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The Broader Implications of the Polish Crisis for Eastern Europe

An Intelligence Assessment

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An Intelligence Assessment

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welcome and may be addressed to the Chief, East
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Key Judgments

The seizure of power by the military in Poland, a move without precedent in the states of the Warsaw Pact, seems destined to endure indefinitely, if only because there is no visible alternative. But this is not to say that the military regime will have an easy time of it. For reasons arising out of Poland's long history and because of the special circumstances of the regime's birth, opposition to it will remain resolute and resilient. The regime has no program beyond austerity and discipline, policies that will not inspire popular support, and the economy is unlikely to snap back for years to come, if ever.

The continuing Polish crisis has reverberated throughout an already troubled Eastern Europe, but it has evoked little sympathy in the area, where regimes and publics alike are inclined to view it with suspicion and contempt inspired in part by old nationalisms. The Polish disease, in fact, is a political infection that is unlikely to replicate elsewhere. Even so, to the extent that Poland's economic problems reflect the inefficiencies of all East European systems, certain problems encountered in Poland seem likely to catch up to at least some of the other regimes as well.

By far the most telling impact of the Polish crisis has been the effect on Western lenders, who perceive perhaps comparably perilous systemic economic weakness throughout Eastern Europe. The resulting reduction in economic intercourse between Eastern Europe and the West comes at a time when Soviet economic problems are encouraging a curtailment of Soviet subsidies, forcing the East Europeans to rely more and more on their own resources. As they scramble to increase investment, improve performance, and restore credit ratings, the pursuit of national economic advantage and goods to sell to the West augurs poorly for cooperation within the region and with the USSR.

Some modest experimentation with altering their inefficient economic systems is, in fact, taking place, but most states are only tinkering because of the high domestic political risks attached to real reform. And in the immediate wake of the Polish crisis, there is talk of standing pat. Doing so could, of course, deepen economic travail, which might in turn contribute to, or even ignite, festering political problems.

Though the prospects for economic reform are thus not bright in the near term, the existing movement in Hungary toward a more imaginative, efficient, and even capitalist-tinged system might accelerate. It has

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achieved a certain momentum and not a few successes, and the events in Poland demonstrated not only the perils of maintaining the old system but also the need for something substantially better. If the new approach in Hungary continues to appear promising, others may seek to emulate it, including the USSR itself if the post-Brezhnev leadership is not overly rigid and doctrinaire. In the very long term, as the old command system and the doctrine that attends it are discredited by events, the appeal of systemic reform could prove irresistible almost everywhere in the Bloc.

With or without systemic economic reform, all the East European states are potentially volatile. Circumstances, however, vary a great deal. East Germany, with a regime efficient at repression, and Hungary, where the leadership manages the economy reasonably well and enjoys a measure of popular support, are for the time being fairly stable. So too is Bulgaria, remote in both distance and spirit from Poland. Czechoslovakia, where political life has remained in a deep freeze since 1968, may be less so, in part because its economy is sagging. But Romania is in bad shape and seems to be galloping pell-mell into a period of economic and political instability; the principal rider, Ceausescu, may find himself unhorsed en route. In Yugoslavia, where the Soviets were routed by Tito more than 30 years ago, the power of the central authorities has been eroded by competing regional officials and, partly as a result, dealing with serious economic problems has proved difficult indeed. Because of neighboring Albania's near-total economic and political isolation, circumstances there may hardly be better.

In sum, uncertainty and anxiety prevail in Eastern Europe today and are likely to grow, perhaps dramatically so, in the months and years immediately ahead. Despite almost four decades of trying, the Soviets have yet to find even a patchwork solution to the problems of empire. And, especially because their current round of political succession may produce disruptive ripples in Eastern Europe, they almost certainly will not find an answer in the next five years. On the contrary, as Poland has demonstrated anew, neither time nor the tide of events seems to be on their side in Eastern Europe.

Given the existing and probable future nexus of forces operating on Eastern Europe, the West would seem to enjoy an unusually high ability to influence events and the policies of the regimes in the area, particularly in the two most independent states, Romania and Yugoslavia. In fact,

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however, Western leverage is circumscribed by the Soviets' willingness to use force in extremis, the probable lack of major economic carrots to complement the West's ability to wield the stick, and the West Europeans' reluctance to exercise economic leverage for specific political purposes.



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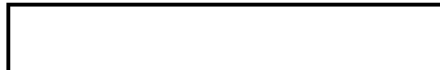
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Preface

The Polish events of 1980-81 have by now reverberated throughout Eastern Europe with little obvious effect other than the drying up of medium- and long-term credits for the states of the area. Yet, judging from the far-reaching consequences of previous crises in the area—Hungary, 1956, and Czechoslovakia, 1968—the ultimate effects of the Solidarity movement and the emergence of the Warsaw Pact's first military regime may well be profound. This assessment does not pretend to predict what Eastern Europe will look like five years from now, but it does attempt to describe the major forces at work and to suggest directions in which the states there may move.

The first section of this assessment compares the Polish crisis with previous post-World War II crises in Eastern Europe and suggests that, because of dissimilarities, the Polish disease is not contagious. The second section places the crisis within the Poles' longer term political experience, finds the new Polish military regime compatible with that experience, and concludes that the military will be in power for a long time. The third section attempts to define the ripple effects of the Polish crisis in the context of the political and economic conditions of each of the other East European states to discover where these effects may roil already troubled waters. And, finally, the assessment considers Soviet and Western interests in recent East European developments and suggests the sorts of challenges both probably will face.



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**The Broader Implications
of the Polish Crisis
for Eastern Europe** [redacted]

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The Recurrent Crises

The emergence of a general in the late months of 1981 as the Polish Communist party's first secretary and his subsequent imposition of a martial law regime were unprecedented in a Warsaw Pact state. Such events testify to the seriousness of the crisis that gripped Poland, but they also represent the culmination of long-term trends in the postwar development of Eastern Europe. [redacted]

One weakness most East European regimes share is an inability to come up with economic strategies that support growth over the long term; as a result, three waves of economic crisis have swept over the area in the postwar period. This weakness is a consequence of the felt pressure to use economic management systems that resemble the inefficient Soviet model, of bad management by economic officials who in many cases hold their posts by virtue of their political credentials, and of a reluctance to adjust to changing economic circumstances because change might imply leadership malfeasance or—worse—less than total control. As Poland's economic problems began building toward another crisis in the second half of the 1970s, the Gierek regime was unable to agree on ideas, much less programs, for heading it off. It was hunker down and muddle through. [redacted]

A reason why promptly addressing economic problems proves so difficult in Eastern Europe is that change, to be successful economically, must include a large dose of austerity and systemic reform. Austerity is a problem because regimes are usually unwilling to seek popular cooperation by making concessions in noneconomic areas or to negotiate its acceptance with representatives of the people—for example, Solidarity. Yet attempts simply to impose austerity risk popular unrest. Systemic reform is economically disruptive and politically destabilizing; it threatens the party's monopoly on decisionmaking, undermines the entrenched bureaucracies, and fractures already faction-ridden Communist parties. The New Courses of the early 1950s and the New Economic Mechanisms of the mid-1960s were eventually all abandoned or

put on hold for a time after the Hungarian Revolution and the Prague Spring because of irresolution or conservative backlash within the parties. In 1980 factions in the Polish party were arguing only about the need for change—not over specific reform programs—and when the crisis broke, the party did not splinter along major factional faultlines; it simply collapsed. [redacted]

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When the first two waves broke over Poland, the party possessed alternative leaders—the first a purged nationalist (Gomulka), the second a well-regarded party chief of an industrial province (Gierek). They were able to step in, depart from the ossified policies of their predecessors, and for a short while restore the credibility of the failed party in the public's eye. By 1980, Poland had run out of alternative leaders who could perform this magic. It turned first to the party leader responsible for internal security and, when he failed to prove his commitment to the renewal demanded by Solidarity, to the leader of the party's military wing. There is now no alternative to Jaruzelski's leadership, and it will be some time before one can emerge. [redacted]

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When Gomulka and Gierek acquired the party first secretaryship, they had sufficient personal credibility and support to try new approaches. These did not include reducing Poland's standard of living nearer to what the country could afford, but did feature some decentralization or industrial modernization on credit. In the event, the pervasive Polish bureaucracy was able to stifle such innovations as factory workers' councils and democratically elected neighborhood councils, and deteriorating economic conditions in the mid-1970s moved Gierek to recentralize. Jaruzelski, because he imposed martial law, lacks the credibility of his forerunners. Although he speaks of reform, he does not appear to have thought out a plan that goes beyond austerity and worker discipline. [redacted]

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Previous demands for change in Eastern Europe have usually been initiated by intellectuals, in and out of the Communist parties, with only occasional support, and that delayed, from workers and students. In Poland in 1980, the workers were the major force for change, and they were only belatedly supported by the mass of intellectuals and students. These labor leaders, having been bamboozled twice before and advised by intellectual dissidents, were not looking for reform-minded Communists to support; they were determined themselves to negotiate changes with the regime. They saw in police provocations and the regime's unwillingness to make concessions unless forced by strikes the same old dead hand of the Polish bureaucracy. This is why Solidarity became radicalized in its final months and why all of its major leaders are unwilling even after five months of martial law to seek a compromise with Jaruzelski. [redacted]

In previous East European crises, the military took little direct political role in the developing stages. In Hungary in 1956, the armed forces essentially disintegrated in the face of Soviet intervention, although individual officers and men played key roles in the ensuing resistance. More typically, in Yugoslavia in 1948, Albania in 1961, Romania in 1962-64, and Poland in 1956 and 1970, the military simply supported the local party leaderships. In the Polish case in 1956, this meant taking up positions that gave the Soviets pause about intervening to prevent Gomulka's comeback, and in 1970 it meant firing on demonstrators to keep him in power. Poland in 1981 marks the first time the military had matters placed in their own hands. [redacted]

Previously, when Communist parties in Eastern Europe appeared to have lost control—or to be opposing Soviet interests—the Soviets intervened militarily. Long periods of repression and reestablishment of the standard instruments of Communist control ensued, and substantial Soviet economic assistance was provided to ease the process. Perhaps ironically the East Europeans ultimately profited in the sense that, for a variety of reasons—including Khrushchev's recognition that rigid Stalinism had contributed to Eastern Europe's difficulties—they no longer felt required after 1956 to copy slavishly Soviet domestic practices. And after 1968 they were allowed to borrow in the

West to modernize their industries and agriculture, to attempt to participate more fully in the international economy, and to devote more attention and resources to raising living standards. In allowing the East European regimes to strike a bargain with disaffected consumers, the Soviets implicitly recognized that they would have to turn to the West, not the USSR, for much of the wherewithal to carry it out. Only in Poland in 1981 did the USSR call on the local military to restore control. And now in Poland in 1982 it appears that the Soviets—still unable or unwilling to come up with adequate amounts of aid, but encouraging actions that dried up Western sources—have in effect decreed a program of grim austerity. [redacted]

Having developed with a different dynamic than previous crises in postwar Eastern Europe, the crisis in Poland has produced quite different consequences:

- Because no major party leaders or factions can claim popular credit for having participated in the renewal movement, and because the party was nonetheless disabled by the strains of the renewal period, it has become a discredited institution whose mere existence impedes the "normalization" process.
- Because the main force for renewal came almost totally from outside the official political system and enjoyed broad popular support, it cannot be eliminated by so relatively simple an act as a purge; continuing opposition to the regime will accordingly be more resolute and resilient than in Hungary and Czechoslovakia.
- Because the economic problems facing Poland by 1980 were more severe than those previously facing East European regimes—and because they are being only partially addressed by the martial law regime—the economy will not reach previous levels of output and growth for many years. Tensions between the regime and the public will, accordingly, remain relatively high.
- Because the military lacks a credible civilian institution to turn power back to and will face continuing popular opposition, it probably will remain in power for a long time, filling the bureaucracy with its own

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people. Although immersion in governing could transform the military into a force for systemic reform, the generals and colonels are more likely to succumb to the stultifying ways of Polish bureaucracies, equally reluctant to relinquish power.

- Because the Jaruzelski regime, despite lipservice to the need for political and economic reform, has no program beyond austerity and discipline, and because it apparently sees little opportunity for reform until public order and economic activity have been stabilized, military Communism, at least initially, is apt to look to traditional military values for its inspiration. It is thus likely procedurally to emphasize order and routine, delegation of authority to competent subordinates, regular inspections and critiques, and summary punishment for incompetence and insubordination.

- Because Jaruzelski has demonstrated on occasion that he can resist Soviet advice, such as that party leader Kania be dumped in the summer of 1981, the longstanding Polish-Soviet working relationship may develop in ways that may surprise Moscow. The Soviets will find that they are dealing not with the remnant of a failed Communist party, but with an institution and leader that take pride in their efficiency in imposing martial law and austerity. The Polish regime, moreover, may believe it is given leverage by the paucity of Soviet options. There is thus the potential for a more equal relationship—and a more fractious one should differences crop up. Poland's considerable economic dependence on the USSR has been increased by its diminished ability to borrow in the West, but—as Romania has demonstrated repeatedly in the past—this does not translate automatically into more political leverage for the USSR. If and when it does, this leverage will be most effective in the negative sense of discouraging Polish actions Moscow does not approve of. [redacted]

The Broader Polish Perspective

The martial law regime is a first for a Warsaw Pact state but hardly a first for Poland. Although the majority of Poles have no direct recollection of their country's last experience with a military regime (1926-39), they are a historically conscious people whose perceptions and attitudes are broadly conditioned by their past. [redacted]

The Poles, like most of the peoples of Eastern Europe, flourished in the Middle Ages, establishing with the Lithuanians a kingdom that stretched at one point from the Baltic to the Black Sea. Weakened by a succession of costly foreign and civil wars, Poland was partitioned three times by the Russians, Germans, and Austrians until it ceased to exist in 1795. Modern Poles may consider Jaruzelski a traitor for having imposed martial law at Soviet urging, but his claim that a strong central authority is necessary to preserve the Polish state will ultimately strike a historically responsive chord, especially among intellectuals. The first Warsaw Pact exercise in Poland after martial law was imposed involved—with the Poles—only Soviet and East German troops, and Jaruzelski's first trips abroad after assuming power were to Moscow and East Berlin—testimony to the Russo-German context of much of Poland's history. [redacted]

During their long subjugation by the three empires, the Poles against considerable odds maintained their national identity through the institution of the Catholic Church, which explains in part the influence the Church exercises to this day. Each of the three parts of Poland, however, developed in politically and economically different directions. The resultant regionalism is one reason why Poles, whether in the Communist party or Solidarity, have difficulty making common cause. [redacted]

During the long occupations, some Poles served foreign masters as soldiers, diplomats, and administrators. Others became flaming Polish nationalists, considering officials of any nationality—including Polish—oppressors and mastering the skills of clandestine organization and resistance that have been perpetuated in Solidarity. It was during the pre-World War I part of the partition that the bitter division developed among Poles over whether their nationhood was better served by close alliance with the backward, but ethnically akin, Russians or with the value-sharing, but occasionally indifferent, West. [redacted]

Marshal Pilsudski, who led the coup d'etat in 1926, embodied a blend of these influences. A product of Russian Poland where he was several times imprisoned for revolutionary socialist activities, he escaped

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to Austrian Poland where under Hapsburg protection he helped raise embryo Polish military units to fight during World War I for the liberation of Russian Poland. When Poland regained its statehood in 1918, he became its first president, presided over the installation of its first government—socialist—and, in 1920, led the Poles in a successful war against the new Russian Bolshevik regime to push the border eastward. Later on, when Poland's myriad and fractious political parties proved unable to govern or to stabilize the chaotic economy, he returned to public life to install a conservative military regime which, led by generals and colonels he selected, survived his death in 1935 and governed Poland until the fourth partition, between the Germans and the Russians, in 1939.

Had Generals Jaruzelski and Pilsudski been contemporaries, they would have been on opposite sides. Deported to the USSR with his family in 1939, Jaruzelski came of age while fighting in Polish units of the Red Army in World War II, participated in the defeat of Western-oriented and nationalist Poles in the reestablished postwar Poland, and served his early career in a Polish Army commanded by a Russian officer. His career only really took off, however, after the Polish crisis of 1956 and during the re-Polonization of the armed forces. Moving rapidly up the military and party hierarchies, he was available in the wings, like Pilsudski, to step in at a moment of political and economic crisis. One may suspect that what he is creating will last nearly as long, and perhaps will also grow more repressive, and that, like Pilsudski, he will change his political stripes once in power.

It may be significant that during the interwar period the natural affinities were between the Church and agrarians and between the socialists and democrats. There is reason to doubt, therefore, whether the Church and Solidarity, the embodiments of divergent Polish traditions, will ever arrive at the sort of alliance that might produce lasting political results. The deepest antagonisms of the interwar period were between the military and the socialists and democrats, with the Church and agrarians closer to the military.

Jaruzelski's avoidance of direct conflict with the Church and farmers appears to have paid off: the Church has expressed opposition to popular violence against the authorities, and the farmers have observed martial law. But there remains the possibility, however slight, that the military regime, out of frustration over food supplies and the Church's continuing moral support for an independent trade union organization, might with Soviet encouragement move against the Church and farmers. If this move occurred while the campaign against Solidarity was maintained, it might yet unify all Poles in active opposition to Jaruzelski and drive Poland over the brink.

The Broader Regional Impact

Poland's Solidarity movement has elicited little support in the other states of Eastern Europe. Jaruzelski's suppression of it, accordingly, caused few ripples. Nor is there an inclination to aid the prodigal Poles any more than Moscow requires, as East European living standards are already under severe pressure. To have had a positive impact in Eastern Europe, Solidarity would have had to succeed in Poland.

Much of this lack of sympathy for the Poles has its origins in history. Even as the Poles were succumbing to their more powerful Germanic and Russian neighbors, the Hungarians were successfully striving for equal status with the Austrians under the Hapsburgs. In the Balkans, Slavs and Romanians were casting off centuries of Ottoman rule. And in modern times the Poles have not been a force for regional amity, having participated in the dismemberment of Czechoslovakia in 1938 and the military suppression of the Prague Spring in 1968. Seen in this historical perspective, Poland's crisis of 1980-81 was viewed by most East Europeans as a problem the "ethnically inferior" and "priest-ridden" Poles had created for themselves out of their own inbred romanticism, stupidity, and indolence. Local, mutually exclusive nationalisms in Eastern Europe help explain why no wave of revolution against the Soviet Empire has occurred, despite comparable stimuli in several states. For the same reason,

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among others, the Polish disease is not possible elsewhere in Eastern Europe.¹ [redacted]

Most other East Europeans are paying dearly for the Polish regime's repression of Solidarity, which ended the willingness of Western governments to help Poland work its way out of severe financial difficulties. Private bankers, reacting to the cooler East-West climate and to the poor economic performances of several states, are not now making medium- or long-term loans to any East European government. Romania has been forced into a rescheduling, and only Bulgaria and Albania—which rejects by law any foreign credits—seem absolutely safe from having to do likewise. To the extent that access to Western credits is restricted and export performance is poor, imports of Western technologies, spare parts, raw materials, and consumer goods will have to be cut back. This will lead to still further reductions in domestic economic activity and standards of living. [redacted]

A price is being paid also in economic relations within CEMA. Because the Soviets face worsening economic conditions themselves and need to focus their aid on Poland, the other East European countries are having to accept reductions in Soviet oil deliveries and in Soviet subsidies. In addition, most East Europeans have had to compensate for the Poles' failure to deliver contracted goods and raw material, been moved to give the Poles some aid, and seen the coordination of their five-year economic plans disrupted. To the extent that Soviet subsidization is declining, additional hard currency has to be spent on purchases from alternative sources, placing growth rates and living standards under added pressure. [redacted]

¹ The Polish disease embodies five essential qualities:

- A general perception that those in power are too incompetent or corrupt to exercise sole leadership of the nation.
 - The existence of pluralistic groups, including the working class, which have sufficient political power at a minimum to prevent the regime from realizing its goals and on occasion to force the authorities to negotiate.
 - A general perception that the Soviet Union will not use its military power to enforce total control because of countervailing costs.
 - The existence of a national institution outside the regime's control that can lend dissent moral support and an intellectual dimension.
 - Martyrs whose sacrifice for the nation remains to be redeemed.
- [redacted]

The East Europeans' problems are compounded by the recession in the West. Their share of Western markets has been falling at the very time they need to maximize hard currency earnings to handle their debt problems. [redacted]

The East Europeans are thus economically between a rock and a hard place, and in some states dissatisfaction with economic conditions is fueling public discontent and ethnonational antagonisms. Popular unrest has been rising in Romania, the most independent of the Warsaw Pact states, and there has been turmoil for the past year in the Albanian minority region of Yugoslavia, the first East European state to break with the USSR over 30 years ago. [redacted]

The question thus is not where the Polish political infection may next break out, but rather where economic hardship—aggravated by the Polish crisis—may produce comparably dramatic political consequences. Because the countries of Eastern Europe are so diverse, only a country-by-country review can shed much light. [redacted]

East Germany. As a state East Germany has no particular historical antecedents other than as the USSR's zone of occupation after World War II, although it lays claim to some Prussian heroes. Soviet suppression of the riots of 1953 brought home early in the postwar period the lesson that Moscow will use force to prevent any developments in East Germany that do not coincide with the USSR's interests; the Soviets maintain adequate military forces in East Germany to handle any contingency. The East German regime, at the same time, is the inheritor of a long and proud German Communist tradition and has managed to carry off an economic miracle of sorts, which has placed East Germany among the more highly industrialized states—West or East. [redacted]

Despite these forces working for stability—not to mention the people's north German characteristics—the East German state remains a fragile edifice. As the erection of the Berlin Wall acknowledged in 1961, Bonn is the metropolis of the East German public, which is among Eastern Europe's best informed,

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thanks to West German television. The very tangible attraction of West Germany to the East Germans, together with their discontent over domestic circumstances and the division of their homeland, means that the East German regime must place a high premium on its instruments of control and move quickly against dissent. [redacted]

The major threat, ironically, to the maintenance of strict internal and external controls comes not from the West, but from the East. This results from the dynamic of the triangular relationship between the two Germanies and the USSR, which requires that the East German regime pay the bill for Soviet attempts to draw West Germany away from the United States. This was most clearly evident in the early 1970s when West German negotiation of reconciliation treaties with the USSR, Poland, and Czechoslovakia became politically palatable in West Germany only after East Germany agreed to open its borders to a lot more visits by West Germans. The East Germans had no choice; haughty party leader Ulbricht, who used to lecture Soviet leaders on his personal acquaintance with Lenin, found himself retired as a consequence of his resistance. Another payment occurred when East Berlin signed the CSCE accords at Soviet behest and hundreds of thousands of East Germans applied for permission to emigrate. Even disruptive Soviet activities directed at West Germany can cause problems in East Germany. The Soviet-supported West German peace movement, for example, has engendered a similar movement across the border that has the regime in East Berlin worried. [redacted]

The Polish crisis was thus a threat and an opportunity for the East German regime. The threat was that the Solidarity spirit might spread, perhaps through Polish guest workers, among Germans. In the event, ethnic antagonism between Poles and Germans proved more than an adequate prophylactic. The opportunity was to use the threat of contagion as an excuse to curtail contacts on the personal level with West Germans and to tighten internal controls. [redacted]

As for the economic consequences of the Polish crisis, East Germany has taken a heavier blow than any other East European state. But because its economy is in relatively good shape, the effect may not be as

severe as elsewhere. Even so, energy shortages in particular are causing industrial disruptions, and the public will feel the pain. [redacted]

East German leaders apparently plan to head off any storm by continuing their policy of repression and improving their peculiar brand of economic management. They have shown no willingness in negotiations with the West Germans to make political or humanitarian concessions in return for maintaining the flow of hard currency loans. Given the size and effectiveness of East German and Soviet security forces, the East German strategy may well work—pending additional developments in the USSR and elsewhere in Eastern Europe. [redacted]

Czechoslovakia. The Czechoslovak regime was, along with the East German, the most vociferous in urging an early and decisive quashing of Solidarity. Its position probably reflected the lessons it drew from the Prague Spring and the Soviet intervention of 1968. The Czechoslovaks may be urging Warsaw to follow through by thoroughly purging liberal elements of the regime and clamping down on all forms of dissent. [redacted]

Unlike East German leaders, the Czechoslovak regime saw no opportunities, only threats, stemming from the Solidarity movement. Dominated by the conservative wing of the pre-1968 party, the regime rules a work force with strong social democratic aspirations that date from the Austro-Hungarian Empire and a public that probably made democracy work better than any other people in Eastern Europe did in the interwar period. [redacted]

Particularly insecure because it is led by an ethnic minority of Slovaks and because a purged, residual leadership still exists outside the halls of power, the Czechoslovak regime has kept its country's political life in a deep freeze since 1968. Like the Polish regime, it has been unwilling seriously to attempt systemic economic reform, though its basic economic problems may be nearly as severe. Had Solidarity succeeded in making political and economic reform stick in Poland, the example might have stimulated Czechoslovakia's intellectuals and workers to think in terms of a new thaw. [redacted]

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The Czechoslovak regime, thus, felt a particular sense of relief at the imposition of martial law. It is not, moreover, feeling the subsequent Western credit restrictions as severely as most East Europeans are because it had not borrowed as heavily. That aside, the country is under economic pressure because it has one of Eastern Europe's poorest resource bases, its plant and equipment are antiquated, and it has co-operated as broadly as any in CEMA specialization programs that have now been disrupted. [redacted]

Given the seriousness of Czechoslovakia's economic problems, economic reform—some timid experimentation has been taking place—may yet get a boost from Polish events. Because of the weakness and sterility of the current leadership, however, reform probably will not go far. To the contrary, the regime is apt to continue to rely on repression and count on the public to accommodate to greater privation by moving more heavily into the second economy, which it is legitimizing to some extent. [redacted]

Hungary. The Kadar regime has insisted throughout the Polish crisis that the Poles should be left to work out matters among themselves. This position reflects Hungarian perceptions that the worst outcome would be a Warsaw Pact military intervention with Hungarian participation. Had that occurred, a decade of effort by Hungary to reform its economy systemically and to join the international economy would have been severely jeopardized. [redacted]

The ethnically unique Magyars consider themselves the sophisticates of Eastern Europe, but they found themselves the losers in two world wars that left large numbers of their countrymen living as minorities in three neighboring East European states. They were the second of the East European states to attempt to throw off Soviet domination but, unlike the Yugoslavs, they failed and had to pay a high price in blood and emigration. [redacted]

The Quisling the Soviets chose to rule Hungary after 1956 proved, albeit after a long period of repression, to be more a Hungarian than a satrap. Beginning in the early 1960s, Kadar undertook a gradual reform of the Hungarian economic and political system, preparing the public for each step well in advance and

placing the reform on hold at the least sign of major concern domestically or in Moscow. As a consequence, the Hungarians today have an economic system that functions reasonably efficiently because market forces play a substantial role and a political environment that, even before the imposition of martial law in Poland, was among the most relaxed in Eastern Europe. [redacted]

In part because he believes it a condition for exercising a relatively free hand at home, Kadar has seldom strayed far from Soviet foreign-political or national-security policies. Any differences have been of timing and nuance, not of substance. The Hungarians are now advising Poland's military rulers on how to proceed—very cautiously—and at the same time are courting Western governments and banks and acquiring membership in the International Monetary Fund. [redacted]

Still, the Hungarians have not avoided paying a price for the imposition of martial law in Poland. The most serious cost is the restriction of access to Western credits, without which Budapest could be forced into a debt rescheduling, a major retrenchment of economic policies, and a further sharp reduction in economic growth. Hungary's skillful bankers hope they can still elude such a fate, and Hungary's politicians—including Kadar—have launched a massive public relations campaign to convince the people that their views are taken into account and that they are the best off materially in Eastern Europe. Even private money-making has recently been sanctioned. [redacted]

As matters now stand, Kadar enjoys substantial domestic respect, and the Hungarian economic system is considered in some East European states to be a model worth studying. If Hungary survives its external liquidity problems, its example could strengthen the forces for reform elsewhere and lead to unsettling political consequences. If Hungary does not, Kadarism might not survive, to the relief of conservative Communist bureaucrats throughout the area. [redacted]

Romania. Party leader and President Nicolae Ceausescu has been as pleased as the Hungarians that the Poles have avoided a Soviet military intervention.

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But unlike Kadar, who would have supported a Soviet intervention had it come to that, Ceausescu no doubt took pleasure from not having to face down the Soviets by refusing for a second time to participate in a Pact invasion of a member state. [redacted]

Romania's defiance of the Soviets over the 1968 invasion of Czechoslovakia was but one in a long series of defiant acts that have earned Romania the title of the France of the Warsaw Pact. Such behavior is less characteristic of the Romanian people than it is of their megalomaniacal leader. The Romanians have, rather, a reputation in Eastern Europe for unreliability and fecklessness; Bucharest switched sides in both world wars—twice, actually, during World War II. [redacted]

The Romanians consider themselves an island of Latin culture in a sea of Slavs. In the process of establishing statehood, they have developed two mortal enemies: the Russians, whether Tsarist or Soviet, with whom they have periodically fought over Bessarabia (currently the Moldavian SSR), and the Hungarians, who covet Romanian Transylvania. Romania's shifting alliances have usually reflected the shifting of these nationalistic antagonisms. [redacted]

The introduction of Communist rule into Romania did not eliminate the motive forces of foreign meddling and resistance to it in Romanian political life. The great domestic political battles of the late 1940s and early 1950s were between ethnic Romanian Communists who had spent the war years in Romania and Communists—many of whom were ethnically Hungarian, Jewish, or German—who had spent those years in the USSR. And in the early 1960s, when under CEMA specialization plans Romania was allotted—in insulting ideological terms—a secondary role as raw material and agricultural supplier to the rest of the Bloc, the Romanian party took up battle with Moscow. [redacted]

Economically, Romania might be better off today had it accepted the role the Soviets assigned it. Instead, like Warsaw, Bucharest launched a program of rapid industrialization grounded on its existing industrial base—in the case of Romania, a well-established petrochemical industry. Also like the Poles, Ceausescu has never done anything serious about

reforming an inefficient economic system. As a consequence of bad management by senior officials, including Ceausescu, dwindling oil reserves, and recession in the West, Romania today finds itself with industries that cannot compete, a massive hard currency debt it cannot pay, and the lowest standard of living in all of Eastern Europe—save Albania. [redacted]

Unlike the Poles, Romanians did not enjoy Soviet subsidization during their industrialization period nor can they now call on the Soviets in their time of need. To the contrary, the Soviets would be delighted to contribute to Ceausescu's overthrow, hoping his successors would not follow a similar anti-Soviet course. Also unlike the Polish leaders, Ceausescu never relaxed a Stalinist political system that has kept his people tightly repressed and the party in a constant state of purge. And again unlike the Polish Communists, Ceausescu is free to appeal to the anti-Russian sentiments of the Romanian people to win passive acceptance of his rule. [redacted]

Romania, on balance, seems headed into a period of economic and political instability. When Romania was last in comparable circumstances, in the interwar period, it found its finances under the supervision of the League of Nations, suffered peasant revolts and political assassinations, and for a period lived under martial law. As Ceausescu assesses the Polish crisis from his domestically weakened position, he should be as worried about the emergence of a Romanian Jaruzelski as a Romanian Solidarity. [redacted]

Yugoslavia. Belgrade has declined to take an official position on Solidarity or the martial law regime in Poland. Unofficially, opinions run the gamut; in some parts of Yugoslavia, student pro-Solidarity demonstrations have been permitted, while in others forbidden. Having established an unconventional, independent Communist state poised between East and West, Yugoslav Communists in fact have mixed emotions. On the one hand, they probably regret that Solidarity was unable to force a more pluralistic system on the Polish regime, making it more akin to the Yugoslav. On the other hand, they must be relieved that the

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Soviets did not intervene, which would have made their balancing act more difficult, and that Solidarity did not succeed in wresting a major share of political power from the party. [REDACTED]

That the Yugoslavs should speak with many voices on Poland is hardly surprising. There are few true Yugoslavs; there are, instead, Slovenes, Croats, Serbs, Magyars, Bulgarians, Macedonians, Albanians, Montenegrins, and the Muslim Slavs of Bosnia. Divided for centuries between the Ottoman and Austro-Hungarian Empires, Yugoslavia emerged as a state only at the end of World War I under control of the Serbs, the more important of the two Yugoslav nationalities to reestablish independent states in the 19th century. [REDACTED]

The peoples of Yugoslavia have not lived happily with one another since. Their state was shattered during World War II, which for them was a civil war as well as a defense against foreign aggression. The only multiethnic resistance group was Tito's Communist partisan army, and it was this group that, with only marginal assistance from the Red Army, won power after the war. [REDACTED]

Tito's ambitions for the South Slavs in the immediate postwar period were considerably greater than mere reestablishment of the former Yugoslav state. Territory was seized from the Italians in the northwest, a proxy war was fought to establish influence over Greece, and the incorporation of Bulgaria and Albania was attempted through political maneuvering and negotiation. By 1948, with the West aroused and the Soviets content to consolidate control over their new East European client states, Stalin tried first to rein Tito in. Failing, he attempted to bring Tito down through severe political, economic, and military pressures. But the Yugoslavs rallied behind Tito, who turned to the West for aid. The consequences were containment of Yugoslav expansionism and reduction of the USSR's European sphere of influence. [REDACTED]

For most of the postwar period, Yugoslavia has been held together by a regime dominated by the partisan fraternity that assumed the bulk of the key positions in the restored Yugoslav state. Ethnonational antagonisms have bubbled to the surface on three occasions: among the Albanians in 1968 and 1981-82 and among

the Croats in 1971-72. The Yugoslav Army—largely commanded by Serbs—was used against the Albanians and is stationed in force in the Albanian region. The Croats, when threatened with use of the Army, cleaned up their act and purged the more radical of their kin. [REDACTED]

Even during times of noncrisis, ethnonational tensions lie near the surface and tend to be argued in two different contexts. The first is distribution of economic authority between Belgrade and the ethnically diverse republics. As has happened frequently in the United States, Yugoslavia's "states" adamantly oppose federal power over spending, taxes, and trade controls, but seek advantage in special interest subsidies. In the face of such pressures, Tito in the end came to allow the republics broad autonomy in economic development and foreign borrowing. At the same time, he tried to amend the inequities of history by mandating investments designed to equalize living standards in the various parts of Yugoslavia. (The inequities, not surprisingly, date from the Ottoman and Hapsburg Empires. Those Yugoslavs who lived under the Austrians inherited an economic infrastructure, some social discipline, and work skills. Those who lived under the Ottomans brought little more than the clothes on their backs.) Greater equality in practice means taking from the Slovenes and Croats and giving to the Albanians, Macedonians, Bosnians, and Montenegrins. [REDACTED]

The second context for ethnonational rivalry is the distribution of political authority between federal and regional power centers. The Yugoslavs have been through several cycles of decentralization and recentralization, depending on the perceived problem of the time. Devolution of power applies even to the Communist party, which is often admitted to be a "confederal" party, rather than a "unified" Yugoslav institution. [REDACTED]

Yugoslavia is thus trapped between the needs for broad power sharing and for federal mechanisms strong enough to preserve the unified state and to ensure policy consistency. In ethnonational terms, a strong leadership in Belgrade means domination by

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the Serbs, the most numerous of the Yugoslav minorities. Devolution of power to the republics and autonomous regions is in ethnonational terms the most satisfying solution to the non-Serb majority, but it allows republic officials to pursue the pleasures and perils of autarky. As matters have ended up, the federation has been preserved, even in the wake of Tito's death, but the republics' successful insistence on consensual decisionmaking has undermined Belgrade's powers. The profligacy of the republics has brought the larger Yugoslav economy on hard times, and this problem has recently been aggravated by the Polish crisis, in that Western lenders have restricted longer term credits to the Yugoslavs. [REDACTED]

Tito and his principal lieutenants had the ability to intervene at key points in the Yugoslavs' ethnonational quarrels to prevent matters from getting out of hand and to redirect policies to serve greater Yugoslav interests. These men are now gone, succeeded by collective party and state leaderships made up of representatives from each of the Yugoslav peoples. These leaderships, the chairmanships of which rotate annually among their members, are proving cumbersome and progressively less able to make and enforce decisions. [REDACTED]

During the interwar period, when these tensions degenerated into political assassination and Croatian and Macedonian terrorism, it was the Serbian-Montenegrin officer corps that propped up Yugoslavia's ruler and was strong enough to throw out a Prince Regent. Since the war, a Communist officer corps—increasingly more diverse ethnically, but united by loyalty to Tito and to Yugoslavia—has twice been called upon to assure the integrity of the state against internal threats. If such actions come to be required more frequently, the military may by default become the only major force with a "Yugoslav" mission. If the party leadership in Yugoslavia comes to be viewed as incompetent, like that in Poland, the military would be tempted to force a change. [REDACTED]

Bulgaria. The Zhivkov regime has followed the Soviet line on Poland with such precision that one can understand why the Bulgarians are still known in many quarters as the Prussians of the Balkans. The fact is that recent Polish developments do not seem

relevant to current-day Bulgaria. Its people are relatively well fed, the regime has a modest economic management reform program under way that contains features of both the East German and Hungarian models, the country's debt is manageable, and the party faces no challenge to its control. [REDACTED]

Losers in three successive wars—the Second Balkan and the First and Second World Wars—the Bulgarians have grown stronger and more self-confident in the three and a half decades of peace and stability under the protection of their Slavic big brothers in Russia. Bulgarian nationalism is thus not like the Polish, which is anti-Soviet at bedrock. Rather it tends toward romantic expansionism primarily directed at Yugoslavia's Macedonian Republic, to which the Bulgarians still lay historical claim. The Polish crisis worried the Bulgarians only to the extent that the Soviets appeared to show a lack of resolve. [REDACTED]

Albania. To the extent that the Hoxha regime has commented on the Polish crisis at all, its position has been to condemn all parties to the struggle. A totally bloody-minded position is in character for the country that still openly reveres Stalin. [REDACTED]

Descendants of the ancient Illyrians forced back into their mountainous Balkan stronghold by the Slavic migrations of the seventh century, this people supplied at least three emperors to Rome, some of the best fighting units to the Byzantines, innumerable grand viziers to the Ottomans, and the last King of Egypt. Dragged kicking and screaming into statehood at French insistence after World War I, the Albanians have since been the object of the ambitions of Italy, Greece, and Yugoslavia. [REDACTED]

With their land occupied in part during World War II by the Italians and then the Germans, the Albanians joined Tito's partisans in the guerrilla war to expel the invaders. Finding a third of the Albanian people still incorporated in Yugoslavia after the war and fearing Tito's designs on all his neighbors, the Hoxha regime took the opportunity of the Tito-Stalin split to slip the Yugoslav leash and place Albania under Soviet protection. When relations between the Yugoslavs and

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Soviets improved, the Albanians expelled the Soviets in 1961 and placed themselves under Chinese tutelage. And, finally, when the Chinese and the Yugoslavs reconciled, the Albanians kicked out the Chinese in 1978 and retreated into near total isolation. [redacted]

only reinforce national peculiarities and add to centrifugal pressures. The Soviets' institutions for coordinating the economic and political policies of these countries are proving no more equal to the task now than in the recent past. [redacted]

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Like other aging autocrats, Hoxha is primarily concerned about the imminence of his demise. To the extent that he thinks about Poland at all, he probably sees in events there reminders of the evil in all foreigners but especially a vindication of his belief that the great powers are relentless in their rivalry. He may particularly worry about the Soviets' probable desire to regain the naval base they had in Albania in the 1950s. The Polish crisis will probably only confirm Hoxha in his xenophobia. [redacted]

In contemplating future developments in Eastern Europe, it will probably be more instructive to look to each country's history and national traditions for clues than to Soviet practice. Rivalries between East European states, and among nationalities within these states, will probably become more important factors in their political behavior. The current Hungarian-Romanian competition for favored treatment by the West in coping with financial problems may be an early example. Given the legacy of irredentism and mutual dislike, such rivalries may not always remain peaceful in a waning "Pax Sovieticus." [redacted]

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Implications for the Future

The emergence of Solidarity provided the latest demonstration that Soviet-style totalitarian "socialism" has not taken hold in Poland. Throughout much of Eastern Europe, it is but a veneer held in place by the glue of Soviet economic and military power, the economic dimension of which is weakening as the Soviets find themselves discomfited by the increasing costs of empire. [redacted]

As the countries of Eastern Europe face up to the problem of reorienting production for export to hard currency areas and for domestic consumption, other resource claimants may well come under increased scrutiny. Reports of a new East German parsimony in assistance to Third World states, while unconfirmed, suggest some East European states may be taking harder looks at this type of spending (which reached a peak of some \$480 million in 1977 and amounted to about \$255 in 1980). Defense outlays for high-cost modernization, which the Romanians claim they have been reducing for the last several years, have probably come under pressure in other states as well despite Soviet urging for spending increases. This pressure, in turn, raises questions about the future ability of East European military forces to fulfill their Warsaw Pact commitments and about the willingness of East European military leaders to follow Soviet orders after they have become involved in coping with domestic economic and political problems for which the Soviets are believed at least partially responsible. [redacted]

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Soviet willingness to accept a new variant of national Communism in Poland—military Communism—combined with Moscow's less generous economic policy toward Eastern Europe constitutes an additional impetus for "separate roads to socialism" and for greater variation among the several national Communisms of the area. Appearances to the contrary notwithstanding, as the East Europeans have to rely increasingly on their own resources to solve economic and political problems, it will not be the Soviets to whom they will look for examples and inspiration on how to improve their performances. [redacted]

The differing effects of the Polish crisis on the East European states and their differing reactions to it testify to the extent to which national peculiarity has already replaced Communist internationalism as the primary motive force in the area. The need for the East Europeans to depend more on themselves will

Inefficient as most of the economies and managements of Eastern Europe are, there is great potential for increasing productivity, allocating resources more efficiently, and adopting appropriate stabilization

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policies—as the Hungarians, and to a lesser extent the Bulgarians, are proving. In some states, such as Romania and East Germany, regimes are looking to the refinement of their command economy systems, rather than to systemic economic reform, to improve performance. In others, such as Czechoslovakia and Bulgaria, modest reform programs have taken root and are being expanded in such areas as market measures of success and private enterprise. In still others, such as Hungary and Yugoslavia where reform programs have long been the order of the day, voices are being heard calling for a halt to the further implementation of reforms and, in Yugoslavia, even for a recentralization of decisionmaking and control.

Over the longer term, the movement in Yugoslavia toward reform is likely to continue (among other things, too much central power has already been dispersed), and the movement in Hungary will probably resume as well. The Hungarian program has had some success and has achieved a certain momentum, and the need for something better is as pressing as ever, perhaps even more so in the light of events in Poland. It is clear, moreover, that Kadar is sympathetic to innovative ideas and not overly concerned about purity of doctrine. If, for example, small private enterprises in trade and manufacturing can perform better than socialist ones, why so be it. It would be out of character, however, for Kadar to proceed without caution vis-a-vis both his own people and the USSR. Growing popular unrest that seemed related to economic reforms or strong Soviet disapproval of the new way in Hungary would bring the program to at least a temporary halt.

But barring major domestic disruptions or Soviet vetoes, Hungarian leaders will probably work to expand their program once the Polish crisis has subsided. If so, others will watch with great interest. Czechoslovakia could become a candidate for some relaxation of central economic controls and of ideological constraints. The legacy of the Prague Spring, until now one that discourages innovation, could in time (probably after Husak leaves office) work the other way—that is, memories of previous plans for economic reform could help to revitalize forward motion. If nothing else, the Czechoslovaks have been

made aware that they possess the intellectual resources to accomplish considerably more than they have been allowed to in recent years. It is even possible that a working Hungarian model of reform could inspire a post-Brezhnev leadership to look for new methods to cope with the USSR's growing economic problems (assuming that such a leadership does not retreat into rigid orthodoxy).

The appeal of systemic economic reform could in time prove to be compelling almost everywhere in the Bloc. The risks of adopting more or less radical new measures are enormous, but any innovative system that promises economic growth and also permits the ideologists to maintain (or pretend) that the tenets of Marxism-Leninism have not been violated will attract all manner of advocates, including those Soviet and East European politicians who will seek to ride to power on the basis of persuasive new programs. Indeed, progressive abandonment of the discredited command system in favor of a more flexible, realistic, and market-oriented approach might seem the only way to cure widespread economic malaise, restore relevance to official doctrine, and undercut rising popular discontent.

Still, all this is quite long term. And, for the period immediately ahead, there are no panaceas. On the contrary, whatever the approach to avoiding a Polish-like economic disaster, in the near term tensions are likely to increase within the various East European regimes, between the regimes and their publics, and among nationalities and ethnic groups within those publics. The potential will thus grow for leaders to fall and publics to become aroused.

As domestic tensions increase apace with deteriorating living standards, the Communist parties of the region, aware of the Polish precedent, will be forced to look to the efficiency of their internal security forces and the reliability of their military establishments. Already the security forces are the regime's major prop in Romania, where severe popular disgruntlement with Ceausescu's cult of personality and the parlous state of the economy is growing. And in Yugoslavia the military is crucial to the survival of the federation, not only in general terms but also

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specifically in suppressing the restive Albanians in Kosovo province. Disaffection in Romania could get out of hand and force the party to unseat the Ceausescu dynasty, a move with uncertain consequences. Ethnic antagonisms, republic politics, and popular discontent could all erupt in Yugoslavia, where there is little restraining fear of direct Soviet intervention. Even short of civil war, the central government and party officials in Belgrade could one day find themselves bereft of all authority over the constituent republics. There is some chance, however, that in the event of severe unrest military figures might seize power in Bucharest to forestall a Soviet invasion and in Belgrade to forestall national collapse.

As the East European leaders contend with their own problems, they will have to cope also with the suspicions and anxieties of a Soviet leadership whose military dominance remains intact even as its economic power declines. The East Europeans are likely to receive mixed signals from Moscow. Soviet leaders will be torn between recognition that national solutions to the problems of the East European economies are required, fear that one or another of their allies will seek successfully to increase their freedom of maneuver, and concern that the ability of one state to maneuver will inspire others to do the same and that the thrust of such a process will diminish Soviet control. The need to placate Soviet suspicions will add one more series of obstacles to the course that the East European leaders must traverse.

The uncertainty that prevails in Eastern Europe, already serious enough, will soon increase substantially. It is not by chance that most crises in Eastern Europe have occurred in the wake of a succession in the USSR. Another succession appears in process, even as Brezhnev lives. Leaving Jaruzelski aside, party first secretaries in Eastern Europe have been in power for a long time—an average of over 22 years. This means that even the feisty Ceausescu has established a relationship with Brezhnev. Long personal relationships have given these leaders a confidence in the accuracy of their judgments about Soviet policies and levels of tolerance.

With Suslov dead, Kirilenko in apparent decline, and Brezhnev a part-time leader, the East Europeans will anticipate that a new principal Soviet leader will emerge. And while the East Europeans make it a practice to cultivate Soviet leaders other than those at the very top, they will be concerned about the possibility of major changes in the direction of Soviet policies and wonder what adjustments in their own policies the new Soviet leader may demand.

The succession factor becomes even more unsettling when one considers that the leaders of Eastern Europe, while none appears to be on his deathbed, are nonetheless getting along in years—their average age is 67. Jaruzelski is the youngest at 58. Kadar at 69 and Hoxha at 73 are believed to have health problems. It is conceivable, therefore, that one or more East European states could be going through succession processes at the very time the Soviets are, processes that will be all the more difficult because it has been so long since any of these countries other than Poland and Yugoslavia have been through such an experience.

In sum, then, Eastern Europe is likely to be an area of growing instability for the next several years and will present new challenges and opportunities to both the Soviets and the West. The curtailment of East European economic relations with the West has ostensibly played into the Soviet hand; Warsaw has accused the West of supporting ill-chosen Polish economic programs so that it might increase its political leverage, and Jaruzelski has called for closer political and economic ties with the USSR. Unquestionably those East European states that have been viewed most favorably by the West are those that are being hurt most in the wake of Polish martial law, a circumstance East European leaders like Romania's Ceausescu find hard to comprehend in political terms.

The fact remains, however, that whatever sympathy exists in Eastern Europe to turn back toward greater economic reliance on the USSR—even to buy more favored Soviet economic treatment with greater political conformity to Soviet policies—is no real answer

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when Soviet economic problems make the USSR an unlikely source of greater largess, particularly of the right kinds. This leaves the East Europeans with the options of greater domestic austerity, which most are pursuing despite the risk of increasing popular discontent; systemic economic and political reform, which most prefer not to pursue because it risks disturbing established power relationships; and revived economic ties with the West, which most are pursuing despite the reluctance of creditors and the existence for Poland and East Germany of political conditions they insist they will not meet. [redacted]

The West, therefore, is not without leverage over East European events, though Western leverage in most Warsaw Pact states must always be recognized as tenuous in the face of the Soviets' demonstrated willingness to use force in extremis. The West Europeans' disinclination to use their economic ties with Eastern Europe for more than influencing trends further reduces the West's leverage over specific events. The West's experience in Eastern Europe has been, rather, that it can encourage a regime to move

in desired directions if that regime is so disposed, but that it can neither determine the outcome nor force a regime to take steps judged to be destabilizing politically. Western leverage would be greater if at this juncture it had major economic carrots to offer in addition to an ability to wield the stick and if Western lenders did not believe they are overexposed in the area as a whole. Recognizing these limitations, Western leverage remains substantial in Romania and Yugoslavia, among the most independent and least stable of the East European states, where the Soviets no doubt still hope someday to recover lost ground and reverse the established trends that have been eroding Soviet hegemony. [redacted]

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