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THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE  
APRIL 1989-OCTOBER 1989

Note by the Secretary General

1. I attach the report on "The Situation in the Soviet Union and Eastern Europe" submitted to me by the Chairman of the Expert Working Group, which met at NATO Headquarters from 18th to 20th October 1989.
2. This report engages only the responsibility of the experts who participated in the Working Group.
3. It will be placed on the Agenda of the Council meeting on 22nd November 1989.

(Signed) M. WÖRNER

NATO,  
1110 Brussels.

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

THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

Note by the Chairman of the Expert Working Group

1. Experts from Belgium, Canada, Denmark, France, Germany, Greece, Italy, the Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom and the United States met at NATO Headquarters from 18th to 20th October 1989 to prepare the attached report.

2. This document covers the period 8th April 1989 to 20th October 1989.

(Signed) D.I. MILLER

THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE

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I. GENERAL TRENDS AND OUTLOOK

1. The 26 March elections to the Congress of People's Deputies marked a new stage in Soviet political life and the beginnings of Gorbachev's effort to transfer power to the Supreme Soviet and to Soviets at all levels of national life. The elections also gave national prominence to a number of radical political figures, revived the political fortunes of former Moscow party chief Boris Eltsin, and introduced the possibility of politicians rising to prominence through elections to the Soviets. The Congress of People's Deputies and the Supreme Soviet will take some time to set down roots to assure their permanence, but began their work in a way suggesting a determination to fulfil their constitutional mandates to be the supreme legislative, administrative, and oversight bodies in the country.

2. Gorbachev was able to strengthen his hand by obtaining the departure of 3 full and 2 candidate members from the Politburo at the September Central Committee Plenum, thus removing dead wood and live conservative elements from the leadership. These changes are no doubt a further consolidation of his authority at a time when Gorbachev is turning his attention to preparing a radical reform of the Party in a year's time. The promotion of Kruchkov (KGB) was the most significant move.

3. During the last six months, Moscow has faced more nationalist unrest than at any time since the death of Stalin. The Baltic republics have pressed for radical autonomy, even independence; the Belorussians and Ukrainians have pushed for ecological and language reforms; the Moldavians have adopted a radical language law; the Armenians and Azerbaidzhanis have continued their fight over Nagorno-Karabakh; the Georgians have been challenged by the Abkhazians and unsettled by Moscow's response; and the Uzbeks have fought with the Meskhetians. Moreover, small groups not heard from before and Russians in both the RSFSR and outside their homeland began to push their respective programmes. The results of the long-awaited nationalities plenum in September were anodyne but some of the limits of the current flexibility in the nationalities policy were revealed in a resolution against confederalisation of the CPSU, secession from the Union and tampering with borders.

4. Having permitted long-suppressed forces within society to emerge, the regime began to adjust to the untidy manifestations of a nascent pluralistic society, including public participation in the political process, factionalism within the

Supreme Soviet, and the appearance of grass roots independent politicians. The authorities also faced the relatively new experience of having their policies subjected, albeit tentatively, to legislative oversight.

5. Both leadership and leading economists are deeply worried about the economic and social instability resulting from the partial reforms implemented so far, and have reacted by easing back on some while postponing others. Traditional administrative steps have been taken in an effort to restore some balance to the economy. Gorbachev recognises the need for deeper and effective reform measures but is confronted by major obstacles including a huge budget deficit, suppressed inflation and a vast ruble overhang, serious food and consumer goods shortages, and lagging industrial performance. Next year will be even tougher, as planned cuts in centralised investment may bring the economy into recession.

6. There have been no major new developments in Soviet defence policy during the past six months, with significant military activity generally reflecting implementation of previously established military policy. The Soviets completed the first phase of the unilateral reductions in Eastern Europe. The remaining WP reductions are expected to be completed as announced. The Soviet position at the CFE negotiations continued to reflect the major Soviet objective of achieving significant additional conventional force reductions. Notwithstanding rumours of a possible military coup during the summer, cited at one point by Gorbachev himself, the Soviet armed forces, while not fully satisfied with all aspects of perestroïka, remain firmly subordinate to the political leadership. A debate over levels of defence expenditure has begun in the Supreme Soviet.

7. In Poland the arrival of a non-communist led government in September was an event of major historical importance. It now seems clear that the bargain struck at the round table in April had more dynamic potential than any of the sides realised at the time. Solidarity's success at the June elections and the dismal performance of the Communist Party, followed by Jaruzelski's narrow squeak in the presidential election, underlined the Party's crumbling base of support. Solidarity had wanted to stay out of a post-election coalition in order to concentrate on building up their political strength at grass-roots level, but they found power and responsibility thrust upon them.

8. Though Walesa had himself proposed that Solidarity should form a government with the previous coalition partners of the PZPR, his misgivings after the event were probably sincere. The dangers ahead are real and success cannot be assured. The immediate threat is that pressures within the coalition (and the disparate interests represented within it) will prevent the adoption of a policy which meets the needs of a situation in which, during the last six months at least, the Polish economy was simply being allowed to deteriorate. The Soviet leadership seems to have taken developments in Poland calmly enough. Defence and internal security matters are still in communist hands. Moreover, Jaruzelski now stands firm in the new post of President where he will continue to act as guarantor of the constitutional order and in effect of Poland's position in the Warsaw Pact.

9. The 14th Hungarian Workers Socialist Party (Communist Party) held in Budapest on 6th-9th October 1989 was a further historic break. For the first time, a Communist Party in power put an end to its existence on the basis that its historical experience was over. A new party, the Hungarian Socialist Party, was established by an overwhelming majority of delegates (159 votes against and 38 abstentions out of a total of 1,274). This Party wants "a definitive break with the dictatorship of the proletariat and its ideology". Its programme seeks to instal a parliamentary type regime and a market economy. The transformation of the HWSP into the HSP does not put an end to all ambiguity, however. Nyers, who was elected Chairman of the HSP, has been able until now to avoid a splintering of the Party, but to the detriment of a greater transparency desired by the reformers. Finally, the cautious attitude of the Soviet media to this development, which is depicted more as a "self-reform" of the Party than as a break, leaves open the question of relations with the Soviet Union and with the CPSU.

10. In Bulgaria, the period under review was dominated by the mass emigration of ethnic Turks<sup>(1)</sup>. Between late May and late August some 317,000 had crossed into Turkey. The assimilation campaign backfired dramatically, serving instead to harden the Turks' opposition. In late May, following the demonstrations which resulted in deaths, the Bulgarian authorities began to expel large numbers of Turks. Subsequently,

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1) The Greek expert deemed it necessary to note that the term used in the international treaties fixing the Bulgarian obligations on the matter and reflecting reality is "Moslem minorities" composed of various ethnic groups.

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thousands of ethnic Turks took advantage of more liberal passport regulations to flee the country.

11. The base of opposition has broadened considerably in Czechoslovakia over the past six months. An alliance of sorts between the Church, Charter 77, and re-emerging leaders of the Prague Spring has helped to turn passive dislike of the regime into a more active commitment for change. The response of the regime to this has been very tentative dialogue, coupled with severe repression of what are deemed unacceptable activities. The dividing line seems to be any attack on the leading role of the Communist Party.

12. Both the political and economic situations in Romania were characterised by stagnation, as well as more frequent, albeit still minimal, signs of dissent against Ceausescu's absolutism. Isolation in foreign affairs increased, with Western countries more vocal against a dismal human rights record, and Bucharest still unable to make any progress in the Warsaw Pact with its anti-reform agenda. Perhaps in response to the circulation of a protest letter among delegates to the RCP congress scheduled for November, Ceausescu has been indulging in an unusual public relations campaign.

13. The growing exodus from the GDR during the summer across the newly opened Austro-Hungarian border, also through Czechoslovakia and Poland, has reached the level of 80,000 in addition to the 100,000 people estimated to be leaving the GDR this year by the normal established procedures. It remains to be seen how this problem, along with mounting pressure for democratic reform by the East German population and from within the SED and the so-called "bloc parties" is dealt with by the new leadership under Egon Krenz.

14. In the Warsaw Pact, the political gulf between orthodox leaderships and their reformist allies continued to widen. While Pact meetings have focused on areas of agreement, particularly on disarmament initiatives, agreement in CMEA fora continued to be blocked for the most part by basic divergences over integration and economic policies.

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15. In Yugoslavia, there is an ever-deepening gulf between the Republics and this could become more dangerous if the system and central control continue to weaken. Notwithstanding the continuation of serious economic difficulties, including hyper-inflation, the Marković government remains firmly committed to the introduction of a market economy. Some further progress towards the democratisation of political life in Yugoslavia has also been made. But the quarrel between Serbia and Slovenia continues and recent developments in the two Republics indicate that a reconciliation is unlikely. The constitutional commission of the Slovenian National Assembly adopted amendments to the Republic's constitution, including the right to secession. The next major battle ground is likely to be the 14th LCY Congress in January 1990.

16. Albania has exchanged ambassadors with all of the Warsaw Pact states except Poland and the USSR. It continues to refuse to re-establish diplomatic relations with the latter. Albania's main interest is to expand its economic ties with those countries, while keeping at minimum the political relations. During this period, the GDR was most active. The visit of Foreign Minister Fischer to Tirana in June resulted in agreements on economic and industrial co-operation.

## II. THE NEW SUPREME SOVIET

17. The new Supreme Soviet was elected by the Congress of People's Deputies on 26 May; its first session opened on 3 June and lasted, after an extension, until 4 August. Few well-known reformists are among the 542 members of its two chambers - many of them were resoundingly defeated in the election, in which what one liberal called the "aggressively passive majority" showed its strength of numbers. Eltsin's initial failure to secure election caused particular problems. The Supreme Soviet contains few "survivors" from its predecessor. Its composition is quite different including no more than three Politburo members (Gorbachev, Lukyanov, the Vice President, and Vorotnikov, Chairman of the RSFSR Supreme Soviet). Few Party or government apparatchiks are in it, but there are at least 130 members of the academic and cultural intelligentsia.

18. The Supreme Soviet has already proved itself to be a lively body which takes its paper rights and duties both seriously and literally. Deputies undertook prolonged and intensive questioning of proposed Ministers and succeeded in rejecting nine, two of whom were withdrawn after being challenged in the Commissions. This development caused no little concern to

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Gorbachev and Ryzhkov who had to exert considerable influence to push through some nominations, notably Defence Minister Yazov. Ryzhkov himself was subjected to intense questioning about, inter alia, his mistakes in managing the economy, poverty, and environmental disasters, before being approved as Chairman of the Council of Ministers.

19. For a "novice" parliament the Supreme Soviet surpassed most expectations at its first session. Extensively televised, though not live because the popularity of the full daytime coverage of the Congress proceedings reportedly caused a 20% downturn in economic productivity, it has helped to further the "politicisation" of the Soviet population and to involve them in the process of changing their society. It has also brought into the public eye and into politics a new class of political activists hitherto excluded from the running of the country, ranging from members of the academic and artistic intelligentsia and lawyers to factory directors and workers.

20. An ambitious programme of legislation has been agreed for the agenda of the autumn session, starting with the drafting of a new Constitution and covering economic reform, human rights, nationalities and many other issues. Some aspects of this reform programme may however be retarded by the Supreme Soviet's inability to move rapidly through the agenda. Nationalities problems are likely to continue to feature prominently in the forthcoming session which will consider the federal system, economic devolution to republics, the position of the smaller ethnic groups without their own national territory, and the question of enhancing the status of the Russian Republic (RSFSR) which is scheduled to have its own Academy of Sciences (and it may also acquire its own Party organisation in the form of a Buro or Secretariat).

21. Gorbachev's political reforms have created an active parliament, in which although a majority of the Deputies are party members, a variety of interest groups are already active. In particular an inter-regional group of deputies was set up, with 400 or so members, including a number of members of the Moscow group of radical Deputies and representatives from the Baltic Republics. It has five co-chairmen including Eltsin and Sakharov and claims 90 Supreme Soviet Deputies among its members. At a Central Committee meeting on 18 July, Ryzhkov expressed some disquiet at the way the Party seems to have been marginalised in the political and legislative processes; he has good reason to be concerned about the extent to which future government policies will be carefully scrutinised and perhaps challenged by the

Supreme Soviet. One of the first items to be discussed in the next session is an emergency programme to restore economic and financial health - this could have a rough ride. The leading role of the Party will come into question when policies or legislation, hitherto initiated exclusively by the Party, are amended or rejected by the Supreme Soviet (as has happened on one or two important issues already).

III. THE CPSU - DECLINE OF ITS POWER AND AUTHORITY?

22. During the years of perestroïka, the influence and authority of the Party, as well as its historical prestige, particularly at regional and local level but also at the centre, have steadily declined. As the reform process progressed the Party was increasingly left behind, having failed to find a role in the new circumstances despite repeated urgings by Gorbachev.

23. The clearest sign of the crisis was the defeat of a large number of senior party officials in the elections in March to the Congress of People's Deputies. At the Central Committee Plenum on 25 April, many speeches expressed the bitter humiliation felt in the Party and the resentment that glasnost had allowed its image and performance to be defamed. Some local Party officials held that mistaken policies and inadequate leadership from the centre were responsible for their unpopularity, and that local Party organisations had simply taken the brunt of the population's dissatisfaction with a situation over which they have no control, or for their predecessors' shortcomings.

24. In the past two to three months criticism of Gorbachev's policies and, by direct implication, the leadership itself, has become more vocal. Possibly encouraged by outspoken criticism at the Congress which was aimed at previous taboo issues such as the performance of the leadership and the methods of the KGB, and by Eltsin's frequent public denunciation of Gorbachev's policies, Party officials have themselves written articles for the press in which Gorbachev is directly attacked. The articles appeared, as they did last year, just as Gorbachev left for his summer holiday. However, as the September Plenum showed, Gorbachev was sufficiently master of the political situation not only to impose on the Central Committee his agenda and timing for the next Party Congress, but to remove deadwood and live conservative elements (such as Chebrikov) from within the Politburo and to promote his close ally in the KGB (Kryuchkov).

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25. The shift of power to the Supreme Soviet presents a dilemma for the Party. The fundamental issue is how the Party, discredited in the main by corruption, complacency, undeserved privileges, and its failure to respond to the people's needs can retain its leading role in society in the new conditions of glasnost and pluralism of opinion, and in which an active and permanent "parliament" (and increasingly powerful Soviets and workers' collectives) are able to discuss and vote on government appointments and legislation, without fear of retribution. Democratic centralism is rarely mentioned nowadays though it in principle still exists; but the corrupt and inefficient nomenklatura system is now openly and increasingly criticised. Local party appointments will increasingly be subject to confirmation through the ballot box in elections to Soviets, though Gorbachev conceded on 18 July that Party secretaries need not in all cases also chair the local Soviet - thereby diminishing the Party's influence. Factory and farm directors are now supposed to be elected by their work forces.

26. The Party has been instructed to function differently. It must no longer manage the economy, but provide political leadership. It should therefore be promoting the implementation of reforms, but since many of these by implication threaten its very role in society, it is unlikely to do so.

27. Gorbachev has asserted that the Party should remain the vanguard of society. He maintains that the one-party system must be preserved and that pluralism of opinion can be effectively achieved within it. The official line is that only the CPSU can hold society together and push through the reforms needed. Party ideologist Medvedev has however conceded that discussion of a multiparty system will have to take place, and that Article 6 of the Constitution, on the leading role of the Party, whose abolition has been openly called for, will need to be reviewed. A Constitutional Commission, headed by Gorbachev, was set up under the Congress of People's Deputies.

28. Against this background, Gorbachev faces a difficult if not impossible task of galvanising and restoring the authority of a Party which daily sees the political initiative slipping away from it to bodies elected by popular mandate. His task is made doubly difficult by the fact that it is he who has set this process in train, and has himself benefited from it through his assumption of the new executive-style Presidency. Gorbachev perceived that the Party was an obstacle to reform and deliberately set out to weaken or by-pass its influence. He succeeded too well and the Party is now demoralised.

IV. NATIONALITIES

29. National unrest, in the Baltic republics and elsewhere, has now reached levels unseen since the Stalin era. But there is no consistent pattern to this upsurge. Despite impressions abroad, the entire periphery is not involved, indeed, more than 90% of the demonstrators come from nationalities accounting for fewer than 10% of the USSR's population. Furthermore, goals differ sharply. The non-Russians are split on virtually everything except language issues, from the question of independence to the meaning of economic autonomy. Except for the Balts, virtually no national group as a whole is pressing for independence. In the Baltic Republics, there has been no communal violence. However, in the Caucasus and some areas of Central Asia, there have been repeated breakdowns in public order resulting in considerable loss of life, and, in Armenia, an economic blockade.

30. The impact of this upsurge on the system and Gorbachev personally should not be exaggerated. The overwhelmingly Russian leadership is united in its determination to maintain the territorial integrity of the USSR and will take a very hard line against any challenge on this point. Some disagreements do exist, however, on two subordinate issues: the proper balance between the rights of the 30 million Russians who live outside the RSFSR and the new rights and power for non-Russians; and the extent to which any policy adopted for one region will impact on all others. Divisions on these questions vary from issue to issue rather than crystallising into factions.

31. The extent of leadership agreement was reflected in the "theses" which were adopted at the nationalities plenum in September. Just as the nationality problem itself, they seemed far more radical than they actually were. Virtually all are proposals for discussion rather than policies to be implemented; they will not end either the problem or the debate but rather usher in a new round of ethnic politics, in the legislature and on the streets. But to the extent they reflect Moscow's current thinking, the regime has clearly signalled its intention to reassert central control over increasingly fractious republics.

32. With rare exceptions, what is to be given to the non-Russian republics with one hand will apparently be taken away by the other. Thus, the republics are to retain control over all areas not delegated to the federal government, but the list of responsibilities reserved for the center is so broad Moscow can still meddle in virtually everything. Republics are to own local

resources and develop and implement their own ideas on autonomy, but Moscow intends to retain the right to define Union-wide rules for the use of those resources and the main lines of economic development. And Moscow also expects to be able to veto republic actions even while according republics the right to protest central decisions.

33. On the other hand, the Russian Republic (RSFSR) evidently will gain many institutions it has traditionally lacked - including its own Academy of Sciences and some form of republic Party organisation. And significantly expanded rights may be accorded to autonomous units below the union republic level and to groups currently lacking any state bodies enabling them to organise to defend their cultural and linguistic rights (e.g. the Polish minority in Lithuania which is now pressing for autonomy).

34. Traditionally, when the Party's Central Committee spoke, the country listened, but in this case, the debate is likely to continue and expand. Nothing, however, has yet been said by Moscow on the one issue that might help clarify the terms of the debate, i.e. the line between permissible means of political protest that will be protected and impermissible actions that will be stopped. As a result, nationalists will continue to test the limits, while conservatives object to all forms of local assertiveness and question more vigorously the policies that have allowed it.

V. RECENT DEVELOPMENTS IN THE BALTIC STATES

35. Tension between Moscow and the Baltic states has intensified steadily. Among the numerous particular causes were clashes over constitutional and legal issues and the threat that republican Communist Party organisations (in Lithuania and Latvia) might withdraw from the CPSU, thereby setting a dangerous precedent. The unitary Communist Party, a Leninist concept, has provided the most important ingredient in the cement which ultimately has kept the Soviet Union (technically a federation of 15 sovereign Soviet Socialist states) together. The Baltic CPs, faced with the threat of defeat in the forthcoming local elections, have increasingly been forced to play the nationalist card. In any event, many local Party members are nationalist-minded and help to boost the ranks of the People's Fronts which, in all three Republics, have increasingly inscribed separatism on the agenda. The attitude of the Moscow authorities towards them has thus become distinctly negative. The military press, in the meantime, kept up a constant flow of shocked reports at developments, many of them aimed at locally-based servicemen and military facilities.

36. In Estonia, a draft law on elections to local Soviets, published in June, laid down residence requirements for voters and candidates which would, among other things, have had the effect of disenfranchising many locally-based servicemen. This draft proved to be a final straw for the large, but increasingly insecure, Russian minority in the Republic. Strikes began on a relatively small scale organised by the two bodies identified with Russian interests, the Intermovement and Joint Council of Labour Collectives. (Similar bodies exist in the other two Republics and new ones are being formed, such as the Union for the Defence of Soviet Power in Lithuania). The Estonian Supreme Soviet decided in July to postpone for two weeks a decision on adopting the law and the strikes were called off. However, when the law was duly adopted in August, the strikes resumed with a vengeance: at their peak they involved 80,000 people from more than 50 enterprises. An inept and itself legally dubious attempt was made by the Estonian authorities to declare the strikes illegal. On 16 August, the Presidium of the USSR Supreme Soviet ruled aspects of the electoral law to be unconstitutional and Estonia was given until 1 October to amend it, which it actually did on 5 October by reducing the residence requirement from five to two years. In the meantime, the Lithuanian Supreme Soviet had also adopted an electoral law with no such residence requirements. There were strong suspicions in Estonia that the strikes (in which several defence-related plants were involved) had been directed from Moscow.

37. On 27 July, the USSR Supreme Soviet gave the green light to all three Baltic Republics to introduce republican self-financing on 1 January 1990, a year earlier than originally envisaged. It also approved in principle radical Estonian and Lithuanian plans for economic autonomy. The practical effect of these decisions remained unclear, however: the details of the autonomy plans have yet to be agreed. The debate in the Supreme Soviet revealed that sharp divisions went all the way to the top Soviet leadership about how far the Balts should be permitted to go. Presumably the hope of Gorbachev and his closest colleagues was that the satisfaction of Baltic pressure for economic sovereignty would take at least some of the steam out of the drive for political independence.

38. In the same spirit Gorbachev permitted - after strong Baltic pressure - the establishment of a commission of the Congress of People's Deputies to examine the 1939 Nazi-Soviet Non-Agression Pact. (The CPSU Central Committee also established a similar commission but there has been no publicity about its workings.) The preliminary findings of the Congress commission

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stated that the Secret Additional Protocol to the Pact was genuine - in itself a significant breakthrough, since for years the Soviet authorities had muddied the waters on the issue of authenticity while others, including historians, had even suggested that it was a Western forgery. There had been clear indications for some time previously that public opinion was being prepared for a change of line on the genuineness issue. Nevertheless strenuous official efforts were also made to "delink" the Nazi-Soviet territorial deal from the "revolutionary" events of 1940 which led to the incorporation of the Baltic States in the Soviet Union.

39. The untenable view that the Baltic peoples joined the Soviet Union of their own free will was expressed by A.N. Yakovlev, Chairman of the Congress commission in August and subsequently by Gorbachev himself at the September CC Plenum on nationalities. A commission of the Lithuanian Supreme Soviet, established to study the Nazi-Soviet Treaties of 1939-1941 and their consequences, reported in August that they predetermined the loss of Lithuanian sovereignty and independence and that the declaration of Lithuania's entry into the USSR by the Lithuanian government in July 1940 and the subsequent USSR law on accepting the Lithuanian SSR into the USSR were illegal. These findings cut directly across the increasingly desperate efforts in Moscow to maintain that the incorporation of the Baltic States in 1940 had been legal. On 21 July, for example, Pravda had republished the texts of the declarations issued by the Lithuanian and Estonian government of the day asking to become part of the USSR - documents whose language reeked of diktat.

40. The People's Fronts had decided to commemorate the anniversary of the Nazi-Soviet Pact on 23 August with a human chain linking all three Baltic capitals. The event passed off without incident: more than a million people were estimated to have taken part. However Moscow's increasing apprehension about separatist and nationalist tendencies was beginning to find high-level, if belated, expression. On 15 August, Pravda had devoted a leading article to the Baltic situation which criticised not only the "frankly anti-Soviet groupings" and those agitating for secession but also the local Communist Parties, stating that some of their organisations "have basically abandoned the political struggle" while some members showed confusion and a tendency towards appeasement. Pravda warned that confrontation and political unprincipledness was a "path to major disaster". The appeals also contained in the statement were, however, likely to fall on increasingly deaf ears. The inducement of fleshing out the sovereignty of the Union Republics

with "real economic, social, legal and political content" - albeit within the framework of the Soviet Union - probably came too late to stem popular Baltic appetites for a complete break.

41. A more powerfully worded and authoritative warning, this time by the CC, CPSU, was duly published in the Soviet press on 27 August. Although the statement appealed specifically to the Baltic peoples and individual sections of their populations, as well as to all the peoples living in the area, it was striking that the only direct reference to the powerful People's Fronts was a negative one (to their role in organising the 23 August demonstration). Four days previously Pravda had in fact denounced the Lithuanian People's Front (Sajudis) for playing a double game. Speculation about whether Gorbachev had been party to this document, issued while he was on holiday, was cut short by Soviet spokesmen who associated the entire Soviet Party leadership with it.

42. The reaction of the Baltic Communist Parties and their leaders to the statement balanced conciliation with a re-affirmation of the intention to seek greater sovereignty. The Estonian Party leader, Valjas, condemned demands to achieve secession "under present conditions". The response of many Balts and of the People's Fronts themselves was, predictably, much more negative, sharply denouncing the threats implicit in the statement. Gorbachev also evidently indicated that his own patience with the Balts was running out. On 2 October, a statement has been issued by 40 of the 52 People's Deputies from Lithuania protesting against the CPSU declaration on the Baltic republics. The Lithuanian Party leader, Brazauskas, was twice rung up by Gorbachev who emphasised, according to an interview given subsequently by Brazauskas, that: "No Republic will leave the Soviet Union, but within the federation the Republics can have everything".

43. It is not easy to predict the future course of events, which will depend to a large extent on the overall political situation in the USSR. Differences among Balts tend to be over not whether, but how to achieve independence. Speaking of secession at a Lithuanian CC Plenum in June, Brazauskas stated: "The opinion exists that there are two ways to do that. One that the knot which has become so entangled in these last 50 years should be cut off with one stroke, and the other way is to undo this knot". Several Sajudis leaders have discussed the possibility of a unilateral declaration of independence following the Republican election in the Spring of 1990. If this were to happen, Moscow would be confronted with a dilemma over how to

deal with such a situation. One possible scenario would be for intervention, but only as a measure of last resort.

VI. THE POLITICAL AND ECONOMIC SITUATION IN POLAND

44. Since the signature of the Polish round-table accords, events have moved even more quickly than they had in the preceding six months. The elections of 4 and 18 June were a referendum on communism, the population roundly rejecting the regime and its antecedents. Solidarity's landslide victory and the humiliation of virtually all those on the ill-conceived "national list" were only the prelude to the eventual inability of the temporary Prime Minister, General Kiszczak, to form a government.

45. The unprecedented and unexpected exercise of influence by the former "satellite parties" - the United Peasants Party and the Democratic Party - gave Solidarity the votes it required to form its own coalition government. That the behaviour of these parties derived from Lech Walesa's own proposal and lack of discipline within the old coalition did not alter the result. Throughout this period the newly-configured Polish Parliament behaved as though it regarded itself as it was always described in official publications, i.e. as the "supreme organ of state authority", a label which it has not lived up to.

46. The current government of Prime Minister Tadeusz Mazowiecki reflects a necessary blend of all elements of the current political equation. The Polish United Workers Party retains the posts necessary for stability in Poland's international relationships - i.e. internal security and defence - as well as transport and foreign trade, while Solidarity has taken the lion's share of economic portfolios in the conviction that they must be the ones to force economic reform forward. The UPP (agriculture) and DP (communications) have been given portfolios which may allow them to establish credibility with the electorate.

47. The Communist Party is demoralised and confused. While some members are determined to reform the party and attempt to become a legitimate force in Poland, others are angry and resentful about the consequences of the reform process which has deprived them of their privileges, left them diminished in power and in some ways side-lined. Their control over the military and police, plus the nomenklatura, however, affords them far greater power than their numbers in Cabinet imply. More than legislation will be needed to break up the monopoly of power which has

controlled all activity till now; indeed there are few ways to evaluate the strengths and weaknesses of institutions which have never been accountable nor subject to the budgetary discipline. In other words, the nomenklatura system remains a force with which to be reckoned.

48. As for Solidarity, it must now prove itself wrong, having maintained for months that it was not yet ready to lead a government. Lacking party discipline and a clear programme, Solidarity must transform itself from the voice of opposition as a trade union to the actual role of political leadership.

49. Meanwhile economic troubles continue. Of all economic indicators, inflation is the most visible (60 percent from January to June, but currently running into hyperinflation), and despite the agreement on indexation of wages to prices, wage demands have increased. Price hikes anticipated during the summer led to hoarding by consumers and empty shelves. July saw a general wage and price freeze in an attempt to stabilise the situation, but August began with de-regulation of much of the food industry and subsequent increases. As usual, farmers held back their livestock in anticipation of increased procurement prices, which led to further shortage of meat. With supplies getting still shorter and farmers holding out for yet higher prices, price hikes on food items became largely academic because shelves remained empty. The Polish leaders are looking to the West for short-term food aid to tide them over the present period of uncertainty.

50. The Polish government are banking on the people's readiness to accept economic hardships as the new power structure settles into place. They are in fact counting on the population's resignation to a continuation of an economy of shortages. Austerity measures imposed by Mazowiecki may be more acceptable to Poles than if they had been imposed by Kiszczak. The corollary is that the Poles now pin unrealistic hopes for results on Solidarity that they would never have expected from the PUWP. They expect Mazowiecki to show results within an as yet undetermined time period, even if, for the moment he is being allowed some margin. Ironically, his temporary collapse while presenting his Cabinet to the Sejm not only generated public sympathy but underlined to Poles the fragility of the system now in place.

VII. HUNGARY: DEATH OF THE HSWP - BIRTH OF THE HSP

An historical break and clearly stated reformist intentions

51. Established on 1st November 1956 by Imre Nagy and Janos Kadar at the height of the events in Hungary on the ruins of the Stalinist Communist Party (Hungarian Workers' Party), the Hungarian Socialist Workers' Party (HSWP) hardly survived Janos Kadar, who was removed from its leadership in May 1988, retired in May 1989, and died shortly afterwards.

52. Torn between the more orthodox aspirations of the new General Secretary Grosz and of Berecz, member of the Politburo, and the reformist ideology of the other leaders such as Nyers and Pozsgay, who were sidelined from the Politburo in 1974 by Kadar and who returned with renewed strength in May 1988, the HSWP moved from crisis to crisis and on the edge of a split. Its weakening was marked by the discussions on a multiparty system (still rejected by Grosz in November 1988 and accepted in March 1989); the rehabilitation of Imre Nagy (the HSWP was not admitted to the funeral ceremony in June 1989); and the re-evaluation of the events of 1956 (no longer a "counter-revolution" but a "popular uprising" according to Pozsgay). Its members (there were still between 600,000 and 700,000 of them) were leaving the Party in greater numbers each month.

53. At the end of June 1989, the reformers (who on 12th April had obliged Berecz to step down from the Politburo) imposed on Grosz a four-member leadership - Nyers became Chairman of the HSWP, led by him together with Grosz, Pozsgay and Nemeth, the Prime Minister.

54. Finally, after the poor showings of the Party candidates at the four by-elections held during the summer, an extraordinary Congress of the HSWP was convened on 6th October. Eighty per cent of the delegates elected to attend were participating in a Party Congress for the first time. White collar workers were in the majority, as opposed to 20% of blue collar workers. The HSWP dissolved itself and transformed itself into a new party, "the Hungarian Socialist Party" (HSP). Its programme - mainly the work of Pozsgay and of his reformist allies - was approved unanimously without any real discussion. Its main elements were the following:

- The break with Marxism-Leninism - "the Party sets itself apart from all forms of Stalinism and neo-Stalinism. It is embarking on a road to reform and has taken the first steps toward democratic socialism".
- The establishment of an institutional system for democratic socialism, i.e. a nation of democratic law founded on a broad national consensus, the introduction of the institutions of direct democracy (referendum and petition), the balanced sharing of power among various groups and organizations, a freely elected Parliament to which the Government would be answerable, an elected President of the Republic responsible for maintaining the balance between the centres of power, a multi-party system, independence of local government and of the judiciary.
- The institution of a market economy and of a mixed system of ownership - "the fundamental requirement for economic renewal is the reform of ownership ....". There will then coexist "state ownership, providing public services", "communal ownership, organized in the form of co-operatives", ownership "by social institutions and by self-governing bodies" and, lastly, "private property - one of the indispensable forces for promoting growth". The HSP commits itself to "providing constitutional guarantees of equality of opportunity among the various forms of ownership", to creating a "predictable financial system that is stable and flexible", and to making the Forint convertible.
- The new Hungarian Socialist Party is both a "socialist party of the left that preaches the synthesis of basic socialist and communist values", a "party of the people", a "party of reform which is concentrating its efforts on the peaceful transition to democracy", a "party of the nation which brings together support for Hungarian interests and those of the national ethnic minorities with international solidarity, and which defends Hungarians abroad", a "democratic party which rejects democratic centralism".

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55. In addition to a President (Nyers) - whose election was an easy matter (88%) - a "steering committee" of 23 members (which replaces the Politburo of the former HSWP) was elected with greater difficulty by the Congress. A small majority (13) won out in favour of the reformers.

56. Several deadlines have been set on the domestic political front. Members of the former HSWP had to make known in writing their membership in the HSP before the end of October, but the deadline was extended. On 25th November 1989, elections were scheduled to take place for the President of the Republic, though it is not yet clear whether these will be by direct suffrage or by Parliament: a referendum may be held on the issue. Pozsgay, a reformer, a former member of the Politburo, who would have been the HSWP's candidate for this election, will be the HSP candidate. In the Spring of 1990, free elections are to be held for the new Parliament.

The remaining ambiguities and rivalries

57. The founding Congress of the HSP was the work of Nyers. This former social democrat, the father of Hungarian economic reform, who joined the Communist Party at the time of the post-war party merger and who was removed from the Politburo by Kadar in 1974, managed the 14th HSWP Congress by eliminating extremist tendencies and by endeavouring to strengthen the reformist nature of the Party. He forged the compromise among the six founding "platforms" of the HSP and endeavoured to avoid any split, contrary to the view of other reformers who, like Pozsgay, would have preferred a cleaner break with the Communists.

58. Certain rivalries remain. The ultra reformists are joining the HSP but have been sidetracked by the "steering committee"; the "Federation of Reformists" (20% of the Congress) brings together Pozsgay's allies who want a clear separation between conservatives and reformers; the democratic-popular platform (5%) brings together the reformist Marxists attached to unity and not hostile to Nyers; the "renewal of the HSWP" (1%) around Grosz and Berecz came out against the HSP and in favour of maintaining the HSWP; the "Janos Kadar Society" remains loyal to "traditional" Marxist-Leninist values and appears to be heading towards the creation of a new Hungarian Communist Party. (Kadar's widow has dissociated herself from the Group.)

59. The founding Congress of the HSP recorded in basic documents the radical changes begun by the former HSWP (multiparty system; correction of the historical record; the market economy, human rights) and also marked the break with the Party-State. In view of the forthcoming Parliamentary elections, however, the crucial question is also posed of the new Party's credibility with the Hungarian electorate. What success will the HSP have with its members? How many former members of the HSWP will rejoin its ranks? What will be the reaction of the Hungarian nomenklatura? Will the new members be adequate in number to give Hungarians the feeling that they are dealing with a new Party? Or will the impression persist of its being a modern garb for an old and rejected reality?

60. The gamble undertaken by many reformist leaders of the former HSWP, and by Pozsgay in particular, is clear. They intend to gain a certain popularity by bringing about and managing far-reaching reforms. A revision of the constitution, voted on 18th October, established a multiparty system. They hope in this way to come out ahead (30%-35% of the votes) in the forthcoming free elections. Will they succeed? Will the people be tempted to react to this failure of communism with a resurgence of nationalism (which in Hungary took on extreme forms in the past)? What will be the relationship between the HSP and the Soviet Party and the Soviet Union? The Soviet press reflects a certain perplexity and emphasises the "change in the nature" of the Hungarian Party and the ambiguities of its action. What will be the reaction of the Hungarian opposition - splintered as it is - toward the new HSP? Will it seek to identify the HSP - for electoral reasons - with the former HSWP? Or will it, on the contrary, see in the HSP a possible partner for a future government coalition?

VIII. BULGARIA: MOTIVES FOR THE FORCED EMIGRATION

61. The period under review was dominated by the mass emigration of ethnic Turks<sup>(2)</sup>. Between late May and late August some 317,000 had crossed into Turkey. The exodus seems to have been prompted initially by the harsh reaction of the Bulgarian authorities to the action in early May of a number of ethnic Turkish civil rights groups in campaigning for the restoration of ethnic and cultural rights.

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2) The Greek expert deemed it necessary to note that the term used in the international treaties fixing the Bulgarian obligations on the matter and reflecting reality is "Moslem minorities" composed of various ethnic groups.

62. The regime has drawn heavily on nationalist rhetoric to justify its actions against the 1.5 million-strong Turkish minority<sup>3)</sup>. The assimilation campaign is only the latest in a series of efforts to create a homogeneous single-nation state. But the campaign backfired dramatically, serving instead to harden the Turks' opposition. Marches and hunger strikes took place in the predominantly Turkish minority areas of North-Eastern and Southern Bulgaria throughout May. Demonstrations were put down by force which according to the Bulgarian authorities resulted in 7 people being killed and 28 being injured. The actual death toll was probably considerably higher.

63. In late May the authorities began to expel large numbers of Turks, some of whom were human rights activists and had taken part in the demonstrations, either direct to Turkey or to transit countries (eg Austria). Following Zhivkov's call to Turkey to open its borders to all "Bulgarian Moslems" who wanted to emigrate, thousands of ethnic Turks took advantage of more liberal passport regulations announced in early May to apply for exit visas. The extraordinary exit procedures, which draw on provisions of the newly adopted passport law scheduled to go into effect on 1 September, served two purposes for the authorities: propagandistically, Sofia may now claim that it is fulfilling its CSCE obligations; and politically, the assimilation campaign got a new lease of life - all those who consider themselves Turks will go to Turkey, while those who choose to remain will ipso facto have chosen assimilation.

64. The massive population outflow to Turkey has shown the authorities, however, that their policy of assimilation was rejected by the majority of the Turkish community in Bulgaria and not only by a handful of activists. It was primarily an error in the assessment of the situation by the Bulgarians which led to the exodus of more than 310,000 Bulgarians of Turkish origin. Taken up short by the Turkish reply, Bulgaria had no choice but to allow a substantial number of its nationals to leave. Moreover, the involuntary nature of this exodus is one further demonstration of the displeasure of the Bulgarian authorities. Until those leaving the country arrived at the border, the Bulgarian authorities did everything in their power to make their lives difficult through harassment and repressive measures. It was therefore an exodus which was repugnant to the Bulgarian

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<sup>3)</sup> The Greek expert deemed it necessary to underline that other Western estimates put the number of the Moslem group in question at about one million.

authorities. The outflow was sharply reduced in late August when Turkey re-introduced a visa requirement, but many ethnic Turks are continuing to apply to leave. The decision of the Turkish government was based on the premise that the early signing of an emigration agreement with Bulgaria which will both conform to international norms and safeguard the property and social rights of the refugees would be possible.

IX. THE CHANGING FACE OF POLITICAL OPPOSITION IN CZECHOSLOVAKIA

65. The base of opposition has broadened considerably in Czechoslovakia over the past six months. An alliance of sorts between the Church, Charter 77, and re-emerging leaders of the Prague Spring has helped to turn passive dislike of the regime into a more active commitment for change. A politicised youth is channelling its energy into special interest issues such as the ecology or military service. A new civil society, made up of underground publishing, art exhibits, and independent church groups, has taken root in that grey zone between open dissent and officialdom. However, this opposition is not evolving along lines typical of any other Warsaw Pact country. There is no sign that increasingly bold and widespread dissent is growing into a mass political movement on the scale of Solidarity. In spite of shortages on the domestic market, the standard of living is not badly depressed and not so unsatisfactory as to bring about the social conditions from which Solidarity grew. Czechoslovak opposition is a blend of elements shaped by long-term historical and social trends.

66. Charter 77 with at present roughly 1500 subscribers (there are no members of, but only subscribers to the so-called "Church") and the "Committee for the Defence of Persecuted Innocents" (VONS), of which a few dozen committed "Chartists" are members, used to be the only opposition groupings worth mentioning. Since 1987, however, almost 30 additional groups of dissidents have joined them. Some are "offsprings" of Charter 77, but most of them have been set up independently of it. The so-called "Jazz Section" of the Czechoslovak Musicians Association with its about 5000 members has existed since 1970, it is true, but only since 1987 has it developed an opposition character, especially by publishing "independent" literature. In the last year however, the number of "organised" opposition members has markedly increased. Now, Charter initiatives are receiving a new impetus in the form of support from the Church and former leaders of the Prague Spring as well as support and advice on the international level from certain former Polish dissidents who are now official representatives of Solidarity.

This public concordance of views is greatly enhanced through the use of Radio Free Europe (RFE), which the regime stopped jamming late last year.

67. The Catholic Church has increasingly taken on an active role in support of reform. Cardinal Tomasek publicly condemned the regime's harsh crackdown on demonstrations last January. This came after a petition with 600,000 signatures was handed over to the government demanding greater religious freedom. A new-found rapprochement of views was demonstrated symbolically by the Cardinal's meetings with Charter 77 spokesmen and Alexander Dubcek, during the week of the Cardinal's ninetieth birthday celebrations last June.

68. The "re-awakening" of the 1968 reform communists has broadened the base of opposition. Together with other personalities such as Vaclav Havel, Dubcek is still a well-remembered figure in Czechoslovakia. He has helped turn passive support for change to active commitment among the intelligentsia and formerly purged communists. The creation of an opposition group consisting of 1968 reformers ("Obroda"), with branches throughout Czechoslovakia has been an important step in opening up an alternative unofficial channel for political action. The past six months has witnessed a surprising series of meetings between representatives of the purges communists and senior figures of the Communist Party Secretariat. The Secretariat has asked for and received proposals for economic and political reform. The regime has seemingly concluded that the reform communists might be suitable interlocutors for dialogue, a dialogue Gorbachev is insisting upon in Czechoslovakia.

69. The opposition has opened into, and increasingly become confounded with, activity in the grey zone between uncompromising dissent and official structures. Not only independent youth groups, but church activists, samizdat publishing, and the rebirth of the jazz section under the new name of "Art Forum" fall into this category. So do many members of the Academy of Sciences, artists and actors who have decided to speak up for reform by signing the latest opposition petition ("A Few Sentences"). At last count, about 30,000 had signed since July, the country's most successful politically oriented petition since the 1960s.

70. The response of the regime to this broadening of opposition has been very tentative dialogue, coupled with severe repression of what are deemed unacceptable activities. The dividing line seems to be any attack on the leading role of the

Communist Party. Repression and sometimes jail sentences are handed out to those who promote this in samizdat, petitions, or demonstrations. The regime has come down hard on those who use RFE to attack the leading role of the party, or rely on RFE to promote petitions or demonstrations. Gross violations of human rights by the regime will thus continue for the foreseeable future, despite its attempt at controlled dialogue.

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X. YUGOSLAVIA: INTER-REPUBLICAN RIVALRIES

71. The efforts of Premier Ante Marković to synthesise Serb-style centralism and Slovene-style liberalism in pursuit of market reforms are being seriously hampered by the economy's hyper-inflation and Serbian President Milošević's bid for ascendancy. The inflation rate is expected to exceed 1500 percent before the end of the year. Workers' strikes, protests by farmers, and widespread consumer discontent are putting immense pressure on the government to focus on the symptoms, and not on the underlying structural problems. There is an ever-deepening gulf between the Republics and this could become more dangerous if the system and central control continue to weaken.

72. Milošević has taken advantage of the disarray in Belgrade to promote his own programmes for economic and political reform. Earlier this year he reached what many thought was his apogee, engineering the enactment of amendments to Serbia's constitution which codified the pro-Serbian coups d'état in its autonomous provinces of Vojvodina and Kosovo.

73. The quarrel between Serbia and Slovenia continues and recent developments in the two Republics indicate that a reconciliation is unlikely. Milošević for his part is trying to impose both his own vision of a united, fundamentally authoritarian party, and also Serbian dominance on the rest of the Federation. The Slovenes continue to promote their concept of a loose, pluralistic confederation. The LCY Plenum on 17 May on the Kosovo showed how bitter the Serb/Slovene division had become by then. A subsequent exchange of letters between the two Presidencies exacerbated the quarrel.

74. Slovenia is dissatisfied with its position in the Yugoslav federation. The underlying issue is its relationship with Serbia. Although both favour significant economic, political, and social reforms, they differ over how to implement them. Kucan, president of the Slovenian League of Communists, has several times suggested that if relations within the federation do not improve, then Slovenia would have no choice but to secede from Yugoslavia. In fact, the Constitutional Commission of the Slovenian National Assembly has adopted amendments to the Republic's constitution; the most controversial being a clause claiming the right to secession. The Slovene decision provoked violent controversy at Federal and inter-Republican level but unless the Slovenes try to implement the right to secede, no real risk of an armed forces intervention seems likely. Moreover, given Slovenia's important economic and political role in Yugoslavia, and its dependency on natural resources in Serbia, Macedonia, Kosovo and Bosnia, it seems unlikely that it would break away.

75. The new burst of Serb nationalist activism emboldened Milošević's opponents in Croatia and Bosnia. On 8 July, Serbs from Montenegro and Serbia streamed into Knin in Croatia to augment local Serbs in a demonstration at the dedication of a Serbian monastery. This show of force by pro-Milošević forces on Croatian territory rocked the leadership of that republic and led them to join the Slovenes in protesting attempts at "Great Serb homogenisation". Bosnian leaders, fearful of the potential of mass action from their own substantial Serb minority, joined in. At the 30-31 July nationalities plenum, Serbs and Milošević were the targets of an increased amount of invective, including from the army. Macedonia, which has been generally in Milošević's camp, also took offense at Serb attempts to repeal laws forestalling claims by Serbs who settled in Macedonia in 1920-40 to return to areas from which they were forced out during World War II.

76. The next major battleground for inter-Republican disputes is likely to be the 14th LCY Congress now postponed until January 1990. As a compromise to Slovenia, the Congress will be organised as a regular Congress but termed an "extraordinary" one. This reduces the tactical advantages which might otherwise have accrued to Serbia.

XI. ALBANIA'S RELATIONS WITH THE CMEA COUNTRIES

77. In September, Czechoslovakia and Albania upgraded their diplomatic relations to Ambassadorial level. Poland remains the only NSWP country which has not yet returned its ambassador to Tirana, following the break in 1968. Despite these developments in the diplomatic field, Albania wishes to keep at a minimum its political relations with Warsaw Pact countries; it continues to avoid Party to Party contacts with them. However, Albania is willing to expand its economic ties with those countries in order to improve its industrial infrastructure without any hard currency requirements. On the other hand, there is no indication of a softening of Albania's refusal to establish diplomatic relations with the USSR.

78. Most notable in Albania's relations with the other countries of Eastern Europe was the visit in June by Oskar Fischer, the GDR Foreign Minister. This marked the highest level Warsaw Pact visit since Albania's 1961 split from Moscow. While Fischer was in Albania agreements on economic and industrial co-operation were signed and also on health. The two countries are aiming at increasing their trade volume up to 200 million marks per year. Bulgaria was perhaps second only to GDR in terms of overall activities. Normalisation of relations progressed in full swing. Agreement on scientific, economic and technical co-operation is being implemented. Despite its unfavourable economic situation, Romania has managed with supplies of durables and machinery and offers of know-how in oil exploration along with co-operation in agriculture. Czechoslovakia remained the number one trade partner.

79. It therefore seems that the Albanian leaders are endeavouring adroitly to take advantage of the courtship by the East European countries to normalise their relations. The Albanian leaders are not disposed, however, to give up their deeply held anti-Sovietism. The improvement in relations with the countries of Eastern Europe also constitutes a measure of safety which allows Tirana not to depend solely for its development on Western countries, which would place the country in an untenable position, at least from an ideological standpoint.