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THE SITUATION IN EASTERN EUROPE AND
THE SOVIET-OCCUPIED ZONE OF GERMANY

Report by The Expert Working Group(1)

GENERAL

During the period under review, from the Karlovy Vary Conference to the celebration of the 50th Anniversary of the October Revolution, the Eastern European countries showed little flexibility on fundamental issues. Nevertheless, the development of bilateral relations with the West was generally maintained. With the exception of Rumania, all the Eastern European countries, not without some reservations, followed Moscow on the Middle East. Yugoslavia took a similar line.

2. Various actions were taken to promote cohesion within Eastern Europe, such as the establishment of a common line on the Middle East, movements towards a World Conference of Communist Parties, and the near completion of the network of bilateral treaties. These developments should not obscure the fact that there is a continuing trend towards greater diversity in the area.

3. Economic reform remains the important internal question for most of East European Governments and is contributing to closer economic relations with the West.

INTERNAL

4. The teams in power have left little doubt about their stability, although they find it increasingly difficult to adapt doctrine to economic and intellectual requirements. In Czechoslovakia, the régime reacted sharply to a thorough-going attack by the intellectuals on the Party's cultural and political line. In Poland, relations between Church and State are still strained. In several countries, the Middle East crisis gave rise to public criticism of their government's pro-Arab attitude, which was nevertheless maintained.

(1) The Working Group completed this report on 10th November, 1967.

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5. Economic reforms, which are still a central preoccupation of governments, are going forward at varying rates and with diverse repercussions. In Rumania, what appears to be the beginning of an economic reform will be considered in December 1967, at a National Party Conference - the first since 1945.

RELATIONS INSIDE THE COMMUNIST WORLD

6. The East Europeans have appeared to feel that their freedom of manoeuvre has, at any rate temporarily, become more restricted. Even the Rumanians have felt the need to reaffirm their basic loyalty to the Warsaw Pact and the Communist world. However, one of their motives was probably to pre-empt criticism of their determination to maintain their independent line of action. The degree of enthusiasm for an international Communist conference has varied, with the Rumanians and Yugoslavs maintaining their reserve.

7. The bilateral treaty network, now complete except as regards Rumania, could eventually assume added importance if the Warsaw Pact should be dissolved. In the meantime, the primary objective is to shore-up East European solidarity and to take account of East German pressure for measures to hinder the establishment of diplomatic relations between the Federal Republic of Germany and the countries of Eastern Europe.

YUGOSLAVIA

8. While discussions continue on the major political and economic problems, the Government is still keeping a check on the trend towards liberalisation. Tito's understanding with Moscow on the Middle East met with some criticism within Yugoslavia. Although the Serbo-Croatian linguistic conflict has subsided, tensions between the nationalities persist.

9. There is no sign of retreat from economic reform which remains a subject of major concern. The economy has been sluggish with an increase in unemployment and strike action. Economic co-operation with the West is making progress; legislation has been approved to attract foreign capital investment.

10. Yugoslav emphasis on East/West rapprochement in Europe on a national rather than bloc basis was eclipsed by Tito's decision to attend meetings of East European leaders concerning the Middle East. This decision was, however, probably due rather to Tito's special commitment to Nasser and his concern for the future of non-alignment than to acceptance of a realignment of Yugoslav with Soviet policy. Toward the close of the period, Yugoslav military observers attended manoeuvres in Bulgaria and the USSR; it remains to be seen whether this practice will be continued. In most other respects, current Yugoslav policy shows a conscious attempt to return to a more demonstrably non-aligned attitude. Contacts with the West have increased, and Yugoslavia appears ready for a resumption of diplomatic relations with the Federal Republic.

RELATIONS WITH THE WEST

11. Differences with the West on international questions have not prevented the development of bilateral relations in such fields as high level and other exchanges, trade, tourism and agreements on cultural, scientific and technological co-operation. There have been some signs of a more positive attitude by the East Europeans towards the Economic Commission for Europe. Poland has been admitted to full membership in GATT. In the "Group of Nine", Rumania and Yugoslavia were the most active Eastern European countries in promoting an East/West dialogue.

12. Whatever the progress towards détente elsewhere in Europe, the normalisation of relations between the Federal Republic of Germany and Eastern Europe has been held up by pressure from the Soviet Zone and Poland, supported by the USSR. In the climate of the period, the agreements between the Federal Republic and Czechoslovakia on trade and the establishment of trade offices represent a step forward.

THE SOVIET ZONE OF GERMANY

13. The Soviet Zone of Germany has taken a negative attitude towards the Federal Government's initiatives to improve intra-German relations and has hardened its demands. It has sought to make use of the exchange of letters between the Federal Chancellor and Herr Stoph in its campaign for recognition as a sovereign state. The Federal Government's readiness to talk to the Zonal authorities does not mean its acquiescence in the existing partition, but is aimed at relaxing tension within Germany and alleviating human hardship pending reunification.

14. Although the Soviet Zone has had initial success in buttressing its position in the bloc, it remains to be seen how long it can continue to hamper rapprochement between the Federal Republic and Eastern Europe. Its efforts to obtain recognition in the Third World were ineffective.

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