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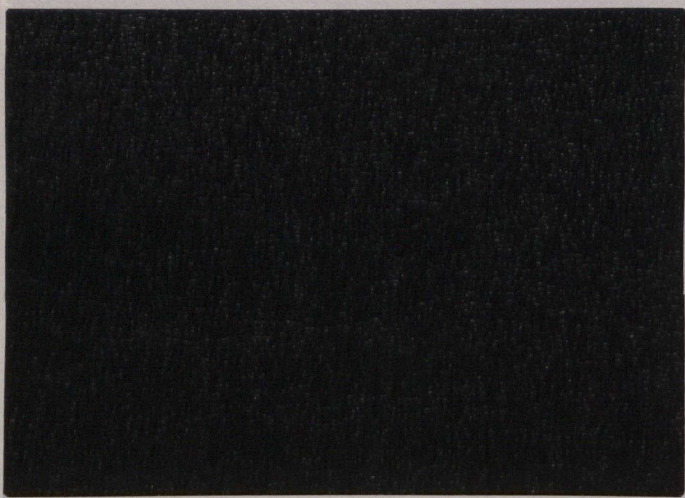
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WORKING PAPER 27

**EAST-WEST RELATIONS IN TRANSITION:
TOWARDS A NEW EUROPEAN ORDER**

Excerpts from a Report of the Strategic
Assessment Group of Experts, to the
Canadian Institute for International
Peace and Security

July 1990



PREFACE

Working Papers, the results of research work in progress or a summary of a conference or report, are prepared by the Institute to be of immediate value for distribution in limited numbers - mostly as provided in the field. Unlike all other Institute publications, these papers are published only in the original language.

The opinions contained in the papers are those of the participants and do not necessarily represent the views of the Institute and its Board of Directors.

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PREFACE

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The full report, which is some 120 pages in length, is available in the library of the Institute, and will be made available on request. However, because of the wide interest in the subject, and the breadth of experience of the participants in the group, the Institute decided to publish sections of it for a larger audience. This Working Paper thus presents the conclusions and recommendations of the longer report. In addition, and because of the general interest in developments within the Soviet Union, we have included as an annex the chapter of the report on the Soviet Union.

I would like to pay tribute to the diligence of the group in completing a formidable task. They often had to create and build upon shifting ground. The pace of change during the past year and a half has been rapid and the group's efforts to keep abreast of the situation have been commendable.

Davidson

Executive Director

1975

FOREWORD

During the autumn of 1988, the Canadian Institute for International Peace and Security assembled a group of retired senior officials, and asked them to examine and discuss the impact of the changes within the Soviet Union on East-West relations. Because of their experience and the range of views represented within the group, we also asked them to write a report on the subject in order to share their thoughts and ideas with a wider audience.

Their deliberations continued during 1989 and early 1990, a period of vast upheaval in the Soviet Union and Europe, and consequent changes in the entire state of East-West relations. The group concluded their discussions in April, 1990, and submitted a report, "East-West Relations in Transition: Towards a New European Order", in mid-June. It is a wide-ranging and enlightening presentation of the major factors affecting East-West relations, as well as some of the likely effects of the new developments.

The full report, which is some 130 pages in length, is available in the library of the Institute, and will be made available on request. However, because of the wide interest in the subject, and the breadth of experience of the participants in the group, the Institute decided to publish sections of it for a larger audience. This Working Paper thus contains the introduction, alternative future scenarios, and conclusions of the longer report. In addition, and because of the intense interest in developments within the Soviet Union, we have included as an annex the chapter of the report on the Soviet Union.

I would like to pay tribute to the diligence of the group in completing a formidable task. They often had to survey and build upon shifting ground. The pace of change during the past year and a half has been remarkable; all analysts have had to adapt to changed and rapidly evolving sets of circumstances.

Bernard Wood
Chief Executive Officer
July 1990

AVANT-PROPOS

Au cours de l'automne 1988, l'Institut canadien pour la paix et la sécurité internationales a réuni un groupe de hauts fonctionnaires à la retraite et leur a demandé de s'interroger en profondeur sur l'incidence qu'auraient les changements survenant en Union soviétique sur les relations Est-Ouest. Vu l'expérience de ces personnes et la gamme des opinions qu'elles représentaient, l'Institut les a également priées de rédiger un rapport sur le sujet pour partager leurs pensées et idées avec un auditoire plus vaste.

Le groupe a poursuivi ses discussions en 1989 et au début de 1990, soit pendant une période de grands bouleversements en Union soviétique et en Europe, lesquels ont fondamentalement modifié l'état des relations Est-Ouest. Le groupe a terminé ses délibérations en avril 1990 et déposé à la mi-juin un rapport intitulé *East-West Relations in Transition: Towards a New European Order*. L'ouvrage, qui aborde une vaste gamme d'aspects, éclaire le lecteur au sujet des grands facteurs influant sur les relations Est-Ouest et de certains effets qu'aura sans doute la nouvelle conjoncture.

Le rapport, qui compte environ 130 pages, est à la bibliothèque de l'Institut, et l'on pourra se le procurer en en faisant la demande. Cependant, vu l'intérêt marqué que le sujet suscite et l'étendue de l'expérience des membres du groupe, l'Institut a décidé de diffuser des extraits du rapport auprès d'un plus vaste auditoire. Le présent Document de travail contient donc l'introduction du rapport complet, les pages sur les divers scénarios possibles dans l'avenir, et les conclusions. En outre, comme l'évolution des faits sur la scène soviétique suscite beaucoup d'intérêt, nous avons ajouté en annexe le chapitre du rapport portant sur l'URSS.

J'aimerais souligner la diligence avec laquelle le groupe s'est acquitté de sa formidable tâche. Les membres ont souvent dû examiner des questions nébuleuses et fonder leurs propos sur une situation changeante. Au cours des dix-huit derniers mois, le rythme des changements a été remarquable, et tous les analystes ont dû s'adapter à une conjoncture modifiée et en mutation rapide.

Le Directeur général,
Bernard Wood
Juillet 1990

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originally had been to complete the examination of documents in the autumn of 1989. By that time, however, the group's activities were interrupted by the unexpectedly rapid pace of political change in Eastern Europe. The members of the group agreed to postpone the completion of its work in order to take into account the significance of these changes. The group's work was based solely on material publicly available, and covers events up to 25 April 1990.

The report deals with relations between an "East" comprising the Soviet Union and the other six countries of the Warsaw Pact, and a "West" comprising the United States of America, Canada and the fourteen European members of NATO. This is not intended to discount the part which other countries play in East-West relations. It does, however, reflect the view that the key East-West issues arise from, and ultimately can only be settled with reference to, the division of Europe.

Relations between East and West, although they have been at various important points in history, must be considered in a broader context. Especially in the more recent past, East-West relations have both influenced and in turn been influenced by political

INTRODUCTION

The working group first met in the autumn of 1988 to discuss possible ways of analyzing the remarkable changes in Soviet domestic and foreign policies initiated by President Gorbachev, and their impact on East-West relations over the next five to ten years.

The group concurred in the view, widely held at the time, that the Soviet policies, if successfully implemented, would transform profoundly the character and substance of the East-West relationship. At the same time, the group concluded that the obstacles to be overcome by President Gorbachev's policies were of such a magnitude, and their success so uncertain, that any single or unilateral forecast of the course of events would be misleading and quite possibly wrong. For this reason, the group chose to put forward several plausible scenarios of future developments in the USSR, and to consider their implications for future East-West relations and for Western policies. The intention originally had been to complete this examination in the autumn of 1989. By that time, however, the group's activities were overtaken by the unexpectedly rapid pace of political change in Eastern Europe. The members of the group decided, in consequence, to delay the completion of its work in order to take into account the significance of these changes. The group's work was based solely on material publicly available, and covers events up to 15 April 1990.

The report deals with relations between an "East" comprising the Soviet Union and the other six countries of the Warsaw Pact, and a "West" comprising the United States of America, Canada and the fourteen European members of NATO. This is not intended to discount the part which other countries play in East-West relations. It does, however, reflect the view that the key East-West issues arose from, and ultimately can only be settled with reference to, the division of Europe.

Relations between East and West, although they have been in some important respects distinct, must be considered in a broader context. Especially in the more recent past, East-West relations have both influenced and in turn been influenced by political,

social, economic and technological developments and trends manifesting themselves throughout the international system.

In the last four years, East-West relations have taken a dramatic turn for the better. The improvement in relations is, in large measure, the result of the major changes Mikhail Gorbachev has brought to the domestic and foreign policies of the USSR. Understanding those changes, and their significance, is of great importance to the countries of the West and their leaders. The dramatic nature of Soviet policy changes and their impact on Eastern Europe have both challenged Western policy-makers and offered to them the most promising opportunity, since the Second World War, to put East-West relations on a co-operative rather than an adversarial footing.

Neither the degree of success likely to attend the new Soviet policies, nor their effects in Eastern Europe, nor the ways in which they will interact with Western policies to alter the course of East-West relations over time is as yet readily foreseeable. To illustrate the range of possibilities, scenarios of four conceivable outcomes are presented and discussed.

A stable East-West relationship, embracing the security of all the states involved, and founded on mutual respect and cooperation, rather than on mutual deterrence, has always been the goal of Western policy. A real opportunity now appears open to move a long way towards that goal. Conclusions as to how the West can best seize that opportunity are set out in the final section.

In all of its activities, the working group sought the widest possible measure of consensus among its members. There was, however, no attempt to achieve unanimity or to suppress differences of opinion. The individual members do not all agree with every word in the report, or with the particular emphasis given to one statement or another. All members do, however, agree with the approach taken in the report, and with the principal conclusions. Moreover, the views expressed in the report are those of the group and do not in any way represent those of the Canadian Institute for International Peace and Security. All members of the group are most grateful for the support accorded to its task

by the Institute and are especially appreciative of the invaluable help they received from the research assistant, Mr. Nicholas Swales, made available to them by the Institute.

The Members of the group were:

Chairman: **John Anderson**, Former Assistant Deputy Minister (Policy), Department of National Defence;

Members: **Robert P. Cameron**, Former Canadian Ambassador to Yugoslavia and Bulgaria, Poland and the German Democratic Republic, Former Director General, Bureau of International Security and Arms Control Affairs, and External Affairs Member Canada-United States Permanent Joint Board of Defence; Vice-Chairman, National Capital Branch of the Canadian Institute of International Affairs;

John M. Harrington, Former Canadian High Commissioner to Jamaica and Ambassador to Norway and Iceland, after postings to Belgrade, London and Tokyo; consultant on trade issues;

A. F. Hart, Former Canadian Ambassador to Poland, after postings to Warsaw, Belgrade, Berlin and Moscow;

C. F. W. Hooper, Former Coordinator for Canadian Participation in the CSCE; Former Director-General, Assistant Under Secretary of State and Special Advisor for Intelligence Analysis and Security at the Department of External Affairs; Former Foreign Service Visitor at Trent University;

James E. Hyndman, Former Canadian Ambassador and Career Diplomat; Professor of International Affairs, Ottawa University;

George Lindsey, Former Chief of Operations Research and Analysis for the Department of National Defence; strategic studies consultant for the

Canadian Institute for Strategic Studies and the Canadian Institute for International Peace and Security;

Charles R. Nixon, Former Deputy Minister of National Defence;

Geoffrey Pearson, Former Canadian Ambassador to the USSR;

Rapporteur: Nicholas Swales, International Affairs Consultant.

**ALTERNATIVE SCENARIOS FOR THE USSR
OVER THE NEXT 5 TO 10 YEARS
AND THEIR POLICY IMPLICATIONS FOR THE WEST**

Given the enormous problems and obstacles he faces, the success of the revolutionary reforms launched by Gorbachev remains very uncertain. Accordingly, an attempt is made in this section to examine plausible alternative scenarios of developments in the USSR over the next 5 to 10 years and to consider, in terms of each of these scenarios, the policy choices which would face the West.

Four scenarios are considered. They range from the most to the least successful in terms of the objectives of *perestroika*, broadly defined. All seem possible and none can be ruled out definitely at this time. However, events are unlikely to follow any one scenario; there is no necessary connection between Baltic separatism, for example, and a market economy in Russia. At best, the scenarios help to prevent surprise and to warn against facile assumptions.

The scenarios are as follows:

- 1) Continued (if difficult) progress with current Soviet policies.
- 2) Uneven progress with recurring crises and setbacks.
- 3) Reforms fail and attempts are made to reverse course.
- 4) Loss of effective central control of the situation.

Scenario 1: Continued (if difficult) progress with current Soviet policies

a) Domestic

- o The "reformists" with Gorbachev (or even a successor) stay in power and the main lines and directions of the new Soviet policies are maintained.
- o Parliamentary government develops; the Communist Party breaks into two or more factions but the Gorbachev wing remains in control.
- o A limited market economy begins to operate and to show results, beginning with certain sectors and parts of the USSR. More food is available. Foreign

investment and know-how are welcomed under fairly liberal conditions. Joint ventures develop.

- o National and ethnic unrest continues, but can be contained short of violence and secession. The Baltic Republics do not renounce independence goals but accept temporary compromises that bring a large degree of autonomy, especially in the economic field. Ethnic tensions in the Caucasus and in Soviet Asia recede.
- o Soviet nuclear and conventional arms and forces are gradually and substantially reduced, releasing skilled workers and capital to the civilian sector.

b) Foreign

- o Soviet foreign policy continues to be supportive of efforts to reduce international tensions and levels of conventional and nuclear forces, solve regional conflicts, and revitalize the UN. The countries of Eastern Europe build new ties with the West while maintaining a loose association with the USSR through the Warsaw Pact. COMECON gradually disappears.
- o Agreement is reached with the West on the conditions of German unification.

The West

- o The US, leading Western European countries, and other NATO countries including Canada are strongly supportive of the new Soviet policies and of Gorbachev.
- o They contribute to the success of those policies by vigorously pursuing nuclear and conventional arms negotiations to early and successful conclusions.
- o Restrictions on trade and payments are largely removed, and credits are granted, in response to Soviet progress towards a market economy.
- o The West takes the lead in making clear its views on the arrangements needed to bring about new, closer and more productive East-West relations, including the conditions for German unification (this includes the role of NATO and the Warsaw Pact, conditions for new relationships with the European Community, and how the USSR can be brought into world economic institutions like the GATT and the IMF).

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.

- o Sharp popular reactions are aroused in the West by excessive use of force to repress popular movements, thus limiting the policy choices of Western leaders.
- o Trade relations suffer. Efforts to achieve arms reductions agreements continue, however.

Scenario 3: Reforms fail and attempts are made to reverse course

a) Domestic

- o *Perestroika* fails to improve the lot of most Soviet citizens, either because reform is not pursued vigorously, or because drastic measures lead to inflation and/or high levels of unemployment. Popular discontent ensures the demise of the old guard of the Communist Party. Lacking a popular mandate, Gorbachev, or his successor, uses the powers of the Presidency to impose a form of martial law, and reverts to a command economy system.
- o Efforts continue to find democratic means of reflecting popular will, however, and there is no turning back to one-Party rule. The non-Slavic Republics continue to press for greater independence despite the stand-off in the talks with the Baltic Republics. Violence in the Caucasus requires the police to use force.

b) Foreign

- o Soviet leaders follow a hands-off policy towards Eastern Europe, but try to maintain Warsaw Pact security arrangements, and retain some Soviet forces in Germany. The second round of CFE talks reaches an impasse, and negotiations to reduce strategic arms proceed more slowly. However, continuing value is attached to trade and aid relations with the West, and major confrontations are avoided. The main lines of Gorbachev's foreign policies are preserved.

The West

- o Uncertainty about the Soviet future makes it difficult for the NATO allies to act together. The European allies prefer to maintain their ties with Moscow while at the same time attempting to build a "European House" that allows for the membership of the Baltic Republics on an equal basis. The US is more cautious and cuts back on exchanges with the USSR, except for the talks on strategic arms, which proceed. Allied differences centre on the issue of the extent of conventional force reductions in Europe and of the price to be paid for the withdrawal of Soviet forces from Germany. Hopes of a peace dividend decline. However, public pressure to "end the Cold War" remains strong and the image of a Soviet threat is impossible to revive. Western governments are sensitive to the risks of acting in ways which might precipitate a Soviet return to repressive policies.

Scenario 4: Loss of Effective Central Control

This scenario could materialize in at least two quite different ways:

- i) Violent Change
 - o It could result simply from the loss of power and political will at the centre as a result of decentralization, nationalist and ethnic demands and unrest, and the collapse of support for the Soviet Communist Party. Insurrection and violence could flare up in more and more areas, overtaking the control capacity of the central government and its security forces. Divisions could set in within the armed forces on the basis of nationalist and ethnic allegiances. The country in other words would be overcome by chaos and violence, in a matter of weeks or months.
 - o This outcome is not implausible, but it presupposes an inordinate fragility in the armed and security forces. It may also underestimate the capacity of democratic institutions and the rule of law to hold the country together.

ii) Pacific Change

- o Another less violent and dramatic way in which the unity of the USSR and the authority of its central government could disintegrate would be by means of a gradual process, generated by the assertions of diverse nationalisms, including Russian nationalism.
- o In this variant, disintegration does not necessarily follow from the failure of Gorbachev's *perestroika*. It could take place gradually, even if: (a) the Soviet economy had turned around; (b) the "new political system" extended to republican and local levels, and the practice of *glasnost* and democratization became the rule; (c) Gorbachev's foreign policy had led to substantial reductions in armaments and to increased economic cooperation and trade with the West; (d) the two alliance systems had remained in place, though more political and symbolic, and Eastern European countries had moved well ahead of the USSR in economic and political achievements.
- o The factors leading to gradual disintegration of central power could be:
 - (1) the failure to achieve a reformed and unified Communist Party which could play the crucial role of maintaining unity within a reformed federal state;
 - (2) failure of the new nationalities policy and of the federal constitution to attract support generally, and to reconcile profound differences between the centre and the republics. A critical factor could be the development of a strong Russian nationalist leadership in the USSR, anxious to reinforce the rights and satisfy the aspirations of the Russian people;
 - (3) the unevenness of economic progress and its benefits across the country and the existence of "have not" areas;
 - (4) the erosion of the authority and effectiveness of such central institutions as the Army and the KGB as they attempt to deal with popular movements of dissent in the other republics.
- o The factors sketched out above could lead, after some years, to a loose confederation of semi-independent republics or to a breakdown of the Union into several groupings of states based on ethnic-religious divisions. The central and more populous Slavic republics would in any case tend to remain dominant and, if united, to be a formidable force in world politics.

The West

- o The first variant, or Violent Change, would create major problems for the West. It would mean instability and violence over vast areas and a high likelihood of involvement of neighbouring populations and states, especially where common ethnic origins and languages existed.
- o Escalation of border conflicts, within or outside present boundaries, could bring serious problems: inadequate food supplies, poverty, and refugees. The process of disarmament would be jeopardized. The West would have to maintain its armed strength and unity, either to deter war or to play a peace-maintaining role.
- o The second variant, or Peaceful Change, would pose less acute difficulties for the West, perhaps little different from those posed by Scenario 1 (and 2) and they could be less pronounced. The process would be gradual, over a period of years, and in accordance with the Constitution. On the other hand, the motives which compelled the Czars to expand Russian control in the 18th and 19th centuries could re-assert themselves, especially if the Russians were to perceive threats to their security from China or from Islamic fundamentalism.

CONCLUSIONS--EAST-WEST RELATIONS IN TRANSITION: TOWARDS A NEW EUROPEAN ORDER

The Prospects in the USSR and Eastern Europe

President Gorbachev's reform policies have set in motion a process of revolutionary change in both the USSR and Eastern Europe. The direction of these changes is towards democracy, modernization and more open, market-based economies. However, the obstacles to these changes in the USSR are formidable. The process is fragile and difficult to control or predict and its success is uncertain. The preceding scenarios present a range of possibilities for success or failure, none of which can be excluded.

Whichever of these scenarios comes closest to reality, it seems very likely that over the next five to ten years the USSR will continue to experience considerable instability which the central government will find difficult to control. The international power and influence of the USSR will also be reduced. Economically and politically the prospects are generally better in Eastern Europe, but the risks of political instability and domestic violence in some of the countries concerned are also substantial.

One important effect of these developments is a decisive shift in the balance of political and military power in favour of the West. As a result, the maintenance of peace and of general conditions favourable to the continuance of the current evolution in the East with a minimum of violence, will depend to a large extent on the strength of purpose, unity and leadership of the West.

The West's Interests and Influence

Gorbachev's new policies and the trend of developments in both the USSR and Eastern Europe present a unique opportunity to end permanently the division of Europe, and to establish a more stable, cooperative and predictable relationship between the West and the Soviet Union based on greatly reduced levels of armed forces. Should the course of reform in the USSR be halted or reversed, however, this opportunity could vanish, at

least for some years; East-West tensions and distrust would reappear, disarmament negotiations could be jeopardized, and world stability could be undermined.

The West, accordingly, has a very large stake in the success of *perestroika*. NATO countries in particular should do all they can to assist and encourage the process of reform in the USSR and in Eastern Europe along the lines of Scenarios 1 or 2, and to discourage possibilities of a shift to Scenarios 3 or 4 (especially in the latter's first version of violent change).

While the West's capacity to influence developments within the USSR is limited, its policies and public positions relating to the USSR can, nevertheless, be of considerable importance for Gorbachev and the reform process in the USSR. And on international issues of concern to the USSR, the West is in a strong position to play a leading role, notably as a stabilizing force and in developing new structures of cooperation in Europe.

Assisting Reform in the East

The countries of the West have generally played an active and helpful role in support of Gorbachev's reforms. Strong Western support, by word and deeds will be all the more important as the going gets tougher for Gorbachev. Western support cannot be unconditional; it has to be dependent on the West's judgement of Soviet intentions and performance. Should the USSR resort to wholesale military force to repress popular movements or demonstrations, or to police methods to suppress dissent, Western policies towards the USSR would inevitably be affected. Following helpful, sensible policies towards the USSR will require a great deal of understanding, good sense, moderation and firmness on the part of the West. The ways in which the West can help Gorbachev and his policies are described below.

Expressions of public support by senior Western leaders are important. Bilateral and multilateral negotiations can have a positive impact by themselves and as a means of demonstrating publicly the Soviet Union's increasing involvement in international discussions of important issues. Western governments should show political restraint in

expressing views about Soviet problems and in making public judgements which could be exploited by Gorbachev's opponents to undermine his policies.

As is discussed further below, the early conclusion of major arms reduction agreements is one of the most important ways of helping the reform process in the USSR at this time. Determined and imaginative Western arms control efforts, especially with respect to conventional forces, would save skilled manpower and scarce resources for use in the restructuring of the Soviet economy.

As the economic situation in the USSR has continued to deteriorate, the Soviet authorities have been changing their original position: that they did not need economic assistance from the West. There are indications that they may now be interested in some forms of Western aid. While some actions by the West must necessarily depend on prior Soviet implementation of key economic and legal reforms, the West should be prepared to do more than it is now doing in such areas as manpower training in the skills needed to operate a more open market economy, improving access to Western technology and markets (for example in the United States), and in other ways. Direct economic assistance in certain areas such as food, agricultural production, and high technology also needs to be considered. The rationale would be to enable the present Soviet government to achieve a breakthrough of some kind, demonstrating that *perestroika* can bring results. Effective Western consultative machinery is in place under the aegis of the European Community. Western countries should keep this question under close review and plan specific measures which could be introduced rapidly, if and when necessary.

Another important means of helping Gorbachev will be to find ways to bring the USSR into the GATT at an early date, as well as into the IMF and the World Bank in due course. The West needs to respond to Soviet overtures in this respect to show it is prepared to have the USSR take its place as a major player in the key international economic institutions. In general, the West must be on the look-out for opportunities to involve the USSR constructively, and to a greater extent in the consideration of international issues.

Helping Eastern European countries and their reform goals is, in a sense, an easier question for the West. Moscow accepts the independence of the former and the fact that most have rejected Communism. Most need, and have requested, economic assistance from the West. We believe the West, led by the countries of the European Community, has, in general, responded wisely and correctly. Substantial economic help is being made available, linked, as it should be, to the progress made towards democratization and a market system. The EC is prepared to offer a form of association to these countries. If the status of a unified Germany vis-à-vis NATO, and of Soviet troops in East Germany (and of US and other NATO forces in West Germany) can soon be agreed, there is a good prospect that common European institutions may evolve by the end of the decade.

Expanding Bilateral Relations

Increasing and broadening bilateral relations with the USSR and Eastern Europe is also a means of buttressing the positive trends in the East. It means more contacts, more visits, more exchange programs and new opportunities.

Arms Control and Disarmament

Our analysis supports the conclusion that major progress in ending the military confrontation between East and West is a key factor in enabling Gorbachev to carry through his program of reform in the USSR. The negotiation of agreements providing for substantial reductions by both sides of nuclear and conventionally equipped armed forces stands high in the order of Soviet foreign policy priorities. The agreement reached by the United States and the Soviet Union in 1987 to eliminate intermediate-range nuclear missiles (INF) and its effective provisions for verification was a major step forward in building the climate of confidence necessary for the conclusion of more far-reaching agreements. The prospects are now good that agreements will be reached in 1990 between the United States and the Soviet Union on substantial reductions in strategic weapons and among the NATO and Warsaw Pact countries on a significant first-stage reduction of conventional forces and major weapons in Europe.

Given the potential instability inherent in the current situation, the common interests of both Gorbachev and the West require that agreements on the reduction of

conventional forces in Europe be implemented in a controlled manner. This could be particularly important in the case of the two Germanies where their impending unification, and the virtual disappearance of the East German armed forces, have very important security implications for the USSR. In the circumstances, we believe the West should seek, to the greatest degree possible, to coordinate the reduction of both national and stationed forces in the two Germanies in phase with the process of German unification. Implementation of the reductions should be monitored by agreed verification procedures involving both NATO and Warsaw Pact officials. To this end, the West should not discourage the concept advanced by Gorbachev of preserving the political structure of the Warsaw Pact pending the creation of a new European security system.

The increasing public euphoria resulting from recent events in the East could give rise to pressures to abandon collective arms control negotiations and to allow disarmament to proceed on the basis of unilateral measures. We believe that Western governments should resist such pressures since only binding international agreements can establish reduced force levels as irreversible commitments. Moreover, the West should emphasize the importance of agreed provisions for effective inspection and verification, and the degree to which their full implementation by all parties to the agreements is essential for mutual confidence. Provisions for the destruction of major weapons rendered surplus by the reduction agreements seem not only to be essential to their success, but could also achieve positive results in limiting the flow of weapons to Third World countries.

The successful conclusion of the key agreements now under negotiation should be regarded as the beginning rather than as the end of the reduction process. Further progress will need to be made, even though there are several areas in which it is likely to be slow. Such areas will probably include: strategic nuclear weapons (after START I), the associated anti-ballistic missile issues, naval nuclear weapons, airborne interdiction stand-off weapons, nuclear weapons testing and nuclear weapons proliferation. In spite of reductions resulting from arms control negotiations, those states now possessing nuclear weapons will retain significant numbers of arms for strategic deterrence. Such weapons will

not be deleted from their inventories as long as the possibility of nuclear proliferation is present.

The North Atlantic Alliance

With its defensive strength, political purpose and its willingness to engage in dialogue with the Soviet Union and its allies, the Alliance has undoubtedly influenced the direction of Soviet policies under Gorbachev. While the European Community is developing increased economic and political strength and is playing a correspondingly greater role in the evolving situation in Western Europe, most of its members attach importance, in security terms, to retaining, through NATO, the continuing presence of North American forces in Europe. We agree that their presence, even at the reduced levels envisaged under current arms reduction negotiations, would serve as a stabilizing factor in this period of uncertainty and political turmoil which could last several years. Moreover, pending the development of a viable, all-European security system which could permit the dissolution of NATO, the organization should play a larger role as a political forum for the formulation of major Western policies.

German Unification¹

The drive to unify the two parts of Germany raises the problem of how the unified Germany should relate to its neighbours. The determination of its security status lies at the heart of the problem of devising an all-European security system. We believe

¹ Since this report was written, East and West have reached substantial agreement on the future of Germany. Meeting at Mineralnye Vody in the Soviet Union on 16 July, Soviet President Gorbachev and German Chancellor Kohl reached agreement on the place of a united Germany in NATO. Under an agreement to be worked out between a unified Germany and the Soviet Union, the 350,000 Soviet troops in East Germany will withdraw over a period of three or four years. The Soviet Union agreed that a united Germany can be a member of NATO. Chancellor Kohl agreed to accept a ceiling of 370,000 troops in the armed forces of a unified Germany. He also stated that when Soviet forces leave what is now East Germany, German troops under NATO control would be stationed there, but no foreign troops would be permitted. The two leaders also agreed that a united Germany would renounce the manufacture and possession of chemical weapons, and sign the Nuclear Non-proliferation Treaty.

that Germany's security status can only be satisfactorily resolved in the context of a wider East-West settlement which takes into account legitimate Soviet security concerns.

We support the two-track negotiations on German unification provided that all countries with an important stake in the outcome are kept fully informed and are given an opportunity to express their views before any agreements are concluded. In the case of the West, special consideration should be given to countries with forces stationed in Germany. We also agree that any agreement on Germany's status must be accompanied by an agreement reconfirming and guaranteeing the permanence of the present Polish border.

The Soviet Union has endorsed the two track formula for negotiations. It has advanced the concept of a neutral unified Germany and opposed its inclusion in NATO. Even though the USSR lacks support from the Eastern European governments on this issues, the Soviets can be expected to adhere to this position, particularly for bargaining purposes, during the negotiations on Germany's future status. We support the proposition endorsed by most Western governments that the incorporation of a united Germany in NATO will best serve the security interests of all Europeans at least until such time as agreement is reached on a viable new European security system.

A European Security System

To meet Soviet security concerns, we believe that an effort should be made to build on the progress already made in the area of security (for example confidence- and security-building measures) within the CSCE with the objective of establishing a new framework for European security which would involve all thirty-five signatories to the Helsinki Final Act, including the United States and Canada. In this regard, the West should explore, as a matter of high priority, proposals recently attributed to the West German Foreign Minister that a completely new kind of CSCE be developed, with regular meetings of foreign ministers, and the establishment of a crisis management centre along with specialized agencies for the environment, communications and transportation. It should be kept in mind that the Soviet Union has consistently advocated the establishment of an all-European security system. With the weakening of the Warsaw Pact as a viable

military organization, and the prospect that a united Germany will wish to be a member of NATO, the creation of a new, broader European framework of this kind could serve to alleviate Soviet security concerns even if the West insists on keeping the NATO integrated defence structure intact within that framework until satisfactory new European security arrangements are in place.

Serious obstacles exist in the way of such a new European security system. Negotiations will be complex; progress is bound to be slow. A great deal will depend on the development of a high level of trust and mutual confidence among the former adversaries. A key factor will be a sense of general satisfaction that agreements on arms reduction and border issues are being fully respected and, consequently, that no member of the two existing alliances is perceived as posing a threat to any other. However, until then, the West must maintain, through NATO, enough conventional military power, especially well-equipped, mobile forces, which could be moved quickly, under the UN or other multilateral auspices, to areas of tension and potential conflict. The maintenance of such a capacity would be compatible with large reductions in nuclear and conventional forces by the Soviet Union and the West.

Maintaining Transatlantic Ties

The ongoing process of reducing arms, restoring ties of cooperation and understanding between East and West and ending the division of Europe inevitably raise questions for the future about continued direct US and Canadian involvement in Europe, beginning with the presence of US and Canadian forces in Europe. We believe that North American involvement in Europe, in forms appropriate to the changing conditions, is essential for the maintenance of peace and security and that it is also in the best interests of all European countries, both East and West. The West must be careful to avoid any steps that could weaken existing transatlantic ties (such as the dissolution or weakening of NATO, or the premature withdrawal of US and Canadian troops from Europe) and it must seek to put in place, as soon as possible, solid foundations for North American participation in all European political and security arrangements. We believe the CSCE offers the logical basis for commencing that process and that the West should,

as a matter of priority, develop proposals for institutionalizing the role of the CSCE in the gradual development of a new European security system.

The revolutionary changes in the USSR and Eastern Europe require that the West should both act now to encourage and assist the process of change, and build up new all-European security arrangements, in which the United States and Canada should participate. Europe has entered a period of transition to a new epoch. The West must ensure that existing arrangements in the security, political and even economic fields, which continue to be useful at this time, should not be discarded until effective, new machinery is in place and working.

The UN and Regional Conflict

As part of its new policies, the USSR has played a constructive role in seeking to resolve a series of regional conflicts (for example Angola, Cambodia and Central America). Its readiness to provide military support to Vietnam, Ethiopia and Cuba is diminishing. Gorbachev has expressed strong support for the UN and has made proposals for strengthening the world organization. We believe that the West should give high priority to these proposals and consider specific measures to implement them, including ways to strengthen the capacity of the Secretary General to mediate conflicts.

Canada and the New European Order

At first sight, Canada might appear to have less opportunity to influence the course of events in East-West relations than do other members of the Atlantic Alliance, although its stake in the outcome of these events is just as great. Without the direct interests of the Europeans, or the military power of the Americans, Canada is at one remove from the reshaping of the continent. This very fact, however, may be considered an advantage. Old European rivalries persist and the United States must wrestle with the problem of converting both attitudes and hardware in a post-Cold War environment. Canadian judgements and initiatives could be especially welcome if the Alliance finds it difficult to reconcile competing perspectives of this kind.

Canada has a unique interest in taking an active part in the new diplomacy of East-West relations. The Europeans have their eyes set on a pan-European system, with or without the superpowers. The United States will continue to be the preferred negotiating partner of the Soviet Union in matters of arms control and the control of regional conflicts. Canada risks being on the sidelines in both respects unless it acts vigorously to assert its own interests, which, in any event, are significant. Canada has a large stake in the orderly evolution of the process of change set in motion by Gorbachev's policies. In addition to the potential economic benefits of reduced defence requirements resulting from arms control agreements, Canada, as an exporting nation, could stand to gain from trading opportunities arising in Central Europe.

The working group was impressed by the policies of the Canadian and other Western governments which have been supportive of the process of peaceful and orderly change in the Soviet Union and Eastern Europe initiated by the domestic and foreign policies of President Gorbachev. The group was conscious of the distinctive assets and interests of Canada in contributing to the transition towards a new European order. It was agreed that Canada should maintain its membership in the North Atlantic Alliance, continue to contribute constructively to the process of negotiating balanced arms control and disarmament agreements and, take a leading role in the task of devising a new framework for European security on the basis of the CSCE. At the same time, the group considered that Canada should seize the opportunity to reinforce bilateral ties with the Soviet Union and Eastern Europe. Areas of common interest with the Soviet Union (for example economic development, agriculture and the Arctic) and the existence in Canada of groups of Canadians with strong Eastern European affiliations provide special opportunities for expanding and strengthening bilateral relations with the individual countries.

The group did not attempt to identify specific proposals or policies which Canada should pursue. A principal purpose of the study was to examine the process of change in the East-West relationship in a broader context with only specific references to individual national policies and actions as they influenced or were related to the process of change. It was the group's view that Canada's national interests coincided for the most part with

Western interests. Moreover, it was considered that the conclusions in the study could fairly be interpreted as taking Canadian interests into account, as well as reflecting, given the background of the contributors, a Canadian perspective.

ANNEX

THE EAST²: TRENDS AND POLICIES OF CHANGE

The Soviet Union

Introduction: From Stagnation to Gorbachev's Revolution

For two decades preceding Gorbachev's assumption to power in 1985 there was little or no change in the unwieldy centralized political and economic structure of the USSR. The period is now publicly characterized in the USSR as the period of stagnation. The new leader was faced immediately with the critical problems of the national economy, which, apart from its military-industrial sector, was riddled with inefficiency, waste, inferior quality of production, and general infrastructural obsolescence. In addition, and perhaps most troublesome, the economy had been losing the momentum of growth over the previous five years. In the countryside the state of agriculture, which Gorbachev has described as "our society's biggest wound," presented an equally dismal picture. A related concern took the form of growing popular dissatisfaction with persistent shortages of food supplies, housing and consumer goods and with the failure to maintain standards of social programmes previously achieved. Moreover, from these circumstances, there arose, as a central preoccupation, the question of the ability of the deteriorating economy to support the requirements of national security, of Soviet foreign policy interests and of the USSR's position as a great power.

Gorbachev was also keenly aware that over the previous twenty years Soviet society itself had undergone significant processes of change in conditions of dramatic population growth and urbanization. There had emerged a far better educated people with diverse skills, rising expectations, a cynical indifference to their political leaders and evolving social and cultural aspirations. *Glasnost* and democratization would encourage and facilitate the expression of such popular concerns and reveal, in particular, the

² In this section "The East" is intended to include the Soviet Union and its six East European partners in the Warsaw Pact: Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania.

continuing strength among many nationalities of their distinctive cultural and religious traditions. These processes of change and the networks of active, informal community and professional groups they have generated, clearly underpin Gorbachev's drive for reform, but they also greatly complicate its implementation. Once the political crust of Party and state power was lifted there would be little to prevent an explosion of long-suppressed grievances.

In the light of the critical state of the economy, Gorbachev, without denying the importance of social reform, made it clear on assuming office in 1985 that in order to bring about better living conditions it was imperative to change the system of centralized "administrative-command". To overcome the bureaucratic obstacles to such change he began to promote popular participation in the life of the country through greater freedom of expression and wider political choice. But, in extending the notion of democratization beyond the economic sphere, he also stimulated a shift of emphasis to socio-political reform. The swiftly advancing course of technological and economic modernization in Western countries had convinced him that the achievement of a similarly high level of modernization in the Soviet Union could not be separated from the development of a political culture capable, as was the case in the West, of ensuring popular participation in the political process. Thus, for Gorbachev, change and restructuring in the USSR now embrace many dimensions: the economy, the political system, the constitutional structure, the legal system, the military and inter-ethnic relationships in a vast multinational state. While his reforming objectives give him an extremely overloaded agenda fraught with much uncertainty as to their feasibility, and to his own survival, the changes he has introduced so far are remarkable and substantial enough to exclude their being reversed by legal, democratic means.

1. The Economy

The Agenda of Economic Recovery and Restructuring

In an initial policy statement (*Pravda*, 29 April 1985) Gorbachev declared that the development of society would be shaped, to a decisive extent, by qualitative changes in the economy, including a determined effort to shift to intensive growth and a drastic

increase in efficiency to be accomplished by the scientific and technical updating of production. With economic priorities dedicated primarily to the solution of social problems, other key objectives of the strategy included: (a) the replacement of the system of administrative-command by economic management based on carefully defined marketing arrangements, the self-financing of state enterprises and workers' participation in the self-management of enterprises; (b) flexible small-scale arrangements for cooperative and individual participation in production activities and services in urban centres and in agriculture; (c) educational reforms to upgrade the technical skills of the labour force; (d) price reform and the staged convertibility of the ruble; (e) effective exploitation of international trade and credits, joint ventures and acquisition of advanced technology, particularly through the expansion of bilateral relations with Western countries, and through participation in multilateral institutions.

This strategy forecasts a doubling of the global value of production and of the national income by the year 2000, so that the Soviet peoples would then enjoy a level of abundance in the supplies of food, consumer goods and housing. Dynamic increases would also be generated in Soviet trade with the "capitalist" countries and would lead to a more complete integration of the Soviet economy in the international division of labour. These projections assumed the maintenance of peace, acceptable disarmament agreements with the West, and a related shifting of resources from the defence sector to the civilian sector of the Soviet economy.

Implementing the Economic Agenda: Problems and Difficulties

In the fifth year of his leadership Gorbachev remains firmly committed to the objectives of economic *perestroika*, but he has had to recognize that very formidable obstacles and complications, with interweaving subjective and objective features, not clearly foreseen earlier, render target dates of progress far too optimistic. Larger annual budgetary deficits and the failure of important sectors of industry to recover a dynamic rate of growth are simply two obvious manifestations of the deep-rooted malaise afflicting the economy at the end of 1989. These difficulties, particularly, as detailed below, those on the subjective side relating to growing social unrest, have led the Soviet Government to introduce in mid-December a refashioned five-year plan that provides for a radical

expansion of the consumer sector of the economy and an equally radical transfer of investment resources from other sectors of the economy for this purpose. To ensure its implementation, this emergency programme will require, over the five-year period concerned, the retention of traditional methods of state planning and of strong centralized control of the economy. It thus seems to mean a corresponding interruption in advancing the major objectives of economic *perestroika*, particularly the movement towards a market-oriented economy.

Among the subjective factors might be noted the confusion, uncertainty, and even resistance generated among Party and economic ministry bureaucrats to the stern and often contradictory exigencies of the many reforms being promoted simultaneously, and involving radical changes of functions and responsibilities. Managers are largely lacking in the kinds of training and experience required for the successful implementation of the important marketing and self-financing features of the new economic system. At the same time the workers, facing increasingly difficult working and living conditions, remain alienated and unmotivated, and their intense dissatisfaction helped stimulate in 1989 the dangerous extent of the massive strike of miners, and the strikes and transportation blockades associated with the inter-ethnic troubles. In reaction there is growing public and parliamentary controversy over the tempo and aims of economic *perestroika*, particularly as a widening and disillusioning asymmetry is perceived between the troubled economy and the rapid advance of political reform.

On the objective side, possibly the most formidable challenge to the economic agenda is the complex character of the transition to a new economic system. To support this system Gorbachev must build a completely new infrastructure that will establish and bring about what does not now exist: for example, the self-financing and self-management of industrial and agricultural production; a network of wholesale and retail relations; the related financial and credit institutions, price mechanism and entrepreneurial freedom -- all to be underpinned and sanctioned by a comprehensive new corpus of law now projected in over fifty statutes to be considered in the new Soviet Parliament. The climate of confidence and clarity that will allow the economy to move towards its new structural goals apparently depends on the enactment of all these important legislative measures.

Inevitably, then, the transition to the new system is painfully slow; it risks being stalled half-way along its course, and, in the meantime, conveys an impression of leadership still indecisively engaged in reviewing its economic tasks and objectives. This impression receives some confirmation in recent remarks of Deputy Prime Minister Leonid Abalkin, deploring the strategic and tactical errors of a programme of economic reform that ignored the importance, at the outset, of giving a high priority to agriculture, light industry and fiscal reform as essential elements of a viable market.

The experience of the crucial civilian machine-building industry neatly illustrates the critical problems of transition. Although moving in the right direction, aided by arrangements for the transfer of production capacity, technologies and specialists from the defence sector, it will fall well short of the ambitious goals set for 1990, so that its positive contribution to production and restructuring probably will be delayed well into the decade. Production has been adversely affected by the inadequacy of existing technology, constraints on imports of advanced technology and the disruptive impact of the institution of rigorous quality control. Perhaps even more significant, only a disappointingly small number of machine-building enterprises have actually moved over to self-financing and management, partly, it would seem, because the government has not felt able to move away from high-level centralized control and guidance of the industry, and partly, because the government's continuing reliance on centrally established production plans and the predominance of state orders and contracts have stalled the shift to marketing arrangements.

With such a delay in the movement to price reform, market relations and decentralized management, there can be little early progress in realizing these objectives at the republican and local levels of the country. Strong popular opposition to their inflationary prices and profiteering have temporarily slowed the promotion of service and production cooperatives in the cities and in agriculture where, in any case, the Soviet leadership has failed so far to agree on an imaginatively innovative approach to agricultural reform. Thus the state and collective farms retain their dominant and confining management economic of food production. A new policy of land leasing intended to help restore the status of the peasant-farmer is advancing slowly against local

bureaucratic obstruction and a lack of interest on the part of peasants comfortably integrated in collectivized farming. In this general perspective the entrepreneurial advantages of economic reform so far would seem to be limited to what can be derived from the modestly growing number of joint ventures with Western countries. The Soviet aim of a convertible rouble also becomes a more remote prospect, and, in general, unless Western aid can make a substantial difference, the whole complex of problems just mentioned will also substantially delay the emergence of the economic infrastructure needed to enable the Soviet Union to realize greatly expanded trading relations with the West and the advantages expected from the Soviet economy's integration in the world economy.

2. Political, Social and Cultural Reform

As the process of restructuring ran up against wide-spread inertia and conservatism, attitudes to be found in the public at large as well as in the governing, economic, and party institutions, Gorbachev began to place increasing emphasis on the wider application of *glasnost* and on the democratization of society. He has continued to defend the need for greater freedom but has had to take into account the strong and open criticism of these trends at Party meetings in Moscow and throughout the country during 1989 and in recent weeks. As he himself has complained, he has had to contend with a society characterized by a backward and authoritarian political culture in which Soviet citizens have had no say, and to which most of them are apathetically accustomed. At the same time he cannot be sure that a new system designed to draw them into effective participation in the decision-making process might not become an open-ended process, the results of which could lead to the end of the Communist Party itself.

Glasnost and Democratization

In encouraging *glasnost's* expanding role and the "new thinking" he is also promoting, Gorbachev has appealed to intellectuals and artists to take a key part in producing the mental climate favourable to social criticism and innovation. In their journalistic, scholarly and literary writings and discussions they are responding with an enthusiasm and range of political, cultural and moral thinking and questioning that

continually evokes strong misgivings and protest within the Party. As indicated above, Gorbachev has resisted pressures so far to clamp down on growing freedom of expression, but he has been obliged to appeal to the intellectuals to observe more responsibility and to concentrate on the theme of the successful implementation of *perestroika*.

It is claimed that there can be no prohibited topics in the media (*Pravda*, 5 April 1988). While this is largely the case, and the powers of censorship are greatly reduced, the press does tend to avoid critical comment on certain subjects, such as foreign policy, the KGB, the military, Gorbachev and high government and Party officials. All press editors are appointed by the Party apparatus. Unofficial journals are more numerous now but still face legal uncertainty, constant harassment and shortages of paper and equipment.

Democratization, launched earlier in the context of economic *perestroika* with the emphasis on workers' participation in the self-management of enterprises, has in the economic sector, apart from the gains achieved by the big miners' strikes in 1989, suffered from the retarding effect of the structural difficulties of the transition to the new system of economic management. In contrast, as mentioned further below, the significant changes taking place in the political system represent important gains for democratization.

Towards a New Political System

As was evident in the remarkable openness of the first short session of the new Congress of People's Deputies in June 1989 and in the continuing meetings of the new Supreme Soviet which the Congress elected, the critical spirit of *glasnost* and the principle of democratization obtained their first dramatic institutional impulse. This system of political representation, stemming from the new parliamentary and constitutional arrangements promoted by Gorbachev, is to be completed shortly by the "revitalization" of representative institutions at the republican and local levels in elections that are also to feature multi-candidate choice. This latter feature will, as in the outcome of the 1989 elections to the central parliament, undoubtedly assist Gorbachev in his continuing task of weeding out at all levels the old guard of the Party and of constructing a leaner, more efficient, and representative governing structure. In conformity with the decentralizing

objective of *perestroika*, Republican and local councils will have enhanced powers and responsibilities over regional and local social, cultural and economic affairs.

As the executive president of the new Supreme Soviet, with the enhanced powers attached to that position, Gorbachev's leadership position has clearly been strengthened by these institutional innovations. At the crucial Central Committee Plenum, from 4 to 7 February (hereafter the February Plenum), on the new Soviet Party Platform, Gorbachev gave a further, dramatic and enlarged perspective of his evolving conception of executive power and democratic processes that would bring about a "humane democratic socialism." Thus the new political system he is fashioning will be a "law-based state" and a self-governing society, subject to a constitution which will "stand for the diversity of modes of ethnic life" and will involve the creation of legal conditions opening up "the possibility for diverse forms of federative ties" on a voluntary basis. With such language Gorbachev seemed to be leaving the nature of the future of the relations between the republics and the centre open to a very broad construction, perhaps intended to suggest to the more secessionist-minded nationalities that what might well eventuate would be an association of free nations.

In addition to the acceptance of political pluralism and the consequential fundamental change in Party-State relations, noted further below, Gorbachev called at the Plenum for the immediate introduction of a presidential form of government that would decisively establish the separation of powers between the executive, the judiciary and representative institutions. Thus the State President would have the specially legitimating feature of an elective office; the incumbent would appoint his own cabinet of executive officers, and his hold on office would, as well as his election, be independent of the will of the Soviet Party Politburo and Central Committee. Gorbachev justified this sweeping extension of executive power as urgently necessary for the effective implementation of the policy of *perestroika*, thereby, in effect, indicating that the proposed presidency would take over completely the centralizing and coordinating role in the country at large, one that could not now be performed by the Soviet Communist Party in its present state of reorganization or, indeed, in the future role he envisaged for the Party.

On either side of his centrist position Gorbachev still faces passive resistance, sharp criticism or outright opposition to the pace or content of his policy of *perestroika*. Yet he demonstrated his growing strength during 1989 and earlier by making important personnel changes in the Politburo, the Party Central Committee, the Government, the economic bureaucracy, the military and the KGB. In spite of rumours beforehand of his weakening position, he seems to have triumphed over his opponents in the controversial and extended proceedings of the February Plenum, both with respect to most of his policies and to the consolidation of his own position. The conservative opposition could argue that his victory, still to be confirmed at the Party Congress, has been achieved at the heavy cost of future Party unity, its leading role and its control over Soviet society. His innovative stance at the Plenum has, however, drawn the support of the radical wing of the Party, and has, if Ligachev can be regarded as their main representative in the Politburo, reduced the conservatives for the time being to acquiescence. Apart from indications of continuing differences within the Politburo on Lithuania, agriculture, private property relations and the maintenance of Communist Party traditions, Ligachev declared at the conclusion of the Plenum that the Politburo stood united behind Gorbachev and *perestroika*.

In the coming months, Gorbachev will have to grapple with a multitude of politically sensitive problems in defining, instituting and implementing the complex and radical changes of relationships, responsibilities and functions, between Party, government and representative institutions at all levels -- particularly in the light of the increasingly sensitive nationalities question. If he does not now face the threat of an effectively organized political opposition at the centre, the revolution from above that he initiated is now producing all over the USSR popular movements from below. The disparate aims and growing assertiveness of these movements, particularly in their potentially erosive impact on the power and authority of the central government and of the Soviet Party itself, may well prove to be a greater threat to his political position and to his control of the agenda of *perestroika* in all its dimensions.

In the light of all these politically sensitive problems and their highly unsettling implications, Gorbachev seems to have greatly increased his dependence on the stabilizing capabilities of the Army, KGB and MVD. At the same time, the revolution he is conducting in national security policy requires these institutions to carry out their own far-reaching changes in organization, operational capabilities, responsibilities and doctrine within a prospective framework of greatly reduced budgetary resources, unilateral and internationally agreed arrangements on strategic and conventional military forces, and the unprecedented political innovation of the future accountability of these institutions to the new parliamentary system. In line with this new dispensation, the KGB is now cultivating public respectability at home, and shifting the emphasis of its work to supporting Gorbachev's foreign policy. Its most important domestic task will be the protection of the constitution, and its forces, as well as those of the MVD, will be concerned with nationalities problems and inter-ethnic strife. These tasks, it seems, warrant the full membership of the KGB (through its new Chairman, V. Kryuchkov) in the Politburo.

Perestroika evokes among senior professional Army officers strong misgivings and divisions of opinion over the doctrinal revolution and the size and forms of military reductions. There is growing resistance in the General Staff to Army involvement in inter-ethnic strife, growing unrest among junior officers, and growing opposition among Soviet deputies and in public opinion in the Republics, to military conscription and to Russian dominance of the armed forces. Nevertheless, in Generals Moiseyev (CGS) and Yazov (Defence Minister), Shevardnadze (Foreign Minister), and Kryuchkov (KGB), who all owe their promotions to him, Gorbachev has built up a strong national security team. As Chairman of the USSR Defence Council, a position now reserved by a recent constitutional amendment to the President of the Supreme Soviet, Gorbachev is de facto supreme commander of all military, paramilitary and security forces in the country. These various forces would be subordinate in a crisis situation, to the Defence Council. He has, therefore, virtually unlimited responsibility and authority in such a situation and the aggregate effects of all the mechanisms of supreme political power now at his disposal would seem to preclude any possibility of a purely military coup d'état. Thus his effective control of national security policy should not be in doubt so long as progress is being made towards its objectives, and the policy is not seen to be actually jeopardizing the

survival of the Soviet Union. If survival were ever really threatened, this could give impetus to the replacement of Gorbachev by a coalition of sceptical politicians, soldiers and policemen.

The Role of the Party

The revitalization and reorganization of the Soviet Communist party in the spirit of democratization is one of the most urgent projects on Gorbachev's agenda. The conduct of the parliamentary elections and subsequent discussions in Party meetings, as well as in the parliamentary sessions, have revealed wide scale disarray and ideological confusion within Party organizations and among Party members. At one such Party meeting Gorbachev was accused of an impetuous, impatient style of leadership that was causing chaos in the Party, and in the economy and administration of the Soviet Union in general. From the outcome of Republican and local elections many Party members fear a further loss of control and influence that will lead to the replacement of the Party's leading role in the life of the country by the newly democratized representative institutions. This fear would seem to be fully justified by the comprehensive package of radical initiatives that he launched at the February Plenum.

In proposing a new model of socialism that downgrades the theme of class struggle in favour of the theme of common human values, in preaching the advantages of cooperative relations with Western countries and of the adoption of a number of Western ideas and practices -- particularly where they undercut traditional doctrines on the functioning of the economy and the treatment of property relations -- Gorbachev is asking a great many Party members to accept revolutionary changes in thinking and political conduct that temporarily, at least, leave them disoriented and uncertain about their actual responsibilities and status in these changing circumstances. In addition, the emphasis on *glasnost* and democratization, and their anticipated impact on the newly prescribed, future, multi-candidate elections to all Party posts, strikes a specially radical and awe-inspiring break with past Party practices.

Gorbachev is seeking to show that the Party, by assuming a politically activist and educative role that enlists all the people in participatory political processes of

democratization, must become the vital catalytic agent on which the success of *perestroika* will depend. On this basis, he has declared, the Party can best establish its leading position in the life and development of Soviet society. As he made clear at Vilnius during his impressively frank and free-ranging discussions with the Lithuanian Communists in mid-January, the Party must be under the democratic control of the people, and the principle of democratic centralism must be revised accordingly. The Party could no longer enjoy a political monopoly and, in its ideological outlook and activity, must adapt itself to the inevitably approaching pluralism of a multi-party system. Such a system, he admitted, already existed in Lithuania. Later in the February Plenum, however, he indicated that multi-party organizations would take longer to develop in other parts of the Soviet Union. These views, articulated in more detail as firm programmatic prescriptions, and supplemented by the indication that Article 6, the constitutional provision for the leading role of the Party, would be correspondingly modified, provided much of the substance of discussion at the February Plenum.

Apart from his insistence on fully democratic elections to all Party positions, Gorbachev's recommendations call for drastic reforms in all Party organizations, including far-ranging changes in leading personnel, a complete turnover of cadres and the transformation of their training programmes in line with his conception of the demanding functions they will have to perform in the forthcoming era of participatory democracy. The relevance and importance of such reforms to the future role of the Party can be seen in notes circulated privately by Gorbachev's collaborators and published in *Le Monde* on 31 January. These notes suggest that, influenced by the pace of political change in the Baltic Republics and in Eastern Europe, Gorbachev and his advisors envisage the adoption of the essential features of that experience in ways that could enable a revitalized Soviet Party to become the leading edge in an accelerated development of a pluralistic political culture in the Soviet Union.

In general, the strategy would follow the example of the tacit alliance Gorbachev established with popular democratic movements and reformers in Eastern Europe. But in the Soviet Union that alliance would be explicitly pursued as an invitation to a burgeoning civil society to share power with a regenerated Communist Party and to agree

democratically on its exercise. The process would be facilitated by the organization of Round Tables and by popular rallies such as the large public demonstration in Moscow marking the eve of the February Plenum. Thus, outmanoeuvring the conservative opposition and enabling Gorbachev's centrist position to absorb his radical critics, the objective would be a broad coalition of political groupings, parties and representatives from all social strata. The rapport Gorbachev has established with the workers, especially the miners in the handling of their grievances last year, would be an important asset. But the strategy stresses particularly the avoidance of the concept of the dictatorship of the proletariat, explicitly recognizes the predominant position of the "middle strata" now in Soviet society and of the importance of close links with those strata and with the intelligentsia. This approach is specifically contrasted with the tendency of the existing Party apparatus, jealous of its privileges, to form close ties with right-wing nationalist and chauvinist forces.

Gorbachev seriously intends that the Soviet Communist party should play the leading and unifying role in Soviet society, but he is adamant in affirming that the Party should renounce all political and legal advantages, and must gain its leading position by strictly defending its programme and by cooperating with all other social and political forces. Clearly the drastic reforms that will move the Party in this radically changed direction, even if their approval may be taken for granted at the forthcoming Party Congress, will take some time to accomplish. In the meantime the Party, in its present state, seems poorly equipped to contribute to the development of a more advanced political culture, or to cope with the centrifugal tendencies stimulated by the expanding scope of *perestroika*, *glasnost* and democratization. The Party is, indeed, more likely over the next year or so, to see itself split, as in the case of the Lithuanian Party, into two and possibly three factions. Against the background of the externally imposed and despised regimes of the discarded East European Communist Parties, Gorbachev seems to be counting, perhaps much too optimistically, on the indigenous strength of Soviet Party structures throughout most of the USSR and on a relatively slow development of competing pluralist structures to give him the necessary time to develop the new Party model.

The Nationalities Question

Gorbachev has described this question as the "most burning one" because of the threat it poses to *perestroika* and the integrity of the Soviet multinational state. The threat, marked by outright secessionist demands and opposing Russian minority strikes in the Baltic Republics, and by inter-ethnic violence, strikes and transportation blockades in the republics and autonomous regions of Central Asia and the Caucasus, continues to grow. To the Baltic Popular Fronts, the Russian Pamyat and Interdvizhenie groups in the north, and the various Muslim and nationalist movements in the south-east should now be added the appearance of Ruch in the Western Ukraine. Gorbachev's two-pronged reaction to these various challenges is to use military and police forces against inter-ethnic violence, as in the troubled southern republics of Azerbaijan and Armenia and neighbouring ethnic communities, and to rely on conciliation and dialogue elsewhere while firmly opposing the possibility of secession of any republics.

In contrast to a straightforward policy of force to deal with inter-ethnic violence, the Baltic demands for independence pose a more complex and politically sensitive challenge and they could, in addition, run athwart Gorbachev's designation of these republics as the spearhead of economic progress. In the light of the international sympathy these republics attract because of Soviet annexation during World War II, he seems to realize that the treatment of their national and cultural aspirations will be the gauge of the sincerity of his peaceful European policy.

Gorbachev's announcement in Vilnius in favour of political pluralism generally, and of a humane and fully democratic socialism, constituted a virtual acceptance of the already existing local situation of political pluralism. This clearly defused the seriousness of the dispute with the Lithuanian Communist Party that had brought him to Vilnius -- their declaration of independence from the Soviet party in mid-December as a means to avoid being politically demolished in the coming Republican elections. At the February Plenum he was able to avoid a condemnatory decision on the Lithuanian Party's stand and thus to gain more time to pursue the resolution of such critical inter-Party disputes and secessionist demands in general within the longer framework of his programme of far-reaching revision of the Soviet political and constitutional system. However, his professed

satisfaction with the outcome of the Lithuanian visit seemed overly optimistic, in the circumstances.

As another variable factor in the nationalities question, *glasnost* and the emphasis on human rights and values have elevated the importance of religious freedom. Here again, Gorbachev, impelled also by the need to strengthen popular support for *perestroika*, is pursuing the path of conciliation. So far, the Russian Orthodox Church has benefited most from this policy. It is now being extended to the Catholic and Protestant Churches of the Baltic states. Judging from the significant breakthroughs in Soviet-Vatican relations confirmed by both sides during Gorbachev's December visit with the Pope, it appears that Stalin's suppression of the Uniate Catholic Church in the Ukraine will shortly be completely revoked. Having obtained the Pope's blessing on economic *perestroika* Gorbachev, for his part, has pledged that religious believers of all faiths will have freedom of worship in the Soviet Union and that this right will be established by a new Soviet law on freedom of conscience.

It should be noted that the fifty million Muslims of Central Asia have yet to experience a similarly tolerant attitude. The reawakening of religious beliefs and practices among Soviet Muslims is reflected in the growing nationalist and inter-ethnic strife throughout the area. Potentially troublesome for the Soviet authorities is the continuing influence of Muslim fundamentalism from nearby Afghanistan and Iran, and perhaps even more so, is the tendency of better educated Muslims to look to Turkey as a model of change.

In abandoning the existing nationalities policy of "fusion", Gorbachev has insisted that there can be no acceptance of discrimination against minorities, or of economic autarky, frontier modifications and cultural isolation in any part of the Soviet Union. In comparison with the past situation, the new Party platform on the nationalities issue in September 1989 offers a radical, innovative and forward-looking perspective. With the emphasis on dialogue, conciliation and tolerance, it seems specially tailored to appeal to the sensitivities of the Baltic peoples. The platform promises a significant decentralization of political and economic power, giving each republic "sovereignty" over those matters that

will fall within its jurisdiction, such as its natural resources; its own forms of economic management, subject to the maintenance of a unified Soviet market; and control over the forms of its political and cultural development, subject to the protection of common human rights throughout the Soviet Union. With this approach, it also seeks to meet the demands of the growing number of Russians, in the amorphous Russian federation, for a full-fledged Russian republic with its own institutions and its own separate capital.

For the centre, this proposed solution would have the virtue of allowing the republics to pay their own way, but it could also bring to the fore, as in Yugoslavia, the divisive problem of increasingly neglected areas that are now heavily dependent on central aid and are plagued by high unemployment. In this sense, its successful implementation would seem to depend on a broad expansion of economic activity that will take some uncertain time to achieve. Various elements of the platform could raise new problems, such as the treatment of the many extra-territorial minorities (totalling over sixty millions). Politically, the Soviet Party, as the bulwark of a strengthened federal system, will undoubtedly find that task greatly complicated by the need of the republican Parties to adjust to growing regional pressures and to compete, as is already the case in the Baltic republics, with the full-fledged political parties that will develop from the Popular Fronts and other independent movements. In such future circumstances, the moderation that the leaders of the Baltic Fronts are now displaying with respect to a specific target date for complete independence, may well become politically impossible for them to maintain. At that time, Gorbachev's nationalities policy and the new, more flexible and liberal federal system he has in mind will face their most crucial test. That time of testing, inevitably accompanied by increased tension and uncertainty, now seems to have arrived with the Lithuanian Parliament's declaration of independence on 11 March and its election of a non-Communist as head of state.

3. The Evolution of Foreign Policy

Gorbachev's use of "new thinking" has been particularly striking in the development of a radically new approach to the USSR's relations with the West. He is attempting to replace the idea of superpower rivalry with that of superpower cooperation

and has borrowed a number of Western ideas, practices and solutions that can be applied to both international and domestic problems. He has eliminated from Soviet diplomatic discourse the notion of an enduring enmity between the two systems. It appears that Eastern Europe is no longer considered to be essential to security in the Soviet Union. At the same time Gorbachev has firmly ruled out territorial change and any Western advocacy of such change will undoubtedly evoke an increasing emphasis on the theme of "German revanchism". While he may be motivated primarily by the need for time to reconstruct Soviet society there is little reason to doubt that "new thinking" is also based on a tactical revision of Soviet assumptions about the place of military power in providing for Soviet security. His strong reliance now on "preventive diplomacy" seems to be in line with this changed approach.

As they understand the fundamental assumptions of Marxism-Leninism and the urgency of bringing its doctrines in line with present realities, Gorbachev and his colleagues believe that "socialism" is the best way to organize society and that in the end this view will come to be accepted by others. They are likely to resist attempts, from both within and without, to substitute a Western or "capitalist" view of how democracy should work. But they are no longer prepared to make ideology an issue in the USSR's relations with other states.

If "communism" is no longer a major issue in East-West relations, the issue of "human rights" may take its place as an obstacle to ending the "Cold War". While Soviet practice in this respect has much improved, dissent within the Soviet Union that takes the form of separatism (for example, in the Baltic Republics), and growing ethnic tensions elsewhere, could lead to coercion and outright repression. There is little possibility of a reversion to full-scale Stalinism, but any reversal of democratization and of economic reform could encourage those in the West who oppose normal relations with the USSR to proclaim the failure of the Gorbachev experiment and the futility of the Helsinki process. In the face of the formidable problems that the nationalities question will probably present over the coming years, the Soviet leadership will need to observe unusual restraint and imagination. Gorbachev looks to Western governments for a similar exercise

of these qualities, particularly where it may seem possible to be of assistance to him in critical situations, for example, through the provision of humanitarian aid.

On another central issue of the Cold War, "new thinking" represents a notably innovative turn in Soviet policy. The slogan of "comprehensive security" reflects a strong national interest in bringing down the levels of nuclear confrontation. Gorbachev has extended this interest to include deep reductions in conventional forces and the settlement of regional conflicts, sometimes at the apparent expense of friendly regimes, such as Nicaragua, Ethiopia and Angola. Traditional Soviet (and indeed Western) suspicion of on-site verification of agreements by international inspection has virtually disappeared, and the UN is being urged to accept expanding responsibilities for the control of conflict and the policing of the environment. With diminishing secrecy on Soviet defence spending and military deployments, the advice of "trust but verify" is becoming a more practical proposition.

Clearly, "new thinking" underpins a more activist Soviet foreign policy, one however, with stated aims that should largely prove to be acceptable to the West. There will undoubtedly be fluctuating limits to the Soviet process of "normalizing" relations with rivals and with neighbours. Among the latter, difficult problems remain to be resolved with China, Afghanistan, Iran and Pakistan. Moreover, Soviet relations with the East European countries, where the rapid transition to greater freedom and independence will test Soviet tolerance, will continue to be the main source of tension in Soviet relations with the West. The outlook for agreement on reduction of troops in this area is now good. But under any such agreement, the Soviet Union would still want to retain the capability of unilateral military intervention in Eastern Europe. For example, too rapid political movement in Eastern Europe, out-pacing that in the Soviet Union, could arouse strong Soviet fears about its own security and territorial interests. In this connection, the Soviet leadership, from the latest indications, is more concerned about the "dynamic" character of change in East Germany than about developments elsewhere in Eastern Europe.

In areas of regional conflict outside of Europe, notably in the Middle East, the great powers will be involved in some form in response to appeals for help from the contesting parties. Such appeals could continue to have serious implications in their divisive impact on relations between the big powers. The problem of how to deal with such differences still has to be resolved and both sides will have to engage in serious efforts to whittle away at these areas of non-confidence. Whether or not new rules of intervention in these conflicts can be negotiated is uncertain. As one possible direction, Soviet interest in a revitalized Security Council is reflected in their proposals for UN observation posts in areas of regional conflict. This may indicate that the USSR would be prepared to envisage a further enlargement of the Security Council's role in such situations. As for the Soviet Union's distant allies, Cuba and Vietnam, they will probably be left to their respective fates unless they are openly attacked. In the light of the USSR's own economic difficulties, they will have to survive on much reduced levels of Soviet assistance.

For the future of East-West relations, overcoming long-standing mistrust will be highly desirable. The elimination or substantial reduction of the present posture of military confrontation in Europe could help greatly to promote this objective, and especially in this crucially strategic area for Soviet national security interests, it would serve to consolidate the favourable external environment that Gorbachev considers so necessary to concentration on reforms and the containment of political instability in the Soviet Union and in Eastern Europe. Thus in his concept of a "common European house," Gorbachev gives the highest priority to arms reductions that will preclude future military confrontation.

As Gorbachev and his advisors have put it, progress towards this "common European house" would be facilitated by the steady development of all forms of cooperation among the European countries, the United States and Canada, conducted, as in the case of arms reductions, in conformity with the principles and practices of the Helsinki process. In advancing his ideas on this theme during his European visits last summer, Gorbachev urged all countries, East and West, in the interests of combining peaceful change with stability, to observe two further principles that he had earlier put

forward in his address to the UN General Assembly in December 1988: (a) the avoidance of any military intervention not only between military alliances but also within them, and (b) the sovereign right of each people to choose its own social system must be protected.

The initial Western response to Gorbachev's concept noted its vagueness. But so far, no more precise or generally agreed vision of a future European order that would embrace the USSR and the East European countries has been produced in the West. For the time being, one formidable inhibition, deterring both sides from precise thinking about Europe's future, is the sudden eruption of the "German problem" -- the issue of the kind of relationship that should develop between the two Germanies. The principles Gorbachev himself has enunciated, suggest that the solution should be left to the German people themselves. But, for Gorbachev especially, certain historical factors have their continuing relevance and give this complex issue a crucial international dimension. Among them are the absence of a German Peace Treaty, the establishment of a socialist system in East Germany, and the Helsinki Final Act's call for no European border change by force.

Gorbachev sought (in vain, as events in Germany have now shown) to insist on the continuing existence of the two German states for an indefinite interim period. If the current accelerated treatment of German unification³ represents a serious setback for Gorbachev's European policy, he can nevertheless now be confident from his December meetings with Bush in Malta and Mitterand in Kiev, and from concurrent Western meetings in Brussels and Strasbourg, that the West shares his views on the need for restraint on these matters and on the desirability of constructive East-West cooperation to deal with the difficult problems they pose. At a Plenum of the Soviet Party Central Committee on 9 December, where he also welcomed the political changes taking place in Eastern Europe, Gorbachev described the transformation of Western attitudes towards the Soviet Union and the undertakings he had obtained, notably at the Malta summit, as an historic turning-point in East-West relations, facilitating not only the resolution of

³ The term "unification", as meaning the bringing together of the two German states within the post-1945 borders, is now being increasingly used to replace the term "reunification" which, it is thought, might possibly suggest that a unified Germany is to be restored to its 1937 or 1939 borders.

international problems such as disarmament but also assuring him of firm Western support for his reform programme in the Soviet Union, along with the strong economic cooperation now expected to follow from that support.

Ironically, with respect to the "German problem", Gorbachev has so far received a strong public expression of support only from Poland. Czechoslovakia's President Havel, who may turn out to be more representative of East European opinion on this matter, has taken a more sympathetic view of German unification as a legitimate aim of a democratic German community. Whatever the future course of this issue, Gorbachev has not, in the meantime, ruled out enlarged cooperation and the emergence of loose confederal structures between the two Germanies. He probably sees such flexibility as essential and desirable to the effective realization of West German economic cooperation with the Soviet Union and the East European countries.

Responding Positively to Gorbachev's Revolution

As the foregoing discussion indicates, Gorbachev's overloaded agenda of reform is beset by many serious difficulties. He and his advisors are firmly committed to their vision of *perestroika*; but their ideas, prescriptions and policy recommendations are not free from conflicting tendencies in practice. Moreover, Gorbachev has yet to develop a solid, popular constituency of acceptance and consensus on the direction that Soviet society should take. The creation of this populist constituency is the future task of his charismatic leadership and a rejuvenated Soviet party. In the meantime *glasnost* and democratization are still rather fragile plants and their further growth could be stunted depending on the social and economic disciplinary measures thought necessary to cope with social unrest, or to spur on a lagging economy. A new law on banning strikes in essential services and industries is a troubling augury of such measures. Similarly disturbing developments are the strong political pressure now being applied against secessionist movements in the Baltic Republics; the formidable military actions to deal with the latest outbreaks of internecine strife in Azerbaijan, Armenia, and neighbouring southern areas; and as also noted above, the introduction of a new five-year economic plan that is halting the movement towards a freer market-oriented economy.

Many of Gorbachev's problems could be greatly eased by a strong, expanding economy -- ensuring the provision of better living conditions for a restive working class that is now vulnerable to the growing oppositionist activity of the official trade unions and conservative politicians. Clearly, in these circumstances, Gorbachev needs a strongly positive response from the West to his reforming efforts at home. On the international front, successful cooperation with him in the resolution of regional conflicts and disarmament would enable him to accelerate the present trend of diverting effort and resources from the defence industry to civil industry; (the latest Soviet official statements announce cuts to military expenditures amounting to fourteen percent during 1990-91). On internal economic transformation, it may be difficult at this time to determine how best the West can be of immediate assistance, other than on such matters as the encouragement of joint ventures and the provision of business training and management expertise, including assistance in the creation of an infrastructure for the generation and use of information for economic decision-making in a modern economy. The Soviet Union insists that economic cooperation be mutually beneficial and devoid of charity. But, in view of the potentially expeditious political and economic advantages for Gorbachev, there would surely be a good case for specially favourable financial conditions for shipments of food, household consumer goods and specialized advanced technology. Finally, as an important way of justifying Gorbachev's policies of reform to the Soviet population, the move to a more open, democratic form of society and the "dramatically" improved Soviet attitude to human rights, should be rewarded by the emphatic moral approval of Western governments and public opinion.



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