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THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

Note by the Secretary General

I attach a report forwarded to me by the Chairman of the Expert Working Group on "The Situation in the Soviet Union and Eastern Europe" which met at the NATO Headquarters from 3rd to 6th April, 1979.

2. This report will be placed on a Council Agenda in due course.

(Signed) Joseph M.A.H. LUNS

NATO,  
1110 Brussels.

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

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 6th April, 1978 to prepare the attached report.

2. This report covers the period from 14th October, 1978 to 6th April, 1979.

(Signed) M. LEVEQUE

THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

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THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

Report by the Expert Working Group

I. SOVIET UNION

1. Internal Situation

(a) Leadership

1. Mr. Brezhnev's absolute pre-eminence and the rise of his supporters in the Party and State organs have been the principal feature of the Soviet leadership situation in recent months. The Secretary General has remained at the helm but his health is increasingly preventing him from performing all the duties that go with his position (postponement of the Franco-Soviet summit meeting). His influence in the highest levels of office was none the less further strengthened by the interplay of demotions and appointments in the top echelons. The ousting from the Politburo, during the November 1978 plenary meeting, of Mr. Mazurov, first deputy to Mr. Kosygin, who owed nothing of his career to Mr. Brezhnev, and the promotion of Mr. Chernenko, a close aide to the latter, provided an illustration of this trend. The promotion of Mr. Chevornadze and Mr. Tikhonov, appointed to the Politburo as deputy alternate members and of Mr. Gorbachev, elected Secretary of the Central Committee, are believed to have further strengthened this tendency.

2. Given his experience and his seniority, Mr. Kirilenko still seems the best placed to succeed Mr. Brezhnev, at least for a while. None the less, the belated, but extremely rapid rise of Mr. Chernenko (67 years old) has put him in the running. Now one of the four members of the Politburo who are also Secretaries of the Central Committee, he is, ipso facto, apparently in a stronger position than the other leading figures of his generation, such as Andropov (Head of the KGB) Romanov (Party Secretary for Leningrad), Grishin (in Moscow) or Shcherbitsky (in the Ukraine). Even at this stage, his rank in the hierarchy, established in the light of nominations for the March elections to the Supreme Soviet, is fifth behind Mr. Brezhnev, Mr. Kosygin, Mr. Suslov and Mr. Kirilenko. However, the feelings of the majority of Politburo members towards him remain to be determined and this could weaken his position. This being said, it can be expected regardless of who eventually replaces Mr. Brezhnev, that the Politburo will keep to its present political line, at least provisionally, as a consequence of a greater degree of collegiate leadership.



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(b) Dissidence

3. The dissident movement appears to have been contained but not crushed. Certain recent cases, including the trial of Mr. Djemiliev, leader of the Crimea Tatars and the execution of three Armenians found guilty of the attack in the Moscow Underground, while not having the same international repercussions as last year's trials (Orlov, Shcharansky, Ginsburg) are evidence that the authorities are as vigilant and thorough as ever.

4. In late 1978, new dissident groups have come into the open. The so-called "Free Inter-Professional Union of Workers" (SMOT) marks a shift away from the traditional domination by intellectuals relying on the protective umbrella of foreign support and publicity. This group aims in particular toward workers' grievances and everyday, religious and political rights of its members. The effectiveness of SMOT, however, is being hampered by lack of cohesion and experience and by harrassment by Soviet authorities.

5. A new development, namely, the movement which has grown up round the publication "Metropole" owes less to political dissidence than to the refusal by certain leading intellectuals to conform to the established pattern. As such, it nevertheless represents an element of genuine concern to the authorities.

6. In any case, the Soviet Union, either by repressive means or by a certain measure of flexibility, is taking every possible precaution in anticipation of the Olympic Games and the Madrid meeting, two events which could provide excellent opportunities for the demonstration of new signs of dissidence.

(c) Religious dissent

7. At present, there is no evidence that the Islamic revival in Iran and elsewhere is having an influence on the Soviet Muslims in Central Asia and the Caucasus. The emergence of certain underground Muslim movements in recent years is largely an indigenous phenomenon. The fact that most Soviet Muslims belong to the Sunni branch of Islam, makes them less susceptible to the influence of the Shiites in Iran.

8. The Soviets have responded cautiously to the elevation of Polish Cardinal Wojtyla to the Papacy. However, the election has stimulated demands for greater religious freedom, especially among Catholics in Lithuania.

(d) Nationalities

9. In the Abkhazian ASSR, which is under Georgian jurisdiction, occasional outbursts of nationalism continue. Local Abkhazis have staged a number of protests against Georgian economic and cultural domination. The Soviet wish to contain nationalist dissent could have played a rôle in the election of Georgian party Chief Schevadnadze to candidate member of the Politburo in November 1978. The Soviets may also view with concern demographic trends, such as the rising share of the Asian over the Slav population.

(e) Emigration

10. The rate of Jewish emigration rose sharply in 1978, totalling 30,300, compared with about 17,000 in 1977. If emigration remains stable at current rates of 3,500-4,000 per month, 1979 may exceed by a large margin the peak emigration year of 1973.

11. The reasons for this increase probably reflect Soviet awareness of emigration as an issue in bilateral US-Soviet relations, such as the need to secure US ratification of a probable SALT II Agreement and the Soviet wish to achieve most favoured nation status.

12. On the other hand, the number of emigrants of German origin for reasons of family reunification decreased slightly in 1978 (8,500) compared with 1977 (9,300).

2. Economic Situation

13. In two major speeches, Brezhnev attributed most of the blame for the major problems to bad planning and management. New proposals have been suggested for improving the economic mechanism, however no details of the proposed changes have emerged.

14. Industrial production in 1978 surpassed the modest target, but the 4.8% growth was lower than last year, and there were shortfalls in the output of a number of key products. The only part of the energy sector which did well in 1978 was gas. Oil production was below target, and is scheduled to grow more slowly in 1979.

15. The Soviets view with concern future energy problems. Recently Kosygin stressed the rôle of gas, coal and atomic power in the 11th Five-Year Plan for 1981-85, indirectly supporting some Western forecasts of a levelling out in oil production figures in the medium term.

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16. Despite the record harvest of 235 m tons, agriculture as a whole performed only moderately in 1978. Results in the livestock sector were disappointing, although prospects should be better in 1979. Nevertheless, food supplies in general and meat supplies in particular, are likely to remain erratic.

17. Brezhnev has emphasized the links between consumer satisfaction, the mood of the population and the level of productivity, but declining growth-rates, ambitious development plans and the steady rise in military procurements will leave a narrow margin for improvement in the consumer's lot in the near and more distant future.

18. In foreign trade with the industrialized Western countries, Soviet exports in 1978 dropped somewhat while imports increased around 10%, mainly due to a doubling of grain imports. The total hard currency deficit rose by \$1 billion to around \$3.5 billion. The most significant development in foreign trade took place vis-à-vis the CMEA-partners, whose exports to the USSR increased by more than 20%, while their imports rose by 13%. The Soviets now seem to want to limit the credits extended to the East European countries in the form of trade deficits accumulating since 1975.

19. Capital investment in 1978 rose by 5%, the highest rate of growth so far under the Five Year Plan. However, investment growth was originally intended to level off towards the end of the Five-Year Plan period, with increased output being achieved through greatly increased labour and capital productivity. This strategy has not worked out, and extra funds are being pumped into the economy in order to maintain reasonable rates of output growth. Although the figure for growth in the commissioning of new fixed assets in 1978 was well above the level of the last few years, incomplete construction projects still remain a major problem.

20. The results for 1978 and the plans for 1979 suggest that the overall growth targets for the Five-Year Plan are now recognized to be out of reach. The attention of planners is now focused on the problems associated with the next Five-Year Plan period and the long-term programmes to 1990. So far few details are available regarding the strategy to be adopted, though Kosygin's remarks on the 11th Five-Year Plan suggest that it may follow much the same lines as the present plan. However, the modest increase in manpower in the coming five year period and the obvious lack of progress in making the economy work more efficiently, point to a further fall in growth rates in 1981-85.

21. The Soviets have since January ceased announcing monthly industrial production figures. This together with the reduced coverage of foreign trade statistics as well as the Soviet reluctance to publish a detailed review of the current Five-Year Plan, seems to contradict the intentions of the CSCE accords.

3. Foreign Policy

(a) US-Soviet Relations

22. Soviet priorities vis-à-vis the US remain as before, conclusion of a SALT II Agreement and a general improvement in bilateral relations. Although having publicly stated that the SALT II negotiations had been unnecessarily long and arduous because of US obstructionism, the Soviets now appear convinced that an agreement is near completion. Brezhnev's 2nd March speech underscored this conviction and his willingness to meet with President Carter to sign the agreement. The Soviets feel that the Agreement will give impetus to détente and clear the way for negotiations on SALT III and other disarmament issues.

23. US-PRC normalization injected a major new concern into Moscow's calculations of its overall relationship with Washington. Soviet statements that normalization was not in itself a cause for anxiety veil a real worry that this three-sided configuration could increase US and Chinese manoeuvrability at Soviet expense. The future course of US-Soviet relations may well be affected by the way Moscow interprets the US handling of its ties with China.

(b) Soviet Relations with Western European Countries

24. In contrast to other troubled areas of the world, Western Europe for the moment is an area which in Soviet eyes is reasonably stable. Brezhnev expressed this view on 2nd March pointing to noticeable changes in the political climate in Europe and to an improved relationship between Eastern and Western Europe. There have been no particular manifestations of the well known Soviet strategy to loosen the ties between Western Europe and North America.

25. The main development in Soviet relations with Western Europe has been the various expressions of suspicion about Western contacts with China as typified by the letters which Brezhnev wrote to certain Western leaders warning them against selling arms to China. This development has encouraged the differentiation which the Soviets apply in their treatment of individual Western European countries.

26. Within the CSCE framework, two experts meetings have taken place in Montreux and Valletta in an atmosphere of reasonably harmonious collaboration between East and West. The Soviet suggestion for some kind of non-aggression pact among the CSCE participants is likely to play a major rôle at Madrid.



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27. The overall situation of Berlin has remained substantially unchanged in the last six months. Moscow's policies towards Berlin continued to be influenced by Soviet interest in continuing the progress of détente. As a result, there have been no serious disturbances in the period. At the same time, however, Soviet efforts to impose their restrictive interpretation of the Quadripartite Agreement continue.

(c) Soviet Policy towards China

28. The Soviet Government appears to have been taken aback by China's normalization of relations with the United States and Japan, and its initial reaction indicated a considerable degree of indecision as to how to respond. At this point, however, Moscow undoubtedly sees developments as a major setback both in military and political terms. The military threat would appear to be a manageable one for the moment (though how long this will last is an open question). But Moscow has chosen to construe the Chinese opening to the West as encirclement and fears that in the long term China could benefit from Western technology to emerge as a significant military power.

29. One may therefore expect an increasingly neuralgic Soviet attitude towards Chinese "modernization" which Moscow equates with militarization, and towards Western relations with China. Politically the emergence of a more active China considerably complicates Soviet policy formulation and calls into question long-standing Soviet efforts to be accepted as the United States' only equal.

(d) Soviet Policy in Asia

30. Sino-Soviet relations have been characterized by serious tension since the invasion of Cambodia and, subsequently, Vietnam. It is still difficult at this stage to assess the implications and outcome of these events. It can also be noted that the scale of Chinese operations in Vietnam remained limited and the Soviet reaction was restrained: there were no provocative actions on the Sino-Soviet border. (The Soviets have represented this restraint as evidence of their responsible attitude.)

31. Soviet policy in Asia is to maximize Soviet influence and to restrict that of China wherever possible. The Soviets have clearly not been entirely successful. Most of the Third World and non-aligned countries did not formally condemn Chinese action in Vietnam. Soviet support for Vietnam through the Soviet-Vietnamese Treaty and the invasion of Cambodia has aroused disquiet among ASEAN nations both towards Hanoi and Moscow.

32. Fears of an Indian-Chinese rapprochement led the Soviets to take measures to improve relations with New Delhi, highlighted in the mid-March visit of Premier Kosygin. These fears have lessened following India's reaction to the Chinese attack on Vietnam. Conversely, the Japanese position has prevented any improvement in Sino-Japanese relations. The Soviet-Afghan Treaty has strengthened the Soviet position. The treaty provided a legal basis for assisting the Taraki régime's struggle against revolt by Moslem tribes.

(e) Soviet Policy in the Middle East

33. The Soviet Union was powerless to prevent the Egypt-Israel Peace Treaty, which it has now condemned as likely to increase rather than reduce the chances of a renewed conflict, and as making more difficult the achievement of an overall settlement (in which the Soviet Union would have a rôle to play).

34. Gromyko's visit to Syria in March, at which he emphasized the importance of applying the decisions of the Baghdad Conference, was used to demonstrate Soviet support for the Arab cause and to urge Arab unity in measures to isolate Egypt. But Gromyko may also have advised against extreme Arab measures against the United States fearing that these might be counter-productive and be seen as Soviet inspired, thus damaging prospects for US ratification of the SALT II agreement. The visit was also designed to improve relations with Syria, although there is so far no evidence that the Russians have agreed to provide Syria with increased military assistance. Profiting from developments in Iran and from Saudi criticism of the Camp David process, the Soviet Union has made overtures with a view to improving relations with Saudi Arabia.

35. Although the Soviet Union has been gratified by the loss of Western influence in Iran, there is no evidence that it played a part in the Shah's downfall. The Soviet Union maintained a neutral position until the Shah's departure became inevitable, but was then among the first to recognize the Bazargan government.

36. Nevertheless the Soviet Union has not so far been able to seize opportunities which may have been presented by the departure of the pro-Western régime. They have welcomed certain policies of the new government: withdrawal from CENTO and adoption of a policy of non-alignment, refusal to supply oil to South Africa and Israel, and revocation of Western arms sales contracts. But they are wary of the presence on their southern border of a fundamentalist

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religious régime which has expressed strong anti-communist feeling. They are presently inhibited in their support for Iranian communists by their wish for good relations with the régime and for continued implementation of agreements for the supply of Iranian gas.

37. Soviet leaders appear little concerned that the Moslem population of the Soviet Central Asian republics will be contaminated by the Moslem revival in Iran. However, the manifest sympathy of Iranian religious leaders for the Moslem uprising in Afghanistan has stimulated stern Soviet warnings about Iranian support for the insurgents there.

(f) Soviet Policy in Africa

38. The Soviet Union is experiencing difficulties in defining a coherent long-term policy towards the African continent, which nevertheless retains great political significance. Soviet attempts to extend its influence at the expense of Western interests have faltered, in part due to a certain degree of African disappointment over economic aid from communist countries.

39. In seeking to extend their influence in Africa, the Soviets use others by proxy, e.g. the GDR, Bulgaria and Cuba (although the Cubans obviously stress their position as a fellow Third World country).

40. In the Horn, the Soviets have further extended their influence in Ethiopia. The treaty of friendship and co-operation is similar to other such treaties which the Soviets had previously signed with Angola, Mozambique and Somalia. An improvement of Somali Soviet relations is not anticipated in the foreseeable future.

41. As regards Namibia, the Soviet's freedom of action has been limited since they cannot actively oppose the recent five-power initiative while it enjoys support from African countries. On Rhodesia, the Russians have had no success in bringing about unity of the Patriotic Front under the leadership of ZAPU. They have, apparently, avoided involvement in the conflict between Tanzania and Uganda.

II. RELATIONS AMONG COMMUNIST STATES AND PARTIES

1. Relations within the Warsaw Pact

42. A meeting of the Warsaw Pact Political Consultative Committee in Moscow on 22nd-23rd November issued a wide-ranging declaration that was generally positive on détente, CSCE and disarmament. This declaration, as well as Brezhnev's 2nd March speech might well provide a framework for Warsaw Pact preparations for the Madrid CSCE meeting in 1980.

43. However, because of Romania's recalcitrance, the declaration did not contain criticism of China and the Camp David accords. A separate document, signed by all participating member countries except Romania, condemned the Camp David Agreement. Due to Romanian opposition, Soviet proposals for improving Warsaw Pact military capabilities were not mentioned in the declaration. On his return to Romania, President Ceausescu acted swiftly to rally support for his independent stand, and asserted publicly that he had signed no secret agreement entailing increased military expenditure by Romania, or subordinating Romanian forces to outside control.

44. Despite the development of multilateral consultations, bilateral contact within the Warsaw Pact remains a basic channel of communication between these countries. During the period under review, bilateral consultations were carried out through visits by Brezhnev to Sofia, by the Foreign Ministers of Romania, Poland, Czechoslovakia and the German Democratic Republic to Moscow, and by the visits by Kadar and Gierek to Moscow.

## 2. Inter-party Relations

45. The disagreement among the Warsaw Pact countries on the line to take vis-à-vis China surfaced again during a conference of party theorists in Sofia in December. At the conference, which was meant to endorse the Soviet line and which was attended by representatives of 73 parties, the Romanians and some Western European parties defended their independent views.

46. The positions adopted by Romania and Yugoslavia in the Sino-Soviet power struggle appear likely to remain a complicating factor in these two countries' relations with the Soviet Union in the future.

47. There have been no major new elements in the problem posed for the Soviet Union by the so-called "Eurocommunist" parties in the period under review. The phenomenon has, however, continued to be an object of comments in Soviet media upholding the notion of "real socialism" against revisionist views.

## 3. CMEA

48. The tendencies have continued towards a worsening of the terms of trade of the Eastern European countries vis-à-vis the Soviet Union and towards a corresponding increase in the dependence of the Eastern Europeans upon



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exports to the Soviet Union to finance their requirements for energy products and other raw materials. This evolution appears likely in the short term to strengthen the Soviet Union's ability to impose bloc discipline. The resulting adverse effects upon economic growth and standard of living in Eastern Europe may lead to further stresses in CMEA co-operation.

III. SITUATION IN THE MEMBER COUNTRIES OF THE WARSAW PACT

1. Political Situation

49. There has been no significant change in the domestic situation of the Soviet Union's allies in the past six months. Most of the countries concerned are having to cope with serious economic difficulties which have exacerbated popular discontent in certain countries, particularly Poland.

50. The Catholic church continues to be a problem for the different governments concerned, given the repercussions which will surely follow the Pope's visit to Poland next June. At the same time, there are signs of a revival of religious feeling in the Orthodox and Protestant communities in the area.

51. The cohesion of the alliance continues to suffer both from Romania's breaches of discipline within the Warsaw Pact and COMECON bodies and from Bucharest's refusal to toe the Soviet line on the problem of Indo-China or on the Middle East issue.

52. It would, however, be going too far to predict that the demise of Mr. Brezhnev must inevitably lead to the fall of the East European leaders who have all established close links with him and profited from his support.

53. For the present, it is unlikely that the position of these leaders, which might be affected by dissension within the parties or in the upper echelons or undermined by economic difficulties, will be called into question by the Kremlin, faced as it is with the prospect of future uncertainty over the successorship. The Soviet Union would take a poor view of widespread changes in the leadership of those states which would in any case be hindered by a certain immobilization which is a feature of the Communist power structures.

2. Economic Situation

54. The major problem for Eastern Europe is that the economic growth rates are markedly slowing down. The reason for this negative development centres on inadequate flexibility to respond effectively to: the consequences of increased

energy costs; limited quality of products for export on hard currency markets; the lack of real incentives to improve labour productivity; the deterioration in terms of trade due to the rise in CMEA prices for raw materials and energy plus the continuing recession in the West; and the need to increase managerial responsibility and to stimulate initiative.

55. These problems are recognized by the leaderships and in some countries alterations to the systems are being implemented. In addition to the long-established Hungarian reforms, Czechoslovakia is progressively introducing the limited experiment in some sectors of industry and Bulgaria has recently adapted changes in the management of Bulgarian agriculture. The Hungarian reforms have brought benefits, and the latter two may also bring improvements, albeit more limited but not in the short term. The immediate problems of balance of trade deficits and hard currency debts are being tackled by restrictions on overall hard currency imports and concentration on the most essential items (e.g. coal mining equipment). Efforts will also be made to increase exports and the need for quality of production rather than quantity is being stressed.

56. Improved quality is important not only for the export market but also in order to meet the domestic demands of an increasingly discerning public which refuses to buy the inferior goods available. For quality and high-demand goods, inflationary price increases have been allowed, especially in Poland, in order to mop up unused spending power. This in turn has increased discontent, especially among the workers. Public expectations of a modest but steady rise in the standard of living have been disappointed. This consumer discontent is a concern to the leaderships, with the result that some required and expected price increases have not been implemented. However, this does not mean that the stability of the régimes is threatened, with the possible exception of Poland and then only if untimely and clumsy steps were taken.

### 3. Dissent

57. The popular dissatisfaction with economic conditions is distinct from the predominantly intellectual dissident movements in Poland and Czechoslovakia which are focused on civil liberties. The leaderships, realising the relative isolation of the dissidents, have taken repressive measures. Joint police action stopped direct personal contact between Polish and Czechoslovak members, although at the same time correspondence between them continues and the Charter Group has maintained its contact with Western media. The Charter Group is under such pressure that it required changes in its operations, but it is expected to continue its activities.

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The orientation of the group may be directed toward matters of more general public interest and concern - the recent paper on safety standards in Czechoslovak power stations caused the authorities embarrassment with the Austrians and concern at home. If through activities of this kind they can attract public interest and support, it could become a real problem for the authorities. At present, the public is generally resigned and withdrawn, concentrating on their private life and material well-being.

4. Position of the Churches

58. In January, Mr. Gromyko was received in audience by John Paul II and tried to sound out his intentions with regard to the Communist régimes not only in Poland but also in the other Communist countries with a high proportion of practising Catholics. The Vatican's current policy seems designed not so much to bring about an adjustment of its relations with the Kremlin as to increase the scope of the churches and improve the position of believers in each of the countries in the area.

59. The Pope is believed to have raised the question of a revision of the diocesan boundaries between Poland and the Ukraine which would be tantamount to de facto recognition of the Soviet-Polish frontier. He is also thought to have suggested that Lithuania become an independent diocese and no longer be governed from Bialystok in Poland. The presence of John Paul II would set the seal on the Vatican's recognition of the geo-political situation in the area following the Second World War.

60. On the other hand, the Pope is faced by the fact that nothing has been done in the Eastern countries to give greater freedom to the Catholic communities and church; he must also have gauged the distance separating the relatively important position of the church in Poland with its position in Czechoslovakia.

61. His visit to Poland will provide the government there with an opportunity for showing its goodwill while at the same time seeking to reap the benefits of this gesture, at least in part, within the context of the country's economic crisis. The conditions in which the date of the visit and its main features were decided are evidence that both sides want to proceed cautiously and avoid any clashes.

62. There have been signs, at the same time, of a certain revival of religious practice within the Orthodox community (Serbia, Romania).

63. Likewise, the position of the Protestant church in the German Democratic Republic has been affected by organizational changes. These have given it greater weight, as witness a recent meeting between Mr. Honecker and leading members of the Protestant church, one of the results of which has reportedly been the release of an opponent to the paramilitary organization of young people.

5. Aspects of Foreign Policy

64. The Socialist countries have not responded to the emergence of China and the potential political and military threat which this represents in the same way as the Soviet Union. They have done no more, Romania excepted, than follow the Moscow line and condemn the Chinese intervention in Vietnam without, however, injecting any protest of their own, an attitude which reflects their lack of conviction although the sharpness of the Polish reactions must be noted.

65. None the less, the Chinese factor has not left them indifferent to the extent that it might provide a means of obtaining more freedom of manoeuvre from the USSR. On the other hand, too much pressure from China might have the opposite effect.

66. Their bilateral relations with the West and with the Third World countries indicate that their first concern is to diversify their trade relations and there is growing public recognition of the economic interdependence of states.

67. Bulgaria, Hungary, Czechoslovakia and the GDR have stepped up their activities in Africa on behalf of the Soviet Union. The latter has found this to be a very successful way of getting round African misgivings over direct Soviet involvement. Another advantage of this approach is that Moscow's prestige would suffer less in the event of a contretemps. However, these four countries are not simply acting as agents. Consolidation of this type of relationship combined with action in pursuit of their own interests gives them access to the raw materials of which they are in dire need and to an export market which has hardly been touched.

68. In the case of the GDR, there is also the desire to see its national identity recognized by an increasingly large section of the international community. Mr. Honecker's recent journey to some of the main African countries and to India, and the signature of treaties of co-operation and friendship with Angola and Mozambique, were in furtherance of this aim.



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69. Romania has continued to provide evidence of its wish for independence in foreign policy matters during the past six months. This attitude is illustrated by:

- its non-conformist attitude at the meeting on 8th November, 1978, of the Warsaw Pact Political Consultative Committee (cf. paragraph 45);
- its continuing determination to stand apart from its Pact partners by refusing to toe the Soviet line on events in South-East Asia.

70. The relative tolerance shown by the Soviet Union can perhaps be explained by the tactical skill of the Romanian leaders in capitalizing on the limits they see to Soviet scope for action or again by Moscow's deliberate decision to refrain from demanding total conformity on foreign policy matters from its allies. The fact remains, however, that in the aftermath of Mr. Andrei's visit to Moscow (29th January to 2nd February), the Romanians have taken the realistic view that following the open conflict in November, it was provisionally advisable to come to terms with Moscow, at least in part.

71. Looking ahead, there is nothing to indicate that Romania's present policy, as formulated by the party leadership, will be modified to any great extent.

#### IV. SITUATION IN YUGOSLAVIA AND IN ALBANIA

##### 1. Yugoslavia

72. During the period under review, Yugoslavia has kept, by and large, to its previous position on international affairs and has continued to work towards the consolidation of its internal cohesion.

73. In the Yugoslav view, the deterioration in the international situation, for which the Soviet Union is held largely to blame, could undermine the traditional planks of Belgrade's foreign policy, to wit, non-alignment and an equidistant position between the alliances, and also call into question the process set in motion in Europe with the Helsinki Final Act.

74. Cuban military moves in Africa, their repercussions on the non-aligned movement, Vietnamese violation of the sovereignty and territorial integrity of Cambodia, Bulgaria's refusal to recognize the national and cultural "identity" of Macedonia, have all been sharply denounced by the Belgrade

leaders. Their attitude is prompted by the obvious desire to stamp out any tendency towards the proliferation of "precedents" which could expose the federation first to isolation and later to interference designed to bring Yugoslavia back into the "orthodox Socialist" fold. Yugoslavia's diplomatic efforts have consequently been directed mainly towards the relaxation of tension between the African countries and in the Arab world, the purpose being to foil the more "radical" tendencies fostered, among others, by Cuba.

75. To ensure a balance in the Balkans, Yugoslavia finds itself striving:

- on the one hand, to consolidate its political and economic relations with the West;
- on the other hand, to put its relations with the Soviet Union on a normal footing. At the same time, Belgrade has expressed its determination to resist any pressure on the way in which it conducts its external or internal policy, regardless of whether such pressure is exerted directly from Moscow or by way of the dispute with Bulgaria over Macedonia.

76. The Belgrade government seems particularly concerned to reassure Moscow about the reasons for Yugoslavia's interest in China's reappearance on the international scene.

77. According to the most recent information, President Tito's visit to the Soviet Union, the repeated postponement of which was connected with the sharp exchanges which took place during Mr. Hua Kuo-feng's visit to the Balkans and with events in South-East Asia, will, in principle, take place next May.

78. At home, the need for national cohesion and for solidarity within the leadership and the claims of balanced economic growth continue to top the list of priorities. These needs are being felt all the more keenly in the light of the growing concern felt even in official circles over the obvious difficulties and contradictions which have appeared in a number of areas, including the distribution of income, unemployment, the inflation rate and the trade gap.

79. Action to deal with these difficulties and to test the machinery for the collegiate exercise of power, designed to prevent a single individual from taking too great a share of the limelight during the transitional phase, has taken shape with the introduction of a system of rotation for the

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chairmanship of the League of Communists. The initial appointment, for one year, has gone to Mr. Branko Mikulic, believed to belong to the hard-liners in the Presidium. Evidence has furthermore been noted of tighter control over the process of economic expansion as well as of an increase in the warnings issued to opposition groups both at home and abroad.

2. Albania

80. In foreign policy, the break with China has not led to any major change in Tirana's policy, which is based, in substance, on political isolation.

81. Following the withdrawal of Chinese aid, economic difficulties have increased. Nevertheless, and given that the Albanian economy is far from being consumer-orientated, the additional difficulties encountered by the population do not, at least for the moment, seem likely to pose a serious problem to the leadership. In any case, the latter seems to have come round to the diversification of trade outlets although the ban on the acceptance of credits, written into the constitution, reduces the opportunities for an expansion of Albanian foreign trade.

82. There is no sign at present of any possible return by Albania to the Soviet fold and Mr. Shehu, speaking last December before the People's Assembly, indicated that relations between his country and the East European countries were restricted to trade.

83. Although mistrust of Yugoslavia has been confirmed and the attacks on "Titoite revisionism" and Belgrade's policy towards the Kosovo minority continue, Yugoslavia has become Tirana's main trading partner and certain projects for economic co-operation between the two countries are under consideration.

84. Signs of a more open attitude towards certain European countries have continued in recent months. In the short and medium term however, it seems that this lowering of barriers will be restricted to trade and, on a smaller scale, to cultural exchanges.

85. At home, there has been no change in the leadership, the position of whose individual members remains intact.

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