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CONTINUITY AND CHANGE IN SOVIET-EAST EUROPEAN RELATIONS: RECENT TRENDS AND IMPLICATIONS FOR THE WEST

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I. Gorbachev and Eastern Europe

Three years into the Gorbachev era, there is reason to believe that the Kremlin is taking stock of Soviet/East European relations from an increasingly pragmatic standpoint. While nothing indicates a dramatic redefinition of fundamental Soviet interests in the region, Moscow seems to be ever more concerned with the economic aspect of that relationship and less with the once all-important ideological issues and ritualistic demonstrations of loyalty.[1] The chapter by Keith Crane in this volume has argued in this context that while there is a perceived trade-off in Moscow between pursuing profitable trade and avoiding political instability, the latter remains a more important goal than the former.

Aggressively looking for resources to implement its perestrojka at home, the Kremlin seems to be less willing to shoulder the costs of its economic support of the troubled Eastern European economies, and it is therefore vigorously prompting the fraternal parties to increase productivity and economic efficiency as a matter of top priority. For the same reason, as Wolfgang Berner has noted in chapter, both the Soviets and the Eastern Europeans have been wary of admitting to the CMEA new developing Third World members, which would have represented an economic burden in terms of both aid and trade.

As a general indication of this trend, one might notice how during 1986 and 1987 the targets of the most pungent Soviet criticism have been the economically stagnant Rumania and Czechoslovakia, while the relatively more dynamic Poland and Hungary have been repeatedly praised and encouraged in their efforts. This line was paralleled at the political level during the debate in the USSR over the reform of

[1] Dawisha, Karen and Jonathan Valdez: "Socialist Internationalism in Eastern Europe", in Problems of Communism, Vol. XXXVI, March-April 1987, p.13.

the party's electoral systems, when Soviet leaders referred to the Polish and Hungarian systems as positive precedents in multi-candidate elections.[2]

Successful economic reform in Eastern Europe would allow the Soviets to reduce their economic subsidies to their allies and redirect the savings to domestic investment, which is sorely needed for the success of the process of perestrojka. Nonetheless, one should remember that what prompted past Soviet economic subsidies to Eastern Europe was Soviet concerns about the social and political stability of the Eastern European allies. This stability was considered by Moscow to be more important than the marginal improvements which the resources destined to those subsidies would have generated in its own domestic economy. There is no reason to think this has changed. Thus, an increasingly pragmatic USSR will expectedly continue to look with favor at Eastern European reforms to the extent that they can substitute for Soviet subsidies. Reforms in Eastern Europe might however generate concern even in a reformed Soviet Union if they feed excessive popular expectations and generate destabilizing domestic political repercussions. This concern is clearly justified by past experience.

A longer term concern of Moscow's might be to avoid an excessive Eastern European dependency on Western credits and technology which, if extensive enough, might generate some undesirable Western leverage as well. This might provide an additional motivation for Moscow to incur the costs of its subsidies.[3] In this sense, as Keith Crane has pointed out in his chapter, Moscow's overriding desire to retain control over the region still outweighs its obvious desire to make the countries in the region economically viable. At this time there is not much reason for the Soviets to be concerned about this potential problem: the West no longer has the massive availability of capital which made the soft loans of the '70s possible, and Eastern Europe can hardly afford to buy expensive high technology to the extent that it would make it vulnerably dependent on Western know-how.

In fact, Eastern European trade has recently been rather re-directed toward the Soviet Union, whose trade with the junior allies has risen from 52.9% in 1985 to 61.5% in 86.[4] The European CMEA members continue to be dependent on the USSR for the energy raw materials which they can not afford to buy in the world market for hard currency, despite the recent lowering both of energy prices and of the value of the dollar. Even Rumania, which used to be the most self-sufficient in energy, is increasingly forced to resort to energy imports from the Soviet Union. This forces the USSR to continue to sell more oil, and at less favorable terms, than it would prefer to do, particularly at this time, since serious problems deriving from

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[2] During the course of the debate over party electoral reforms at the CC Plenum of January 1987 Hungary and Poland were praised even by the usually conservative Ligachev. Hahn, Werner G.: "Electoral Choice in the Soviet Bloc", in Problems of Communism, Vol. XXXVI, March-April 1987, p.32.

[3] Kusin, Vladimir V.: "Gorbachev and Eastern Europe", in Problems of Communism, Vol. XXXV, January-February 1986, p.46.

[4] Data provided by the Soviet-Italian Chamber of Commerce.

years of over-exploitation of national hydrocarbon reserves are becoming apparent and are threatening the future of the Soviets' main source of hard currency.[5] In light of this, it is not surprising that for several years the Soviets have been doing their utmost to exhort the East Europeans to increase productivity, and particularly to improve their energy efficiency.

In the institutional framework of the CMEA, the Soviets have aired proposals to improve efficiency by selectively introducing competitive market mechanisms--including some sort of convertibility for the ruble--in intra-bloc trade. This might help to overcome the current trade inflexibility owed to the widespread counter-trade practices and to the lack of incentives for producers to compete with better products from outside the bloc--and indeed from within the bloc as well.[6] As I have noted in my chapter on the Warsaw Pact, over time the Soviets have allowed a greater room for political maneuver in their institutionalized security framework as well.

Concomitantly with their increasing pragmatism in the economic and security policies, the Soviets have reduced the ideological emphasis in their relationship with the allies. In particular, references to "socialist internationalism"--the long-time catch-phrase indicating that the interests of the socialist community, as defined by the community's Soviet leaders, must have precedence over those of each individual socialist state--have since the inception of Gorbachev become increasingly rare. Ever since his first speech as Secretary General to the Central Committee in 1985, Gorbachev has used few ideological slogans and catchwords.[7] Significantly, he has not renewed his predecessors' calls for a world-wide conference of the international communist movement. In this respect, as noted by Wolfgang Pfeiler in his chapter, the Soviets have followed in the wake of the Eastern Europeans.

Yet, memories are still recent from the incandescent days of 1968 when Brezhnev stated that under no circumstances may the interest of socialist countries conflict with those of world socialism, thus stigmatizing with his name the theory of limited sovereignty for the junior allies--though it obviously had long preceded his coming to

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[5] Kramer, and Gustafson, T.: "Energy and the Soviet Bloc" in International Security, Vol. 6, No. 3, Winter 1981/82. As is known, intra-CMEA oil prices are calculated yearly on the basis of a five-year moving average. This of course favored the East European buyers when world market prices were rising, but the same mechanism turns against the buyers when world prices fall for a prolonged period of time. In fact, what was a subsidy from the Soviet seller might become a premium. But since not all energy trade is settled in hard currency, the degree to which the Soviets are making the East European shoulder the financial burden represented by the fact that Soviet prices have been declining more slowly than world prices depends on the degree to which Moscow demands that energy be paid back either in hard currency on in "hard goods". So far Moscow has avoided pressing for "hard" payments too strongly.

[6] Diehl, Jackson: "Soviet Rewriting East Bloc Economic Rules", in International Herald Tribune, 14 October 1987.

[7] Kusin, Vladimir: "Gorbachev and Eastern Europe", op.cit., p.40.

power.[8] Indeed, while Gorbachev has referred to socialist internationalism most sparingly, the debate in the Soviet Union is clearly far from settled on this score. At least three positions can be singled out among authoritative Soviet spokesmen.

The first position is that of those who flatly deny not only that the interests of individual socialist states can not be different and even contradictory, but are also opposed to "hegemonic" and "domineering" temptations by the most powerful among them over the weaker ones.[9]

The second group includes those, at the other extreme, who continue to uphold the validity of socialist internationalism essentially in the same form as did the Brezhnev Politburo.[10]

The third group is trying to square the circle by placing more emphasis on the possible contribution of initiatives on the part of the small socialist states both to peace in Europe and to better superpowers relations.[11] This formula might afford them more latitude for independent foreign policy initiatives, while reserving for the USSR the ideological "right" to stop them should the threshold of "acceptability"--however defined by the Soviets--be crossed.

As noted in Wolfgang Pfeiler's chapter in this volume, Gorbachev appears to belong to the third group, but this might be owed as much to his current necessity to keep his balance in Politburo politics as to his genuine conviction about the desirability for reform in Soviet/East European relations. in any case, it is still too early to judge which of the three groups will eventually prevail in the Kremlin.

II. Eastern European responses to Gorbachev's Policies

The above discussion on the conflict between national and international interests in the context of Soviet-Eastern European relations suggests that some novel aspects have emerged in the Eastern Europeans' reactions to the policy changes and to the proposals emanating from Moscow. While Eastern European responses to Gorbachev's initiatives have varied significantly from country to country, they exhibit interesting common denominators. This section will outline them individually, while the next one will use these reactions as a basis to examine prospects for Soviet-East European relations.

One general point to note with respect to all of the regions is a rather paradoxical one. With Gorbachev, for the first time ever a Soviet leader draws enthusiasm from dissidents and opponents of Eastern European regimes--including the large, if imponderable, strata of the dissatisfied population at large--while the leaderships are overall very ambiguous about challenging economic restructuring and even more about dangerous political democratization, both of which are at the core of the "new thinking" in Moscow. By the same token, it is now the reformers who tend to emphasize "socialist internationalism"

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[8] Reported in Pravda, 26 September 1968.

[9] Dawisha, Karen and Jonathan Valdez: "Socialist Internationalism ...", op. cit., p.2.

[10] Ibid.

[11] Kusin, Vladimir: "Gorbachev and Eastern Europe", op. cit.,p.44.

to strengthen their case in favor of emulating Soviet reforms, while it is the opponents of such change who now stress the right of each country to pursue a "national way to socialism".[12]

Another general point is that the Eastern Europeans, so far, have responded more on the economic than on the political plane. This might be due to several reasons. First, the Soviets have better defined their economic plans for restructuring than their schemes for political reform. Second, in light of the objective needs of the Soviet economy, there is a lesser danger of a sudden reversal of perestrojka than is the case for glasnost'. Third, the Eastern Europeans had been doing some of the things Gorbachev proposes to do in the economic sphere already. Third, economic reforms are less dangerous domestically, more predictable, than political ones. Finally, economic reforms are more badly needed and much less controversial domestically, than political transformations.

When Gorbachev launched his drive for economic restructuring, Hungary was among the CMEA allies the one which had already done the most to improve economic efficiency, beginning with the introduction of the New Economic Mechanism in 1968. The Hungarian response to Moscow's attempt at economic perestrojka has therefore predictably been a positive one. New economic legislation has been enacted which continues and strengthens Budapest's drive for greater decentralization and increased room for market mechanisms and individual enterprise.[13]

Yet, the possibility looms large that further economic liberalization might fuel higher expectations of political freedom as well, particularly should such widening economic liberalizations fail to raise productivity and to create the basis for a permanent increase in the average standards of living. This is what happened in Poland in the late '70s, and the result was the well known social turmoil and ensuing political crackdown. Thus, while obviously agreeing with the new Gorbachevian emphasis on the right of each socialist country to pursue its own model of economic and social organization, the current Hungarian leadership in trying to avoid dangerous excesses by restating--and thus reminding itself and its people--the continuing applicability of the "general laws" of socialism, which Hungarians were rather brusquely reminded of by Soviet ideologue Suslov thirty years ago.[14] In sum, Budapest is trying to continue on its course of reform without however providing ammunition to the maximalists who

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[12] Kraus, Michael: "Soviet Policy Toward East Europe", in Current History, Vol. 86, No.523, November 1987, p.354.

[13] Private enterprises are now allowed to have up to 24 employees, twice as many as before. Since March 1987 Hungary is the first socialist country in Eastern Europe with a law on bankruptcy, enacted amidst growing dissatisfaction with the mismanagement of large sums of foreign hard currency credits on the part of several major enterprises. In 1987 Hungary has also introduced the first value added tax and personal income tax. Argentieri, Federigo: "I Paesi Europei del Blocco Sovietico e la Politica di Gorbaciov" in Note & Ricerche CeSPI, # 14, Rome, September 1987, pp.26ff.

[14] Dawisha, Karen and Jonathan Valdez: "Socialist Internationalism...", op. cit., p.5.

might be inclined to do too much and too fast.

The Gorbachev era finds Bulgaria in relatively good economic health. The recent record of economic growth and technological progress of the country is generally recognized as satisfactory. The government has therefore little reason to be critical of its own recent past, and it has welcomed Soviet exhortations toward greater efficiency without however reneging the course of action followed so far.[15]

In particular, the party headed by the aging Todor Zhivkov, the doyen of all socialist rulers in Eastern Europe with 33 years of uninterrupted power behind him, has followed a duplicitous course, in that it has been careful to distinguish between its support for the advisability of further economic improvements and reforms and any connection whatsoever between it and even the most limited form of political liberalization.

Overall, one might conclude that the Bulgarian response to Gorbachev's innovations has been cautious, with much more emphasis on economic perestrojka than on political glasnost', and its successful prosecution will largely depend on the development of the upcoming post-Zhivkov transition.[16]

Poland has wholeheartedly welcomed Moscow's economic initiatives. This hardly came as a surprise in light of the fact since at least 1983 Jaruzelski had been pursuing essentially the same moderate economic reforms that Gorbachev is advocating. Thus, there is more than a kernel of truth in the general's statements about how the two countries have never experienced such a convergence of interests as they do today in all of their past common history.[17]

Aside from the prevailing convergence of the pragmatic economic outlooks in both countries, Poland's economic efforts require good relations with the Soviet Union because help from the latter will be instrumental to its success at economic revival--or perhaps one should say resurrection. In fact, after the lesson of the seventies Warsaw is unlikely to once again become overly dependent on Western technological and financial inputs, which have proven to be expensive and difficult to absorb and properly utilize.

For all its support for economic perestrojka, Poland welcomes perhaps even more the Soviet drive toward political glasnost', particularly with respect to Gorbachev's call for more transparency in Soviet-Polish relations. Specifically, Gorbachev has underlined the necessity to finally fill in the "blank spots" in the historical record of the two countries' relations. In that context, both leaders have stressed the need for a re-foundation of bilateral relations on more solid grounds after decades of mistrust. The first sign of this effort has been the re-opening in the Fall of 1987 of public discussion in both countries on the question of the infamous World War II massacre at Katyn, which remains a bleeding wound in Polish

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[15] Gati, Charles: "Gorbachev and Eastern Europe" in Foreign Affairs, Vol. 65, No. 5, Summer 1987, p.963.

[16] Argentieri, Federigo: op. cit., p.37.

[17] Gati, Charles: "Gorbachev and Eastern Europe", op. cit.,p.968.

memories.[18]

An additional novel aspect in Soviet-Polish relations is the increasingly open recognition by the Soviets of the role of the Church in Poland. Given the recent warming of relations between the Jaruzelski government and the Church, it is conceivable that the former has successfully persuaded Moscow to recognize the importance of the latter in terms of the positive contribution which it can provide to social stability through its pervasive influence in the country.

The government of East Germany has reason to be satisfied with Gorbachev's initiatives. Honecker can point to the success of his own economic reforms during the past decade, and thus resist domestic and international pressure to emulate the Soviet trend toward increasing political openings.

Moreover, he can avail himself of the new Soviet overtures to the West to pursue the inter-German détente which Gorbachev's predecessors had persistently stifled. In fact, the renewed Soviet dynamism in East-West relations allows Honecker to better resist Soviet-type political reforms at home by displaying positions which are fundamentally identical to the Soviets' in foreign policy--this had not happened for a while: quite to the contrary, in the last years of the pre-Gorbachev era, Moscow had restrained Berlin's overtures to the West, while East German domestic political conservatism closely resembled that of the Soviet Union itself.

At the heart of East German efforts toward better East-West relations lies the well-known goal of de jure political recognition of the East German state by Bonn. For this reason, there probably is a structural limit to the extent to which the Soviets can approve of better inter-German relations.[19] If Bonn should eventually come about to recognize the East German state, this would undoubtedly increase the international standing of the latter and, with it, diminish its subordination to the USSR. Moreover, Moscow would see its post-war official authority over all of Germany undermined.[20]

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[18] The socialist government of Poland, unlike the government in exile at the time, has supported the Soviet version which, contrary to the findings of the Red Cross during World War II, attributed the responsibility for the execution of thousands of Polish officers to the Nazi; however, many in Poland have never been convinced and the memory of Katyn has fuelled considerable anti-Soviet resentment.

[19] As the chapter by Eberhard Schulz in this volume has argued, the East Europeans have long been balancing their desire for better relations with Bonn with Soviet pressure to limit such relations. In this light, Gorbachev's "green light" to better Bonn-Berlin relations might have long-lasting consequences for Bonn's ties with the rest of Eastern Europe as well.

[20] The Kremlin still considers it important to maintain a de jure recognition of its presence in Germany as guarantor of one of four occupation sectors rather than host of one of two German states. This status maintains a Soviet right of say in West German affairs which would be lost should the two German states become fully sovereign again. That the Soviets place much value on this legal nuance was highlighted in the famous incident in 1985 when the SED's newspaper

In Czechoslovakia, the similarities between Gorbachev's economic and political initiatives and those which led to their tragedy of 1968 are too evident to be denied. While there are perhaps more differences than similarities between Gorbachev's goals and those which animated Dubcek two decades ago, it is incontrovertible that the perception in Czechoslovakia tends to stress the latter rather than the former.[21]

During his visit to Czechoslovakia in the spring of 1987, Gorbachev praised the accomplishments of the Husak leadership, but prior and during the visit he repeatedly emphasized the need for Czechoslovakia to move on with economic restructuring. On the eve of the visit there was some speculation that he would also meet with Dubcek; the meeting did not eventually take place, but when at the end of the trip a Soviet spokesman was questioned about what he thought of the differences between Dubcek's reforms and the Soviets' own were, he could only reply "nineteen years", perhaps implicitly acknowledging that the timing rather than the substance of reform had been Dubcek's main error.[22]

In sum, the Czechoslovak reply to Gorbachev's prompting in the economic sphere has been cautious and the future of the first prospected reforms remains perhaps the most uncertain among the Eastern European countries. The Czechoslovak leadership, soon after the exit from the political scene of the ailing Husak, appears divided. The new leaders Jakes was seen as a supporter of reform, but his first few speeches as party leader have been extremely cautious on the subject.

Ceaucescu's Rumania has expressed the stiffest resistance to the new course in the USSR. What used to be Bucharest's maverick behavior in foreign policy is now becoming the norm in domestic policy as well. Ceausescu has repeatedly gone on record with statements about how a truly revolutionary party will under no circumstances give up its role in guiding all the economic entities of the society. He insists that any form of either free enterprise or of self-management is incompatible with such a role because it would allow for conflicts of choices outside of the party's reach. Ceausescu is steadfast in his

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Neuesdeutschland once referred to the "Soviet forces in the German Democratic Republic" only to be promptly rebuked by the Soviet commander of those units, who emphasized that he was the head of the "Soviet forces in Germany". See Kusin, Vladimir: op. cit., p.48, and Wolfgang Pfeiler chapter in this volume.

[21] To some extent this perception is present also at the apex of the Soviet leadership, as testified by the open consideration which was given in the Fall of 1987 to a re-evaluation of the events which had led to the invasion of 1968. The consequences of the recent dramatic and unprecedented interview granted to the Italian CP's daily l'Unità, in which Dubcek praised Gorbachev's ideas and stressed the similarities with those which his government tried to implement 20 years earlier, remain to be seen. For the text of the interview, see l'Unità, 9 and 10 January, 1988.

[22] In November, Georgi Smirnov, Director of the Institute for Marxism-Leninism, went on record saying that the time had come to review the decisions of 1968 about the Czechoslovak intervention. See la Repubblica (Rome), 5 November 1987.

position against any suggestion of perestrojka, let alone glasnost', in his country.

To make Soviet-Romanian relations worse, he continues to energetically reject any notion of socialist internationalism, no matter how veiled. This is expectedly reducing Soviet propensity to help Rumania at a time when its economic difficulties and its inability to further draw help from the West have produced a rise in the volume of Soviet-Romanian trade.[23]

One is left to wonder about why Ceausescu's line continues to be so disharmonious with Moscow on almost anything he cares to talk about.[24] Be that as it may, the current course might create serious problems for Rumania's dealings with the West as well. While for twenty years Ceausescu was able to woo the West into granting him various kinds of preferential economic treatments thanks to his maverick foreign policy, his being out of tune with the current reforms in the USSR might threaten the continuation of such favorable treatments. It was possible for Western governments to extend credit, trade and other facilitation to Rumania to encourage it to maintain its open dissent from Soviet foreign policy positions. By the same token, it might be difficult to do so if he becomes increasingly identified with neo-stalinist orthodoxy while the prevailing forces in the USSR project an image of increasing openness and reformism.

Such a deterioration could hardly come at a worse time for Rumania. Bucharest is in the process of repaying its massive debt to the West at the cost of Draconian reductions in its standards of living which have produced the first serious social disturbances in a major urban center under Ceausescu's rule.[25] Soon Ceausescu will have to begin looking for new capital abroad in order to restart industrial and other investment which is now being cut along with everything else: it is unlikely that he will be able to find this capital without at least some Western help.

To make things worse for him, currently improving Western-Soviet relations might act synergically and become a factor for a further worsening of both Soviet-Romanian and Western-Romanian relations, as

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[23] Gati, Charles: "Gorbachev and Eastern Europe": op. cit.,p.962.

[24] Several non-exclusive explanations are possible. First, he might fear that positions closer to those of Moscow might endanger his family rule over the country by facilitating the rise of more reform-minded leaders. Second, he might fear that opening his society, even slightly, through economic reforms and more political openness might produce a dilution of the nationalist cement which has provided him with some badly needed social cohesion through the long times of economic hardships which are seemingly without end. Third, he might fear that even a limited economic liberalization, with the growing rationalization and international division of labor which would come with it, might accelerate the process of CMEA integration which he has resisted for twenty years out of concern for the likely subordinated role which Rumania would play within it.

[25] On 15 November 1987 riots broke out in Brasov during local elections, and Ceausescu portraits were burned while crowds sang anti-regime slogans and invaded public offices. See press reports in most Western newspapers of the following days.

both we and the Soviets--as well as other Eastern Europeans--have more and more serious reasons to object to Bucharest's domestic and foreign policies.

III. Prospects in Soviet/Eastern European Relations

Soviet-East European relations are slowly entering uncharted waters. The Soviet leadership is seemingly abandoning some of the old guiding principles in inter-socialist relations, but it is not clear yet that it has formulated new ones to replace them. In particular, past references to the subordination of the national sovereignty of the individual socialist countries to the interests of international socialism--as defined by Moscow--have become increasingly rare. At the same time, open discussion about the importance of, and even the divergences among, national interests of the various socialist countries has expanded. However, it is at this time unclear how such recognition of national interests will, in the long run, be reconciled on the one hand with the ideological guidelines which continue to shape the official policies and positions of the bloc; and on the other with the imperatives of Soviet realpolitik interests in the region.

Except for Rumania, all the Eastern European allies praise Gorbachev's reform attempts,[26] but only Poland has shown a determined attempt to follow suit, and even there the outcome is rather in doubt, particularly after the November 1987 referendum which has confirmed a fundamental distrust by the population of any initiative coming from Jaruzelski's government, even political and economic reforms.

The Eastern Europeans have two main possible motives for being reluctant to follow Gorbachev's line too closely. While the relative importance of each will vary from country to country, they are likely to play a role in all. First, Eastern European leaders must be anxious to see whether and how fast Gorbachev's power and his political line become consolidated at the apex of the Soviet polity. Inner struggles in the Politburo and in the CC of the CPSU continue. As the dismissal of Moscow's Party chief Yeltsin--an erstwhile staunch supporter of Gorbachev's--demonstrates, the General Secretary has won important battles but not yet the war. In light of this uncertainty, Eastern European leaders might want to be cautious about becoming irrevocably committed to his line, lest they become alienated from potential successors, who might well hold different and more conservative views.

Second, Eastern European leaders know full well that in the past economic and political reforms have fuelled social instability, and might therefore fear for their political survival should the reforms result into uncontrollable social transformations.[27]

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[26] Gati, Charles: "Gorbachev and Eastern Europe": op. cit.,p.959.

[27] This concern might be made worse by the fact that most of them are at the end of their political lives, and therefore not interested in restructuring the systems which has served them well for so long. One will recall how Zhivkov has been in power since 1954, Ceausescu since 1965, Honecker since 1971, and Kadar since 1956. Aside from the new Czechoslovak party leader Milos Jakes, who succeeded Husak in December 1987, only Jaruzelski, who assumed power in 1981, is a relative newcomer. He is also the only one to have predecessors upon

Thus, Eastern Europe continues to represent a cause of both concern and embarrassment for the Soviets. Concern, both because of its sluggishness to improve economic performance, with the consequent well-known economic burden placed on the USSR; and because of the potential social and political time bomb which any reform would represent.

Embarrassment, because with the last remnants of the myth of socialist internationalism quickly withering away it becomes harder for Moscow to justify its pervasive role in Eastern European affairs. This embarrassment also translates in somewhat of a foreign policy handicap to the extent that it continues to portray an image of the USSR as an imperial power in the eyes of both many neutral and Third World countries and, most importantly, of many Western Europeans.[28] This embarrassment is not new. It might however soon become more serious than ever before if continued Soviet overt interference in Eastern Europe disappoints the currently rising Western expectations for a relaxation of tensions in the continent.

One author has suggested that to solve this problem Gorbachev needs to find a "Greek solution", to the Eastern European question, meaning that the junior allies should be allowed more political room for maneuver while remaining associated with the USSR for their security arrangements--which is in the interest of their current leadership to do in any case.[29] This would not quite be the "Finlandization" which many--including many in Eastern Europe--see as the ultimate foreign policy goal for Eastern Europe to strive for. However, according to this view, it would be the minimum requirement for the West to somehow acknowledge the unavoidability of a heavily unequal Soviet/Eastern European relationship and remove it as a permanent obstacle to improved Soviet/Western European relations.

The problem with this parallel with Greece is that the latter is a rather isolated example in Western Europe of a country with strong neo-nationalist feelings, a recent memory of American collusion with an oppressive regime and an on-going conflict with another alliance member who is believed, rightly or wrongly, to enjoy a privileged status vis-a-vis the alliance's superpower. All of these conditions make it possible for Athens to pursue its rather maverick foreign policy without much of a problem for the rest of the alliance. In Eastern Europe, Rumania has been pursuing a somewhat comparably deviant foreign policy course, but it might be difficult to predict, and for the Soviets to control, the synergetic effect that "Greek-type" foreign policies on the part of the other WTO allies might have on the general geopolitical equilibrium in the region.

Be that as it may, there is little reason to believe that the Soviets are at all inclined to underwrite such a "Greek" solution. As Andrej Korbonski has argued in his chapter in this volume, the most

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whom to place the blame for the economic and other shortcomings of their countries: all the others have been in power to long to be able to justify reforms as a needed change with respect to past mistakes. See Luers, William H.: "The U.S. and Eastern Europe" in Foreign Affairs, Vol. 65, No. 5, Summer 1987, p.977.

[28] Gati, Charles: "Gorbachev and Eastern Europe": op. cit.,p.972.

[29] Gati, Charles: "Gorbachev and Eastern Europe": op. cit.,p.975.

likely path for Soviet-East European relations in the future is that of a continuation of the present pattern.

Thus, the status of Eastern Europe will remain an obstacle to the improvement of Soviet-Western relations. Most Western Europeans are not reconciled to what they consider the heritage of Yalta. While they are unable to clearly formulate, let alone credibly propose, a workable alternative, West Europeans are unresigned to the perpetuation of overt Soviet domination of the region. In fact, to formulate a realistic alternative would be a formidable task, since any workable proposition would have to be one which at the same time: should impede the resurgence, under whatever form, of Germany as a predominant power in Central Europe; should in fact prevent the birth of any German ambition, however veiled, to that effect; should impede the rekindling of the now dormant inter-Eastern European conflicts; should respect Soviet security interests, as perceived by the Soviets; and, last but not least, it should be implemented gradually and peacefully.

IV. Implications for the West

The development of Soviet-Eastern European relations under Gorbachev carries both important economic and political opportunities and potentially serious challenges and risks for the West.

In the economic sphere, the Soviet trend toward greater liberalization and availability for cooperation with the West is widely perceived as a signal to the Eastern Europeans that they, too, can and perhaps should do more themselves. But in light of the huge diversities between the two economic systems, great obstacles will have to be overcome before any positive results will become manifest.

For example, the new Soviet propensity to establish joint ventures is unprecedented and might turn out to be an important path-breaking development, all the more so if imitated throughout Eastern Europe.[30] However, several problems must be solved before the joint venture initiatives will yield concrete results. First, there will be a problem with the organization of the local management, which will not be integrated into the state plan but will not be able to adopt capitalist management criteria either: there is a danger that some sort of a hybrid and unworkable management system will result. In

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[30] The Soviet laws with respect to this initiative are still being perfected, but the main points can be summarized as follows. The Soviet partner will retain a quota of 51% or more in the venture; the president and the director general must be Soviet citizens, as must 51% or more of the work force; profits can be exported if the joint venture still retains residual hard currency after having paid all personnel--they will be taxed at a fixed 20% rate, but will be exempt for the first two years; the amount of the foreign input into the joint venture will be calculated on the basis of international prices at the official Soviet exchange rate; the joint ventures will operate out of the plan, and must therefore be geared to producing for foreign markets. See Salvini, G: "Fare Affari Con Gorbaciov" in Mondo Economico, 20 April 1987; Karpova, Natalia (of the foreign trade commission at the Soviet Council of Ministers): "Compagni Pronti alle Joint Ventures" in Il Sole-24 Ore, 9 September 1987.)

particular, there might arise problems in accounting and in wage differentiations between local and imported personnel, using rubles and convertible currency. Second, the Soviet and Western partners might find themselves moved by contradictory motivations: the main economic rationale for the Soviets is to produce quality products so as to increase exports and raise hard currency revenues, whereas for the Western partners it is to penetrate the potentially enormous Soviet market and repatriate profits.

More broadly, there is a risk that, as in the past, the West, and particularly the United States, will oscillate between a pragmatic look at economic relations with the East and policies of linkage of this trade with political issues. Without entering into the merits or the desirability of such linkage, it is a potentially disruptive political factor of economic cooperation that must be reckoned with.

In fact, if economic opportunities for East-West cooperation are uncertain, political prospects are more volatile and even less clearly definable. In the political sphere, the major issue that confronts the West is whether prospective developments in Soviet-East European relations will lead to a less antagonistic East-West relationship. Most agree that increased relaxation of the Soviet grip over its junior partners, coupled with greater liberalization at home, will indeed contribute to East-West détente. This is because, the argument goes, the Soviet regime's oppression of its own people as well as of Eastern Europe has always been a major political irritant in Western-Soviet relations. Moreover, the argument continues, if liberalization brings about better standards of living, the Soviet government will be less inclined to use foreign policy expansionism to suppress potential social unrest at home.

Yet, there is ground to be skeptical about this line of reasoning. For what a look at the historical record of Russia might be worth in inductive speculations about Soviet behavior, the fact is that Russia was more expansionist, rather than less, at times of greater enlightenment and internal and international openness--such as for example during the reigns of Tsars Peter I and Catherine the Great. Evidence to prove that Soviet enlightenment would have different foreign policy implications than did Tsarist enlightenment is wanting. Be that as it may, and quite aside from speculations about the intentions of the Soviet leadership, opportunities for an expansion of Soviet influence abroad will increase if the domestic reforms succeed, for military, political and economic reasons.

From a military point of view, clearly in the medium and long run the Soviets would have more resources to devote to military purposes if the performance of their economy improves than if it continues to stagnate or even further deteriorate. It is not surprising that the 1970s witnessed both a Soviet military build-up and a relatively good performance of the Soviet economy. Also Eastern European military spending has in the recent past been closely related to fluctuations in national income.[31] Again, this does not mean that Soviet leaders have the intention to devote larger economic resources to military purposes, but they would have the capability to do so.

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[31] Crane, Keith: Military Spending in Eastern Europe (Santa Monica, CA: Rand Corporation, 1987), passim, and especially p.55.

Economically, the Soviets and the Eastern Europeans would be able to resume a more widespread use of economic aid to strengthen their presence in the Third World. In fact, while in the '60s and '70s the Soviet were expanding their influence in the Third World also through economic aid, in the '80s they have been less and less able to continue to do so. The case of Mozambique is a good example of this reversal: this was a revolutionary country which during the seventies had strong Marxist leanings and a growing Soviet and Cuban influence. It gradually began to turn to the West when the leaders in Maputo perceived that the Soviets were unable to provide what they needed far more urgently than ideology or even arms, i.e. development aid. With respect to the latter, as pointed out in Wolfgang Berner's chapter, both the Soviets and the Eastern Europeans have been increasingly wary to make a serious effort.

The inflow of Western aid, though limited for now, has brought Soviet influence in Mozambique to an ebb, and the trend is unlikely to be reversed, despite frequent Western collusion with racist South Africa, which remains Mozambique's main security threat. In the future, however, if the Soviets and the Eastern Europeans were able to resume substantial economic aid, it is not at all inconceivable that Maputo will again move politically closer to them.

Finally, if Gorbachev's glasnost' restores some of the appeal that the Soviet system once held but which it lost over decades of ideological disillusionment and economic failures, the USSR might recuperate part of its erstwhile ideological and political attractiveness in the eyes of both Eastern Europeans and of the Western left. In particular, the Communist parties of Western Europe--and specifically the more orthodox and pro-Soviet factions within them--might regain some of the dynamism of the mid-1970s, particularly if a revival of the USSR should at some point be accompanied by a serious economic recession in the West.

One other issue which deserves a separate treatment in the context of the political implications for the West of Soviet-East European relations is the German question. Impolitical as it is to explicitly say so, to prevent the resurgence of a predominant German entity in Central Europe remains an imperative for all other European states, in both East and West.[32] While this fact of course poses agonizing political and ethical dilemmas for the nations which are friends and allies of the two German states, it will remain nonetheless true for the foreseeable future.

The GDR, on its part, strives for a rather ambiguous policy. As noted in the chapter by Wolfgang Pfeiler, it insists on Abgrenzung while pursuing intense economic ties with the Western Europeans in general and, of course, with the FRG in particular.

Recognizing this, one author has recently suggested that the only way to reconcile German aspirations to closer ties without political unity with the concerns which such aspirations generate for the rest of the Europeans is to favor "the gradual emergence of a much less

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[32] This point is discussed in some detail in Bender, Peter: "The Superpower Squeeze", in Foreign Policy, No. 65, Winter 1986-87, passim, and especially p.109.

threatening loose confederation of the existing two states".[33] The problem with this view is that for such a confederation to be conceivable, it would have to be preceded by a dramatic change in the two Germanies' relations with their respective military alliances and economic communities. But if this were the case, a formidable political momentum would inevitably be generated, and it is difficult to imagine how the rest of the Europeans--or, for that matter, the two superpowers--could prevent it from developing into a drive toward an ever more complete unification.

In the shorter run,it is probably in the interest of inter-German rapprochement that Gorbachev's drive toward better relations with the West succeed. In particular, good Soviet-West German relations have recently proven to be a pre-condition for good inter-German relations.[34] Because of this, many in Western Europe worry about the prospect of Soviet-West German relations becoming too close. But since improved Soviet-West German relations are unlikely to raise Soviet propensity to accept a reunified German political entity--of whatever kind--a permanent Soviet-West German détente should be welcome by all in the West who look for a lessening of overall East-West tensions in the continent. At the same time, it will be up to the Germans, both in the East but especially in the West, to ensure that inter-German détente fuels sympathy but not suspicion in the West: as Pfeiler has noted in his chapter, the Federal Republic's Ostpolitik is and must remain a part of its Westpolitik.

In conclusion, one notices how the West is sometimes confused over the definition of its political goals in East-West relations: what is it that we are striving to achieve? Most would probably agree that it is first and foremost the preservation of peace, and secondly quantitatively and qualitatively improved political, economic, cultural and human contacts between East and West. The current roughly bipolar political division of the continent has arguably served the former goal well, but not the latter.

As far as the goal of peace is concerned, the division of Europe into two blocs, together with the inception of the nuclear era, has contributed to freeze many actual and potential conflicts among the states and the nations of Europe--particularly of central Europe. It has repressed--though by no means erased--divisive nationalist tendencies across the continent. In this respect, it has served a useful purpose.

However, that same division has prevented all Europeans from taking full advantage of the enormous potential which exists for greater exchanges and integration, which would be to the benefit of all. For this reason, many in Europe today are uneasy with the

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[33] Brzezinski, Zbigniew: "The Future of Yalta", in Foreign Affairs, Vol. 63, No. 2, Winter 1984/85, p.296.

[34] One will recall how Honecker's long-awaited visit to the FRG was twice postponed during the chill in Soviet-West German relations at the time of the NATO INF deployments in 1983-84, while it finally took place in September of 1987, a few weeks after the Bonn government had acceded to the Soviet request that its Pershing-1 missiles be dismantled as a part of the overall INF settlement, though they would not be in the actual US-Soviet treaty.

division which is commonly referred to as the "heritage of Yalta". French president Mitterrand in 1982 went as far as saying that anything that will contribute to escape from the divisions resulting from Yalta will be welcome.

With all the due respect for the authoritativeness of that position, this author believes it is a rather simplistic one. To move in the direction of an abandonment of the post-Yalta settlement would be desirable only if it resulted into a more united and less conflictive Europe. But there is no guarantee that steps toward overcoming Yalta would, ipso facto, contribute to that goal. They might, instead, result into a more fragmented Europe, reviving the dormant but still creeping and potentially explosive nationalisms. A Europe of fatherlands might well become one where the single East-West divide of our times will yield to a whole net of newly stiffened international borders—with all the undesirable political and economic consequences that would signify.

Another authoritative writer argued that escaping from Yalta is desirable because it would allow for the "spiritual and moral recovery" of Europe.[35] Again, this seems a rather blurred goal to strive for. There is no doubt that many Europeans today feel frustrated that they can not overcome a political division whose guarantors are the two superpowers. Yet, one is left to wonder what "spiritual and moral" values Europeans have lost, because of the post-war political division settled at Yalta, which they enjoyed before. Was pre-Yalta Europe a "spiritual and moral" model worth recovering? In this writer's view, hardly so.

In sum, while all in East and West have an interest in building a safer Europe to live in, a safer Europe does not need to be a Europe without the two blocs. On the contrary, the withering away of the latter might well bring about increasing divisions and dangers for peace. This does not mean that the best we can do is passively accept the status quo. It is by no means true that we should assume a "if it ain't broke don't fix it" attitude. The current arrangement has its merits, but it is certainly perfectible. Moreover, there is no sense in striving to somehow freeze history: the current geopolitical arrangement in Europe, like all others before it, will change. But we in the West should strive to "fix" the division of Europe only if and when we can be reasonably sure that we can do it, and that the unavoidable risks involved are absolutely minimized, for a failure might well have catastrophic results.[36]

Europeans, both East and West, should strive for the dissolution of the blocs only after sufficient East-West ties have been developed at all levels to ensure that it would indeed result in a less divided continent. For the foreseeable future, however, lingering nationalism makes such a pre-conditions unimaginable, although this might change and it hopefully will.

In this light, Western interests lie in a continuing effort toward concrete improvement in economic, cultural, technological and

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[35] Brzezinski, Zbigniew: "The Future of Yalta", op. cit., p.295.

[36] Some identify a less divided Europe with a "safer" one, but no evidence has been provided to prove this thesis. See Luers, William H.: "The U.S. and Eastern Europe", op. cit., p.994.

above all security cooperation both between and within the blocs. In particular, arms control agreements to increase crisis stability, minimize the possibility of misperceptions and accidental conflicts and redirect precious economic and human resources away from the defence industry should be pursued with energy. Increased economic cooperation between East and West should be developed both for its value per se and as a means to increase East-West interdependence, which, even if somewhat imponderable, remains a stabilizing factor of common interests. Easier human contacts should be favored throughout the continent and in both directions, and recent developments in Eastern Europe seem to indicate an increasing willingness on the part of those governments to lower past barriers to such contacts.

The West should energetically encourage such developments, while however refraining from using human rights in Eastern Europe as an instrument for political rhetoric to be conveniently manipulated in particular political contingencies--as it sometimes did in the past. To this end, as pointed out in my chapter on the Warsaw Pact, a fine balance between overtures and restraint toward Eastern Europe will be required: overtures should help the Eastern European to increase their say vis-a-vis the Soviet Union, while restraint should be aimed at avoiding any process of fundamental change that is not both gradual and peaceful.

These are concrete, realistic and this writer believes unequivocally positive steps. However, to leap to more abstract visions of a post-Yalta transition which ipso facto would unify the continent and somehow eliminate all the conflicts of interests among the various nations and states is unjustified, might possibly be counterproductive, and should therefore be avoided.