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THE OUTLOOK FOR EASTERN EUROPEAN STABILITY

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INTERAGENCY INTELLIGENCE MEMORANDUM

THE OUTLOOK FOR EASTERN EUROPEAN STABILITY

1. The riots by workers in Poland last year and the subsequent emergence of serious dissident activity in Czechoslovakia, East Germany, and Romania suggest that East Europe is headed into a period of heightened political instability. The underlying causes of instability are unchanged:

- All of the regimes are, to varying degrees, repressive and do not command the loyalty of their people.
- The geopolitical ties to the USSR are at war with strong nationalist sentiment, and the emotional and cultural pull of the West.
- The economic performance of the regimes is deficient.

2. But there are also some new factors. For example, Moscow's own detente policy has promoted and therefore made legitimate the idea of increased interchanges with the West. The resulting increased trade with the West and a series of agreements, notably those involving increased contacts between the two Germanies and the Helsinki accord, reduced the isolation of the East European people and raised expectations and demands for increased personal freedoms and quality of daily life. At the same time, detente fostered an atmosphere that has made

it more difficult for the regimes to deal with the resulting internal control problems in authoritarian ways abhorrent to Western sensibilities.

3. There are also new economic problems emerging. The East European economies and the material well-being of the East European people have grown significantly over the past 15 years. But the growth rates are slowing down, and the prospects are good for growing consumer dissatisfaction over the next few years. The East European regimes will be in increased jeopardy of losing control of the inherent tension between the rising material expectations of their people and the capacity of their economies. This is particularly dangerous because those expectations were, in considerable measure, consciously generated by the regimes as a way of deflecting or absorbing unfulfilled, and unfulfillable, political and national aspirations.

#### Economic Trouble

4. Excepting Poland, East European countries are resource-poor. Even in good harvest years, the region is not self-sufficient in grain. Eastern Europe is especially heavily dependent upon energy imports. Thus dependent on foreign trade, the East European countries have suffered the consequences of Western inflation in recent years, higher prices for Soviet oil and raw material imports, and larger grain import needs due to poor harvests.

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5. At the same time, East European manufacturing plants are obsolescent in important areas. The labor force is skilled but productivity suffers from lack of incentives. Economic management is still beset by the irrationalities and inefficiencies endemic to centralized planned economies led by political operators and ideologues. The East Europeans have thus been unable to generate sufficient exports, particularly in the face of Western recession. The result is a large and growing hard currency debt.

5a. With heavy debt burdens and continued uncertainties in their Western markets, the East Europeans are faced with difficult choices. In order to keep new borrowing down, they will have to restrict imports from the West while attempting to maximize exports. Since economic growth depends to an important degree on imports of Western capital goods and industrial materials,\* cutbacks in import growth will have a negative impact on the economic health of the East European countries.

6. The East Europeans have already responded by scaling down their growth projections for the current (1976-80) five-year plan. The regimes are still promising an increased standard of living, although at a slower pace. There is reason to doubt whether even these more modest projections will be met. The leaderships will be hard pressed to balance the need to

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\* Graphic

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meet growing consumer expectations in the face of requirements to increase exports, to maintain imports of Western materials and technology, and to meet Soviet investment demands. Pressures will mount to increase consumer prices, but regimes will be wary in view of the Polish experience.

7. The East European economies will be much more severely strained in the early 1980s when anticipated declining Soviet oil production will reduce oil imports from the USSR\* and consequently will greatly increase East European hard currency purchases of oil elsewhere. Although the brunt of this coming energy crunch will probably hit beyond the time horizon of this paper (about three years), the East European leaderships may well begin in the next few years to perceive the dimensions of their problem and to take some initial steps.

8. Clearly a time of increased economic constraints does not augur well for political stability, particularly in a region where the legitimacy of the regimes and their rulers are chronically in question. How bad things will get politically is much less clear. The East European people are better off materially than ever before, and they know it. They also are accustomed to some economic discomfiture and even deprivation. They also know that the West too is experiencing economic troubles,

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\* Graph showing EE, by country, present % oil needs imported from USSR, and anticipated total oil needs to 1983 or 1985. Second chart showing % of Soviet oil exporting to EE, and to West, plus % oil earns for USSR in hard currency.

that there are high levels of unemployment in Western Europe and the US. The regimes will bear down hard in their propaganda on the negative aspects of economic life in the West. And East Europeans have had enough experience with the ups and downs of Western moral support and economic help to be no less skeptical than hopeful about Western impact on their lives. With clever economic tinkering and reasonable luck, many or all of the East European regimes may dodge the various hazards of the next few years with the grudging support of peoples reluctant to risk their hard-won margins of improvement.

9. If regimes cannot fulfill their promises sufficiently to keep unrest at bay, the growing gap between the standard of living in the West and the East may become more obvious, and unacceptable. The reaction will not be uniform in East Europe and the likeliest trouble spots will be Poland, whose people are the most greedy and volatile in the region, and East Germany, where the attraction of West Germany cuts very deep.

10. Economic problems may also give risk to renewed calls from some East European economists for reforms--more decentralization, increased material incentives, and realistic price structures. Most of the East European leaders would be reluctant to embark on such reforms. In addition to their ideological misgivings, they are likely to want more, not less, centralized control at a time when hard economic choices must be made, particularly in an era in which the political winds of

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CSCE and Eurocommunism are stirring ideological orthodoxy. Economic and ideological pressures are also likely to make the East Europeans more mindful of their relations with the USSR and less inclined to get involved in policies that might raise unnecessary questions in the Kremlin.

11. While reluctant to make basic structural changes, the East Europeans will want to increase the output from the private sector of the economy, and perhaps increase its share of the economy. For example, at the last party plenum Polish party leader Gierek approved a number of economic measures that are designed to increase the productivity of the private sector in agriculture and retail trade--not a major departure, but palliative.

#### The Dissident Problem

12. The East European leaders find that not only is their performance in the economic arena being weighed against the material achievements of the West, but increasingly, their very legitimacy as rulers is being judged against the standard of Western notions of freedom, liberty, and human rights. Those values are of course fundamentally at war with how the East European Communist party leaders rule, but those Western values have some historical roots in East Europe, in contrast to the USSR.

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13. The emergence of a nascent dissident movement in Eastern Europe over the past six months is one manifestation of the increasingly destabilizing ideological penetration of the West. While the dissidents are, almost by definition, visionaries, they are also aware of their limited resources, the lack of active popular support, and, most important, the ever-present threat posed by the Soviet Union and its troops. They are trying to modify prevailing strictures so as to gain elbow room to push for eventual change. This is one reason the regimes feel they cannot give ground by recognizing the kind of broad "rights" the dissidents assert, even if, in practice, they are willing or compelled to tolerate their activities.

13a. Nowhere do the dissidents seriously threaten the rule of the Communist leaders, nor will they do so in the foreseeable future. But they do have the potential for making very serious trouble. It seems safe to assume that there is a reservoir of passive popular sympathy for the dissidents, although most would shy away from the risks of even mild active support. The East European leaders must be concerned that a time of increased economic constraints and disappointments will increase the trouble-making potential of the dissidents.

14. The dissidents also make it more difficult for East European regimes to maintain the kind of political relations with the West and the US that can be helpful on the economic front. Their activities also create another potential source of dis-



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agreement and discord with Moscow and among the East European party leaders themselves, who differ on what tactics to pursue. These very tactical differences themselves undercut any regional display of discipline or ideological consistency. So far, the East Europeans have been giving considerable latitude in handling the dissidents by the Soviets, but this could change. And if Moscow does try to call the shots, or if it imposes a tougher dissident policy on the East Europeans, then the prospects for miscalculation and serious troubles increase. Specific consequences are far less certain or predictable although they may well become severe and might even result in a situation reminiscent of Hungary in 1956, or bring down one or more leaders, like Gomulka in 1970.

#### If Leaders Change

15. The other most palpable contingencies which could have a significant impact on the internal stability of any East European regime and on its relations with the USSR and the West center on the political longevity of some of the leading actors. If Tito were to leave the scene in Yugoslavia, for example, a chain of events might be set in motion that would inevitably reverberate in the rest of Eastern Europe. Serious instability in Yugoslavia or a clearly discernable movement toward the West by a successor regime are the kind of developments that would greatly alarm the Soviets and the East European

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leaders. The latter would almost certainly be inclined to tighten up their internal control and to take special care in their external policies not to give the Soviets cause for concern. Dissidents and often disgruntled elements in countries like Poland, East Germany, and Czechoslovakia might be goaded by the developments in Yugoslavia to press harder for changes at home.

16. A change in the leaders in any of the East European countries might have an unsettling effect. Any new leaders might well implement internal policies differently. Most would also be relatively uncertain quantities to the Soviets and would have to gain their confidence over time. In the interim, Moscow would try to keep a tighter rein, and this could result in more orthodox internal policies and a less venturesome policy with the West or, in the case of Romania, with China and the Third World.

17. A leadership change in the USSR itself would have a more wide-ranging and potentially more pronounced effect. The East European leaders are comfortable with Brezhnev because he has given them considerable latitude in managing their internal affairs, because his demands have by and large not been unreasonable and, not least, because they have with time gained some sense of what he will and will not let them get away with. If Brezhnev left his position of power, a whole new series of understandings would have to be established.

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This might happen with relative ease if Brezhnev's successors consolidate power relatively smoothly and have similar policies toward East Europe and toward the West. But a period of political infighting and factionalism in the Kremlin, or a new Soviet leadership with a relatively stiffer and more ideological stance toward Eastern Europe would be very unsettling. Confusing and contradictory signals on policies and personalities coming from the Kremlin and the political jockeying there might well be mirrored in the politburos in Eastern Europe. A less pragmatic Soviet policy approach toward Eastern Europe would restrict the leeway of the national parties to deal with their own problems and might well compound existing economic difficulties and political unrest.

#### The Soviets

18. The Soviets would like an Eastern Europe that was as one with the USSR, a series of nominally independent states that ordered their internal and external affairs in ways that were pleasing to Moscow. But Moscow has few illusions and knows, from bitter experience, that there is frequently a contradiction between economic or political subservience to Moscow and internal political stability. While Czechoslovakia in 1968 proved that Moscow could be pushed too far--and will intervene with force if it feels its security interests are threatened--by and large the Soviet leadership under Brezhnev has opted for stability in Eastern Europe at the expense of

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ideological purity. In the case of Romania, the Soviets have suffered a divisive and mischievous voice in the Warsaw Pact and on the international scene, in part because they know that Ceausescu runs a tight Communist state at home.

19. Moscow is obviously concerned about the unrest in Eastern Europe. A blow-up in any country not only has important implications for the region as a whole, and for its ties to the USSR, but also for the internal tranquility of the Soviet Union itself and for whatever agenda of East-West business may be underway at the time. The variety of approaches in Eastern Europe to the dissident problem is prima facie evidence that Moscow has not imposed any uniform line on its allies. The Soviets feel uncomfortable with the more permissive approaches of the Poles and the Hungarians, but they have reluctantly permitted both Gierek and Kadar to fashion their tactics to fit their own circumstances. An important reason is that, whatever their deviation from the Soviet model, Gierek and Kadar are, in Soviet eyes, good Communists who will not be metamorphasized into social-democrats and who will not forget the special relationship with Moscow.

20. In Moscow, results count. Kadar's most powerful argument for his policies is that they work, that Hungary does not have a significant dissident or stability problem, and is still a Marxist state faithful in its own way to the USSR. Gierek argues from a weaker base and would make the case that the situation in Poland would get worse if he tried tougher

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tactics. If things there get worse anyway, Gierek will be in deep trouble with Moscow.

21. The Soviets have also come to understand that there is no quick or easy fix for what ails a country like Poland or East Germany. Moscow has supported Honecker's efforts to get on top of the problems caused by the Helsinki accords and the increased Western influence on the East German population. But the problem for Honecker, and Moscow, is that the steps he has taken to promote an East German identity, for example, by eroding the special status of the GDR's capital, East Berlin, are not likely to significantly ameliorate the yearning of many East Germans, particularly those in the technical and professional classes, to travel or emigrate to the West. Detente in central Europe has created internal pressure on Honecker that will not go away unless detente goes away.

22. The Soviets can help promote political stability in East Europe on the economic front. Indeed, they helped create the tougher economic environment in which the East Europeans must operate. In 1975, Moscow sharply increased the price it charged East Europeans for oil and other raw materials, and prices also went up in 1976 and 1977. For some time, the Soviets have been reluctant to make long-term commitments for key raw materials, especially oil, and have become more insistent about getting quality East European products. They have required the East Europeans to invest in Soviet development projects in return for guaranteed supplies of raw materials.

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23. Moscow's policies, however, have derived essentially from its own economic problems, plus a lingering feeling that the East Europeans have not been doing their share. Why should the Soviet Union make sacrifices to ensure that people in Eastern Europe continue to live better than Soviet citizens?

24. In gross economic terms, Eastern Europe has become more of a liability than an asset for the Soviet Union. And the trend lines, particularly as Soviet oil production declines in the early 1980s, will get worse. The Soviets will have to make some economic sacrifices for Eastern Europe, for the alternative is political unrest which is the last thing Moscow wants. The problem is to establish the proper balance between economic and political equities and this becomes harder as the Soviets begin to face up to their coming oil shortage and a more constricted Soviet economic outlook generally.

25. One consequence of these economic pressures is that the USSR will have to continue to look relatively favorably on Eastern Europe's economic ties to the West. They hope that the West will help relieve the economic burden on the Soviet economy by financing Eastern Europe's purchases of industrial and raw materials and agricultural products that are additionally in short supply there, and by helping to modernize East European industry so that it can pay with quality goods

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for Soviet imports. The Soviets may well be more willing to countenance such ideologically questionable arrangements as those involving joint ventures with Western companies. The Soviets will be willing to allow a more favorable political relationship to develop between Eastern Europe and the West to the degree that seems necessary for closer economic ties. But how far they will be willing to let the East Europeans go in showing more independence of the USSR and in taking steps toward liberalization at home will depend on how much economic pay off is in prospect, their confidence in the particular Communist leader's ability to retain essential control, and how Moscow perceives the political intentions of the US and the West. This is a complicated mix that Moscow will recalculate as specific situations arise.

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The Western Connection

26. Without making any special effort, the West has a substantial, unsettling impact on East Europe. Many in the region identify with Western cultural and social traditions, and consider an 'Eastern way' in alliance with Russia as alien to those traditions. The Western bias is one reason that some East European intellectuals are attracted to Euro-communism, that is, a model of Communism that is allegedly more in keeping with Western traditions. Other East Europeans are drawn to the dynamic and material features of Western life that frequently contrast sharply with the drabness of their own lot.

27. At the same time, the West has been in some respects a force for stability. Western goods bolster economic growth and enrich consumer supplies, Western credits soften the impact of large trade deficits, and Western contacts cater to, as well as arouse, popular aspirations. Eastern Europe's economic needs have been a strong underlying motive for detente in Europe and for the region's opening to the West. These needs will grow over the next few years, and while increased trade and credits from the West will not be a panacea for Eastern Europe's economic ills, they can be of considerable help. The East European leaders will discover that the USSR will be increasingly reluctant to bail out their economies and that they must



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do more business with the West. Those countries which do not have MFN will have increased interest in getting it. All will show increased interest in barter arrangements with Western companies and in joint economic ventures. The Soviets will pose fewer objections to such innovative and ideologically questionable activities. There are definite limits to present and feasible Western economic input to East European economic needs, however, and the West European share is, and is likely to remain, much greater than that of the US.\*

28. At the same time, the East Europeans and the Soviets will be increasingly wary of Western political intentions with respect to East Europe. Feeling more vulnerable at home because of their economic problems and because of the increasingly vocal and assertive actions of dissidents, East European leaders will continue to give ground, although reluctantly, on some human rights issues of interest to the West. But they will be hypersensitive to evidence that the West is seeking to use its economic leverage to bring about

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\* Graph here on percentage of East European trade (by country) with West (by US, West Germany, the West, USSR) and some words estimating how much more trade with West as a whole and US might realistically grow in next three to five years.

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significant political change in East Europe. The Soviets in particular will be disposed to see evidence that the West is seeking to make trouble for them in their backyard. They will continue to see in the US emphasis on human rights hostile political, rather than humanitarian, motivation and impulse. If problems of internal order grow serious enough, if for example there is a blow-up in Poland or East Germany, interest in increasing economic ties to the West will of course give way to the need to restore order and discipline. Under these circumstances the Soviets would have little choice but to accept the damage to wider equities with the West.

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**Poland: A Preference for Relative Liberalization and  
Autonomy, But a Serious Stability Problem**

29. Of all the East European states, Poland will probably continue to hover closest to serious instability over the next two or three years. Polish workers have several times demonstrated their ability to use force to change unacceptable policies. Disaffection with the regime is also widespread among students and intellectuals. A dissident movement emerged in the aftermath of last year's worker riots over proposed price increases, and the dissidents will continue to try to make common cause with the workers and students. The regime has had to treat the dissidents circumspectly for fear of sparking more disturbances and out of a desire not to blacken its name in the West. It will also continue to try to maintain an accommodation with the powerful Catholic church, which has been an important force for stability.

30. Party leader Gierek's primary goal will be to keep the lid on. He can do little else, for there are no short-term solutions to the economic problems that sparked the June 1976 riots over sharp price increases on basic foodstuffs. Supplies of consumer goods will continue to fall short of demand. The regime will continue to juggle reserves of foodstuffs and import extra supplies of consumer goods to take the edge off frustration and to get through sensitive periods like Christmas and Easter.

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31. Much of Poland's economic progress since 1970 has been due to extensive imports of Western technology. This practice cannot continue at such a rate during the next five years because of its serious balance-of-payments problem. Hence, the emphasis will be on finding ways to use the resources already on hand more efficiently. The leadership has hesitantly taken measures to encourage private farmers and craftsmen to expand their activities. More investment funds will be diverted to the production of consumer goods. Poland may well seek refinancing of its Western debt. But the present mood of the people and the conservative nature of the Polish party and government bureaucracy make it highly unlikely that there will be much real progress out of the basic economic predicament over the next few years.

32. Gierek still is in control and still committed to his relatively flexible economic, political, and cultural policies. He has Moscow's support and he will retain it unless there is new and more dangerous public disorder. If Gierek could not or would not take the harsh steps necessary to get on top of such a situation, Moscow would look for another leader for Poland. The Soviets clearly have no desire to go this route, but they are concerned to avoid a loss of political control in Poland that compels the intervention of Soviet forces.

33. Meanwhile, Poland is likely to say and do the minimum to appease Moscow on Soviet foreign themes unpalatable to the US. However, that minimum will rise with respect to policies on which Moscow is trying to orchestrate a united East European position (e.g., human rights) or generally, in a situation in which Gierek's internal control appears tenuous.

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East Germany: Forces for Instability High But Regime Probably Up to Them

34. Western influences are greater in East Germany than anywhere else in East Europe. Most East Germans watch West German television and there have been more than 35 million visits by West Germans to East Germany since 1971. The result is a continuing sense of German national feeling which is the Honecker regime's greatest obstacle to the stabilization of political control.

35. The pressures from the East German people for a better material life and for the "right" to travel and even emigrate to the West seem to be growing. The Helsinki agreement has been, and will continue to be, a stimulus. The pressures will grow worse if the East German economy falters badly, particularly in comparison to that of West Germany. Under such circumstances, Honecker's relatively moderate policies will get tougher which will, in turn, generate more dissatisfaction.

36. So far, the regime has contained the challenge of Western influence by paying attention to consumer well-being, by reacting to popular grievances, and by suggesting that even closer contacts with West Germany will be possible at some future time. It is aided by relatively efficient and disciplined party and security organizations.

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37. Honecker will continue efforts to erode the special status of East Berlin so as to strengthen the image of East Germany as a separate and fully "normal" nation state. This will inevitably cause tension with West Germany and the Western allies. Brezhnev, not Honecker, will decide how far the East Germans go, and Soviet equities beyond East Germany will be critical to each recalculation Moscow may make.

38. The East Germans will continue to pursue improved relations with the US and Western Europe because they want to strengthen their government's legitimacy, expand its trade possibilities, and make it less dependent on economic dealings with West Germany. They will continue to have Moscow's general backing, although the Soviets have misgivings about the extent of East Germany's economic relations with the West, and particularly its tendency to keep Moscow in the dark about dealings with West Germany.

Hungary: The Cleverest One

39. The Kadar regime seems well prepared to handle the economic and political challenges of the coming years without serious problems. Its political finesse, economic expertise, and solid popular base have been amply demonstrated over the last several years. Budapest has raised prices on consumer goods and cut back domestic consumption cautiously and incrementally enough to provoke nothing more serious than grumbling; it has ignored a modest show of political dissidence and

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prevented it from growing; and it has made solid, if limited, progress in stemming its foreign trade imbalances.

40. Stability in Hungary--at a time of greater turmoil elsewhere in the region--augurs well for a continuation of moderate policies. While there has been some recentralization of decisionmaking under the impact of economic pressures, the essential features of Hungary's economic reform are intact and likely to remain so. The measure of personal freedoms and cultural diversity that Hungarians enjoy has proven an effective inoculant against intellectual dissent.

41. In fact, there is likely to be a greater show of Hungarian pragmatism in the near future. The Kadar regime knows that the Hungarian consumer will have to withstand more price increases, realizes that it has drawn heavily on accumulated political capital, and is therefore taking steps to expand its base of support. It has shown a new readiness to reach an accommodation with the Catholic Church and has mounted a new campaign to get back the national treasures held by the US and MFN status in trade. It has been more willing to cater to nationalist aspirations with a more active foreign policy, particularly with respect to Western Europe. Kadar appears to have garnered Soviet endorsement of these moves, which taken together comprise a show of greater autonomy in foreign and domestic affairs. Budapest can be expected to pursue them with caution, keeping a close eye on Moscow's reactions.

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42. Serious instability seems possible only in the event of Kadar's abrupt departure from the Hungarian scene, an unlikely eventuality in the near future but one that cannot be ruled out because of Kadar's perennially poor health. Kadar is not easily replaceable. He has gained Soviet confidence and understanding while, at the same time, cultivating a domestic popularity among Hungarians, for whom anti-Soviet sentiments are part of their national feeling.

Czechoslovakia: Prospects for Liberalization or Autonomy Dim, for Stability Good

43. In Czechoslovakia, political and economic stagnation continues to masquerade as stability, and prospects for internal liberalization or economic or foreign policy autonomy are dim. The Prague leadership is divided, mediocre, and has little genuine support or respect in the country. The emergence of the Charter 77 dissident group has been a pointed reminder that the problems and sentiments that gave rise to the 'Prague Spring' in 1968 are still at work. The economy is hard pressed by Soviet and Western price increases, badly needs extensive modernization, sorely misses the expertise of the 1968 reformers, and needs greater productivity from an apathetic populace.

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44. All these factors would add up to a seriously unstable situation, if it were not for the apathy and despair that has pervaded much of the popular mood since the collapse of the Prague Spring.

45. The prospect is for more of the same over the next few years. Economic problems are not likely to result in serious popular disorder and without strong pressure from below, the impasse between the moderates led by party leader Husak and hardliners led by Bilak is likely to continue. Moscow seems comfortable with a divided leadership in Prague, and it will continue to be reluctant to endorse any efforts to introduce economic innovations or to bring back into the mainstream of Czechoslovak political and economic life those who were implicated in the 1968 revolution. Czechoslovakia's foreign policy positions are likely to continue to track Moscow's closely.

Romania: Stalinist Within, Maverick Without

46. Party leader Ceausescu is not likely to lose his firm grip on Romania's rigidly authoritarian political and economic system during the next several years. Party cadre and popular resentment of Ceausescu's authoritarianism and personality cult may grow, but we judge that Ceausescu can contain or thwart any such reactions effectively.

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47. Romania faces an economic slowdown--largely because it lacks the substantial oil and coal resources necessary to sustain its projected annual growth rate of 8 percent. This will affect the Romanian consumer, and could spur grumbling within the leadership over Ceausescu's overly ambitious economic goals. But it probably will not provoke serious popular disturbances or threaten Ceausescu's predominance. Ceausescu has long slighted consumers, always with a keen sense of what they will bear, and in the past has successfully blamed underlings for economic shortfalls.

48. Ceausescu is unlikely to relax the strict domestic controls which he considers necessary to maintain his personal power and to allow him freedom of maneuver vis-a-vis the Soviets. The appearance of Romanian dissidence--as feeble as it is--has alarmed Ceausescu, and although he has so far shown reasonable finesse in containing recent dissident stirrings, he has also stepped up his efforts to increase vigilance in the media and cultural affairs.

49. Ceausescu will continue to pursue his "'independent'" foreign policy. It appeals to Romanian national egotism and is probably supported by the political elite as well as wider segments of the populace. But it will also come under increasing pressure because of Romania's heavy dependence on the USSR as a source of raw materials and as a market for its poor quality goods. The thaw in Soviet-Romanian relations over the past year stems in part from such considerations.

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50. Ceausescu will continue to pursue a "special relationship" with the West. It provides psychological sustenance for his maverick stance vis-a-vis Moscow and has helped support Romania's economic growth. The economic motivation will grow as the Romanian economy slows down.

Yugoslavia: Uncertain Prospects

51. Prospects for stability in Yugoslavia over the next two to three years are clouded by the likelihood that Tito will die within that period while the succession in the party is still unsettled. We are not certain how smooth or bumpy the first few years without Tito will be, both with respect to party leadership and to federal cohesiveness. Party leaders may work out their political and policy relationships with typically intricate Balkan machination but escape seriously straining the country's institutions. There is also a real possibility, however, that nationalist tensions or economic discontent may prompt popular disturbances and expose weaknesses of the civilian leaders. In this event, various outcomes are possible including a military takeover and/or active Soviet meddling.

52. There are also strains in the shorter term. Preparations for the 11th congress next year have already begun to

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trigger tests of strength among the contenders for party power.

53. The regime's repressive internal policies of the past five years--part of an effort to pave the way for a tranquil succession--will probably continue after Tito dies, when uncertainties about external 'threats' will give them new impetus. Liberals--out of favor for some time--are looking for opportunities to moderate these policies as they try to enhance their political position before Tito dies. Their prospects do not look bright.

54. Yugoslavia will continue jealously to guard its independence from the USSR. Its autonomous course within the Communist movement and in international affairs has been a deeply-rooted feature of its national policy since 1948, and appears to conform with the large degree of anti-Soviet feeling within the party and among the populace. The proximity of Soviet power and Moscow's potential for mischief-making inside Yugoslavia makes the Soviet Union a matter of constant concern to Yugoslav policymakers. Tito's support of autonomous trends in the Communist movement, his identification with nonaligned goals, and his efforts to maintain working relationships with China and the West are all intended to keep Soviet influence at a distance as well as to advance Yugoslav national aspirations to count on the world scene.

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55. Tito has tried to work with Brezhnev to establish the norms of a Soviet-Yugoslav relationship that would help carry Belgrade through the immediate post-Tito period. He also shares many ideological goals with the USSR, not the least of which is that Yugoslavia should remain a Communist country after he leaves the scene. Moscow's attitude toward his successors will turn first on their apparent dedication to keeping Yugoslavia from alarming movement toward the West or toward social democracy.

56. Western influence on Yugoslav stability in the coming years could be considerable. Economic recovery in the West means a better forecast for Yugoslav growth--in particular a breather in expected problems in unemployment. The Yugoslavs are also counting on Western support for Yugoslavia's independence and 'nonalignment' in the immediate post-Tito period. They would welcome enthusiastically any Western and US efforts to contain anti-Titoist emigres, which they consider a serious threat to stability in Yugoslavia. But the highly suspicious Yugoslavs are in fact insecure enough about their national and international standing, and resentful enough of stronger powers, that they can also easily misread or even deliberately miscast actions of the West, especially the US.

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Albania: A Wild Card

57. Serious ideological differences with China and reduced Chinese assistance to the Albanian economy have evidently prompted Tirana to break out of its isolation in Europe. It has made some cautious overtures to Greece, Turkey, and France in search of increased trade. It seems likely that these efforts will continue. The Soviets want to get back into Albania, but their prospects are poor.

58. How far Tirana will go in overcoming its xenophobia depends in part on how its internal politics develop. These have been in some turmoil and a number of younger people have emerged whose political orientation is not clear. No major adjustments are likely as long as party boss Hoxha and Premier Sheha are in power. But our information on Albanian internal forces is fragmentary and a political upheaval should not be excluded. Should one occur--whatever its policy directions--it would provide a destabilizing focus for other endemically troubled nationalist currents in the Balkans.

Bulgaria: The Last Satellite

59. Bulgaria has been, and probably will continue to be, the most stable country in East Europe. The recent purge of party leader Zhivkov's long-time associate Boris Velchev

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is likely to precipitate numerous changes further down the party hierarchy. But these are unlikely to change Bulgaria's close economic and political affiliation with the Soviet Union. Popular affection for Russia predates the birth of Bulgarian Communism, and Bulgaria can be counted on to carry a spear for Soviet foreign policy positions.

60. Bulgarian domestic policies will continue to be among the most conservative in East Europe. There has been evidence of some popular dissatisfaction with economic and social conditions, but the chances of large-scale unrest seem remote. Intellectual dissent will remain only a minor irritant, in large part because Bulgaria is both geographically and intellectually far removed from the West.

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