

Scenario 2: Uneven progress with recurring major crises and setbacks

a) Domestic

- o The Reformers (with Gorbachev or a successor) stay in power, but in some important areas, current directions cannot be maintained. For instance:
 - Political change continues at a slow pace, and failing popular support widens cleavages within the Communist Party, which begins to disintegrate, leaving a power vacuum. An uneasy balance of forces creates further loss of momentum.
- o The economy remains stagnant but viable. Radical measures of reform, for example a new price system, are postponed. The dilemma between the need for decentralized decision making in economic development and for strong, central policy direction appears to be intractable.
- o The Baltic Republics negotiate a form of independence but relations with Moscow remain poor. Ethnic tensions continue elsewhere, requiring heavy commitments of army and police.

b) Foreign

- o Uncertainties in Moscow slow the pace of negotiations with the West on reductions in nuclear and conventional forces and arms, and on the conditions for German unification. Nevertheless, the goals of disengagement and retrenchment from foreign adventures set by Gorbachev remain the same, and there is no return to the Cold War.

The West

- o Maintaining a consensus about policies towards the USSR and Eastern Europe in the face of such developments is more difficult. There are differences, especially in the US, between those urging that the West seize the opportunity to reach agreements with Gorbachev while there is still time, and those calling for a watchful but more passive policy. Most Europeans prefer the former approach.