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European Review

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15 August 1986

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EUR ER 86-019
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European Review

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15 August 1986

	<i>Page</i>		
Briefs	United Kingdom-South Africa: Commonwealth Minisummit on Sanctions	1	25X1
	France: Increase in Defense Spending	1	25X1
	Turkey-United States: Renewal of Cooperation Agreement Uncertain	2	25X1
	Greece: Tough Measures for an "Ailing" Enterprise	2	25X1
	Bulgaria: Soviets Honor Leading Succession Candidate	3	25X1
	Articles	East-West Germany: Learning to Live With the Berlin Wall	5
<p>After 25 years the Berlin Wall remains the most potent symbol of the division of Germany and a world landmark in man's inhumanity to man. The Wall today, however, is no longer an all-consuming issue for Germans, even Berliners, but rather an everyday—if grotesque—fact of political life. Still, the way the two Germanys are learning to live with The Wall has important implications for Allied rights in Berlin.</p>		25X1	
Norway: New Labor Government Held to Moderate Course		11	25X1 25X1
<p>After 100 days in office, the minority Labor government's socialist rhetoric has led to little change in Norwegian policies. Political and economic realities have held the government of Prime Minister Brundtland to a centrist path and induced a switch from impractical social democratic ideals to moderate policies intended to avert a vote of no confidence.</p>		25X1	
Yugoslavia: Prospects for Nuclear Power Development	15	STAT 25X1	
<p>The future of nuclear energy in Yugoslavia, once bright, is now uncertain owing to antinuclear sentiment. Belgrade has put on hold plans to build several nuclear facilities, including a \$2.5 billion plant in Croatia on which US and other foreign firms are bidding. Although chances are still better than even that the Croatian plant ultimately will be approved, the decision probably will come only after lengthy study and controversy among both the leadership and the public.</p>		25X1	

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EUR ER 86-019
15 August 1986

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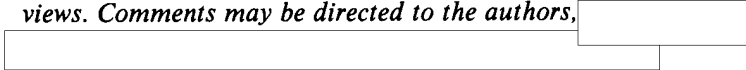


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Economic News in Brief

29

Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as uncoordinated views. Comments may be directed to the authors.



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Briefs**United Kingdom-
South Africa****Commonwealth Minisummit on Sanctions**

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The "agreement to disagree" on South African sanctions between Britain and six of its Commonwealth partners in early August limited the damage to Prime Minister Thatcher's political standing, but she will face renewed domestic pressure if Washington adopts measures tougher than those she has suggested. Thatcher is particularly concerned that the United States will sever airlinks to South Africa. She probably expects US support for her position on airlinks as another favor in exchange for past and future cooperation.

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At the London minisummit, Australia, The Bahamas, Canada, India, Zambia, and Zimbabwe argued that Thatcher's offer to ban imports of South African coal, iron, and steel and her "voluntary" bans on new investment and tourism were insufficient. They went ahead not only with the tougher sanctions agreed on at the Commonwealth meeting last October but also with additional measures, including a ban on new bank loans.

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Next month at the EC meeting, Britain is likely to go along with the consensus, especially because the measures Thatcher offered the Commonwealth at the minisummit are close to those the EC proposed last June. Thatcher will try to get West German Chancellor Kohl, who shares her dislike for sanctions, to help hold the line against tougher steps. She almost certainly will argue, for example, against a mandatory ban on new investment in South Africa.

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France**Increase in Defense Spending**

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The French Government projects 5-percent real growth in defense spending in 1987, according to press reports. The increase will go toward new equipment at the expense of other government programs and defense operations. The money will enable France to continue developing a replacement for the S-3 IRBM, constructing the first of two nuclear-powered aircraft carriers, and pursuing the purchase of an AWACS aircraft.

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The projected defense budget is a significant change from the no-growth budgets of the former Socialist government. The French will face a serious resource crunch by 1990, however, as programs that had been stretched out or postponed by the Socialists—including a new fighter aircraft, aircraft carrier, and tank—begin to enter production.

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Without sustained increases in defense spending, France may be forced to limit further conventional modernization or make deeper cuts in operations and readiness. Prime Minister Chirac's government intends to announce its longer-term defense plans this fall.

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SecretEUR ER 86-019
15 August 1986

Secret**Turkey-United States****Renewal of Cooperation Agreement Uncertain**

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The Turks have several reservations about the latest US proposals for renewing the bilateral Defense and Economic Cooperation Agreement. Their criticisms center on the absence of a US commitment to reschedule debts for military purchases and the length of the proposed extension of the agreement. Turkish officials also continue to prefer establishing specific levels of military assistance in place of the existing "best efforts" formula and explicit disavowal by Washington of the congressionally mandated 7:10 ratio for military aid to Greece and Turkey.

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Ankara may be in no hurry to conclude the talks before Foreign Minister Halefoglu visits the United States in September. As they have throughout the talks, the Turks claim that the US proposals offer no incentive for a five-year renewal of the agreement instead of the two-year extension they propose. They may prefer to let the agreement continue on a year-to-year basis—as allowed by its provisions—if they are unable to obtain terms they consider favorable. Ankara probably believes that its recalcitrance poses no threat to continued US assistance, which they expect to decline in any case because of US budgetary constraints.

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Greece**Tough Measures for an "Ailing" Enterprise**

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The Greek Government's recently announced measures to increase productivity in the state-controlled mining concern LARCO may portend a new policy in dealing with the 60 or so "ailing enterprises" the state has taken over in order to prevent their bankruptcy. The LARCO measures include layoffs, the setting of production quotas, a prohibition against strikes, and abolition of wage indexing. The measures are Prime Minister Papandreou's first real attempt to address the problem of overextended firms whose borrowing has become a significant burden on the already financially strapped public sector. The "ailing enterprises" own 60 percent of the assets of the top 30 Greek industrial concerns, employ about 35,000 workers, and are faced with total debts of \$2.2 billion, or 6 to 7 percent of GDP.

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The LARCO measures are probably intended to be a trial balloon to gauge public reaction. The Communist-controlled ESAK-S labor organization already has protested the announcement, declaring that the measures would ultimately lead to the "enslavement" of Greek workers. The Communists may hope to benefit from the issue at the expense of Papandreou's PASOK Party in the municipal elections in October. Buoyed by his successful hardline handling of the Olympic Airlines pilots strike, however, Papandreou probably feels confident that he can manage any labor protests against the new measures. Greece's business community probably will support the new measures, hoping that they may eventually be extended to the embattled private sector as well.

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Bulgaria

Soviets Honor Leading Succession Candidate [redacted]

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The Supreme Soviet, in an unusual move, awarded Bulgarian Politburo member Chudomir Aleksandrov the Order of Red Banner of Labor in honor of his 50th birthday on 26 July. None of the four other leaders usually mentioned as contenders to succeed aging General Secretary Todor Zhivkov—Politburo members Georgi Atanasov, Milko Balev, Grisha Filipov, and Ognyan Doynov—has received comparable recognition from Moscow at such a young age. While the award is not a particularly high honor within the Soviet Union, it has rarely been given to non-Soviets. [redacted]

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Aleksandrov is an able administrator whose succession prospects have grown steadily over the past few years. While not openly stating a preference, Moscow has been leaning toward Aleksandrov for some time, [redacted]. Zhivkov, who will be 75 next month, is said to favor Aleksandrov and seems to have propelled him through the ranks. Zhivkov, of course, has elevated other leaders in recent years, only to demote them before they could establish a political power base. [redacted]

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Articles

**East-West Germany:
Learning to Live With the
Berlin Wall**

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After 25 years the Berlin Wall remains the most potent symbol of the division of Germany as well as a world landmark in man's inhumanity to man. At the same time, however, The Wall is no longer an all-consuming issue for Germans, even Berliners, but rather an everyday—if grotesque—fact of political life. Bonn has essentially dropped Cold War rhetoric in favor of finding pragmatic ways of making The Wall more porous, and East Berlin's success in consolidating itself behind The Wall has made it more confident in dealing with West Germans. The way in which the two Germanys are learning to live with The Wall, however, has important implications for Allied rights in Berlin.

Background

East German security forces, backed by Soviet units, sealed the boundary between Berlin's three Western sectors and the Soviet sector (East Berlin) on 13 August 1961 and, under the direction of then security chief Erich Honecker, immediately began constructing the first relatively crude wall. This bold stroke climaxed a Berlin crisis that had begun in November 1958 when Soviet leader Khrushchev announced his intention to end the occupation regime in Berlin and to force the Allies to withdraw. The Allies rejected Soviet and East German threats and made clear their intention to defend the status quo in Berlin, but in the end the three Western Powers could not prevent The Wall's erection and were able to defend their position principally on legalistic grounds.

The accompanying tension and anxiety of the two-and-a-half year crisis induced the so-called rush for the door by East German refugees—primarily through West Berlin—which reached a high point of 47,000 in the first 12 days of August 1961. All told,

some 2.7 million East Germans fled the Soviet Occupation Zone (East Germany) in 1949-61, a population exodus that then GDR leader Walter Ulbricht believed would fatally undermine his regime. For Ulbricht, therefore, the immediate purpose of The Wall was to halt this refugee flood through Berlin rather than to challenge Allied rights in the city.

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The massive Wall,¹ which splits the city and surrounds West Berlin on all sides, appears to have fulfilled Ulbricht's intention. Since August 1961, only about 200,000 East Germans have fled to the West, but less than 20 percent of these have done so by daring The Wall or the similarly tough intra-German frontier. (Most refugees have fled through third countries.) Both barriers are fitted with mine-filled death strips, electronic warning devices, and guard towers manned by troops with "shoot-on-sight" orders. Moreover, the vast majority of these escapees managed it in the early 1960s while the fortifications around Berlin and along the intra-German border were still being tightened. In recent years, only about 200 annually make it out by this route, a small handful over The Wall itself. Some 80 people have been killed at The Wall.

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The Wall as Viewed From the East

Walter Ulbricht later privately admitted that The Wall was a catastrophic moral defeat for his regime and an international public relations disaster

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¹ The 165-kilometer-long, 12-foot-high Wall is made of solid concrete and painted white for better visibility. It is crowned with a concrete tube on which it is virtually impossible to get a handhold. The Wall, however, is merely the centerpiece of a much wider floodlit border strip with additional fences, antitank traps, mines, dog runs, and 290 guard towers, all of which are manned by more than 8,000 border guards.

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EUR ER 86-019
15 August 1986

Secret

constantly reinforced by the death of every would-be escapee. Moreover, erection of The Wall probably has contributed greatly to the regime's "legitimacy deficit" with its populace, and the shortfall is unlikely to be overcome so long as The Wall stands. [redacted]

Publicly, however, the regime aggressively asserts that its so-called anti-Fascist protective rampart was a justifiable defensive measure to ward off an impending NATO military assault on the GDR. Subscribing to the thesis that the best defense is a good offense, the GDR goes out of its way each year to mark the events of 13 August 1961 as a defeat for "Western imperialism." This year, in fact, the GDR has even issued a special commemorative stamp! The East Germans further claim that, far from being an inhumane act, building The Wall was a positive contribution to peace and a necessary prerequisite for detente. By their logic, The Wall serves human rights—in particular the right to live in peace—by ensuring the status quo on the confrontation line between the Warsaw Pact and NATO. [redacted]

Indeed, once freed of the threat of being bled to death, the regime successfully achieved its internal consolidation. The best evidence is that the populace bitterly resented the "closing of the door," but the majority subsequently resigned itself to making the best of a bad lot. The regime constructed such a stable police-welfare state on the foundation of this popular resignation that within 15 years it felt confident enough to pursue a more forceful policy toward the outside world, especially West Germany. Thus, the existence of The Wall has become the prerequisite for East German dealings with West Germany, including ironically, the GDR's willingness to make The Wall and other barriers to intra-German relations marginally more porous. [redacted]

The Wall as Viewed From the West

As press commentary following every abortive escape attempt makes abundantly clear, The Wall provides the West Germans with a vivid reminder of the repressive nature of Communist rule in East Germany. West German experts of all persuasions believe examples of just this sort account for the dismal postwar record of Communists in FRG elections. At the same time, many West Germans

recognize the connection between The Wall and East Germany's willingness to engage in its own *Westpolitik*. The construction of The Wall, and particularly the West's failure to respond forcefully, caused a drastic shift in West German perceptions of how to deal with the GDR and eventually shaped West Germany's approach to *Ostpolitik*. [redacted]

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The difference in attitudes before and after The Wall's construction are telling. Prior to 1961 the West Germans subscribed to the theory of rolling back Communist rule in Eastern Europe from a position of strength, a policy that led Konrad Adenauer to bring West Germany into the Atlantic Alliance. When the West failed to respond forcefully to the challenge of The Wall's construction, many leading West Germans concluded that "rollback" had been only a convenient Cold War myth, primarily of service to the US-Soviet confrontation and not one intended to bring about the reunification of Germany. The East German regime was seen as essentially permanent and thus Bonn would have to pursue its own policy in the East to effect the rapprochement necessary in which the spirit of a common German nation could survive. This necessitated, at the least, the de facto recognition of East Germany rather than its subversion. In fact, one leading West German official publicly stated a few years ago that Bonn no longer wants instability in the GDR because that would only force the East Germans to crack down and undo recent improvements in intra-German relations. [redacted]

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In effect, the pursuit of better relations with the East Germans has become an end in itself and the focal point of West German policy to this day, one which abhors The Wall and all it represents will not displace. To most West Germans, the era of detente has produced tangible benefits by creating opportunities to visit relatives, reunite families, engage in cultural, athletic, and scientific exchanges, and just meet Germans from the other side. These exchanges have also created the one hope the Germans have to keep alive the idea of a common nation. [redacted]

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"The Wall Must Go!" The Western side of the Berlin Wall is covered with graffiti, much of it political.

Berlin. Time-Life Books ©

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The Wall and the Quadripartite Agreement

Ironically, The Wall not only led to the GDR's internal stabilization, but also, by creating a new context for Berlin, contributed indirectly to the signing of the Quadripartite Agreement (QA) on Berlin. The QA was concluded in 1971 by the four victorious powers of World War II and established the new status quo for Berlin that has endured to this day. The QA has affected the attitudes and policies of both Germans toward the divided city and the meaning of The Wall, even though neither is a party to the

agreement. More generally, by enshrining the practices governing Allied access and rights that had evolved since the war, the QA removed much of the tension surrounding Berlin affairs. The resulting environment has contributed much to the ability of the two Germans to promote improved ties. In particular, Bonn has developed a more benign view of East German intentions regarding intra-German relations.

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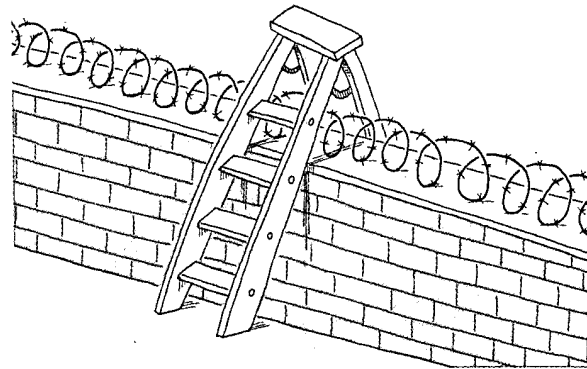
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For its part, however, East Germany has viewed The Wall as instrumental in the GDR's policy of isolating West Berlin—the only part of the city to which the QA applies, according to the East—from West Germany and trying to establish that part of the city as a completely separate “third” Germany. For the GDR, the operative clause of the QA is that West Berlin “continues not to be a constituent part of the Federal Republic of Germany and is not governed by it.” The GDR's recent aborted attempt to institute passport and visa controls for diplomats crossing The Wall at Checkpoint Charlie was another in a long series of efforts to establish The Wall as an international boundary, contrary to the QA. More recently, the GDR has sought to channel West Berlin and West German resentment over the flood of Third World refugees through West Berlin—in part engineered by the GDR—into pressure on the Allies to establish visa and passport requirements at intersectoral crossing points. []

For West Germany, its commitment to West Berlin is inseparable from the desire for closer German-German ties. Bonn, therefore, accents the QA language stating that the connections between West Germany and West Berlin are to be “maintained and developed.” Administrations from left to right, including that of Helmut Kohl, have all reiterated this commitment. These administrations also have fostered the growth of federal institutions in the city, and Bonn also supplies more than half of the West Berlin budget. At the same time, the West Germans have postponed concluding numerous agreements with the East because of disputes about the inclusion of West Berlin and over the right of West Berliners to participate as members of West German delegations. The recent cultural agreement with East Germany and one governing scientific and technical exchanges with the Soviet Union came about only after years of delay and after Bonn was satisfied with the language regarding West Berlin. []

Outlook: When Will The Wall Fall?

GDR leader Honecker has a pat answer when Western journalists—or US Congressmen—ask him when The Wall is coming down: it will be torn down “when the conditions that caused it to be erected disappear.” For all intents and purposes, this means



West Germany continues to search for new ways to overcome The Wall. The Atlantic ©

never, because “the conditions” are not any alleged NATO military threat but rather the mere existence of West Germany as a more prosperous, democratic, and open society than the GDR. The average East German's strong attachment to his native region—Thuringia or Saxony, not the GDR—would probably avert a radical depopulation of the GDR if The Wall fell. However, the GDR's population is currently declining and labor is in short supply, so even a modest additional loss of skilled workers or professionals could cause economic disruption. In addition, the regime would be hard pressed to counter the effects on its own populace of frequent, direct exposure to life in the West. []

In the meantime, The Wall offers East Germany a ready card to play in the intra-German game by bargaining temporary “doors” in The Wall in return for financial and economic advantages, such as untied loan guarantees. The regime also encourages the West German political left to lobby Bonn for recognition of GDR citizenship and sovereignty—a longtime East German demand—by implying these concessions would be the prelude to removing The Wall. []

Most West Germans have come to accept the Berlin Wall. They certainly do not like it, but neither do they expect it to go away any time soon, and only the most conservative forces maintain the Cold War rhetoric of

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“rollback.” As a result, governments in Bonn will continue to seek ways to overcome the inhumane and divisive nature of The Wall. The routes they chose will depend to a large extent on the issue at hand, Allied management in Berlin, and the West German assessment of the motivation of their Eastern brethren. Although Bonn continues to support the Allied position in disputes involving Berlin’s status, we expect the West Germans to view these matters increasingly through their intra-German prism, as they did in the recent GDR attempt to impose passport controls on diplomats at the sector-crossing boundaries. In that case, the West Germans initially perceived it as a German-German problem, rather than one of quadripartite status, and moved to settle it on their own terms.

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Norway: New Labor Government Held to Moderate Course

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After 100 days in office, the minority Labor government's socialist rhetoric has led to little change in Norwegian policies. Posturing that characterized the Labor Party's days in opposition has continued, but political and economic realities have held the government to a centrist path. Indeed, the government of Prime Minister Brundtland has backed away from earlier positions on fiscal retrenchment, footnoted as a means of expressing reservations in NATO communiques, a European chemical-weapons-free zone, and cooperation with OPEC. Labor also appears to be tempering its own views—from trying to make policy out of impractical social democratic ideals to quietly promoting moderate solutions—albeit only fast enough to prevent a vote of no confidence. In theory, such a vote could come anytime after parliament reconvenes in October. But the Conservative Party and its coalition partners—the Center Party and the Christian People's Party—will probably opt to remain in opposition for at least a year, expecting to gain popular support as Labor struggles to bring the economy through its current difficulties.

Labor Comes to Power

Labor Party leader Gro Harlem Brundtland returned to the prime minister's seat on 9 May, nine days after Conservative Prime Minister Kare Willoch announced his resignation. Willoch's nonsocialist coalition lost a vote of confidence when it failed to gain support for its economic austerity package. All political parties had unanimously called for fiscal retrenchment after declining oil prices caused a drop in government revenue, but disagreements over the structure of the package soon hardened into matters of principle and party prestige. The rightwing Progress Party, whose two votes the Conservative coalition usually depended on for its parliamentary majority, refused to agree to any tax increase. The Labor Party, meanwhile, said it would agree to the government's proposed gasoline tax increase only if income taxes were also raised to ensure a "fair" distribution of the higher overall tax burden.



Prime Minister Gro Harlem
Brundtland

Photore Portiers ©

Exasperated by the refusal of these parties to compromise, Willoch announced his government's own refusal to discuss further the structure of the package and made the vote on the measures a question of confidence in his Cabinet. Rather than forcing support for the austerity package, however, the move cemented the parties' positions, and the government was brought down.

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Brundtland took office reluctantly, conscious of the difficulties her government would face with a nonsocialist majority in parliament. She evidently decided, however, that Labor should take every step possible to see that the party, once in power, would not be thrown out. Her choice of moderate Cabinet ministers, many of whom have past government experience, reflected an immediate effort to appeal to the center of the Norwegian political spectrum. On specific issues, Labor has proven moderate and flexible, courting the votes of the nonsocialist Center and Christian People's parties. For example, the Labor government's own austerity measures, which were supported by the center parties, resemble those proposed by the Willoch government—specifically, a gas tax increase without an income tax increase.

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EUR ER 86-019
15 August 1986

Secret

Distribution of Parliamentary Seats After the 1985 Elections

Labor Party	71
Socialist Left Party	6
<i>Socialist Parties</i>	77
Conservatives	50
Christian People's Party	16
Center Party	12
<i>Nonsocialist Coalition</i>	78
Progress Party	2
Total Parliament	157

Brundtland's ability to remain in office depends greatly on the nonsocialist parties' desire to remain in opposition. The largest of these, the Conservative Party, has already begun to gain from public perceptions that the Labor government has not been effective in improving the country's economy or managing its security policy: a recent opinion poll shows a 2-percentage point Conservative gain at Labor's expense since Brundtland took office. The Conservatives also want to let the Progress Party sulk under a Labor government after voting a more ideologically compatible government out of power. (Before returning to office, the Conservatives and their coalition partners are likely to demand a formal commitment from the Progress Party to support the government's policies.) The Center Party and Christian People's Party, freed from the compromises demanded by minority participation in a coalition government, are using the respite to recommit themselves to party ideals. According to the US Embassy, some party leaders even perceive that their influence has increased since the Willoch government fell because Labor must now solicit their support on an issue-by-issue basis. The Labor Party, however, is far from achieving its goal of breaking the nonsocialist consensus on returning to a Conservative-led coalition government when the time appears ripe.



Defense Minister Johan Jorgen
Holst

Information ©

Socialist Posturing

Despite its centrist slant, the Labor government, in good socialist fashion, has been outspoken on a number of foreign and security policy issues. In many ways, these challenges to US and NATO positions are merely remnants of Labor's rhetoric as an opposition party, but they now limit Brundtland's maneuverability. The new government also undoubtedly felt a need to distinguish its policies from those of its predecessor. Personalities have played a role in the Labor government's posturing as well.

The most striking example of Labor's stormy entrance is Defense Minister Johan Jorgen Holst's clash with US delegates at the NATO Defense Planning Committee (DPC) ministerial in May and his subsequent footnote to the communique, expressing Norwegian reservations. Holst, [redacted] got into a heated argument with US Assistant Secretary of Defense Richard Perle when a consensus of delegates refused to alter communique language giving tacit support to the SDI program. Although a parliamentary resolution expresses Norwegian opposition to SDI, the nonsocialists were sharply critical of Holst's handling of the matter. A vote of no confidence in the Defense Minister launched by the Progress Party, however, was defeated with the cooperation of the nonsocialist coalition. [redacted]

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Other examples of attempts by the Labor government to make policy out of impractical social democratic ideals include:

- A senior member of the Norwegian mission to NATO, on orders from Oslo, expressed support for a European chemical-weapons-free zone and hinted at a Norwegian initiative toward this end. (The NATO position is that a CW ban should be global, not regional.)
- Oslo has spoken out in favor of a Nordic Nuclear-Weapons-Free Zone and has indicated its willingness to create a Nordic working group to prepare a study on the zone.
- Oil Minister Arne Oien declared that Norway was willing to consider cooperating with OPEC by cutting oil production to boost world prices. Oien later met with Saudi Oil Minister Sheikh Yamani, and Prime Minister Brundtland met with OPEC President Hernandez Grisanti.
- The government increased Norwegian aid to Nicaragua for 1986 by \$1.3 million (15 percent) and suggested the establishment of a Norwegian "peace corps" office in Nicaragua.
- Oslo confirmed its policy of permitting whaling after the United States announced that, as required by US law, it was beginning to take steps toward imposing sanctions on fish exports because of Norwegian violations of International Whaling Commission rules.
- After sharp criticism in NATO and a British demarche to Oslo, Norway denied any intention to initiate a process to create a separate 6 European chemical-weapons-free zone.
- Except for one ambiguous sentence in the Foreign Minister's June foreign policy speech, the government has not commented further on the Nordic Nuclear-Weapons-Free Zone or the proposed working group.
- Both Prime Minister Brundtland and Oil Minister Oien have revised their wording on oil policy to say that Norway would only consider decreasing the rate of growth in its oil production if OPEC could first agree on production quotas for its member countries.
- The government has privately expressed to our Embassy its reservations about the Sandinista government and indicated that it will not target substantially greater sums to Nicaragua. Oslo further indicated that the primary function of its "peace corps" office would be to monitor the use of Norwegian aid funds. More recently, Norway has publically criticized the Sandinistas for closing the only remaining opposition newspaper but has continued to oppose US aid to the contras.
- Oslo announced it would replace commercial whaling with "scientific" whaling, thus complying with International Whaling Commission rules and avoiding US sanctions.

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Little Change From Previous Government's Policies

The posturing has not, however, led to much change from the previous Conservative government's policies and, in some cases, the Labor government's actions have effectively reversed its more liberal statements.

- Following the DPC ministerial footnote, Holst, in a gesture of reconciliation, visited the American ambassador to discuss the matter. He said he did not want to insert a footnote but instructions from Oslo left him no choice. Brundtland, Holst, and Foreign Minister Knut Frydenlund have all since gone on record against footnotes.

How Long Can Labor Last?

The Labor Party hopes to stay in power and the nonsocialist parties intend to keep it there—at least for now. The US Embassy speculates that Brundtland will remain in office well into 1987 but points out a number of gates through which Labor must pass. First is the opening of parliament in October and the 1987 budget debate. Assuming that Labor remains flexible and moderate, it will probably gain the support of the Center parties on the budget package. Another is the September 1987 municipal elections. If

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Labor appears to have made large gains since forming a government, the opposition may conclude that it is time to retake power. Conversely, if the nonsocialists make large gains, they may feel strong enough to once again assume leadership. Elections that show little evolution in political sympathies, however, would probably lead the nonsocialists to continue their waiting game. In sum, Labor will stay in office as long as the nonsocialists believe they have more to gain from being out of government rather than in it.

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While a Conservative-led government would support US policies more openly and promptly, Brundtland is a moderate leader, and Labor's dependence on the center parties for support forces the government to promote moderate policies. An increase in Labor's representation in parliament after the 1989 election, by contrast, could encourage the party to turn to more adventurous policies. For the time being, however, trends favor the nonsocialists: the public is blaming Labor for the economic malaise, and, as the outcry over the DPC footnote suggests, has begun to question Labor's approach to security policy. The key point for US interests in Norway seems to be that for now, while dealing with a Labor government requires more patience and firmness, the constraints on the government are so strong that it matters little if Labor is in power or not.

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Yugoslavia: Prospects for Nuclear Power Development

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The future of nuclear energy in Yugoslavia, once bright, is now uncertain. Growing and unusually broad-based antinuclear sentiment has forced Belgrade to put on hold plans to build several nuclear plants, including a \$2.5 billion plant in Croatia on which US and other foreign firms are bidding. Chances are still better than even that the Croatian plant ultimately will be approved. But the decision probably will come only after lengthy study and could cause further controversy among both the leadership and the public.

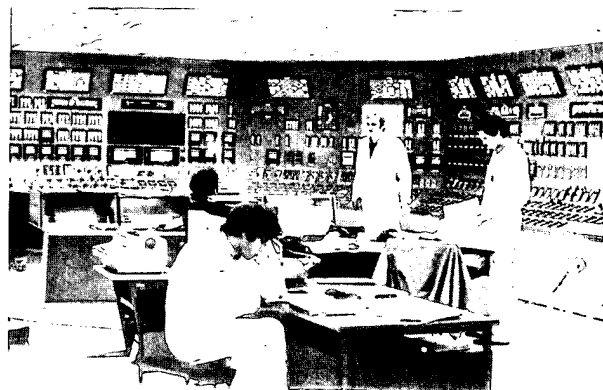
Current Status

Yugoslavia's nuclear power development program, in particular, plans to build its second nuclear plant at Prevlaka near the Croatian capital of Zagreb, has been sidetracked but not derailed. Pronuclear forces, previously virtually unchallenged, have suffered serious setbacks. Several regional bodies have eliminated or postponed commitments to nuclear plants.

Moreover, the issue has been bucked up to the federal level, where a special new commission reportedly has been formed to reexamine nuclear power in the context of the country's long-term energy development plans. Premier Branko Mikulic and top leadership bodies in recent weeks have indicated that no plants will be approved until the government finishes its study.

Nonetheless, the program is far from dead. The nuclear lobby remains a potent force, relatively few top officials have rejected the nuclear option, and the review of bids and other preliminary work for Prevlaka is continuing. Mikulic has noted that one of the purposes of the commission is to provide a cooling off period. The complex series of agreements among governmental and economic organizations to build the plant also remain intact.

Prevlaka was to be the first of a four-unit series of 1,000 megawatt plants—following the opening in 1982 of the country's first 664 megawatt plant built



The successful operation of the country's first nuclear plant, built by Westinghouse in the Slovenian town of Krsko, is an argument used by nuclear proponents. Yugoslav Source ©

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by Westinghouse in Krsko, Slovenia—with the possibility of an eventual seven to 11 plants nationwide. The \$2.5 billion Prevlaka plant was planned to be built by a consortium of utilities from Croatia, Slovenia, and possibly Vojvodina. Construction was originally slated to begin in mid-1988 with commercial output beginning in 1995, but that timetable has continued to slip. Bidders include firms from the United States, France, Great Britain, West Germany, Canada, Japan, and the USSR.

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Pronuclear Lobby

If Prevlaka is approved, it will be thanks to a hardcore of pronuclear officials motivated by both conviction and self-interest. They consist of scientists, academics, and—even more vocally and visibly—regional and federal energy officials, utility officials, and industrial organizations producing power equipment. They tend to draw their strength from three common arguments:

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- Yugoslavia is an energy deficient and import dependent country with no viable domestic long-term energy alternatives to nuclear power.

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EUR ER 86-019
15 August 1986

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- The decision to develop nuclear power has been legitimized through a series of accords between regions, industries, and various layers of government—in keeping with the country's traditional system of economic decision making—and verified through national economic programs based on economic and scientific analysis.
- The successful operation of the Krsko plant demonstrates the safety, reliability, and efficiency of nuclear power. []

Though recently thrown on the defensive, pronuclear officials employ hard-hitting charges in rebutting their critics. They argue that safety and environmental concerns often have been used as a smokescreen by groups motivated more by political or economic interests. They maintain that those regions not slated for nuclear plants, mostly in the poorer south, are simply jealous or fearful that the country's limited capital must by necessity be committed to selected republics. They accuse opponents and the press of spreading grossly inaccurate data concerning cost and safety, trying to create an atmosphere of hysteria. []

Circumstantial evidence suggests that nuclear advocates and their sympathizers may be more numerous than their current visibility suggests. Antinuclear activists continue to characterize them as a strong and determined force. Few advocates have been known to retract their commitment to nuclear power in the face of the protest wave. And support for increased energy supplies from any sources could increase if a hard winter approaches and utility companies resort to electricity brownouts. []

Antinuclear Forces

The pronuclear lobby, however, faces a formidable opponent in the form of unusually widespread antinuclear sentiment. The breadth of opposition to an established government policy such as nuclear power in fact is unprecedented in recent years as is the success of nuclear opponents in gaining a reassessment of the energy program. []

The antinuclear forces, though largely uncoordinated, consist of a number of disparate groups with normally unrelated interests. They include several regions that have sufficient energy resources of their own, some official youth organizations, parts of the scientific community and the media, the public at large, veterans, and apparently some circles within the military. []

Regardless of the latest furor, antinuclear agitation in itself is nothing new and even has won some modest victories. The decision to locate the current plant at Prevlaka, for instance, came about only after plans to build it on the Adriatic Coast near Zadar were upset in 1979. Local officials maintained a reactor would threaten the area's tourism industry. Opposition to nuclear power was strong and growing even before the Chernobyl accident. Nonetheless, Chernobyl gave antinuclear forces important new impetus, especially when the regime ordered—and the media publicized—preventive measures against radioactive fallout affecting most of Yugoslavia. []

Several common themes run through Yugoslav antinuclear sentiment, cutting across the diverse groups. One is that new nuclear plants are financially unsound. Critics argue that building four new plants would double the country's \$20 billion foreign debt and compromise the nonaligned country's economic and political independence. They assert that foreign credits to build even the Krsko plant so far have not been repaid, only rescheduled. Another is that they are unnecessary, since the country purportedly has sufficient untapped alternative domestic coal and water resources. And, especially since Chernobyl, there has been a growing belief that they pose a real threat to the public's safety and the environment. []

Outlook

The leadership seems to be playing for time, hoping that antinuclear sentiment eventually will subside and a decision on Prevlaka, pro or con, can be made on practical economic and other grounds. The regime

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Antinuclear views have received ample coverage in the press, including this Zagreb magazine feature on the nuclear debate.



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Antinuclear Pressure Groups

Following are some of the key antinuclear pressure groups and outlines of their motives and impacts:

Regional Interest Groups. Interest groups from several regions have cause to be unsupportive of, and even antagonistic to, Prevlaka. Serbia, Kosovo, and Premier Mikulic's home republic of Bosnia-Herzegovina each have substantial untapped coal resources of their own and a vested interest in further developing alternative energy sources in their own regions. Even Slovenia, a junior partner in Prevlaka, is only lukewarm about the project, US diplomats have reported. []

Youth Groups. Some youth groups have been among the most vocal and visible opponents of nuclear plants. The official youth group in Slovenia, the country's most Westward-looking and tolerant republic, has come out against nuclear energy. Members of Croatia's youth group have protested the lack of say on nuclear planning and have discussed staging sit-ins at Prevlaka with their Slovene counterparts. Some 70,000 Serbian youth reportedly signed an antinuclear petition. []

Military. Some evidence suggests that circles within the military have reservations about nuclear power. One military commentator in March warned that nuclear plants would make Yugoslavia more dependent on big powers and could be vulnerable to attack even from small Balkan neighbors. Nikola Ljubicic, a Serbian leader and ex-defense minister, also has spoken against nuclear power. []

Veterans. The veterans, a conservative and vociferous pressure group, called for the suspension of all new nuclear plants at a congress in June. Individual

delegates—including some from Croatia—protested a lack of public voice on nuclear planning and warned that Yugoslavia could become a nuclear waste disposal dump. []

Scientific Community. The experts seem sharply divided over the safety and appropriateness of nuclear plants. Many scientists and engineers reportedly have signed antinuclear petitions sent to national leadership bodies. []

Public at Large. The antinuclear issue has strong appeal to the man in the street. A public opinion poll taken at about the time of Chernobyl found that 75 percent of adult respondents nationwide believed nuclear plants are unnecessary, and an "absolute majority" asserted that they are environmentally more threatening than other power plants. []

The Media. Some of the country's increasingly freewheeling media have seized on nuclear power to sell papers and mold opinion. The press gave extensive, largely unvarnished coverage to the Chernobyl disaster and has reported openly and often sympathetically on the views of nuclear opponents. []

Courts. The nuclear program may hit a legal snag. The country's Constitutional Court reportedly has begun to examine whether the issue falls within its competence. The court flexed its muscle last year when it ruled unconstitutional another established government policy on foreign exchange. []

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may be underestimating the intensity of feeling on both sides, and the test of strength between pro-nuclear and antinuclear forces within government channels is likely to be lengthy and bitter. At this point, however, the odds seem to favor an eventual positive decision on Prevlaka but a negative recommendation on any other plants, including the three that previously had been approved.

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A number of variables could change in the coming months and weaken Prevlaka's chances. The process of decisionmaking itself is in flux, with the ability of elites to disregard public opinion increasingly in doubt. The country's financial picture also could turn suddenly for the worse, jeopardizing Belgrade's ability to finance any ambitious new projects. And it is unclear whether memories of Chernobyl will soon dim or whether antinuclear sentiment will coalesce into some kind of coalition.

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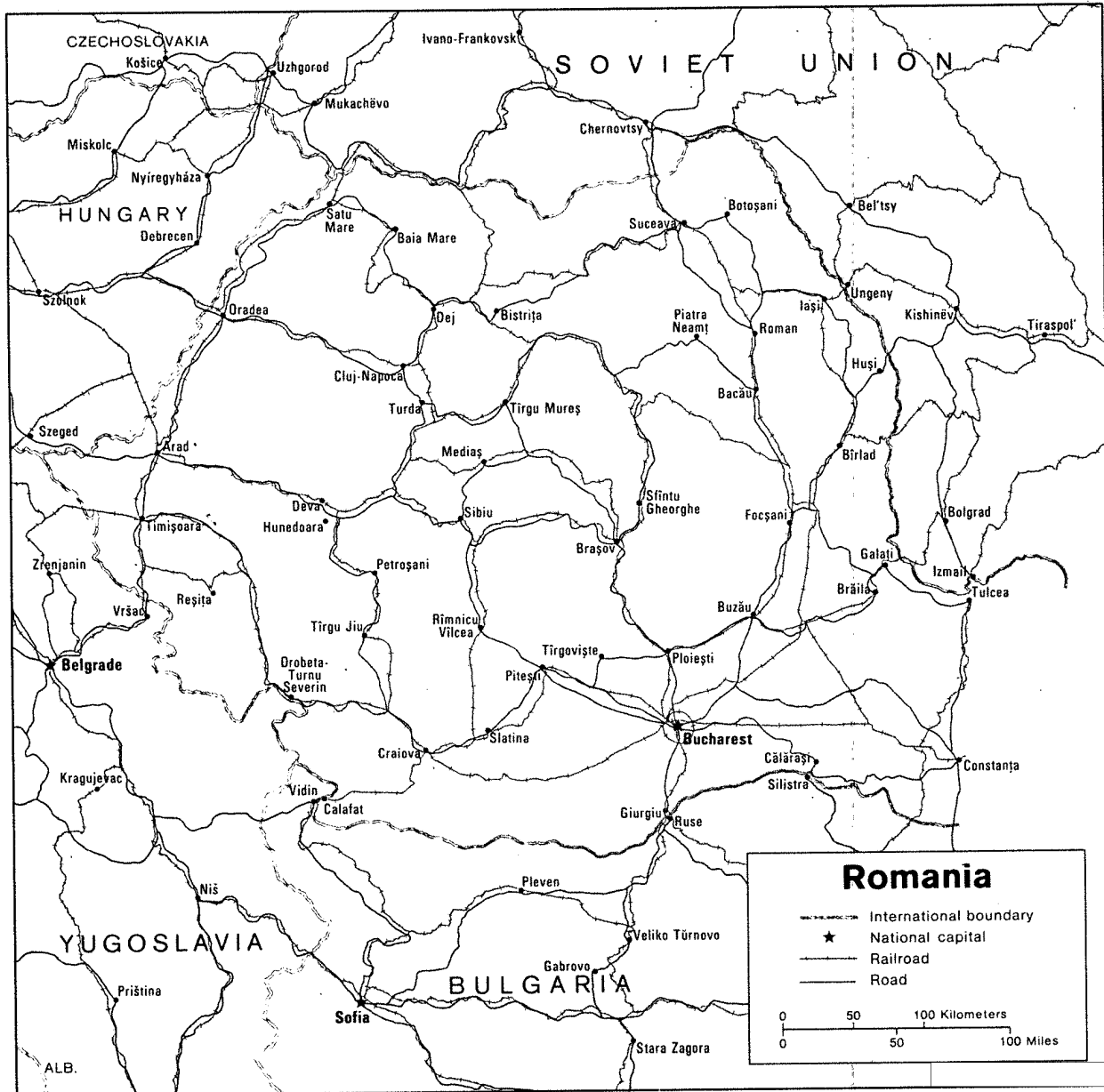
Even if government bodies eventually decide in favor of Prevlaka, they may not have the last word. The decision could turn into a new point of contention within the leadership, possibly pitting Croatia against other republics. Moreover, it could spark increasingly serious public protests, including at the Prevlaka site, which the regime may have difficulty controlling.

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**Romania: Images of a
Sad Land**

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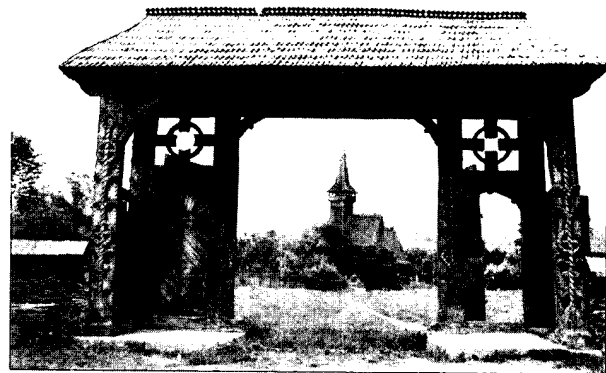
Viewpoint

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First Impressions

Driving to Romania from the West normally involves passing first through Hungary, which presents a veneer of normality and openness uncharacteristic of Communist states. At the border with Romania, however, the anticipated images of the East begin immediately. Most Romanian border posts feature long lines of cars waiting hours at a stretch for a hostile and suspicious inspection that often includes a search through the most intimate items of luggage beneath crudely painted multilingual signs proclaiming "Welcome to Friendly Romania." At first glance, the searches might seem a typical reaction of a Warsaw Pact nation to potentially hostile visitors from the capitalist West, until you notice that the cars getting the most thorough inspection have Hungarian tags. On second glance, you realize that Hungarian, the language of the "fraternal socialist" neighbor from which Romania receives the most tourists, is not one of the many languages on the welcoming posters.

The next shock is one's entry into one of the border cities. Arad and most of Oradea (aside from an attractive downtown off the main road) remind you of old black-and-white pictures of German cities immediately after World War II. Huge trucks belching thick, oily fumes navigate muddy and potholed streets containing perpetually broken-looking Romanian-built cars and horse-drawn carts and lined with crumbling factories and gray concrete highrises. During subsequent visits to the border area, I have more than once run into American tourists on driving visits to Europe who, following these first impressions, have decided to leave the next day.

*Village church in northern Romania*

That is a pity, because once past the border cities you enter the lovely Romanian countryside, which beautifully preserves the quaint rural Europe of centuries ago. Even on major roads, a given spot may be passed by a car only every 15 minutes or so, and traffic can be halted by herds of sheep being led across the road or pigs or dogs sleeping in the middle of the thoroughfare. You might pass a wooden cart loaded with hay being pulled slowly along by a horse, which obviously knows the way, as its "driver" dozes atop the hay pile. Lovely mountain vistas are interspersed with sleepy villages with houses boasting very well-tended but tiny private farming plots and seemingly neglected state farms where sickly wheat and corn grow in weed-infested fields.

Faded Dowager

The largest city in the Balkans, Romania's capital Bucharest is a treasure trove of decaying Art Deco architecture dating from its heyday between the world wars. Formerly a great cultural, artistic, and political center, it is today a crumbling gray ghost, where severe air pollution and energy cutbacks that have all but eliminated street lighting combine on some evenings to create grim vistas of fog appropriate for

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EUR ER 86-019
15 August 1986

Secret

the filming of a Gothic horror novel. I was surprised when an elderly Romanian Communist Party official, during an exchange of pleasantries, sighed for a moment and remarked nostalgically that "You really should have seen Bucharest in the 30s—It was quite a city then!"

Spotty attempts are made to clean up certain buildings or refurbish certain points in the city, although the grime produced by industries and vehicles with no pollution controls conspire to defeat the most well-meaning efforts. One partial success is the large parks—especially Herastrau in the north, which was built in the interwar days around several partially artificial lakes. In the spring Herastrau's colorful flower gardens, newly cleaned statues, and graceful trees can even make the Stalinist *Scinteia* (party daily) building look attractive in the distance. The park also brings out that most unusual species—the smiling Romanian: young lovers, with few other places to go, strolling hand-in-hand or necking in secluded spots, young families with well-dressed children out for the sun on clear days. In contrast, pedestrians in Bucharest normally walk quickly with blank, self-involved, and vaguely angry expressions, reflecting the general harshness of life in modern Romania. The lighter expressions of spring are as much manifestations of relief over the survival of yet another winter of shortages as anything else.

The approach of winter brings a different mood to Bucharest. Following the disastrous winter of 1984-85, when cold temperatures and heavy snowfall (in fact, no worse than the average New England winter) combined with cutbacks in heating, electricity, lighting, public and private transit, and food supplies to cause widespread misery and even death, the autumn of 1985 saw Bucharest as a city in the grip of suppressed panic. Government announcements on virtually any topic were scoured for hints of new shortages or cutbacks, with everyone expecting only the worst. President Ceausescu's discussion of yet another eccentric scheme—the opening of a chain of "workers' canteens" for the mass provision of preprocessed meals to city dwellers—was immediately interpreted (wrongly) as a hint that other food stores,



Downtown Bucharest

already nearly bare, would close. Word in early November that Romanians would be able to witness a full lunar eclipse metamorphosed in hours into rumors that Japanese or Western scientists had predicted another major earthquake similar to the one that destroyed large areas of Bucharest in 1977. Western embassies were flooded with queries from anxious Romanians more trusting of foreigners than their own authorities, and large numbers of otherwise rational people arranged to be away from the city that weekend.

Shortages

Although a firm commitment to Stalinist theories of economic development and a series of failed and often arbitrary and irrational government policies have reduced Romania to the second lowest standard of living in Europe after Albania, its citizens still live far better than the unfortunate masses of the Third and Fourth Worlds. In extensive travel throughout the country [redacted] I know who has traveled in Romania ever witnessed the types of hunger or severe malnutrition common in much of Africa or parts of Asia. Instead, the problem is the monotony and lack of quality of the foods consumed. The average Romanian diet features a lot of starch (bread, macaroni, and corn mush) occasionally enlivened with poor sausage, cabbage, and pickled vegetables. Canned fish and bottled vegetables are freely available but are regarded with suspicion by most consumers because of their low quality and poor sanitary standards. Also easily available are several peculiar items such as Vietnamese shrimp fritters or

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Greek stuffed olives, the legacy of industrial countertrade deals, which are either alien to the Romanian diet or not potential staples.

As several Romanians explained, the problem for them was not that decent food was impossible to obtain but that it was so difficult to obtain. I was invited to a wedding at which the couple's families served a fairly impressive (by Romanian standards) spread; afterward, the couple explained that it had taken them more than two months of careful planning and bribery to assemble the feast. During summer evenings, Romanian families often spend their time together in their small flats pickling and preserving enormous quantities of fruits and vegetables to get them through winter months when the markets offer only onions, small yellow carrots, and old, wormy apples.

The shortages in Romania have also led to an extremely effective means of social control. In order to survive, most Romanians build up over the years an intricate web of personal connections; bribery and trade in forbidden Western commodities such as Kent cigarettes (100s, in the white pack) and coffee; and illegal hoarding. This widespread corruption and evasion of government norms on food storage is known to the security forces, which in most cases do not prosecute average citizens for these violations. Instead, records are kept of these infractions. Only when a Romanian citizen falls afoul of the authorities for some other reason are these records used, in order to inflict a punishment for something other than the real offense. Thus, I once attended the trial of a physician who had had a disagreement with a local security official; he in turn had her prosecuted for the acceptance of small bribes in exchange for medical care, a common practice among Romanian doctors. The effect of this practice is to make the average citizen extremely wary of any action that might bring him into the government's view; even fully legal actions that might be disapproved of, such as talking for too long with a friendly foreigner, are avoided lest the authorities decide to shake this delicate web.

In general, Romanians I encountered had little confidence that they could ever seriously influence the government of their country and tended to speak of



Young Romanians shopping in one of Bucharest's large open markets.

the current regime in terms we would reserve for natural disasters such as tornados or earthquakes. Rather than draw general conclusions from their suffering, the typical Romanian reaction seems to be to accept the way things are, hope they may change, and labor to find one's own place in a hostile world.

Attitudes Toward the West

Perhaps because they have so little exposure to us and in reaction to the widespread hatred of the Soviets, who are correctly viewed by most Romanians as the ultimate source of their sufferings, the average Romanian attitude toward the West in general and the United States in particular is overwhelmingly positive. Prior to World War II, the Romanian elite tried to identify itself with other Latin nations, especially France, and elite culture was so avant-garde and Francophile that it was almost devoid of genuinely Balkan elements. The tendency to look westward for cultural inspiration remains, despite government efforts to combat it and despite Romania's very real cultural roots in the Eastern, Byzantine world. This is reinforced today by the widespread perception, also staunchly but unsuccessfully contested by Bucharest, that life in the West is far better than in the East.

As elsewhere in Eastern Europe, Romanians who meet an American and feel able to conduct a safe conversation are first curious about Western

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Religious Revival

The combination of steadily deteriorating living conditions, widespread feelings of political powerlessness, and the traditionally mystical Romanian mind have bred a quiet and largely unorganized religious revival in Romania. Although the phenomenal growth of various Protestant sects, especially the Baptists, has attracted much attention in the West, the vast majority of Romanians retain some degree of loyalty to the dominant Orthodox Church. On Sunday mornings, even in the heart of Bucharest, church bells can be heard and the churches are crowded with worshippers of all ages. Orthodox Easter night in Bucharest is easily the year's most popular holiday, akin to New Year's Eve in New York, with the streets filled with people dressed in their finest (including youngsters in full Romanian punk regalia) for the colorful candlelight ceremony. Perhaps in recognition of this fact, the Romanian militia is also out in force on that night, helpfully directing traffic and clearing the streets for the crowds. There are limits to this official tolerance, however—one of the most popular spots during the 1985 Easter celebration, the "Greek Temple" (a Greek Orthodox Church in central Bucharest), was closed during this year's Easter. In general, however, Bucharest has not sought to interfere with relatively passive worship in Orthodox churches; even Party members can be seen at services, and officials from the President on down have sometimes referred to the Orthodox Church as Romania's "national religion." Government ire has only been aroused against those few Orthodox priests, such as Father Calciu, who have tried to inject political meaning into religion or who have objected to the Church's passive acceptance of government authority [redacted]

The "new Protestant" sects, and especially the Baptists, are another story. More activist faiths, with traditions of independence from government authority, their growth in recent years, and the fact that many of their new converts come from the Orthodox Church or are young professionals with little previous religious identification, are viewed by the State as an ideological challenge. Thus, although the most rapidly growing group, the Baptists, number at most 150,000, or less than 1 percent of the overall population, and, although most Romanians have never even met a Baptist, their most active clergy are often subject to official harassment and obstacles are put in the way of the expansion of their church facilities. Most Baptists see little prospect of mounting a successful political challenge to the system, and hope instead to win the government's toleration so they can go on propagating their faith, albeit with the hope of eventually creating an even more religious Romania that by definition could not be Communist. They tend to be fervent believers, and even mainstream Romanian Baptist services are fairly charismatic by American standards, although practices such as faith healing that took root in some of the more activist congregations in recent years are actively discouraged by the national Baptist leadership [redacted]

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Many other minority faiths, especially those with ethnic links such as the Muslims, are quietly tolerated by Bucharest in the belief that they will eventually die out. One formerly influential minority that is now virtually gone from Romania are the Jews [redacted]

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Prior to World War II, several regions of Romania boasted large Jewish populations, with major cities like Iasi and Suceava being between a third and a half Jewish. Jews concentrated especially in northern Moldavia and Bessarabia, which was annexed by the Soviet Union in 1940 and proclaimed the Moldavian SSR. It was in this region that the Yiddish theatre, which eventually had strong influence on American theatre, originated and that the words to the Israeli national anthem were written; the small Jewish villages or "shtetls" of this region and their cousins just across the border in Russia and Poland were the birthplace of the folklore tradition that has been brought to the West through the paintings of Marc Chagall and the writings of Shalom Aleichem and Isaac Bashevis Singer. [redacted]

Approximately half of the Jews of Romania were killed in the war, mostly in Romanian forced labor camps or during pogroms involving Romanian civilians and troops. More than 150,000 were deported in the closing days of the war by Hungarian troops to German death camps in Poland. In the years since then, 97 percent of the survivors have emigrated, virtually all to Israel, and the tiny, aged community of 25,000 who remain produce approximately 1,500 further emigrants every year. In some areas of northern Romania, they have left behind virtual ghost towns. While hundreds of smaller synagogues have fallen into disuse or have been converted to office space, some of the larger or more historic synagogues of the region, now far too large for their miniscule congregations, are nonetheless lovingly preserved with the help of charitable contributions from the United States

funneled through the local communities. A common feature in the Moldavian synagogues are colorful murals, some centuries old, depicting fanciful Biblical scenes or imaginative Oriental landscapes—mute testimony to the generations who lived their entire lives in the remote and snowy Carpathians yet dreamt of Zion. [redacted]

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The Jews who remain today, in the twilight of their presence in the country, enjoy better relations with the government than at any other time in the history of modern Romania. Oddly enough, this in itself seems to be a paradoxical result of the persistence of some old canards. Outsiders who have dealt with President Ceausescu on this issue have noted that he seems to take seriously old myths of exaggerated Jewish political power in the West, but, acting in his shrewd peasant manner, he has decided that, by allowing relative freedom to his Jews, including the freedom to emigrate, he can convince their coreligionists abroad to help Romania in other areas. The Chief Rabbi of Romania, a shrewd survivor of 40 years of Communist government, has become extremely skillful at using these misperceptions to allow an unusual amount of breathing room for his shrinking and dying community, which in any event poses no conceivable threat to the regime [redacted]

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standards of living. Unlike the Soviet diplomats I met, who sometimes assumed that things in the West could not be all that good and disbelieved much of what I said, I found myself challenged by Romanians only when I described negative aspects of life in the West, never the positive. Romanian youths try with some ingenuity to mimic Western fashions to which they have little or no direct exposure: on Easter night, teenagers wander the streets in relatively tame, homemade "punk" outfits apparently copied from pictures in Western magazines that have been passed through hundreds of hands. Romanian nightclubs almost always feature Western music, usually with only a few obligatory Romanian folk tunes thrown in, and certainly with no Russian music and only rarely selections of the sort of saccharine-sweet pop tunes featured on the state radio. Young bands tend to be better in the western border region, where they can easily pick up Hungarian or Yugoslav radio broadcasts—one image indelibly printed in my memory is of sitting in a cold but very smoky restaurant in a border city one winter evening listening to fair renditions of old American tunes, including "Oh, Susanna" while Romanian teenagers, still dressed in heavy overcoats and hats, tried doing a square dance. Another is of a Romanian entertainer in the largest nightclub in the Black Sea resort area, dressed in a cheap imitation of glittery Las Vegas style, wowing his audience with fake Country and Western tunes, crooning in Romanian about leaving his sweetheart out on the lone prairie. Some Western tunes are uncritically picked up, recorded, and played publicly—on another occasion, I was amazed to see Romanian youngsters in a discotheque in an industrial town dancing to an obviously pirated recording of a Reggae tune celebrating the liberation of Grenada. I am sure no political message was intended; no one understood the lyrics, least of all the Russian tour group at the next table.

Politically, these sympathies manifest themselves in several ways. Most obviously, the average Romanian, to the extent he feels safe in doing so, will react with almost instantaneous friendship to any American. Even in official circles, aside from special cases, the only negative comments I heard in two years in

Romania concerned the frequent accusation of alleged US naivete at Yalta. (Most Romanians are incapable of seeing any responsibility on their own part for their current dilemma and tend instead to blame the West for having "abandoned" them to the Soviets, about whom few Romanians, even in official conversation, have anything positive to say.) People will look for an acceptable opportunity to make their feelings known; the Challenger disaster provided one recent such opportunity. I remember especially a neighbor in my apartment bloc grabbing me by the arm shortly after that tragedy. After looking around quickly to be sure we were alone, he started by expressing his condolences for the American loss. He said he had heard on the radio (virtually every interested Romanian listens regularly to Radio Free Europe) that the loss of the Challenger might slow down Washington's SDI research. With increasing intensity, he pleaded, "You cannot slow down, or even remain at the same pace. You must go faster, FASTER! It is our only hope!"

What Next?

Returning after two years in this paradoxical Balkan state, I find people wondering what will become of it. Can its people survive much more of the deprivation they have lived with in recent years? How much can the system there be changed, and in what ways? With the usual caveats about overgeneralization and crystal ball reading, I would offer the following brief observations:

- Things are unlikely to change very much so long as Ceausescu remains in power. He appears thoroughly committed to his current economic and political policies, although he has, in the past, shown sufficient flexibility to grudgingly change certain tactics when he runs into immovable obstacles.
- The Romanians, first and foremost, are survivors. One of the most common expressions, frequently heard in Romania, is "ne descurcam" (we get by). The peasantry of the country has had centuries to learn how to satisfy its basic needs in the face of

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oppressive and incompetent government, and, on the whole, is not really that much worse off than they have been throughout their history. City dwellers, not being able to see any way in which they can meaningfully influence their government and preoccupied with personal and family survival, are not likely to react politically until even that survival becomes impossible, and there is still a long way to go before that happens.

- The Romanians are a deeply divided people. They have no truly national, independent institutions such as the Polish Church to unite them and, despite current Communist historiography, little tradition of common action to achieve national goals. When and if a final reaction comes, history suggests that it will be spontaneous, spasmodic, and violent, without central direction or even internal coordination. By that point, a palace coup is far more likely to alter the government than a popular uprising. And, in the final analysis, Romania's options remain narrowly limited by the need to avoid a situation that might be viewed as threatening by its large eastern neighbor.
- No matter who succeeds Ceausescu, the one positive legacy he will leave his people will be their nationalistic foreign policy. While accommodations must be made with the Soviet Union, he has demonstrated to the Romanian elite that it is possible to consider Romanian national interests first in formulating policy and get away with it. This has always been a delicate tightrope to walk in Eastern Europe and will be even more so under a new and untested leadership, but no future leader of Romania will be able to avoid trying to pull it off.



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Economic News in Brief

Western Europe and Canada

The EC, led by France, has derailed progress on agenda for GATT round over agriculture subsidies . . . underscores French determination to protect EC's Common Agricultural Policy . . . EC remains supportive of early GATT negotiations.

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US Embassy reports West Germany plans trade law revisions by next year to provide prosecutions, stiffer fines for export control violations . . . now treated as misdemeanors . . . probably responding to US concerns over technology leaks to East.

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Nordic stance on South African economic sanctions is diverse, with Norway and Denmark taking a harder line than Finland and Sweden . . . Oslo likely to ban all South African trade when parliament reconvenes in fall, while Danish parliament voted in June to ban commercial links . . . Helsinki has urged Finnish companies not to trade with South Africa, and Stockholm is hesitant to undertake total boycott because of potential harm to domestic mineral-dependent industries . . . if UN or other international initiatives do not emerge, joint Nordic sanctions policy likely.

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Canada announced sale of 55,000 tons of wheat to South Africa . . . Ottawa needs to dispose of wheat, increase political support in western Canada . . . critics charged government hypocritical in urging sanctions.

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Spanish-Portuguese trade conflict over local content of Portuguese goods has become more tense . . . due to recent EC decision to set requirement at 20 to 40 percent of value added . . . Spain fears flood of EC goods through Portugal at preferential rates . . . may try to step up nontariff barriers.

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EUR ER 86-019
15 August 1986

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