Dobrynin, and the United States Assistant Secretary of State, Mr. Newsom, who warns against

a Soviet intervention in Poland.

1st/3rd Dec: Supreme Soviet Vice-President Kuznetsov

visits Syria to exchange instruments of ratification of Soviet-Syrian Treaty

of 8th October 1980.

1st/3rd Dec: 7th Plenary Session of the Central

Committee of the Polish United Workers'

Party:

- removal from the Central Committee of Mr. Gierek, who is also invited to resign his seat in the Diet as well as his membership of the Council of State; dismissal of several of his

staff:

 Politburo reshuffle: General Moczar and Mr. Tadeusz Grabski become full

members and Mr. Fiszbach, First Secretary at Gdansk, becomes candidate

member.

1st/3rd Dec: Regular meeting of the Warsaw Pact

Defence Ministers in Bucharest.

1st/4th Dec: In Poland, negotiations between Solidarity

and Mr. Jagielski on the control of the law

enforcement agencies.

2nd Dec: The European Council, meeting in

Luxembourg, warns against all foreign

interference in Poland.

ANNEX to C-M(81)12	- 4-
2nd Dec:	Draft guidelines for 11th Soviet Five-Year Plan (1981-1985) issued.
2nd Dec:	Visit to Moscow by the Romanian Foreign Minister.
2nd/3rd Dec:	Visit to Czechoslovakia by the Premier of the GDR, Mr. Willy Stoph.
4th Dec:	Plenary meeting of the Central Committee of the Yugoslav League of Communists.
5th Dec:	Meeting in Moscow of the Warsaw Pact Political Consultative Committee:
5th Dec:	Yugoslav Government statement opposing intervention in Poland,
7th Dec:	Message from President Carter repeating his warning to the Kremlin.
8th Dec:	Tass dispatch datelined Warsaw alleges that "counter-revolutionary group" acting under the guise of Solidarity had engaged in a policy of open confrontation with local party and economic organizations.
8th/11th Dec:	Visit to India by Mr. Brezhnev; five- point plan for peace and security in the Persian Gulf.
10th Dec:	Meeting in Rome between CPSU Delegation led by Mr. Zagladin and Italian Communist Party Delegation led by Mr. Berlinguer.
10th Dec:	Speech by Soviet Defence Minister, Marshal Ustinov, to Moscow Military District's Party Conference.
12th/14th Dec:	24th Congress of the Hungarian trade unions in the absence of Solidarity representatives.
15th/23rd Dec:	CPSU Delegation headed by Politburo member Chernenko visits Cuba for 2nd Cuban Communist Party Congress.
16th Dec:	Gdansk monument to workers killed in 1970 riots dedicated.

-5-

ANNEX to C-M(81)12

16th Dec: EEC Foreign Ministers approve the

European Commission's programme for the supply of foodstuffs to

Poland.

18th Dec: Death of Mr. Kosygin.

18th Dec: 22nd round of MBFR talks closed in

Vienna.

18th/20th Dec: Visit to Czechoslovakia by German

Foreign Minister.

22nd Dec: Visit to USSR by the Norwegian

Foreign Minister.

23rd Dec: Visit by Mr. Gromyko to Sofia.

25th/26th Dec: Visit to Moscow by Polish Foreign

Minister.

27th Dec: Afghan refugees attack Soviet Embassy

in Teheran.

29th/30th Dec: Polish Government Delegation headed

by Vice-Premier Jagielski visits Moscow for talks with First Deputy-Premier Arkhipov, Deputy-Premier and Gosplan Head Baybakov and Deputy-Premier responsible for CEMA affairs Talyzin.

January 1981

1st Jan: Tass accuses "Polish anti-Socialists"

of using Solidarity as cover for

subversion.

3rd Jan: General Moczar appointed Vice-President

of the National Unity Front in Poland,

12th Jan: Polish Vice-Premier Jagielski visits

Moscow for meeting of CEMA Executive

Committee.

13th Jan: Visit to Warsaw by Warsaw Pact

Commander-in-Chief Kulikov.

13th/19th Jan: Visit to Rome by Lech Walesa.

13th/20th Jan: Visit to Poland by CPSU Delegation

led by International Information

Department Chief Zamyatin.

DECLASSIFIED - PUBLICLY DISCLOSED - PDN(2014)0006 - DÉCLASSIFIÉ - MIS EN LECTURE PUBLIQUE

ANNEX to C-M(81)12 -6-

17th Jan:

Government and Party decree spelling out new measures to increase output.

19th/20th Jan:

Meeting in Moscow of Warsaw Pact Deputy Foreign Ministers.

21st Jan:

Visit to Bulgaria by Mr. Ceausescu

22nd/24th Jan:

Warning strikes in support of Polish trade union demand for five-day working

week.

23rd Jan:

Visit to Bucharest by Marshal Kulikov,

Warsaw Pact Commander-in-Chief.

24th Jan:

Message by French President to

Mr. Brezhnev.

27th Jan:

Visit to Moscow by GDR Foreign Minister.

24th/28th Jan:

Letter from Secretary of State Haig to Mr. Gromyko warning the Soviet Union against any intervention in Poland and letter from Mr. Gromyko to

General Haig denouncing interference in

Poland.

31st Jan:

Compromise between the Polish Government and Solidarity on the five-day working week issue and on mass media coverage

of Solidarity.

February 1981

1st/2nd Feb:

Meeting between the Yugoslav leaders

and Mr. Ceausescu at Timisoara.

2nd Feb:

Tass statement denouncing the United States campaign against "international

terrorism organized by the USSR".

4th Feb:

Breakdown, in Poland, of negotiations between a Government delegation and striking workers at Bielsko-Biala demanding dismissal of a score of officials; call by Lech Walesa for a factory sit-in should the authorities

resort to force.

6th Feb:

Solution of Bielsko-Biala dispute following -Church intervention.

-7-	ANNEX to	
	C-M(81)12	2

9th/13th Feb: Visit to Cuba by Marshal Ogarkov	th Feb:	Visit to Cuba by Marsh	al Ogarkov.
--	---------	------------------------	-------------

10th Feb: Plenary Session of the Central Committee of the Polish United Workers' Party:

General Jaruzelski, Minister of Defence,

appointed Head of Government.

10th/13th Feb: Visit to Federal Republic by Yugoslav

Prime Minister.

11th Feb: Soviet Embassy in Washington publishes

> text of Mr. Gromyko's letter of 28th January to the United States Secretary of State.

12th Feb: Speech by the new Polish Head of Government

to the Diet proposing a three-month truce

to the trade unions.

15th Feb: Visit to Prague by Mr. Kania.

16th Feb: In Poland, students' strike, in its 27th day,

gains momentum.

16th Feb: In Hungary, the Minister of Labour announces

the introduction of a five-day working

week in the major enterprises as from July.

In Poland, the independent students' union is officially registered. 17th Feb:

17th Feb: Visit to East Berlin by Mr. Kania.

17th Feb: Visit to Moscow by Romanian Foreign Minister.

18th Feb: "Krasnaya Zvezda" attacks "anti-Socialist

elements" in Poland for aiming at political pluralism and charges Polish dissidents with

"anti-Sovietism".

19th/20th Feb: In Poland, agreement with the farmers brings

an end to rural unrest.

20th Feb: Radio Moscow announces the establishment of

diplomatic relations between the USSR and

Zimbabwe.

23rd Feb./ 23rd Soviet Communist Party Congress and

3rd March report by Mr. Brezhnev.