APPROACHING RELATIONS WITH EASTERN EUROPE IN THE LATE 1980S

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The topic under discussion is likely to be a more lively one for U.S. policy in the months and years ahead, and I hope that what I say will be informed by policy. But this is not intended as a policy statement. My aim is rather to inject some ideas into the debate, and of these some will necessarily be speculative.

The task that the United States faces in approaching Eastern Europe in the late 1980s is to define our objectives and to use whatever influence we have to move events in the direction of those objectives. This is a fairly modest task, because our influence is limited. But it is important, because the division of Europe that has created Eastern Europe as a concept and as an area really has defined the most important American foreign policy objectives in the postwar period. It is important for us to do what we can to encourage the healing of the wounds of that division. This is not a prescription for maintaining the status quo. It is rather a prescription for encouraging peaceful change which goes to the heart of the division of the Old Continent.

I would like to treat three kinds of topics here:

(1) What is happening is the area today?

(2) What is happening in the area's external environment?

(3) What should the United States be doing in its relations with the area?

These distinctions are artificial, of course. For instance, Eastern Europe's external environment always has tremendous influence on what is happening there internally. To take another example, the United States is not simply an observer, or a free

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agent; it is also a player with traditions and constraints of its own. U.S. policy is not simply a blank sheet. But even though these distinctions are artificial, they are useful for analysis and more than useful for policy. I should also note that when I say Eastern Europe, I am referring to the six active members of the Warsaw Pact (and thus excepting the Soviet Union, Yugoslavia, and Albania).

1. WHAT IS HAPPENING IN EASTERN EUROPE TODAY?

In my view it is the domestic impulse to change that is the most important factor at work in Eastern Europe. The structures of these countries are modeled on those of the Soviet Union, which retains enormous influence in the area. Moreover, the countries of Eastern Europe are poor in the resources that have been the traditional sinews of industry. For these two reasons alone outside ties are admittedly important determinants in what their governments do. But we should not underestimate the domestic impulse, the self-generated impulse to change in each of these countries. It was not so long ago that in terms of their structures and politics they looked like Stalinist peas in a pod. This is clearly no longer true. There has been a good deal of change over the past twenty or thirty years that has made clear that this is a region of genuine diversity.

It seems to me that there are three significant kinds of diversification taking place right now.

First, there is the resurgence of national traditions. This is the kind of diversity that inhabitants of the area are most fond of, and most attached to; it is the one foreign observers are most aware of. It may not be the most important, but it is the most familiar.

There has been a clear resurgence in each country of national political cultures and national political problematics--a resurgence which the regimes are trying to capture for themselves. Throughout the postwar period there has been stress on whatever can be defined as "progressive" in the national traditions. So the phenomenon is not new. History has always been alive and well in the area. But it is even more alive and well today. The German Democratic Republic, to take one example, is trying to capture Frederick and Luther, but the trend is characteristic of every regime.

This national resurgence also brings historical issues back to the surface in the relations among the countries. This facet of the general situation is also important to the outside world. The Poles and Soviets are grappling with the blank spots in the history of their relations. There is not only the Macedonian issue between Bulgaria and Yugoslavia, but also the questions of

the forced assimilation of the Bulgarian Turks; the resurgence of the Transylvanian issue between Hungarians and Romanians; and Poland and the GDR squabbling over maritime boundaries. Hence, the resurgence of national traditions is also a factor in interstate relations.

The causes are not easy to determine. My sense is that they are probably structural. All the countries of Eastern Europe have had a tremendous expansion of education in the postwar period. This means that each has a vastly expanded intelligentsia, and the intelligentsia is the traditional carrier of national themes. In particular, you have a humanistic component of the intelligentsia that is par excellence the carrier of national themes. It actually survived the first decades of these regimes fairly well, but it now feels itself threatened by the vast growth of a technological intelligentsia. Finally, there is a much expanded group of skilled workers, which for most of the postwar period has had tremendous opportunities for upward mobility. This mobility has now been blocked, making this group a natural target audience for national themes. We may thus be seeing a coming together of a new constellation of potential purveyors and consumers of nationalism, both larger than ever before and both more discontented than they have been at any time since the war.

The second kind of change at work concerns levels of economic and social development. Differences in these levels were there from the beginning of the regimes: East Germany, western Poland, and the Czech lands were more "developed" than Romania and Bulgaria. All the countries have made progress in terms of the traditional indices, but gaps between countries remain. These gaps were not so apparent when their countries were undergoing rapid growth. But growth has now slowed everywhere, and the fact that developmental gaps still exist is resurfacing as an important issue.

The implications are not always straightforward. For example, Transylvania, the most developed area of Romania, is certainly not developed in comparison with Hungary. Or, take another example. We complain a lot about the repression of dissent in Poland or Czechoslovakia. We have expected less in Romania and Bulgaria and thus tend to complain less -- although it is now becoming a very serious problem in our relations with these countries. Nevertheless, it should be pointed out that not only are the Romanian and Bulgarian regimes more repressive than those in Poland or Hungary, they may also have less to repress. The intelligentsia there is smaller, the working classes smaller, and peasants more numerous; in other words, there may well be less "social ground" for political dissent.

Third, none of these countries is autarkic, and they differ in the degree of their economic dependence on the outside world.

All are small and poor in resources. None can afford to be independent. But degrees of dependence do exist. Let me illustrate with another North-South example. Both Poland and Romania have developed economic ties with Western countries because they started out with "hard" goods to sell, with natural resources that could be traded on hard-currency markets -- coal in the case of Poland, oil in the case of Romania. But Poland today, because of its high level of development, is much more vulnerable to the effects of a cutoff than a country like Romania. For the latter, if Western ties were severed -- which is what the Romanian government is in effect doing to pay off its foreign debt -- the economy would suffer. But to do what is being done is Romania would be inconceivable in Poland or Hungary. They simply could not afford to be cut off. Their economies would grind to a halt.

Having identified the trends that illustrate the diversity of the countries of the region, it is equally important to remember that, politically, the result is a differentiated set of strains within each country over what remains an essentially unitary economic and political Stalinist model. That model is still in force. All countries had it by the 1950s, and in 1987 they still have it. The kinds of characteristics present at the beginning are still there: a tremendous centralization of decision-making, both political and economic, and a systematic urge, often institutionalized, of the party to control all significant aspects of national life. The effects of differentiation are thus a kind of variety within unity.

Once upon a time, the Stalinist model was sold domestically -- and an attempt was made to sell it to the rest of the world-- as top-of-the-line modernization. In the late 1940s it seemed modern to some; there was a certain plausibility to this line. And, after 40 years of development under the Stalinist model, there are no doubt achievements. No one should underestimate the staying power of the Stalinist model in terms of what has been achieved under it. It was not inconsistent with the kind of authoritarian and bureaucratic tradition of the political governance that prevailed in many parts of the area. It provided for tremendous upward mobility, which was an immense social benefit for a lot of people. And of course it vastly expanded the layer of power holders. So it has a constituency and remains firmly in place.

But everywhere, in one degree or another, the rigidity and centralization of this model is increasingly seen as an obstacle to further development. It is a model that in today's conditions tends to produce the wrong goods for the wrong markets, and to educate people for the wrong jobs or for no jobs at all. It is extremely wasteful in the use of human and material resources. It has no reliable self-correcting mechanism. The time of extensive resources -- of abundant manpower drawn from the

peasantry -- is gone. Exploiting raw materials is increasingly difficult. The initial period of industrialization is over. The rapid growth that covered up the defects of the system is slowing. Thus, there are more and more groups within the elites as well as in the general populations who see the retention of this system, despite its advantages, as an obstacle.

As a final factor, one can see the same perception spreading in the Soviet Union under Gorbachev's leadership. The Soviet leadership is tending to redefine orthodoxy away from conservatism and toward efficiency. The criterion for socialism is more and more defined as productive efficiency, rather than the other way around. And, if this redefinition persists, there will be an important change in what the Soviet model means in Eastern Europe.

To a certain extent, it can be said that now certain elements of the elite are catching up to broad elements of the population that have been convinced that the system has been defective since it was imposed. There are going to be differences within each country about the specific advantages and the specific defects of the redefinition for each country. The broad questions will be the same, because the basic model is the same. But the questions will take different forms in each country, and the answers will be individual.

2. THE EXTERNAL ENVIRONMENT

Let me warn once more against making the external environment thee key determinant of change in the region. The popular question today is: "What does Gorbachev mean for Eastern Europe?" I would rather frame the question more generally: "What elements in the external environment significantly encourage or discourage the internal impulse to change?"

On the economic side, there are two trends at work, and both of them tend to marginalize Eastern Europe politically and economically.

The first is the drying up of Soviet as well as Western resources which were available for the competition for influence in Eastern Europe during the whole period between 1956 and 1981. Both the Soviet Union and the West, including the United States, competed predominantly through economic means. The Soviet Union subsidized the terms of trade in the area; it was willing to provide the scarce raw materials at below world prices; it was willing a well to take the shoddy machinery produced by Eastern Europe that could not be sold on Western markets. The United States and other Western countries provided credits and facilitated some trade. Both sides could say that they were only doing what comes naturally, and were not competing for influence.

The Soviet Union could claim that it was merely offering fraternal assistance -- making socialism work -- while the West could claim that it was making a buck, or its European equivalent. These professed motives depoliticized the inherent competition.

Today, such resources are no longer available, but for different reasons. For the Soviet Union, they are more expensive to produce, and the Soviets are realizing this. They want better goods in return for their raw materials. For the West, since the 1973 oil crisis, lower growth rates also reduced resources. Men who have done business with the East European economies for ten or fifteen years are discouraged. They have discovered that it is not easy to do good business with Eastern Europe. Finally, in Eastern Europe itself, the process of development has created a domestic demand for some of the products that traditionally went onto hard-currency markets. So availabilities within these economies are also diminishing.

This trend is being compounded by a larger trend that also influences the Soviet Union. This is the economic drift away from manufacturing and toward informatics -- a trend away from goods and towards knowledge as the basic commodity of international economic transactions. We will soon be reaching the point in developed Western economies where, in the net value of a product, labor makes up ten to fifteen percent, materials five to ten percent, and knowledge seventy-five percent of total cost. The kinds of things that Stalinist economies have keyed on -- raw materials and industrial products such as coal, steel, and petroleum -- will become less attractive. To take one example, Poland as well as Zambia are major producers of copper. Who needs copper in a fiberoptic age? Copper, once used in telephone systems, will become obsolete, never to recover. The Soviet Union can still sell oil. It may have to reduce the price, but it still has oil, which remains a trading commodity. And it still has a military-industrial complex and a huge educated population, and thus at least the bases for an attempt to change from a thing-based economy to an information-based economy. The East European countries also have the resources to engage in such an effort, and some are better than those the Soviets can deploy. But their scale is altogether smaller. Going into the twenty-first century, they face a double-edged threat of economic marginalization.

Turning to the political side, I would say that trends go in the opposite direction, if wise policy in East European countries and in the West can capture them.

First, there is a loosening consciousness of the threatened danger of war -- the kind of consciousness embodied in the term "Cold War." This lifting consciousness of imminent danger may be a management problem for both alliances but it certainly provides

more margin for maneuver for the East European countries. This margin is created to the extent that these countries were treated as stakes and pawns in the Cold War, and are no longer. The benefits of orthodoxy and of centralization are just not self-explanatory when the Cold War lifts. They require analysis and they require bargaining. It needs to be explained to people why centralization in the Warsaw Pact or CMEA is necessary. Lifting the black cloud of the Cold War produces political debate in Communist countries which starts with details and sometimes goes on to fundamentals, and sometimes even to issues of policy and governance. There is a growing margin for maneuver in asserting individual national themes and objectives.

Second, it seems true that as a result of the advance of the information age, the postwar consensus about what politics should be about is breaking up in all developed countries -- including ours. This also includes Europe. Most Western countries have had "economistic" politics -- based on a large working class and on a steady growth in economic power which offers something for everyone. It has produced a very stable brand of politics in all Western countries built around welfare: who gets more of the expanding pie around the margin. It is breaking up in the West, but a version of it has also prevailed in Eastern Europe, and it is breaking up there as well. We will see the return of politics as a clash of interests competing for a shrinking pie, and the return of a politics of value. Politicians, trying to capture power, instead of working within a stable consensus, will be forced more and more to develop coalitions on individual issues among shifting alliances of disparate groups of people. No politician can any longer guarantee growth. Politicians will have to achieve consensus on the basis of value as the only possible cement for governing coalitions.

This means more political debate. In Eastern Europe, this will mean a resurgence of traditional values, partly because they have been repressed for so many years. Values have just not been a part of the coin of political discourse. In the Soviet Union there is Pamyat', the phenomenon of Russian nationalism in politics; in Romania, the Transylvanian issue; in Poland, the Popieluszko cult. There is a resurgence of debate on the Jewish problem in a Poland where there are practically no more Jews. In Yugoslavia we see a resurgence of Serb nationalism over the Kosovo question.

The reason why these things are coming up is the same as that for the resurgence of fundamentalism in this country: a disintegration of the old political consensus and its base. But it is important to remember that the outcome will not necessarily be chauvinist and reactionary. Democracy is part of the tradition, and democracy is very competitive in today's world. This is also true in Eastern Europe, which produced the miracle of Solidarity.

A politics of values brings us back to why Europe is divided -- why there is an East and a West. But it does so in ways that take us beyond the Cold War, or the "economized" version of the Cold War that prevailed between 1956 and 1981. On the one hand, Eastern Europe is doubly threatened by the decline in the resources that others are willing to devote to it (even if the decline is only relative) and by the information revolution in economics. The region's political importance as a pawn in the Cold War has fallen with the Cold War itself. But the whole developed world is now moving back to politics. If international politics, East-West politics, becomes value-oriented, Eastern Europe will have a lot to offer as an international partner. Every East European country will be affected. Governments do not yet realize this because governments do not like it. When East European governments talk about East-West relations they refer to credits, to technology transfers, to joint ventures. This is the language of the 1956-1981 period. In terms of the intrinsic importance of the economic element in relationships, I think that this language is being overtaken by events. But if that is what East European governments think they want in East-West relations, that is not necessarily a bad thing.

Having touched on the structural aspects, economic and political, of what is happening in the external environment, let me turn to Gorbachev. He is what everyone wants to talk about, what everyone is familiar with. I have reserved this aspect for last because for me it is the least important determinant compared to domestic impulses and the larger trends in the external environment. But it is still important given the role the Soviet Union had and continues to have in the region. Let me just tick off what I think are the most significant features for Eastern Europe of what is going on in the Soviet Union.

-- First, as noted earlier, the Soviet leadership is defining socialism against the criterion of efficiency rather than the other way around. This legitimizes debate about how efficiency can be achieved in each country, and that is new.

-- Second, the effect of this is to set orthodoxy adrift in each East European country. There is no longer a fixed Soviet reference point for domestic debate on what is efficient or what needs to be conserved. This is unsettling for everyone, but especially unsettling for the conservatives in these countries, who have always had such a reference point.

-- Third, Gorbachev's leadership has tended to confirm the tendency in the economic sphere that has been developing over the past decade. The Soviet Union is still willing to make a special effort in its economic relations with its allies, but it is going to bargain harder. That is, it will demand goods of higher quality in exchange for the raw materials it supplies, and seek

more direct ties between individual economic units.

-- Fourth, to produce these better goods for the Soviet market, East European countries will be given a wider latitude on how to do it. The Soviet Union is now saying, "the bottom line is: we want better goods from you, but how you do it is up to you." This refers to both domestic economic reform and to ties with the West. By the same token there is no approved model of economic reform -- this is also up to the individual countries. With the Gorbachev leadership, therefore, not only regime conservatives but also in-house liberals lack fixed Soviet reference points.

Implicit in this is a Soviet willingness to take the risk that the "essential" elements of socialism will be preserved. But it is also a challenge to the regimes of Eastern Europe to stay within undefined and fluctuating boundaries. No doubt there has always been a bottom line with the Soviet Union in terms of the amount of disorder it is willing to permit. But at this point the Soviets are not defining it.

All this is taking place at a time when every country--except Poland and Romania, where Ceausescu seems quite fit as he approaches seventy -- is facing succession on actuarial grounds. So it is a very unsettled period.

-- Fifth, to the extent that the Soviets remain a reference point, not only have powerholders been cast adrift but the intelligentsia has been mobilized in favor of reform through glasnost. Social groups that previously had no public role in the public debate are being invited to take one, or challenged to join these debates. If they succeed -- like the Crimean Tatars-- this will encourage other groups in Eastern Europe to organize and speak up in ways previously denied them under the Stalinist model.

Let me touch briefly on an element of the external environment that has been important in the past: the Helsinki process. There has been a change since 1975. The Helsinki process is something new. However it came about -- and its history is as circumstantial as any other -- the Soviet Union and the East European countries have agreed by free sovereign choice to put in place a body of rules, and a set of standards, and a process of discussion that not only permit but require government-to-government discussion and negotiation on the major substantive issues of East-West relations: security, economic relations, and values. The question of values, in other words, is not only bubbling up through domestic developments into the political process, it has also been legitimized by the Commission on Security and Cooperation in Europe as a topic for international discussion. Even when that became apparent, the Soviet Union and other Communist governments decided to maintain

the framework and dialogue within it. They are now trying to override this by pushing for a comprehensive new System of International Security in the UN, something that will be more diluted, and that will have less of human rights in it. But even their United Nations concept has a humanitarian element, and they have added an environmental element. Imitation is the sincerest form of flattery, in these matters as in others.

3. WHAT SHOULD THE U.S. APPROACH BE?

How does the United States fit in? How does this changing situation in Eastern Europe fit with our objectives?

There is going to be a lot of continuity in the U.S. approach, as there has been over a period of three decades now. It is broadly understood, politically, in this country. Most people who are interested in Eastern Europe understand what the U.S. approach is, and that is a virtue, because not everyone cares on a steady basis. That approach has bipartisan political support -- and radical departures from a policy like this usually do not help. Unless there is a real reason in terms of the situation on the ground or in this country, it is usually a mistake to try to tear a whole policy apart because some change is taking place out there. We think the approach we have had, the so-called differentiation approach, is appropriate to the situation both in this country and in Eastern Europe, and that it puts us in a position to seize opportunities for advancing U.S. objectives as they arise.

Our objectives have remained unchanged for many years: to alleviate the consequences of the division of Europe, and eventually to eliminate them. The division of Europe is, we believe, a source of instability -- not just in terms of the human suffering it causes, but also in terms of the challenge it poses to the security of the West. We want to work on the causes of the division of Europe which threaten our security. The division of Europe forces a pace of development in Eastern Europe that is subterranean but punctuated by earthquakes or near-earthquakes. Historical development in Eastern Europe has produced a series of crises. (There is the Romanian joke about what telephone number to call in Moscow for fraternal assistance: 56-68-80). We believe it is in the interest of everyone to get away from a rigidity that forces that kind of erratic and explosive development.

The United States is clearly a part of Eastern Europe's external environment. It has been a major player in the Cold War, and in bringing about what I call the end of the Cold War. We are among the leaders of an alliance that maintains a lot of stability in Europe, and that provides its eastern half with an example of how societies can grow democratically. We are also

part of the two long-term economic trends which threaten Eastern Europe with marginalization.

But we are also a part of the solution. All East European governments and the Soviet Union try to compartmentalize economic, political, and cultural relations, in order to control society. But there is a very high efficiency cost to such compartmentalization. These governments are coming to realize it more and more. The United States is an example to Eastern Europe, not so much on specifics, but on how to interweave culture and politics and economics in formulating foreign policy. And we insist that they be related in our policy toward East European countries. At home, these countries are now seeing that their problems are too deep to maintain this compartmentalized approach. They observe that as Gorbachev's leadership in the Soviet Union has led to a further and further expansion of the scope of reform, limited steps are not going to work. These countries really started with the human factor, drawing reserves from the economy for programs against corruption and alcoholism without broaching structural change. They then expanded to structural economic reform. After that, they expanded to mobilize the intelligentsia as an instrument for discrediting the old and producing new ideas. And finally they promoted "democratization" in order to involve some sectors of the population-at-large in the process. Poland right now is trying to square the circle of how to get popular support for economic reform without actually talking to Solidarity. They are coming up with all sorts of devices, such as the ombudsman and now the referendum. These developments all express the same problem: it is no longer possible to use just economics, or just politics, or just culture. They must use them all together.

Because U.S. policy takes account of all these strands, we are at the cutting edge of change in the attention we give to politics and in our insistence on relating all three elements as we seek to develop relations with individual countries. We insist, for example, that we have the right to deal with all significant elements of a given East European country -- not just the government, but also the opposition, scholars, scientists, and people of culture. We will continue with this approach in our dealings with individual countries, and in the CSCE process. We may not have lessons on the specifics of how to deal with individual problems, but we think that the East Europeans feel there is something of value in their relations with us.

What is it that Eastern Europe wants from us?

First, they want cultural relations. The United States is no longer the threat in popular culture that it seemed in the early postwar period, when movies and radio were just going to blanket popular cultures wherever they were given access. Nor is the United States any longer the second-rate contributor to high

culture that critics used to describe. The division between high and popular culture has become much less distinct. The United States is now a major cultural force in the world. Eastern Europe is interested in relations with that kind of creativity and vitality.

In politics, we are the leader in the West. Political dialogue with the United States has symbolic and practical value for both the governors and the governed in Eastern Europe. We are the Western government that puts the highest value on dialogue between the governed and their governors. This is true all over world; it is also true in Eastern Europe.

Finally, on the economic side, economic relations with us are less important for Eastern Europe than are their relations with Western Europe. Conversely, economic relations with the countries of the area are certainly going to be less important than most other economic relations. There are constraints on what we can do. Because we take a political approach that attaches more importance to values, because we integrate political and economic factors more than other countries do, we politicize economics more.

Despite these limitations and constraints, it seems to me that economic relations with us will continue to be of interest to East Europeans. As the world economy shifts from trade in goods to financial transfers as the basic engine of international economic development, we will have an important role. And as we move toward the information age, the United States will be one of leaders of the technological revolution.

The question is how do we integrate our objectives and East European objectives into policy in a way that is sustainable and that allows us to seize opportunities in realizing these objectives.

For the past thirty years, and formally for the past twelve, we have had a policy of developing relations with each East European country individually at a pace they can stand. Our capacity to do that is related to our judgment of how well they are doing in moving toward autonomous foreign policy, or toward more liberal or more democratic arrangements. It is up to them, therefore, to determine the rate at which relations will develop. If they want to develop relations with us they know what our criteria are. They know in advance that we are willing to go forward with each of them if they are willing to measure themselves against these criteria.

We recognize today that these are countries on the move, that they are changing. We want to contribute to their forward movement if the governments so desire. To that end, we increased the level of attention that Eastern Europe receives in our policy

in the summer of 1986, when Secretary of State George Shultz asked Deputy Secretary John Whitehead to take a special interest in Eastern Europe. He made two trips to the area (as of October 30, 1987), and will leaving on two more, which will take him to every country discussed here in the coming weeks and months. The Vice President made an important trip to Poland in September 1987. And, with each country, over the past year, we have sought to put in place a concrete program of specific steps that would be to mutual benefit. The level of relations with each country will be different, and the content of the programs will differ. We also recognize that programs are a two-way street. But performance rather than words is going to be the trigger for further forward movement in each case.

The response of each country has been positive in principle. These programs have begun to produce results. We have also increased the intensity of consultations within the Western alliance on these issues -- on prospects for change and what changes would mean for our Western countries. We are going to face very hard decisions in trying to move forward with Eastern Europe, especially in the economic area. We will not be able to do everything we wish to do or should be doing. No government could. We have constraints on our freedom of maneuver, as they do on theirs, and we may lose some opportunities. But we do have a concept of how to engage, we have a program, and we have bipartisan support.